

Studies on Entrepreneurship, Structural Change
and Industrial Dynamics

Luísa Cagica Carvalho

Conceição Rego

M. Raquel Lucas

M. Isabel Sánchez-Hernández

Adriana Backx Noronha *Editors*

Entrepreneurship and Structural Change in Dynamic Territories

Contributions from Developed and
Developing Countries



Springer

Studies on Entrepreneurship, Structural Change and Industrial Dynamics

Series editors

João Leitão

University of Beira Interior, Covilhã, Portugal

Tessaleno Devezas

University of Beira Interior, Covilhã, Portugal

The 'Studies on Entrepreneurship, Structural Change and Industrial Dynamics' series showcases exceptional scholarly work being developed on the still unexplored complex relationship between entrepreneurship, structural change and industrial dynamics, by addressing structural and technological determinants of the evolutionary pathway of innovative and entrepreneurial activity.

The series invites proposals based on sound research methodologies and approaches to the above topics. Volumes in the series may include research monographs and edited/contributed works. Please send the completed proposal form downloadable from this page (see "For Authors and Editors") to the series editors.

More information about this series at <http://www.springer.com/series/15330>

Luísa Cagica Carvalho • Conceição Rego •
M. Raquel Lucas • M. Isabel Sánchez-Hernández •
Adriana Backx Noronha
Editors

Entrepreneurship and Structural Change in Dynamic Territories

Contributions from Developed
and Developing Countries

 Springer

Editors

Lúisa Cagica Carvalho
Departamento de Ciências Sociais e de Geografia
Universidade Aberta
Lisbon, Portugal

Conceição Rego
Departamento de Economia
Universidade de Évora
Évora, Portugal

M. Raquel Lucas
Departamento de Economia
Universidade de Évora
Évora, Portugal

M. Isabel Sánchez-Hernández
School of Economics and Business
Administration
University of Extremadura
Badajoz, Spain

Adriana Backx Noronha
Departamento de Administração
Universidade de São Paulo
São Paulo, Brazil

ISSN 2511-2023

ISSN 2511-2031 (electronic)

Studies on Entrepreneurship, Structural Change and Industrial Dynamics

ISBN 978-3-319-76399-6

ISBN 978-3-319-76400-9 (eBook)

<https://doi.org/10.1007/978-3-319-76400-9>

Library of Congress Control Number: 2018934845

© Springer International Publishing AG, part of Springer Nature 2018

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Printed on acid-free paper

This Springer imprint is published by the registered company Springer International Publishing AG part of Springer Nature.

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Preface

In a century the world had great changes. The first major change is life expectancy. The life expectancy was 55 years at the beginning of the last century, and today we have centenarians. This was possible considering the improvement in public health (with new medicines, vaccination, treatment of water and sewage) and through technological advances.

A hundred years ago communication was made by telegraphs. The first long-distance connection was made in 1915 by Graham Bell (New York) to Thomas Watson (San Francisco). Today, we have the ability to send an instant message, with photos and videos in seconds, or even to talk to other people in other parts of the world in a synchronous way.

The first plane made its first manned flight a little over a hundred years ago. Today, we can go to space and we have satellites. We can practically go from one point to another in the world quickly and safely.

We have gone through two major geographically located world wars. Today, we have people connected on social networks, organized or not in movements, seeking war or peace, with participation of the public in different parts of the world.

We can observe that technological development has been exponential. The capabilities and speed of computers grow and collaborate on development from various perspectives. Themes such as digital technologies, the creation of start-ups, social media and smart cities among others are in vogue and increasingly influence our activities and the way of being in the world.

But much disillusionment is still extant. The advances that modern societies give us are not distributed in a balanced way. There are millions of people, around the world, without access to the most basic health conditions. Especially in developing countries—but also with less intensity in developed countries, there are many differences in access to minimum infrastructure to the improvement of the quality of life. Even within countries there are differences between the most qualified urban areas, disqualified peripheries and rural areas. Seeking experiences that can contribute to social development is of paramount importance.

This book was developed in this sense. The book aims to bring the contributions of developed and developing countries about entrepreneurship and structural change in dynamic territories, more specifically on perspectives of entrepreneurial ecosystems and regional development. Entrepreneurship is a complex subject and full of contexts and definitions. In a nutshell, it consists in allowing the human being to become present in his own life and to develop his purpose. In a broader sense, entrepreneurial ecosystems congregate factors that corroborate with regional development and impact the social in various contexts. The following topics are addressed: entrepreneurship, regional development and structural change; entrepreneurial ecosystems and strategy; and entrepreneurial experiences.

We believe that with the works developed and presented in this book, it is possible to contribute to the perspectives of the changes that are occurring in the world, bringing the voices of several researchers in search of social development.

Lisbon, Portugal
Évora, Portugal
Évora, Portugal
Badajoz, Spain
São Paulo, Brazil

Luísa Cagica Carvalho
Conceição Rego
M. Raquel Lucas
M. Isabel Sánchez-Hernández
Adriana Backx Noronha

Contents

Introduction	1
Luísa Cagica Carvalho, Conceição Rego, M. Raquel Lucas, M. Isabel Sánchez-Hernández, and Adriana Backx Noronha	
Part I Entrepreneurship, Regional Development and Structural Change	
Regional Development Using Agglomeration Economic Model: Industrial Development—A Spanish Case	7
Jesus Frank Calzadilla	
Entrepreneurship and Regional Development: Study of Academic Publications in Scientific Journals	29
José Álvarez-García, Claudia Patricia Maldonado-Erazo, María de la Cruz del Río-Rama, and Paúl Oswaldo Sarango-Lalangui	
The Role of Country Reputation in Positioning Territories: A Literature Review	53
F. Castilla-Polo	
The Contribution of Resource Centres in Entrepreneurship for Structural Changes in Developed Countries	73
Maria da Saudade Baltazar and Marcos Santos	
Entrepreneurship in Family Firms in Developed and Developing Countries	91
Ramón Sanguino, Ascensión Barroso, and Saikat Gochhait	
Strategic Drivers in Crisis Environment	109
João Conrado de Amorim Carvalho and Pedro Eugénio Lopez Salazar	

Part II Entrepreneurial Ecosystems and Strategy

Differences in Gender: Does It Exist in Bumiputra Entrepreneurs?	135
Ibrahim Tijjani Sabiu and Abdulaziz Abdullah	
Strategic Determinants of SME Export Performance: The Mediating Effect of Competitive Strategy	151
Alexandra França and Orlando Lima Rua	
Lifestyle Entrepreneurs: The Case of Rural Tourism	175
Conceição Cunha, Elisabeth Kastenholz, and Maria João Carneiro	
Towards a New Economy in Rural Areas	189
Domingos Santos	
Individuals, Organizations and Strategic Entrepreneurship: Example of Public Stakeholder Contribution for the Regional Entrepreneurial Ecosystem	201
Eduardo Marques and Luis Guerrinha	

Part III Entrepreneurial Experiences

Microcredit: Role of Entrepreneurial Ventures in Development of Cabo Verde	233
Susana Bernardino, J. Freitas Santos, and Zidyane Vicente	
Network Cooperation of Enterprises in Conditions of Polish Developing Economy: Case Study	255
A. Barcik and P. Dziwiński	
Business Incubators, Tenant Firms and New Companies: Evidence from Portugal	275
Gonçalo Rodrigues Brás and Miguel Torres Preto	
The Small Scale Industrial Policy in India and Performance of Unorganised Manufacturing: A Comparative Analysis with East Asian Countries	297
Shromona Ganguly	
Entrepreneurship in Emerging Economies: A Microenterprise Case . . .	317
Martha Ríos-Manríquez, María Dolores Sánchez-Fernández, and Elisa Isabel Cano Montero	

Introduction



**Luísa Cagica Carvalho, Conceição Rego, M. Raquel Lucas,
M. Isabel Sánchez-Hernández, and Adriana Backx Noronha**

Abstract In this book, specific entrepreneurial ecosystems are presented and considered as potential tools for successful firm strategies at the same time that they serve for developing the territory. Successful experiences of entrepreneurship, regional development and structural change in different developed and developing countries such as Portugal, Poland, India, Cabo Verde or East Asian Countries, seek to describe why and how certain companies overcome adversities and achieve good performance while others fail. Experiences and cases studies are focused on microenterprises and Small and Medium Enterprises (SMEs) as good examples of the productive system around the world.

Keywords Entrepreneurship · Entrepreneurial ecosystems · Regional development · Structural and economic changes · Dynamic territories · Firm success

This book aims to address the main issues of interest within *Entrepreneurship and Structural Change in Dynamic Territories* concerning the topics: “Smart cities, Education and Social Dimension”.

L. C. Carvalho (✉)

Open University of Portugal, Lisbon, Portugal

CEFAGE, University of Évora, Évora, Portugal

e-mail: luisam.carvalho@uab.pt

C. Rego · M. R. Lucas

CEFAGE, University of Évora, Évora, Portugal

M. I. Sánchez-Hernández

University of Extremadura, Badajoz, Spain

A. B. Noronha

University of São Paulo, São Paulo, Brazil

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_1

Volume 1 is divided in three main themes:

- Part I—Entrepreneurship, Regional Development and Structural Change;
- Part II—Entrepreneurial Ecosystems and Strategy;
- Part III—Entrepreneurial Experiences.

The selection of chapters in Part I—Entrepreneurship, Regional Development and Structural Change—is based on the evolution of scientific production related with the entrepreneurship phenomena, on an overview of the concept of a country's reputation, its relevance for regional development (advantages and disadvantages), on the level of the actual development and the capacity for industrial agglomeration in rural regions. The chapters in this section focus on the situation of women living in rural areas regarding their qualification for the job market and in the effects of innovation and institutional behaviour on regional development pointing out successful experiences and lessons from family firms in developed and developing countries and, seeking to answer the question why certain companies overcome adversities and achieve good performance while others fail. Part I includes six chapters.

The selection of chapters in Part II—Entrepreneurial Ecosystems and Strategy—shows contemporary studies on entrepreneurship in specific ecosystems placing firm growth and regional development at the centre of the strategy. Strategic entrepreneurship is a concept that serves to multiple purposes. The concept of entrepreneurship in fact, also becomes understood as a strategy that enhances social values, inclusion or rural development for instance. In several countries, specific entrepreneurial ecosystems based on gender equality, SMEs' entrepreneurial orientation or even the owners' lifestyle, are considered potential tools for successful firm strategies at the same time that they serve for developing the territory.

Part II includes five chapters.

Part III devoted to Entrepreneurial Experiences includes microcredit in development of Cabo Verde, network cooperation of Polish enterprises, the business incubators, tenant firms and new companies in Portugal, the small scale industrial policy in India, comparing with East Asian Countries and, the entrepreneurship in emerging economies.

Part III includes five chapters.

In the next paragraphs, the book structure is detailed, with its sections and respective chapters.

Part I: Entrepreneurship, Regional Development and Structural Change

Chapter “Regional Development Using Agglomeration Economic Model: Industrial Development—A Spanish Case” written by Calzadilla study the level of actual development and the capacity for industrial agglomeration in rural regions, analyzing an exploratory action carried out in the territory of Valladolid, Spanish Autonomous Region of Castilla y Leon.

Chapter “Entrepreneurship and Regional Development: Study in Academic Publications of Scientific Journals”, by Alvavez-Garcia, Maldonado-Erazo, del Río-Rama and Sarang, using bibliometric analysis, identify and examine the evolution

of scientific production that deals with the subject of Entrepreneurship and Regional Development.

Chapter entitled “The Role of Country Reputation in Positioning Territories: A Literature Review” by Castilla-Polo, provides an overview of the concept of a country’s reputation, its relevance, advantages and disadvantages, how it should be measured, and the fundamental guidelines would be for its management through the development of a theoretical model.

Chapter entitled “The Contribution of Resource Centres in Entrepreneurship for Structural Changes in Developed Countries” by Baltazar and Santos explores the situation of women living in the Central region of the Alentejo and in Beira Interior Sul (Portugal) regarding their qualification for the job market, enabled by the Female Entrepreneurship Resource Centre, established in the framework of the European project *Winnet 8*.

Chapter entitled “Entrepreneurship in Family Firms in Developed and Developing Countries” by Sanguino Galván, Barroso Martínez and Gochhait, examines the effects, among others, of innovation, institutional behavior on regional development, synthesizing new research from entrepreneurship and regional science disciplines, emphasizing the successful experiences and lessons from family firms in developed and developing countries.

Chapter “Strategic Drivers in Crisis Management” written by Conrado de Amorim Carvalho and Lopez Salazar, address the question of some companies overcome adversities and achieve good performance, while others fail, identifying the performance drivers used to achieve good performance. The drivers selected from the literature were tested in a multiple case study in sixteen companies located in the Brazilian Northeast.

Part II: Entrepreneurial Ecosystems and Strategy

Chapter “Differences in Gender: Does It Exist in Bumiputra Entrepreneurs?” by Tijjani Sabiu and Abdullah reflects about the difference between men and women in SMEs in Malaysia, a country acknowledged as one of the fastest developing economies around the world where women are allowed to take significant roles in society.

Chapter “Strategic Determinants of SME Export Performance: The Mediating Effect of Competitive Strategy” written by França and Lima Rua is also devoted to SMEs. Based on survey data from Portugal, the authors demonstrate that entrepreneurial orientation has a positive and significant effect on differentiation and export performance.

Chapter, “Lifestyle Entrepreneurs: The Case of Rural Tourism” by Cunha, Kastenholz and Carneiro discusses the role of lifestyle entrepreneurs in rural tourism to the development of the respected territories and the impact of the entrepreneurial activity generated by this particular type of business owners in Alto Alentejo, a rural area in Portugal.

Chapter “Towards a New Economy in Rural Areas” by Santos explains how territories marked by rural characteristics need to reinvent their economies in order to transform their businesses to be more available to the market. The new deal will be to

reinforce the identity of the different spaces, material and immaterial resources such as history.

Chapter “Individuals, Organizations and Strategic Entrepreneurship: Example of Public Stakeholder Contribution for the Regional Entrepreneurial Ecosystem” by Marques and Guerrinha approaches an entrepreneurship training program to combat unemployment in Portugal.

Part III—Entrepreneurial Experiences

Chapter “Microcredit: Role of Entrepreneurial Ventures in Development of Cabo Verde” by Bernardino, Santos and Vicente, analyzed the application of the microcredit programs in Cabo Verde and their implications for poverty reduction, income generation, self-employment and equality of gender promotion.

Chapter “Network Cooperation of Enterprises in Conditions of Polish Developing Economy: Case Study”, by Barcik and Dziwiński, explores the cooperation, at regional level and its potential development, using as example of effective corporate networking the “Aviation Valley” cluster.

Chapter “Business Incubators, Tenant Firms and New Companies: Evidences from Portugal” created by Rodrigues Brás and Torres Preto, describes the business incubation activity in Portugal filling current gap in the literature.

Chapter “The Small Scale Industrial Policy in India and Performance of Unorganised Manufacturing: A Comparative Analysis with East Asian Countries” by Ganguly attempts to understand the key factors that explain the growth of a competitive and dynamic informal industrial sector in the major East Asian countries and, simultaneously compare the characteristics of the informal industries in India with that of the East Asian countries.

Chapter “Entrepreneurship in Emerging Economies: A Microenterprise Case” composed by Ríos-Manríquez, Sánchez-Fernández and Cano Montero focuses on the analysis of the entrepreneur’s spirit and the qualitative indicators that influence their current situation, which include stable microenterprise, growing microenterprise and critical or decayed microenterprise.

Part I
Entrepreneurship, Regional Development
and Structural Change

Regional Development Using Agglomeration Economic Model: Industrial Development—A Spanish Case



Jesus Frank Calzadilla

Abstract The regional development of the rural and semi-urban territories in the south of Europe presents serious difficulties that limit their capacity to generate enough welfare to attract and even less to retain population. The EU Common Agriculture Programs are focused on retaining population, with a soft approach to a service economy. Regional development policies for rural areas should not be a continuation of agriculture policies because the issues involved are different. Agglomeration economy, particularly in Industrial Districts, when focused on the circumstances of the rural, semi-rural and semi-urban territories, provide the right policy tool to generate the desired development and create the opportunities for growth encompassing the initiatives for innovation and entrepreneurship. To study the level of actual development and the capacity for industrial agglomeration in rural regions, an exploratory action was carried out in the territory of Valladolid, Spanish Autonomous Region of Castilla y Leon, from the end of 2011 during one year. The results are exposed in this document.

Keywords Agglomeration economy · Regional development · Rural territories · Industrial districts

1 Introduction

Regional Development approach for rural territories is not considering sufficiently the industrial development side and the associated growth from new business, following neoclassical planning by Regional authorities and local council's political interference. The European Union members are following the Common Agricultural Program with principal focus on agriculture development and population retention in

J. F. Calzadilla (✉)

ESIC Business School, Quantitative Methods, Madrid, Spain

Group of Innovation and Business Management, ETSIAAB UPM, Madrid, Spain

e-mail: jesus.calzadilla@esic.edu

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_2

rural territories. Whoever the United States has given more importance to industry and new business innovation in the rural territories (Rowley et al. 1996). How to refocus the approach for regional development of rural industry?

This work presents how using Becantini Industrial Districts approach, a form of spatial agglomeration economy, it was possible to identify in rural and semi-rural territories patterns for industrial regional development, which are focal points for innovation and entrepreneurship (Becatinni 2003).

The results exposed here are from an exploratory action in 2011–2012 in the Valladolid territory where previous plans for investments in infrastructures to encourage the entrepreneurial activities of rural economic agents did not materialize and geographic assignments were not based on economic development concepts.

Although the methods to analyze the spatial agglomeration economy are well established, the implementation of this analysis in rural¹ and semi-rural territories (NUTS 5² level) is challenging. Data is sparse, aggregated for the economic activity, limited in scope depending on the local territory size and for population below 1000 people unreliable. Valladolid's territory is over 80% under 1000 people.

The best choice for the data variables has been population and total industry per local territory (town and administrative area boundary) with the additional information from towns sorted out by Manufacturing, Construction, Wholesale and Commerce, Hospitality and Food.

The process followed to analyze the industry agglomeration in Valladolid rural territory is implemented in two steps.

First it is necessary to identify the Local Working Units or Local Market Units, groups of towns with a common pattern like similar transport cost. For that purpose, commercial gravitation based on population and distance, has been used.

Second using georeferenced maps, the selected towns with their Location Quotient (LQ) are spatially located, and using the spatial proximity and LQ values the towns are clustered into Districts. Additionally, with the industry detailed information for those towns further industry sector agglomeration is identified for the Districts.

The identified Industrial Districts, and the concentrated industry sectors for each of them, provide the industrial rural and semi-rural (including semi-urban) patterns of agglomeration for the territory.

¹According to OECD definition a rural territory has less than 150 people/km² and communities with less than 30,000 people.

²EU territories have been coded by Eurostat as: NUTS at National level, NUTS 2 at Regional Level, NUTS 3 at Department or Regional Territory level, NUTS 4 and 5 at Local level.

2 Economics of Agglomeration

The equilibrium in a spatially distributed economy where there are operation costs to trade between the different areas breaks down the Neoclassical Equilibrium Model (Arrow and Debreu 1954) resulting in the existence of disparities in the spatial distribution of wealth and population.

In the so called Marshallian economies (Marshall 1890) the advantages generated by the agglomeration of economic activities in space are the result of externalities (Combes et al. 2008). Marshall distinguishes three types of externalities:

- Emergence of local labor market, allowing matching between jobs and markets.
- Intense circulation of knowledge and existence of spillover effects rising productivity and growth.
- Distribution of specialize inputs which cost is lowered by higher local demand.

Externalities are the cause of increasing returns.

One important theoretical model in economic geography to explain Regional Development is the Core-Periphery structure. Activity is concentrated in a limited number of regions (core) while other regions don't grow.

Krugman (1991a) model for the Core-Periphery considers two sectors: Agriculture sector, with homogeneous production under constant return to scale. Industry sector supplying differentiated goods under increasing returns to scale.

Market equilibrium results from a combination of dispersion forces and agglomeration forces. Competition increases as firms are more agglomerate, and the number of varieties also increases. The workers living in the smaller regions move to the regions with higher standard of living (Fujita and Thisse 2002). Those forces are triggered by the trading costs (Krugman 1991b). According to the costs two situation emerge: When transportation costs are low the manufacturers concentrate in a core region, while the other regions, periphery, supply only agriculture goods. Or when costs are relevant there is a distribution of manufacturing to more than one region.

There are two types of industry agglomerations associated to the Marshallian externalities. Industrial Clusters (Porter 1998) and Industrial Districts (Becattini 1990). An Industrial District "Is a production system dominated by small firms that are distinguished by being flexible, specialized and non-mobile, and that occurs in a technological dynamic regionally rooted system of firms" (Pyke et al. 1992, p. 2).

One of the more frequent methods used to estimate the trade flows, like knowledge, capital or trade costs, is the Gravity Model (Combes et al. 2008). This model can be written as follows:

$$X_{rs} = A \frac{Y_r^\alpha Y_s^\beta}{d_{rs}^\delta}$$

Where A, α , β , δ are parameters to be estimated, d is the distance between locations r and s, Y's are economic variables associated to the type of flow, like Population, Skilled people, Gross Domestic Product (GDP) etc. X is the flow, and

can be trade cost, exports, or other flow quantity. The general gravity model is calculated by regression.

Using the output of the gravity model it is possible to build the Local Market Units (LMUs).

The concentration of industrial activity and agglomeration of companies with a Local Market Unit can be measured using ratios like the “Spatial Index” and the “Location Quotient” geographically mapped to evaluate proximity using Georeferenced Maps.

The Spatial Index (SI) (Combes et al. 2008), covers the spatial concentration associated with a LMU, is as follows:

$$SI_{ir} = \frac{X_{ir}}{X_r}$$

Where r represents each of the units in LMU (for example towns), X either employment or number of companies and i refers to industrial sector i in r .

The Location Quotient (LQ) (Combes et al. 2008) is build out of the Spatial Index, and be written as:

$$LQ = \frac{SI_{ir}}{(X_r/X_R)}$$

Where R is the total to units r in the LMU.

The approach to identify the Local Market Units and the industrial agglomerations inside them (districts) requires analyzing, involving the previous methods, the following variables: Local town areas spatially georeferenced, Local population, Employment per industry and Number of industrial companies per area of activity. Several ways have been proposed for this analysis but depending of the available data, the level of economic development and the geographical environment some could be more adequate than others.

Analyzing the Valladolid territory and the approach used is described in the following item.

3 Regional Discovery of Agglomeration Units

The practical identification of the agents and agglomeration patterns in rural and semi-rural territories presents itself with practical difficulties, to each territory, but none the less related to the sparse availability of relevant microdata at Eurostat NUTS 5 level from the Regional Statistical Offices.

Considering the help provided by the public agency SODEVA (Office for the Valladolid Territory Development), in the Castilla y Leon Autonomous Region of Spain, it was possible to implement an exploratory action about the discovery of Industrial Districts by agglomeration in rural and semi-urban territories in Valladolid territory.

The Castilla y Leon Autonomous Region (Eurostat NUTS 2 level) is a large and dynamic territory situated in the center northwest of Spain bordering with Portugal. Today 96.5% of the territory is considered rural (MAGRAMA 2010). As an old territory presents a closely related collection of towns and villages, with an active combination of modern industries, in the automotive sector, small industries and agro-food industries, including good wineries and artisan workshops, and strong agriculture production. These producing units present the common characteristic of being concentrated across the physical territory, for example, the automotive sector around Valladolid or the wineries with the Origin Denomination around Rueda or Peñafiel.

Castilla y Leon has in common with many old territories of traditional agriculture background a fast aging and depopulation of rural areas, where average income shows a ratio of 70–80% than urban or semi-urban areas where skilled and knowledgeable people migrate (MAGRAMA 2010). That renders many areas void for consideration in the industrial agglomeration analysis.

The Valladolid (Eurostat NUTS 3 level) agencies had invested in the past in industrial development within the province boundaries planning industrial parks to foster agglomeration economy, but because the initiative took place during the last crisis, did not go as planned. With nearly 225 towns and villages, only 41 have more than 1000 people. There are a few rural areas to serve as focal points to agglomerate the industrial economy and create growth around them.

Rolling the actual and potential economic agglomerations off and Industrial Districts like organizations in the rural areas need to be anchored in Local Communities and Economic Agents. The resulting process is quite complex, and one of the reasons behind the failure of planned strategies for the in territories development is caused by the different agendas held by both sides.

This exploratory action to discover the actual agglomerations and Industrial Districts organizations in different territories of Spain, and particularly Valladolid territory, is providing a framework for both Regional and Local Agents to debate, and setup the corresponding strategies and agendas.

The New Economy Geography (Krugman 1991a), proposes a new spatial economy departing from neoclassical analysis with homogeneous industrial spatial distribution. Krugman (1991a) considers that the spatial location of industry is guided by the possibilities of market access and home market effect. The resulting industrial agglomeration is created by the backward and forward industrial linkages, frontier effects, and the economies of scale. In this context transport costs, factors mobility, frontier effects and external technological factors are all causes for agglomeration (Krugman and Venables 1995).

When considering industry development in rural territories the policy making practice is to follow neoclassical development models (Fujita and Thisse 2002) focusing in financing the improvement of local production factors. This traditional framework for public policy linked to the mode of budget financing investment initiatives yields directly into the neoclassical mindset.

In this exploratory work the interest is centered on the industry concentration and agglomeration patterns. There are two models of analysis, one is the absolute concentration, focusing on the presence of industrial sectors agglomeration in one

area without spatial detail, like the Local Market Units, the other is the relative concentration, more adequate for the agglomeration or concentration spatially in the territory, like the Industrial Districts.

3.1 Local Market Units

To analyze the industrial agglomeration, it is first necessary to divide the territory into units of connected economic activity, which go under different names like Local Market Units (LMU) or Local Working Systems (LWS) or Economic Areas (EA).

There are many approaches used to form the LMUs, but these are the more practical. The method developed by the Italian Statistical Office with Fabio Sforzi (2009) based on a seven steps algorithm working with the local population and employment concentration (companies over 250 employees) to generate the LWS. And the method developed by the Cluster Mapping Project in the United States (US) (Cluster Mapping 2014), based on a form of commercial gravitation to generate the LMUs.

Considering the small populations and lack of data about employment size of the industries in the rural territory the only possible method is gravitational like is used by the US Cluster Mapping Project. The process is presented in Fig. 1.

Notice that in this model the aggregate population of the LMU (rQ) is larger than the population of the Urban Center (Q) forming a core-periphery relation (Fujita and Thisse 2002).

Working at NUTS 5 with local villages and towns, many in rural areas, have limitations with time dates, level of detail, quality, and type of data available. Towns and village population are available from official public sources (INE Instituto

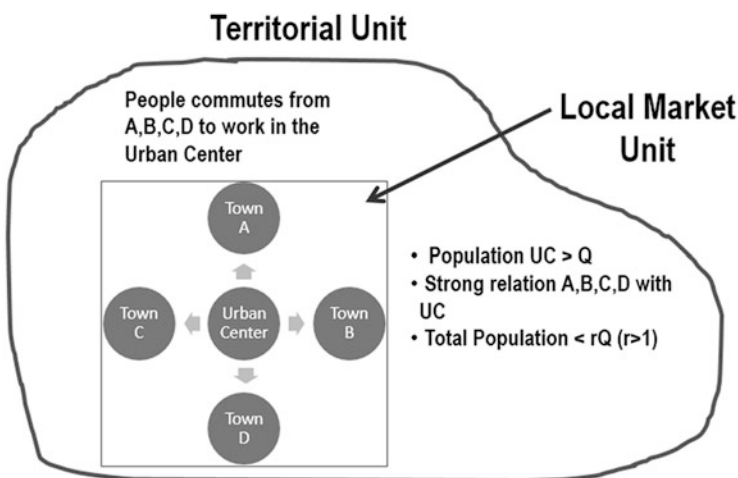


Fig. 1 Local market unit. Source: Calzadilla (2016)

Nacional de Estadística, SIE Sistema Información Estadística Castilla y León). General economic activity about agriculture and number of industrial companies, are available lagged in time (about 2 years) at town level and for some small villages, from official public sources (SIE, SODEVA Sociedad Desarrollo Valladolid), but employment levels are not workable. Only from private sources (R. Klein Instituto Universidad Autónoma Madrid, SABI Sistema de Análisis de Balances Ibéricos) are available detailed information by NAICS (North America Industry Classification System) or NACE (Eurostat Classification of Economical Activities) about employment and industry activity, but restricted in number of villages or companies.

The exploration analysis is only going to consider local population and number of companies in agriculture or industry as principal data. This exploration study was implemented between 2012 and 2013 but due to conflicts in the sources with time lags only 2010 data was workable.

Agriculture includes NAICS codes: 11 (agriculture, forestry, fisheries, others). Industry includes NAICS codes: 23 (construction and materials), 31 (manufacturing, food processing, wine & beverages), 42 (commerce wholesale distribution), 45 (commerce retail distribution), 48 (transport & logistics), 72 (hospitality & food), and different services types (51, 52, 53, 54).

To identify the LMUs of Valladolid, it is necessary to introduce some other factors from the New Economic Geography that participates in the creation of agglomeration. The LMU factors considered are:

- Rural towns population size. Larger than 1000 people.
- Major National or Motorways roads crossing Valladolid and connecting with the rest of Castilla y León.
- Rural towns gravitating to major towns.
- Rural towns in frontier position with other territories of Castilla y León.
- Rural towns with industrial specific zones and infrastructures.

The initial setup for those LMU is presented in the following Table 1, based on Commercial Gravitation Analysis from the document: *Indicadores Socioeconómicos municipales 2012* R. Klein Instituto.

Table 1 LMU selection by gravitation

Gravitation area	Towns
Laguna de Duero	Laguna de Duero, Aldeamayor de San Martín, Boecillo, Iscar, Mojado, Montemayor de Pililla, Pedraja de Portillo, Pedrajas San Esteban, Portillo, Olmedo, Matapozuelos, Transpinedo, Viana de Cega, Valdestillas, Villanueva de Duero
Medina de Rioseco	Medina de Rioseco, Mayorga, Villalón de Campos, Villabragina
Medina del Campo	Medina del Campo, Arroyo de la Encomienda, Simancas, Tordesillas, Alaejos, Carpio, Fresno el Viejo, Nava del Rey, Rueda, La Seca, Zaratan
Peñafiel	Peñafiel, Campaspero, Quintanilla de Onesimo, Cabezón de Pisuerga, Cigales, Cisterniga, Ranedo de Esgueva, Santovenia de Esgueva, Tudela de Duero

Source: R. Klein

Each of the selected areas (gravitation areas that will form our LMU), includes all the towns above 1000 with their population in December 2010.

The resulting four areas also correspond with corridors following the major roads crossing Valladolid. The larger towns and industrial zones they distribute according to these corridors, in agreement with the New Economic Geography.

The four corridors and associated LMU are the following:

- Corridor North-Center. Based around N601 with the center in Medina de Rioseco. LMU Rioseco.
- Corridor Southeast-Center. Based around Motorway A6, with the center in Medina del Campo, LMU Medina. The two areas have a common border in the E80-A62 road.
- Corridor South-Center. Based around Motorway CL601, with the center in Laguna de Duero, LMU Laguna.
- Corridor West-Center. Based around N122, with the center in Peñafiel, LMU Peñafiel.

The map associated with these corridors, Fig. 2 provide a graphical perspective of the spatial distribution, while the following Table 2 gives an initial idea of the level of industry concentration at each of them, excluding Valladolid town area.

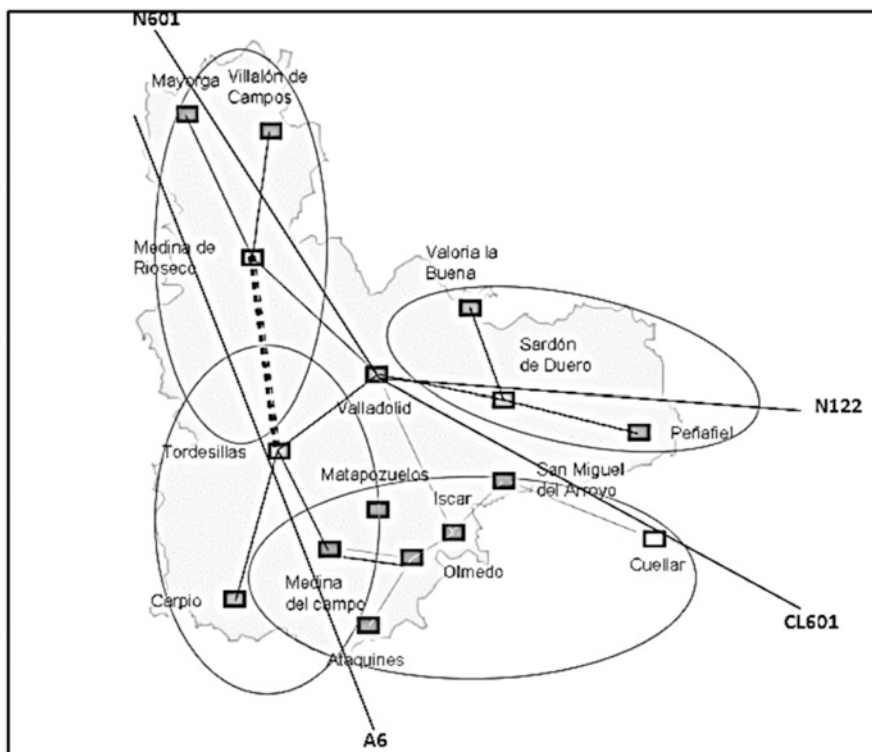


Fig. 2 Valladolid corridors. LMU distribution. Source: Author

Table 2 Corridors profiles

LMU/Corridors	% Population area	Companies I	Companies II	Mean gravitation radius
Medina de Rioseco	2.60	218	739	57 Km
<i>Med. Rioseco LQ</i>	–	<i>SI1 = 0.29</i>	<i>SI2 = 0.11</i>	<i>LQ = 2.6</i>
Medina del Campo	5.90	787	2674	50 Km
<i>Medina Campo LQ</i>	–	<i>SI1 = 0.29</i>	<i>SI2 = 0.39</i>	<i>LQ = 0.74</i>
Peñañiel	1.50	245	1825	48 Km
<i>Peñañiel LQ</i>	–	<i>SI1 = 0.13</i>	<i>SI2 = 0.26</i>	<i>LQ = 0.50</i>
Laguna de Duero	14.50	451	1672	17 Km
<i>Laguna Duero LQ</i>	–	<i>SI1 = 0.27</i>	<i>SI2 = 0.24</i>	<i>LQ = 1.13</i>
LMU/Corridors	Number of towns	Frontier town	Industry facilities	
Medina de Rioseco	78	Mayorga	Medina, Mayorga, Villalon	
Medina del Campo	49	N/A	Medina, Carpio, Tordesillas, Arroyo Encomienda	
Peñañiel	29	Peñañiel	Peñañiel	
Laguna de Duero	108	San Miguel	Lag. Duero, Boecillo, Iscar, Pedrajas, Olmedo	

Source: Author

In this profile table, column “% of population” is the ratio of the LMU population above 1000 people to the total of Valladolid territory. The column “Companies I” is the number of companies in the major towns of the corridor (e.g. Rioseco), while “Companies II” is the total of companies in the corridor. The below column “Number of Towns” is the number of towns in the LMU. Rows LQ have two spatial indexes, SI2 represents the weight of the Companies II industry over the total of Valladolid, while SI1 represents the weight of the Companies I over the total of the LMU. The Location Quotient LQ is SI1/SI2. The column industrial facilities informs about the towns with more industry concentration, and frontier towns those on the borders with other Castilla y Leon NUTS3 territories.

3.2 North-Center Corridor

The towns in the corridor, North-Center, are located mainly in the north part of the N601 road above Villanubla and between A6 motorway and N601 road, that joints Valladolid with Leon.

Rioseco LMU has the larger radius and the least number of companies, presenting a large industrial concentration ($LQ = 2.5$) in Medina de Rioseco. Also, the Spatial Index (SI2) which represent the weight of the LMU industry over the total of the Valladolid Territory is the lowest. It has two rural industrial special zones, one in Mayorga (with a focus in Logistics as a border town) and other in Villalon. But their industry size is not challenging the concentration in Medina de Rioseco.

3.3 *Southeast-Center Corridor*

This includes the towns in the triangle formed by the E80 (Tordesillas Valladolid Palencia) and the A6 motorways. Around the E80 are located important towns like Villanuba, site of Valladolid Airport. All these E80 towns are directly connected with the Rioseco LMU.

The Medina LMU has a similar radius as Rioseco (large coverage of territory) but has more industry and fewer towns, a sign of stronger industrial activity in each town. The industrial concentration LQ in Medina del Campo is $LQ = 0.74$ which means a lower level of concentration over the territory, but with $SI1 = 0.29$ is significant in the LMU. The $SI2$ is 0.39, the largest. This LMU is the stronger industrial corridor, with all over distributed activity. Carpio has a rural industrial special zone, but not very significant within the LMU.

3.4 *South-Center Corridor*

South-Center corridor includes the towns between the CL601, Segovia-Valladolid motorway and the A6 motorway. In the middle of the corridor, there is another road, the N601 from A6 in Segovia territory to Valladolid city. The more relevant industrial towns are in the triangle between the N601 and CL601 roads.

The Laguna LMU has the largest number of towns, with larger populations (above 1000 people), with the smaller average radius, and a good number of industries. With $SI2 = 0.24$ is the third largest. Laguna has an $LQ = 1.13$ which is a relevant concentration of industries in the territory. $SI1 = 0.27$ means Laguna has also a large share of industries in the LMU. San Miguel is a border town and with Olmedo, both have rural industrial special zones. Only Olmedo has a relevant position, San Miguel both in population (below 1000) and industry is barely relevant. Again, the border position was a good condition for a small logistics zone.

3.5 *West-Center Corridor*

This corridor is formed by the towns between the N122 road, from Aranda de Duero (Segovia) to Valladolid, and the E80 between Valladolid and Palencia.

The Peñafiel LMU has the smallest number of towns but still, presents a significant radius. It has a good number of industries, and like Medina small LQ, $LQ = 0.5$, which means a lower level of concentration in Peñafiel. The $SI2$ is 0.26 the second largest. This LMU is the second industrial corridor with distributed activity over the corridor. Peñafiel is a border town with an industrial special zone, with a Spatial Index $SI1 = 0.13$ over the LMU industry. Peñafiel industrial zone is more relevant than the others.

4 Analysis of Industrial Districts

The Cluster Mapping Project (Cluster Mapping 2014) recommends selecting industries that are top 10% employers at each LMU and pick those within the top 25% of LQs. Not having employment figures, the process must use the number of industries in each town, rejecting those towns with low figures for total industry. For that purpose, the LQ values are grouped by quartiles and only those towns which LQ values fall in Q4 and Q3 are considered.

For the analysis of the districts only towns with total industry larger than 11 sites are considered to calculate the LQ for the industry sectors. Table 7 in the Annex reflects the values for the key industrial activities (NAICS codes 23, 31, 42, 45, 48, 72). The agriculture sector (NAICS code 11) is of no interest in this analysis. The data sources are: Municipios en Cifras 2012 SODEVA, which covers Valladolid high level data (population, agriculture, industry) for all local areas and: Indicadores Socioeconomicos municipales 2012 R. KLEIN, for the analysis of key industrial activities.

The districts within each LMU are identified using the town in Q4 and Q3 and their agglomeration by spatial proximity.

4.1 Rioseco Districts

The following Table 3 shows the values for the selected towns within LMU Rioseco. And the map for the districts is presented in Fig. 3.

Towns are ordered by LQ value, corresponding to industry.

Unique values in figure are the Quartile numbers (Q1, Q2, Q3, Q4). Number of towns in brackets.

The identified districts are:

- District one around Villalon de Campos including Mayorga. Both have rural industrial development zones.
- District two is around Medina de Rioseco including Villabragina. The towns Castromonte and Villalba de los Alcores are influenced by the District, but their population is below 1000.

The detailed LQ industry analysis, Table 7 in the Annex for towns larger than 1000 people, includes the following sectors: Manufacturing (including food processing), Other Manufacturing (mining, energy and associated products, metal and mechanical works), Wholesale (warehouses and distribution) and Commerce, and Hospitality & Food.

The detailed industry concentration in the Rioseco Districts is as follows:

- Mayorga and Villalon have relevant concentration with respect to the Construction Industry and also with respect to Manufacturing (having significant food processing industry).

Table 3 LQ values for selected towns in LMU Rioseco

Medina Rioseco LMU			
Town	Industry	LQ	Quartile
Medina Rioseco	197	1.202	4
Castromonte	19	1.149	3
Villalon Campos	54	1.041	3
Mayorga	54	0.933	2
Villalba Alcores	16	0.887	2
Becilla	11	0.813	1
Tordehumos	12	0.726	1
Villabragima	25	0.723	1

Source: Author



Fig. 3 Districts Rioseco. Source: Geoda and DigiAtlas Valladolid Shape map

- Medina de Rioseco has a relevant concentration in Hospitality and Food, also Wholesale. Villabragina has a relevant concentration in Manufacturing, added to the Rioseco District.

4.2 Medina Districts

The detailed LQs for the industry sectors within the LMU Medina are presented in the Table 4. And the map for the corridor in Fig. 4.

Identified districts are:

- District one embraces Simancas, Arroyo de la Encomienda and Zaratran. This is a suburban district in the periphery of Valladolid city.
- District two covers Medina del Campo and Tordesillas, which includes Rueda.

Detailed industry concentration, Table 7 in the Annex, in the Medina Districts is:

- The first District has a strong concentration in Hospitality & Food in Simancas, and Zaratran in Other Industry and Wholesale.
- The second District has a strong concentration in Hospitality & Food in Tordesillas and Manufacturing Industry in Medina del Campo. Rueda with La Seca (close by), has a strong concentration in Manufacturing (agro-food industry).

Table 4 LQ values for selected towns in LMU Medina

Medina del Campo LMU			
Town	Industry	LQ	Quartile
Simancas	169	1.097	4.00
Arroyo Encomienda	314	1.096	3.00
Zaratán	218	1.090	4.00
Medina del Campo	751	1.060	3.00
Ciguñuela	18	1.052	3.00
Torrebaton	17	1.049	3.00
Tordesillas	263	1.032	3.00
Villanubla	92	1.022	3.00
Fresno el Viejo	15	0.980	2.00
Nava del Rey	67	0.954	2.00
Alaejos	35	0.948	2.00
Geria	15	0.877	2.00
Carpio	27	0.833	2.00
Mota del Marques	19	0.811	1.00
Rueda	60	0.784	1.00
Villaverde Medina	11	0.763	1.00
San Pedro Latarece	10	0.740	1.00
Pedrosa del Rey	12	0.666	1.00
San Roman Hornija	12	0.666	1.00
Seca (La)	30	0.653	1.00
Villalar Comuneros	12	0.635	1.00
Pollos	18	0.588	1.00

Source: Author



Fig. 4 Districts Medina. Source: Geoda and DigiAtlas Valladolid Shape map

4.3 Laguna Districts

Table 5 shows the industry concentration (LQ) for LMU Laguna. And the map for the corridor is in Fig. 5.

Identified districts are:

- District one includes Viana de Cega, Laguna de Duero and Boecillo. This District is suburban in the periphery of Valladolid city, between N601 and CL601.
- District two includes Pedraja de Portillo, Portillo and Mojados, and is divided by the CL601.
- District three includes Olmedo (N601), Pedraja de San Esteban and Iscar. This District is more limited in road communications.

Detailed industry concentrations, Table 7 in the Annex, in the District are as follows:

- The first District has a strong concentration in Construction Industry in Viana de Cega and Boecillo. Hospitality & Food in Laguna de Duero and Other Manufacturing in Boecillo.
- The second District has a strong Manufacturing Industry in the three locations, and Portillo also has strong Wholesale & Retail.

Table 5 LQ values for selected towns in LMU Laguna

Laguna de Duero LMU			
Town	Industry	LQ	Quartile
Viana de Cega	42	1.164	4.00
Boecillo	207	1.142	3.00
Aldeamayor S.M.	149	1.141	4.00
Laguna de Duero	438	1.131	3.00
Mojados	95	1.117	3.00
Parrilla (La)	11	1.067	3.00
Olmedo	134	1.054	3.00
Pedraja Portillo	25	1.039	3.00
S. Miguel Arroyo	16	1.035	3.00
Pedrajas S.Esteban	109	1.015	3.00
Traspinedo	29	0.993	2.00
Valdestillas	42	0.978	2.00
Montemayor Pilill	15	0.970	2.00
Portillo	59	0.954	2.00
Ataquines	21	0.940	2.00
Villanueva Duero	22	0.883	1.00
Pozal de Gallinas	12	0.873	1.00
Matapozuelos	26	0.865	1.00
Alcazarén	18	0.806	1.00
Cogeces del Mte	15	0.759	1.00
Iscar	174	0.696	1.00
Serrada	30	0.659	1.00
Pozaldez	11	0.640	1.00

Source: Author

- The third District has a strong Manufacturing Industry in the three locations and in Pedraja de San Esteban a strong Wholesale & Retail.

4.4 Peñafiel Districts

The following Table 6 shows the LQs for the industry sectors within LMU Peñafiel. And the map for the corridor is in Fig. 6.

The identified districts are:

- District one is formed around Cisterniga, Renedo de Esgeva, Tudela de Duero and Santovenia de Pisuerga. This is a suburban district in the periphery of Valladolid city.
- District two is formed around Peñafiel. The surrounding towns with good sized industry, where Pesquera and Curiel de Duero have a population below 1000. Workers for this industry agglomeration are provided by Peñafiel.



Fig. 5 Districts Laguna. Source: Geoda and DigiAtlas Valladolid Shape map

Table 6 LQ values for selected towns in LMU Peñafiel

Peñafiel LMU			
Town	Industry	LQ	Quartile
Valoria la Buena	55	2.195	4.00
Santovenia de Pisuerga	214	1.058	3.00
Fuensaldaña	48	1.056	3.00
Cistérniga	328	1.052	3.00
Tudela de Duero	203	1.022	3.00
Renedo de Esgueva	64	1.014	3.00
Campaspero	31	1.012	3.00
Peñafiel	230	1.012	3.00
Cabezón Pisuega	77	0.954	2.00
Cigales	91	0.943	2.00
Sardón de Duero	16	0.862	2.00
Corcos	14	0.838	1.00
Quintanilla de Onésimo	39	0.824	2.00
Pequera de Duero	31	0.815	2.00
Trigueros del Valle	12	0.808	1.00
Valbuena de Duero	21	0.808	1.00
Cubillas de Sta. Marta	13	0.700	1.00
Olivares de Duero	15	0.673	1.00
Mucientes	16	0.639	1.00

Source: Author



Fig. 6 Districts Peñafiel. Source: Geoda and DigiAtlas Valladolid Shape map

Detailed industry concentrations, Table 7 in the Annex, in the Districts are as follows:

- The first District has a strong concentration in Construction. Renedo de Esgueva and Tudela de Duero have Hospitality & Food. The other two locations, Cisterniga and Santovenia de Pisuerga have strong concentrations in Other Manufacturing and Wholesale & Retail.
- The second District has a strong concentration in Hospitality & Food in Peñafiel. The other surrounding locations in the district have food processing industries.

5 Discussion of Results

In the rural and semi-rural territories (periphery), the concentration of externalities like knowledge workers, technology, big markets, etc., is weaker than in the urban and semi-urban territories (core). The industrial districts identified in the rural and semi-rural territory of Valladolid confirm however that agglomeration economy is possible with weak externalities. This result opens a new area for research in industrial agglomeration (Cluster Mapping 2014; Boix 2008; Ketels and Sölvell 2006).

Table 7 LMU LQ values by industry sector and local areas

Towns	Other industry LQ	Mfg. industry LQ	Build mat. LQ	Retail whol. LQ	Hosp. food LQ
Laguna LMU					
Aldeamayor de San Martín	1.41	0.81	1.10	1.25	0.55
Boecillo	1.54	0.47	1.41	0.72	0.60
Íscar	0.80	1.69	0.73	0.95	0.96
Laguna de Duero	0.50	0.54	1.19	0.71	1.66
Matapozuelos	0.39	0.67	1.21	0.86	1.43
Mojados	1.76	0.50	1.06	0.86	1.04
Montemayor de Pililla	2.24	1.07	0.93	0.33	0.75
Olmedo	0.86	1.73	0.86	0.65	0.82
Pedraja de Portillo (La)	1.78	0.68	1.20	0.52	0.79
Pedrajas de San Esteban	0.43	1.37	0.95	1.87	0.39
Portillo	2.80	0.86	0.53	1.24	0.80
Serrada	1.08	0.92	0.67	1.66	1.25
Traspinedo	0.88	1.01	0.75	0.78	1.77
Valdestillas	0.98	0.42	1.29	1.08	0.98
Viana de Cega	0.74	0.42	1.37	0.87	1.15
Villanueva de Duero	1.72	0.14	1.29	0.65	1.15
Medina LMU					
Alaejos	1.02	0.69	1.43	0.63	0.81
Arroyo de la Encomienda	0.89	0.72	1.13	0.95	1.05
Carpio	1.40	1.06	1.23	1.30	0.41
Fresno el Viejo	0.58	0.88	1.77	0.72	0.35
Medina del Campo	1.09	1.27	0.81	1.13	1.00
Nava del Rey	0.33	1.14	0.97	0.95	0.96
Rueda	1.26	2.09	1.14	0.22	0.48
Seca (La)	0.00	2.68	0.93	0.66	0.55
Simancas	0.40	0.34	1.07	0.84	1.56
Tordesillas	0.79	0.76	0.97	0.91	1.29
Villanubla	0.97	0.32	1.36	1.20	0.86
Zaratán	1.98	0.32	1.12	1.34	0.80
Peñañiel LMU					
Cabezón de Pisuerga	0.93	0.67	1.17	1.22	0.89
Campaspero	1.35	1.05	1.10	0.40	0.88
Cigales	0.40	1.67	1.12	0.96	0.64
Cistérniga	1.55	0.69	0.72	1.64	0.86
Fuensaldaña	0.22	1.40	1.15	0.67	1.28
Peñañiel	0.58	1.14	1.04	0.84	1.29
Quintanilla de Onésimo	1.07	1.19	0.94	0.16	1.53
Renedo de Esgueva	0.42	0.95	1.29	0.76	1.21
Santovenia de Pisuerga	1.95	1.19	0.74	1.32	0.15
Tudela de Duero	0.60	0.87	1.88	0.89	2.34

(continued)

Table 7 (continued)

Towns	Other industry LQ	Mfg. industry LQ	Build mat. LQ	Retail whol. LQ	Hosp. food LQ
Rioseco LMU					
Mayorga	0.70	0.77	1.50	0.67	0.65
Medina de Rioseco	0.76	0.58	0.89	1.16	1.64
Villabragima	0.46	1.20	1.11	1.00	1.01
Villalón de Campos	0.76	0.66	1.41	1.03	0.63

Source: Author

The context behind this research was to anchor planned public development initiatives, by Valladolid authorities (externalities providing scenarios for development opportunities) to some areas of industrial agglomeration to generate local agent's entrepreneurial initiatives. Given the rural character of the territory a new approach would be needed to identify the areas with potential for economic development aligned with the economic agents and market external forces associated with the transport corridors and the agglomeration of industrial activities. The Industrial Districts (Schmitz and Musyck 1993) provided the differential approach to provide a market focused framework where agglomeration forces would be supporting the conditions for innovation and entrepreneurship.

The locations of the identified districts, with their stablished industries, provided the necessary mapping for the Rural-Business Parks (space for logistics, industries and entrepreneurs) associated with some Local Market Units like: Mayorga and Villalon (Rioseco LMU), Valoria and Peñafiel (Peñafiel LMU), Portillo, San Miguel and Olmedo (Laguna LMU) and Carpio (Medina LMU). Launching joint activities with the economic agents to evaluate new business opportunities linked to the district's identified industrial activities. Food Industries and Logistics were some of the recurrent new business initiatives.

The successful application of the methodology, with adaptations, used to identify Local Market Units and Local Industrial Districts with medium size companies in urban and semi-urban territories (strong externalities) to rural and semi-rural territories with smaller companies and weak externalities confirms the validity of the Industrial Agglomeration Theory which supports the Cluster initiatives and Industrial Districts initiatives under different externalities and geographies.

The extension of the different experiences with bigger Industrial Districts to the rural Industrial Districts, duly scaled, is another benefit of the approach. For example, the experiences with agro-food clusters (Gálvez-Nogales 2010) were used to guide in the joint discussions with the economic agents about new business in collaboration within the district facilitating a common development agenda between Regional and Local planners and local economic agents.

6 Limitations in the Explorative Action

When analyzing the industry agglomeration and Industrial Districts, in rural and semi-rural territories in Valladolid, there were two issues that affected the working methodology which had to be adapted. Leading to work only with the number of industries per location and not with the employees per industry and location as it is usually done.

First issue was the sparsity and lack of detail in the Official Data at Eurostat NUTS 5 level, referring to the territory economic activity. For example, companies were not classified by industry activity codes (NAICS), or given the number of employees etc. Also for small towns (less than 1000 people) very poor or no information was available.

Second issue was the necessity to access private sources as R. KLEIN for detailed information about industry by activity codes, but not employees, covering only towns over 1000 people. Some additional costs could be incurred to get more detailed information from SABI (time lag of 4 years) about the companies profiles by industry code.

In conclusion, albeit the importance of the Economies of Agglomeration for the Regional Development of the Rural Territories, this analysis is limited by the difficulties to find sufficient and complete data sets at Eurostat NUTS 5 at a given cost. The analysis must be adapted to the sources of information available for an acceptable Local Market Units and industrial districts identification.

Annex: Detailed Industry Concentration

The table shows the LQ values for the principal industrial sectors (manufacturing, no manufacturing, construction building and materials, retail commerce and wholesale, hospitality and food) and the local areas (town areas) within each LMU with more than 1000 people.

Bibliography

- Arrow, K., & Debreu, G. (1954). Existence of an equilibrium for a competitive economy. *Econometrica*, 22, 265–290.
- Becattini, G. (2003). *The technological evolution of industrial districts*. Boston, MA: Kluwer.
- Becattini, G. (1990). *The Marshallian industrial district as a socio-economic notion* (F. Pyke, G. Becattini, & W. Sengenberger, Eds.). Geneva: International Institute for Labor Studies.
- Boix, R. (2008). Los Disitritos Industriales en la Europa Mediterranea, mapas de Italia y España. *Mediterraneo Economico Fundacion CajaMar*, 13, 159–181.
- Calzadilla, J. (2016). *Agglomeration economy: Tools for clusters and district analysis*. Evora: Universidade de Evora Escola de Ciencias Sociais.

- Cluster Mapping. (2014). *US cluster mapping project*. Institute for Strategy and Competitiveness HBS. Retrieved from <http://clustermapping.us>
- Combes, P., Mayer, T., & Thisse, J. (2008). *Economic geography: The integration of regions and nations*. Princeton, NJ: Princeton University Press.
- Fujita, M., & Thisse, J. (2002). *Economics of agglomeration: Cities, industrial location and regional growth*. Cambridge: Cambridge University Press.
- Gálvez-Nogales, E. (2010). *Agro-based clusters in developing countries*. Rome: FAO-United Nations.
- INE. (n.d.). *Instituto Nacional de Estadística*. Retrieved from <http://ine.es/nebmenu.indice.htm>
- Ketels, C., & Sölvell, O. (2006). *Clusters in the EU-10*. Europa INNOVA. Cluster Mapping.
- Klein, R. (n.d.). *L.R. Klein – Gaus Instituto de Predicciones Economicas*. Retrieved from <http://www.uam.es/klein/gaus>
- Krugman, P. (1991a). Increasing returns and economic geography. *Journal of Political Economy*, 99, 438–499.
- Krugman, P. (1991b). *Geography and trade*. Cambridge, MA: MIT Press.
- Krugman, P., & Venables, A. (1995). Globalization and the inequality of nations. *Quarterly Journal of Economics* Issue, 99, 438–499.
- MAGRAMA. (2010). *Plan de Desarrollo Rural 2010–2014*. BOE RD752/2010, Madrid.
- Marshall, A. (1890). *Principles of economics* (8th ed.). London: Macmillan.
- Porter, M. (1998). Clusters and the new economy of competition. *Watertown: Harvard Business Review*, 76, 77–90.
- Pyke, F., Becatinni, G., & Sengerber, W. (1992). *Industrial districts and interfirm cooperation in Italy*. Geneva: International Institute for Labor Studies.
- Rowley, T., Sears, D., Nelson, G., Reid, J., & Yetley, M. (1996). *Rural development research. Contributions in economics and economic history*. Westport, CT: Green Wood Press.
- SABI. (n.d.). *Bureau van Dijk*. Retrieved from <http://www.bvdinfo.com/en-gb/home>
- Schmitz, H., & Musyck, B. (1993). *Industrial districts in Europe: Policy lessons for developing countries*. Institute of Developing Studies, University of Sussex. Discussion paper no. 234.
- Sforzi, F. (2009). The empirical evidence of industrial districts in Italy. In G. Becattini, M. Bellandi, & L. De Propris (Eds.), *A handbook of industrial districts*. Cheltenham: Edward Elger.

Entrepreneurship and Regional Development: Study of Academic Publications in Scientific Journals



José Álvarez-García, Claudia Patricia Maldonado-Eraza,
María de la Cruz del Río-Rama, and Paúl Oswaldo Sarango-Lalangui

Abstract At present, entrepreneurship and innovation are two basic pillars for regional development, so the entities involved in this development focus their efforts on enhancing the population's capacities, taking into account, on the one hand, the resources available and on the other hand, local needs, which leads to public policies aimed at fostering entrepreneurial skills within the population. This research focuses on identifying and analysing scientific production that deals with the subject of Entrepreneurship and Regional Development. The methodology used is the bibliometric analysis that enables to observe the evolution in the generation of knowledge in this thematic area, to identify the authors or research teams that work on it, to identify the knowledge, as well as the lines of research or approaches followed by research and the media, through which the results are disseminated. All this information will enable to evaluate the maturity level of research in this area. The search for the bibliographic material was done in the international database Scopus, in which 125 articles were identified. The results show that researchers' interest in this subject is very recent and there are many approaches and lines of research that have yet to be explored, in order to deepen and understand this phenomenon.

J. Álvarez-García (✉)

Department of Financial Economics and Accounting, University of Extremadura, Cáceres, Extremadura, Spain

e-mail: pepealvarez@unex.es

C. P. Maldonado-Eraza

Department of Hospitality and Tourism, Universidad Técnica Particular de Loja, Loja, Ecuador

e-mail: cpmaldonado1@utpl.edu.ec

M. d. I. C. del Río-Rama

Department of Business Organisation and Marketing, University of Vigo, Ourense, Spain

e-mail: delrio@uvigo.es

P. O. Sarango-Lalangui

Department of Business Management, Universidad Técnica Particular de Loja, Loja, Ecuador

e-mail: posarango@utpl.edu.ec

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_3

Keywords Entrepreneurship · Regional development · Bibliometric analysis · Scopus

1 Introduction

How is regional development achieved? A number of approaches have sought a response to this question. In the last century, however, the response that has been consolidated includes the combination of two concepts, “entrepreneurship and innovation” (Schumpeter 1934), which become the basic pillars for regional development. According to Audretsch (2007), the key to achieving economic growth and productivity improvements is in the entrepreneurial capacity of an economy, and in regional economies. Entrepreneurship is at the moment the key to achieving this, by allowing the injection of resources into areas severely affected by economic cutbacks.

In this way, entrepreneurship becomes the driving force for regional development in developed countries (Ramos et al. 2010; Galindo and Mendez 2011), creating a business fabric capable of generating wealth, by increasing the sources of self-employment and new jobs, reducing the percentage of unsatisfied basic needs, curbing the output of human talent and economic resources, among other effects. Along the same lines, the “Green Paper” developed by the European Commission (2003), which studies entrepreneurship in Europe, highlights “the importance of entrepreneurship as an economic driving force for job creation, wealth, economic growth, as well as an element that improves global competitiveness and social development, revealing the importance of entrepreneurship in the economies” (Lupiañez et al. 2014: 58).

In this context, the objective of this research work is to carry out a review of the scientific production that has been published on Regional Entrepreneurship and Development, in order to observe the evolution in the generation of knowledge in this thematic area, to identify the authors or research teams that work on it, to identify the knowledge areas that show interest in it, as well as the lines of research or approaches followed in research and the media, through which the results are disseminated. All this information will enable to evaluate the maturity level of research in this area. The methodology used is the Bibliometric study because it is the most common tool for this type of studies (Björk et al. 2014).

The article is structured in five sections. After the introduction, where the subject is contextualized and the objective is presented, in the following section the theoretical framework that will be used as a documental base for the bibliometric analysis is developed. In the third and fourth sections it is described the methodology of the study and the results obtained for finally, in the last section present the conclusions and limitations of the research.

2 Theoretical Framework

Entrepreneurship is a recent field of study, that has aroused the interest of many, generating in a very short time, approximately 30 years, a large amount of scientific literature, which addresses the topic through a multidisciplinary approach (Ács and Audretsch 2003; Cooper 2003; Smelser and Swedberg 2005). Interest in this area is based on the economic well-being that this action generates in humans (Kyrö 2015).

In the existing scientific literature, it is not possible to find a single definition unanimously accepted by the scientific community about what is understood by entrepreneurship (da Costa et al. 2011; Reynolds et al. 2005). One of the earliest definitions of entrepreneurship appears in the eighteenth century, which sees entrepreneurship as an active economic agent of the society at that time, together with the Landowners and Lenders. Entrepreneurs were classified as an element capable of identifying opportunities, assuming investment risks in an activity and allowing the connection between the supply and demand, always seeking to generate a profit that benefits them (Cantillon 1755).

In the following century, Say (1803) states that entrepreneurship is carried out by individuals who are able to understand the complex market processes to develop new products that meet current needs. On the other hand, Bygrave and Hofer (1991) state that satisfaction is not in itself the main purpose of the enterprise, but are instead all those actions that are associated to the use of opportunities identified in the environment and the creation of an organization arises in order to develop them. At the beginning of the twenty-first century, entrepreneurship integrated a new element into its definition, uncertainty (Stevenson 2000), allowing to define entrepreneurship as the development of an idea, in a scenario of uncertainty, with the purpose of obtaining either a social, environmental, technological or economic benefit for its creator and the community where its development takes place.

This approach, “Regional Development through Entrepreneurship” is based on scientific studies that have shown the positive influence of entrepreneurship on the economic and social growth of regions (Malecki 1991; Audretsch and Keilbach 2004a, b, 2005; Audretsch 2007; Braunerhjelm et al. 2010; Vázquez-Rozas et al. 2010; Galindo and Mendez 2011; Stough 2016), as well as on the generation of regional employment (Baptista et al. 2007; Thurik et al. 2008; Koveos and Zhang 2012; Navarro and Montesinos 2013), and on strengthening of the communities in which it is integrated (Chelekis and Mudambi 2010; De Noni et al. 2013; Martin 2009; Ratten 2011; Yiu et al. 2014). However, the nature of this relationship, the causes and the channels that favour it are not unanimously accepted (Lupiañez et al. 2014; Minniti 2012), therefore, an analysis of the production of scientific literature will enable to justify this theory.

3 Methodology

The methodology of this work focuses on a bibliometric study, applying different techniques, both mathematical and statistical (Spinak 1996), which allow to understand, evaluate and interpret the path or behaviour of a subject in greater depth, in addition to knowing from other points of view, the direction that national or international scientific production is following to date (Raisig 1960: 1148). In order to meet the proposed objective, production indicators (productivity per years and institutions, co-authorship), collaboration indicators and indicators to analyse the journals in which the articles were published together with the dispersion of publications (Spinak 1996: 35; Escorcia-Otálora and Poutou-Piñales 2008) were used.

The Scopus database, of the Elsevier publishing group, was selected for the search of documents, due to its broad coverage, and rigorous process for indexing information. In addition, it provides the SJR Scimago Journal Rank developed from the internationally recognized Relative Quality Index (RQI). Escalona et al. (2010), and Archambault et al. (2009) state that this database provides researchers with the required rigorous and in-depth information to construct a bibliometric analysis.

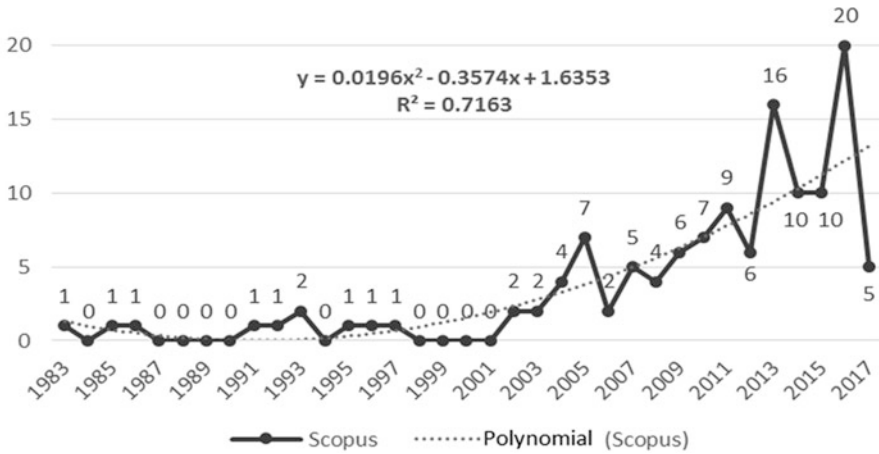
The search for the bibliographic material was done by means of an advanced search of terms; “entrepreneurship AND regional development”, “entrepreneurialism AND regional development” and “entrepreneurism AND regional development”, within the field of “Article Title, Abstract, Keywords”, discarding review, conference paper, book chapter and book. Only articles published in journals were selected, being catalogued as the means with greater representation at present, due to its updating and distribution speed within the scientific community, besides presenting the main contributions of each study in a compressed format, which accelerates the analysis process (Benavides Velasco et al. 2011; Frank 2006; Goldschmidt 1986). As a result of the search, a database consisting of 125 articles was created in the Microsoft-Office Excel software for its subsequent analysis.

4 Results

4.1 Documents

In relation to the documents, a total of 125 articles were observed over a period of 35 years (1983–2017), with 2016 being the most productive year with 20 articles. As for the behaviour of scientific production, it can be observed through the evolution line (Graph 1), which according to López López (1996), the presence of the three clearly defined phases of behaviour is inevitable:

1. Phase of precursors, where there is a reduced production of information focused on taking the first steps within the subject. In the case of this analysis, this phase can be observed between 1983 and 2001 (19 years) with 0.5 articles/year.



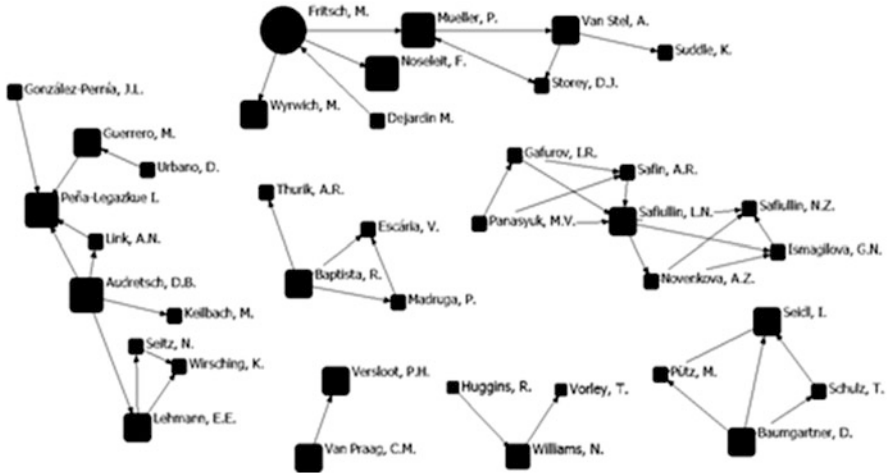
Graph 1 Evolution of publications. Source: Authors' own data

2. Phase of Exponential Growth, in which there is a considerable increase in scientific production, placing the subject in a better position, which attracts the scientific community. This phase is from 2002 to 2017 (16 years) with 7.2 articles/year.

4.2 Authors

We identified 242 authors and most of them, i.e. 221 have a single authorship, so the productivity index per author is 1.13 articles and the Transience Index (TI), which represents the number of occasional authors that only appear once in the subject ($TI = [PI = 0]$), is 90.99%.

The personal or individual productivity index (PI), which is subject to the implementation of the Law of Lotka, measures the number of publications by each author and for its application it is necessary to obtain the decimal logarithm of individual productivity of each author ($PI = \text{Log } N$), which allows them to be classified into three production levels (Lotka 1926). In this classification, large producers are in the top level, which are those with 10 or more publications and a $PI \geq 1$, lacking presence in this area. The next level groups intermediate producers that have between 2 and 9 papers and a $0 > PI < 1$, in which Fritsch, M. stands out with 7 (Lotka index of 0.845) and Noseleit, F. with 4 publications under his authorship (Lotka index of 0.602). On the other hand, Audretsch, D. B., Dahlstrand, A. L., Mueller, P., Peña-Legazkue I., Seidl, I. published three articles and has a Lotka index of 0.477 and we identified Baptista, R., Baumgartner, D., Fortunato, M. W.P., Guerrero, M., Lehmann, E.E., Malecki, E.J., Safiullin, L.N., Storey, D.J., Van Praag, C.M., Van Stel, A., Versloot, P.H., Williams, N., Wyrwich, M. with two articles (Lotka 0.301). Small producers or transients are located in the initial level,



Graph 2 Authors' Collaboration Networks. Source: Authors' own data

that are characterized by having a single publication and a $PI = 0$, having this level the highest concentration of authors.

In the co-authorship analysis, the highest number of collaborations was observed in 2013 and 2016, 29 and 46 respectively. The calculation of the “mode” of 2013 is two authors per article, whereas for 2016 it increased to three authors, which according to López López (1996), reveals an increase in the maturity of the discipline when there is greater collaboration in the articles. On the other hand, it can be observed that the percentage of articles with co-authorship is 71.20% (89); 37.6% (47) of the articles are written by two authors, 23.2% (29) by three authors and 10.4% (13) by four or more authors. 28.8% (36) have a single authorship. The co-authorship index is 2.19 authors/article.

Regarding the collaboration networks between authors, the analysis shows the existence of seven networks, some of them with links between different groups (Graph 2). Fritsch, M., who is the most prolific author on the subject, is identified as the main connection core. On the other hand, Audretsch, D.B. and Peña-Legazkue, I., create the second most relevant network. In the five remaining collaboration networks, we identified Seidl, I., Safiullin, L.N., Baptista, R., Williams, N. and Baumgartner, D. as the main connection nodes. These types of networks are characterized by being isolated from each other, which leads to more endogamic behaviour, which means fewer contributions (Velasco et al. 2016).

4.3 Affiliations by Institution and Country

Table 1 shows that the United States is the leader with 40 authors, 44 authorships and 31 centres, followed by the United Kingdom, with 23 authors, 24 authorships and 16 centres.

According to the ranking of the most productive institutions (Table 2), the Max Planck Institute for Economics with eight affiliations (Research Institute of Germany) is seen as the leader, followed by the University of Seville (Spain) and the EIM Business and Policy Research (Netherlands Research Institute) with five affiliations each.

The collaboration networks between authors can also be observed taking into account the geographical and institutional scope and in order establish them, articles with single signatures were discarded. 68.54% (61) of the articles are written in collaboration by authors from the same country, and 31.46% (28) by authors from different countries (Table 2). A collaboration institutional analysis was applied to articles with national collaboration, which shows that 52.46% (32) of the publications are written by members of the same institution, while authors of different institutions collaborate in 47.54% (29). In the case of international collaborations, 96.43% (27) showed cooperation from authors of the same centre.

4.4 Journals

The 125 articles identified have been published in 77 journals and it is observed that 80.52% of the journals only collect one article on the subject “*Entrepreneurship and Regional Development*”. The most productive journals are *Entrepreneurship and Regional Development* with 11 articles, found in the first quartile of The SCImago Journal & Country Rank with a SJR Index of 1.40, followed by *Small Business Economics* with ten articles and *Regional Studies* with nine articles (Table 3).

The dispersion index shows that 1.62 articles/journal have been published. According to the Law of Dispersion or Bradford Law, the presence of a phenomenon that focuses on concentrating a large number of articles relating to a particular subject in a limited number of journals is shown in detail (Bradford 1934). By applying the Lorenz Curve, we observed that 18% of journals have published 49% of the articles, confirming the existence of a core of journals in which the articles are concentrated.

Table 1 Number of centres, authors and authorships by their country of affiliation

Country	Authors	Authorships	No. Centres	Country	Authors	Authorships	No. Centres
United States	40	44	31	Australia	2	2	2
United Kingdom	23	24	16	Brazil	10	10	2
Spain	25	28	12	Greece	4	4	2
Germany	15	24	10	Poland	4	4	2
Sweden	14	16	10	Chile	3	3	1
China	12	12	7	Czech Republic	3	3	1
Netherlands	12	19	5	Egypt	1	1	1
Portugal	7	8	5	Finland	1	1	1
Russia	10	11	5	Hungary	1	1	1
Canada	6	6	4	Israel	2	2	1
Croatia	10	10	4	Mauritius	1	1	1
Italy	6	7	4	Norway	1	1	1
Malaysia	6	6	4	Rumania	1	1	1
Switzerland	7	10	4	Singapore	1	1	1
Colombia	4	4	3	South Korea	1	1	1
France	6	6	3	Turkey	3	3	1
Total	Authors 242, Authorships 274, No. Centres 148						

Source: Authors' own data

Table 2 Most productive institutions

Institution	Authors	Country	Institution	Authors	Country
Max Planck Institute for Economics	8	Germany	Chinese University of Hong Kong	3	China
EIM Business and Policy Research	5	Netherlands	University of Dubrovnik	3	Croatia
Universidad de Sevilla	5	Spain	University of Zagreb	3	Croatia
Northwestern Polytechnical University	4	China	University of Milan	3	Italy
University of Augsburg	4	Germany	Technical University of Lisbon	3	Portugal
Kazan Federal University	4	Russia	Kazan (Volga region) Federal University	3	Russia
Groupe Sup de Co Montpellier Business School	3	France	Deusto Business School	3	Spain
University of Finance and Management in Warsaw	3	Poland	Orkestra-Basque Institute of Competitiveness	3	Spain
Universidad Católica del Norte	3	Chile	Royal Institute of Technology	3	Sweden
Technical University of Liberec	3	Czech R.	Sten K Johnson Center for Entrepreneurship	3	Sweden
Osmaniye Korkut Ata University	3	Turkey	Swiss Federal Research Institute WSL	3	Switzerland
Universidade Federal de Pelotas (UFPeL)	3	Brazil	Universität Zürich	3	Switzerland
Université de Moncton	3	Canada	University of Sheffield The Robert Gordon University	3 3	United Kingdom United Kingdom

Source: Authors' own data

4.5 Areas and Thematic Categories

With respect to the areas and categories in which the journals are classified within Scopus, *Business, Management and Accounting* is observed as the area with the highest number of journals with 41.6% (32), followed by *Social Sciences* with 32.5% (25) (Table 4).

On the other hand, the classification categories established within the database place *Business and International Management* as the leaders of this subject with 14 journals and 26 articles, *Geography, Planning and Development* is in the second

Table 3 Most productive journals

Journals	No. Articles	%	Quartile
Entrepreneurship and Regional Development	11	8.8	Q1
Small Business Economics	10	8	Q1
Regional Studies	9	7.2	Q1
Annals of Regional Science	4	3.2	Q2
European Planning Studies	4	3.2	Q1
International Entrepreneurship and Management Journal	3	2.4	Q2
Investigaciones Regionales	3	2.4	Q3
Journal of Developmental Entrepreneurship	3	2.4	Q2
Journal of Evolutionary Economics	3	2.4	Q1
Local Economy	3	2.4	Q2
Community Development	2	1.6	Q2
Economía e Política Industrial	2	1.6	Q3
Gender and Society	2	1.6	Q1
Journal of Small Business and Enterprise Development	2	1.6	Q1
Papers in Regional Science	2	1.6	Q1

Source: Authors' own data

Table 4 Number of journals and articles by area of knowledge

Area of knowledge	No. Articles	No. Journals	%
Business, Management and Accounting	59	32	41.6
Social Sciences	42	25	32.5
Economics, Econometrics and Finance	16	12	15.6
Multidisciplinary	2	2	2.6
No area	2	2	2.6
Biochemistry, Genetics and Molecular Biology	1	1	1.3
Computer Science	1	1	1.3
Engineering	1	1	1.3
Environmental Science	1	1	1.3
Totals	125	77	100.0

Source: Authors' own data

place with 11 journals and 16 articles. Other categories identified are *Economics and Econometrics*, *Development*, *Urban Studies*, *Gender Studies*, *Organizational Behaviour and Human Resource Management and Tourism*, *Leisure and Hospitality Management*.

Table 5 Publications and Authors

Types of Entrepreneurs	Authors
Business Entrepreneurship (78 articles)	Coffey and Polèse (1984), O'Farrell (1986), Malecki (1991, 1993), Spilling (1996), Popp (2003), Braunerhjelm and Borgman (2004), Fritsch and Mueller (2004), Van Stel and Storey (2004), Audretsch and Keilbach (2005), Lawton Smith et al. (2005), Parker (2005), Skuras et al. (2005), Sternberg and Wennekers (2005), Baptista et al. (2007), Baptista and Thurik (2007), Van Praag and Versloot (2007), Mueller et al. (2008), Van Praag and Versloot (2008), Van Stel and Suddle (2008), Barghchi et al. (2009), Yuko (2009), Canever et al. (2010), Henderson and Weiler (2010), Pfeifer and Sarlija (2010), Vázquez-Rozas et al. (2010), Cheng (2011), Dejardin and Fritsch (2011), Ferasso and Saldanha (2011), Huggins and Williams (2011), Kanai and Kutz (2011), Letinić and Štavlić (2011), Baumgartner et al. (2012), Koveos and Zhang (2012), Monsen et al. (2012), De Noni et al. (2013), Derbyshire (2013), Fritsch and Noseleit (2013a, b, c), Guerrero et al. (2013), Navarro and Montesinos (2013), Noseleit (2013), Pfeilstetter (2013), Van Oort and Bosma (2013), Wyncarczyk (2013), Abdesselam et al. (2014), Bashir et al. (2014), Fritsch and Wyrwich (2014), Liñán and Fernandez-Serrano (2014), Safiullin et al. (2014), Williams and Vorley (2014), Ács et al. (2015), Backman and Lööf (2015), De Sousa Fragoso (2015), Ferreiro Seoane et al. (2015), González-Pernía and Peña-Legazkue (2015), Jing et al. (2015), Korent et al. (2015), Ross et al. (2015), Andreeva et al. (2016), Atienza et al. (2016), Audretsch et al. (2016), Berglund et al. (2016), Guzmán Alfonso et al. (2016), Grüner (2016), He and Chen (2016), Karhanova et al. (2016), Kasseeah (2016), Nieto and González-Álvarez (2016), Staniewski et al. (2016), Stojčić et al. (2016), Stough (2016), Fritsch and Wyrwich (2017), Gumbau Albert (2017), Lehmann et al. (2017), Qian and Jung (2017)
Technological Entrepreneurship (7 articles)	Dahlstrand (1997), Saxenian (2002), Pereira (2004), McCabe (2005), Dahlstrand (2007), Buenstorf and Fornahl (2009), Morgan (2016)
Tourist Entrepreneurship (4 articles)	Snepenger et al. (1995), Ateljevic (2009), Dana et al. (2014), Metaxas and Karagiannis (2016)
Sustainable Entrepreneurship (4 articles)	Seidl et al. (2003), Barrutia and Echebarria (2012), Larsson (2012), Mieszajkina (2016)
Social Entrepreneurship (13 articles)	Carvalho and Smith (1992), Chouinard et al. (2002), Cook (2007), Ersing et al. (2007), Martin (2009), Chelekis and Mudambi (2010), Friedman and Desivilya (2010), Thompson (2010), Smith (2012), Yiu et al. (2014), Fortunato and Alter (2015), Garrigós Simón et al. (2017).
Rural or Community Entrepreneurship (6 articles)	Johannisson (1983), Blake and Hanson (2005), Ratten (2011), Stephens and Partridge (2011), Baumgartner et al. (2013), Fortunato (2014), Panasyuk et al. (2010)

(continued)

Table 5 (continued)

Entrepreneurship and University	
Entrepreneurial Entrepreneurship (7 articles)	Mueller (2006), Berggren and Dahlstrand (2009), Baltzopoulos and Broström (2013), Anderson and Zhang (2015), Drucker (2016), Nasir et al. (2016), Charry et al. (2004)
Technological Entrepreneurship (4 articles)	O’Neal and Schoen (2011), Said et al. (2012), Yaniktepe et al. (2016), Torres et al. (2016)
Sustainable Entrepreneurship (2 articles)	Audretsch et al. (2013), Urbano and Guerrero (2013)

Source: Authors’ own data

- *Technological Entrepreneurship*. It groups those papers that approach the use of new technologies to create products that facilitate our daily life processes or that provide innovation to various areas, allowing for regional development. This type of entrepreneurship enables the link between advances in science and technology, and the market. In this group, the studies carried out in the largest Technological Innovation Cluster, which is the Silicon Valley area, are highlighted, whose main objective is to compare it with other existing technological regions.
- *Tourist Entrepreneurship*. It focuses on the use or revitalization of tourist areas through the development of the destination identity, regional development and local prosperity. It includes study cases in which the regional development action is the inclusion of tourist enterprises with the purpose of taking advantage of the beauty of the area and giving the population alternatives for generating income.
- *Sustainable Entrepreneurship*. It is based on the inclusion of sustainable development within the strategy of the companies that are created, so that their impact within the environment is not harmful for any of the stakeholders that make it up. This group includes articles that follow a regional progress approach, but that integrate sustainable development as the fundamental pillar for success.
- *Social Entrepreneurship*. They refer to entrepreneurship, whose main objective is social and is aimed at satisfying the needs of the society in which they operate. In this sense, its purpose is to generate benefits, so as to reinvest the majority in social activities with a different way of innovating. According to Mair and Martí (2006), it is the type of entrepreneurship that makes creative use of the resources of the areas, in order to seek and generate opportunities that allow a change in the reality of society or its needs.
- *Rural or Community Entrepreneurship*. This type of entrepreneurship is similar to the previous typology, but this one focuses its action on rural areas or communities. Particular cases in rural areas are studied, in which the support of foundations or the use of opportunities by the locality have led to improve their living conditions.

A different section was created that groups those studies that analyse the influence of the actions derived from the installed capacity of universities and the effect of knowledge transfer on the area where they are located.

- *Entrepreneurial Entrepreneurship*: studies focused on university-industry relationships as a means for knowledge transfer, in this way the university figure is observed as a key element for the strengthening of regional entrepreneurship and, therefore, for regional development.
- *Technological Entrepreneurship*: this typology groups those studies that analyse how technological progress and the promotion of entrepreneurship are achieved through university incubators, as well as their role in regional economic development.
- *Sustainable Entrepreneurship*: it collects those papers that analyse the University's entrepreneurial activity from the sustainable development approach for regions. According to Urbano and Guerrero (2013) "the entrepreneurial university is an important catalyst for regional, economic and social development, particularly because it generates and exploits knowledge as entrepreneurial opportunities.

5 Conclusions

In this bibliometric analysis, it is observed that although the study of Entrepreneurship and regional development has a history of 35 years, it is not until 2013 that the number of studies increases considerably. In the last 5 years, 48.8% of the total number of studies has been published, so it can be stated that researchers' interest in the subject is very recent. On the other hand, the number of researchers who continue this research line is very small; Fritsch, M. with seven articles and Noseleit, F. with four publications. Among the affiliations, the indisputable leaders are the United States and United Kingdom, but a considerable effort is observed by Spain, to position the top of the ranking with 25 authors, 24 authorships and 16 centres. As for the journals, 77 resources are identified as a means for the publication of this subject, showing a predominance of categorization in the areas of *Business, Management and Accounting* and *Social Sciences*. The dispersion of the articles is 1.62 articles per journal.

At present, understanding the phenomenon of entrepreneurship and regional development requires it to be studied with an interdisciplinary approach. For this, the behavioural, psychological or cognitive, economic perspective and the perspective of processes must be taken into account. Taking into account the state of the art of research in this field of study, there are many approaches and lines of research that have yet to be explored.

The main contribution of this work is that it identifies the research structure and dynamics in the subject matter studied. In the case of this research, the main limitation is determined by the use of a single database in the search process for bibliographic material which, although it is international in scope and considered one of the major references in multidisciplinary databases, it does not cover all scientific production on the subject (Cañedo Andalia et al. 2015). In this sense, future

research is aimed at covering the main existing databases and perform complete coverage of the subject under study.

References

- Abdesselam, R., Bonnet, J., & Renou-Maissant, P. (2014). Typology of the French regional development: Revealing the refugee versus Schumpeter effects in new-firm start-ups. *Applied Economics*, 46(28), 3437–3451. <https://doi.org/10.1080/00036846.2014.931920>
- Ács, Z. J., & Audretsch, D. B. (2003). *Handbook of entrepreneurship research: An interdisciplinary survey and introduction*. Berlin: Springer.
- Ács, Z. J., Szerb, L., Ortega-Argilés, R., Aidis, R., & Coduras, A. (2015). The regional application of the Global Entrepreneurship and Development Index (GEDI): The case of Spain. *Regional Studies*, 49(12), 1977–1994. <https://doi.org/10.1080/00343404.2014.888712>
- Anderson, A. R., & Zhang, X. (2015). Enterprise education with Chinese characteristics; policy, practices and uneven development in PRC. *Journal of Entrepreneurship in Emerging Economies*, 7(3), 276–292. <https://doi.org/10.1108/JEEE-12-2014-0047>
- Andreeva, E. L., Simon, H., Karkh, D. A., & Glukhikh, P. L. (2016). Innovative entrepreneurship: A source of economic growth in the region. *Economy of Region*, 12(3), 899–910. <https://doi.org/10.17059/2016-3-24>
- Archambault, É., Campbell, D., Gingras, Y., & Larivière, V. (2009). Comparing bibliometric statistics obtained from the Web of Science and Scopus. *Journal of the American Society for Information Science and Technology*, 60(7), 1320–1326.
- Ateljjevic, J. (2009). Tourism entrepreneurship and regional development: Example from New Zealand. *International Journal of Entrepreneurial Behavior & Research*, 15(3), 282–308. <https://doi.org/10.1108/13552550910957355>
- Atienza, M., Lufin, M., & Román, G. (2016). Un análisis espacial del emprendimiento en Chile: Más no siempre es mejor. *EURE (Santiago)*, 42(127), 111–135. <https://doi.org/10.4067/S0250-71612016000300005>
- Audretsch, D. B. (2007). Entrepreneurship capital and economic growth. *Oxford Review of Economic Policy*, 23(1), 63–78.
- Audretsch, D. B., & Keilbach, M. (2004a). Does entrepreneurship capital matter? *Entrepreneurship: Theory and Practice*, 28(5), 419–429.
- Audretsch, D. B., & Keilbach, M. (2004b). Entrepreneurship and regional growth: An evolutionary interpretation. *Journal of Evolutionary Economics*, 14(5), 605–616.
- Audretsch, D. B., & Keilbach, M. (2005). Entrepreneurship capital and regional growth. *Annals of Regional Science*, 39(3), 457–469. <https://doi.org/10.1007/s00168-005-0246-9>
- Audretsch, D. B., Link, A. N., & Peña-legazkue, I. (2013). Academic entrepreneurship and regional economic development: Introduction to the special issue. *Economic Development Quarterly*, 27(1), 3–5. <https://doi.org/10.1177/0891242412473191>
- Audretsch, D. B., Lehmann, E. E., & Menter, M. (2016). Public cluster policy and new venture creation. *Economia e Politica Industriale*, 43(4), 357–381. <https://doi.org/10.1007/s40812-016-0050-9>
- Backman, M., & Löf, H. (2015). The geography of innovation and entrepreneurship. *The Annals of Regional Science*, 55(1), 1–6. <https://doi.org/10.1007/s00168-015-0713-x>
- Baltzopoulos, A., & Broström, A. (2013). Attractors of entrepreneurial activity: Universities, regions and alumni entrepreneurs. *Regional Studies*, 47(6), 934–949. <https://doi.org/10.1080/00343404.2011.602335>
- Baptista, R., & Thurik, A. R. (2007). The relationship between entrepreneurship and unemployment: Is Portugal an outlier? *Technological Forecasting and Social Change*, 74(1), 75–89. <https://doi.org/10.1016/j.techfore.2006.04.003>

- Baptista, R., Escária, V., & Madruga, P. (2007). Entrepreneurship, regional development and job creation: The case of Portugal. *Small Business Economics*, 30(1), 49–58. <https://doi.org/10.1007/s11187-007-9055-0>
- Barghchi, M., Omar, D. B., & Aman, M. S. (2009). Cities, sports facilities development, and hosting events. *European Journal of Social Sciences*, 10(2), 185–195. Retrieved from <https://uitm.pure.elsevier.com/en/publications/cities-sports-facilities-development-and-hosting-events>
- Barrutia, J. M., & Echebarria, C. (2012). Greening regions: The effect of social entrepreneurship, co-decision and co-creation on the embrace of good sustainable development practices. *Journal of Environmental Planning and Management*, 55(10), 1348–1368. <https://doi.org/10.1080/09640568.2012.657298>
- Bashir, S., Gebremedhin, T., & Chawdhry, M. A. (2014). Does self-employment enhance regional economic development. *Journal of Developmental Entrepreneurship*, 19(4), 1–15. <https://doi.org/10.1142/S1084946714500253>
- Baumgartner, D., Pütz, M., & Seidl, I. (2012). What kind of entrepreneurship drives regional development in European non-core regions? A literature review on empirical entrepreneurship research. *European Planning Studies*, 21(8), 1095–1127. <https://doi.org/10.1080/09654313.2012.722937>
- Baumgartner, D., Schulz, T., & Seidl, I. (2013). Quantifying entrepreneurship and its impact on local economic performance: A spatial assessment in rural Switzerland. *Entrepreneurship & Regional Development*, 25(3–4), 222–250. <https://doi.org/10.1080/08985626.2012.710266>
- Benavides Velasco, C., Guzmán Parra, V., & Quintana García, C. (2011). Evolución de la literatura sobre empresa familiar como disciplina científica. *Cuadernos de Economía y Dirección de La Empresa*, 14(2), 78–90.
- Berggren, E., & Dahlstrand, Å. L. (2009). Creating an entrepreneurial region: Two waves of academic spin-offs from Halmstad University. *European Planning Studies*, 17(8), 1171–1189. <https://doi.org/10.1080/09654310902981037>
- Berglund, K., Gaddefors, J., & Lindgren, M. (2016). Provoking identities: Entrepreneurship and emerging identity positions in rural development. *Entrepreneurship & Regional Development*, 28(1–2), 76–96. <https://doi.org/10.1080/08985626.2015.1109002>
- Björk, B. C., Laakso, M., Welling, P., & Paetau, P. (2014). Anatomy of green open access. *Journal of the Association for Information Science and Technology*, 65(2), 237–250.
- Blake, M. K., & Hanson, S. (2005). Rethinking innovation: Context and gender. *Environment and Planning A*, 37(4), 681–701. <https://doi.org/10.1068/a3710>
- Bradford, S. C. (1934). Sources of information on specific subjects. *Engineering*, 137(3550), 85–86.
- Braunerhjelm, P., & Borgman, B. (2004). Geographical concentration, entrepreneurship and regional growth: Evidence from regional data in Sweden, 1975–99. *Regional Studies*, 38(8), 929–947. <https://doi.org/10.1080/0034340042000280947>
- Braunerhjelm, P., Ács, Z. J., Audretsch, D. B., & Carlsson, B. (2010). The missing link: Knowledge diffusion and entrepreneurship in endogenous growth. *Small Business Economics*, 34(2), 105–125.
- Buenstorf, G., & Fornahl, D. (2009). B2C—bubble to cluster: The dot-com boom, spin-off entrepreneurship, and regional agglomeration. *Journal of Evolutionary Economics*, 19(3), 349–378. <https://doi.org/10.1007/s00191-008-0119-3>
- Bygrave, W. D., & Hofer, C. W. (1991). Theorizing about entrepreneurship. *Entrepreneurship Theory and Practice*, 16(2), 13–22.
- Cañedo Andalia, R., Nodarse Rodríguez, M., & Labañino Mulet, N. (2015). Similitudes y diferencias entre PubMed, Embase y Scopus. *Revista Cubana de Información en Ciencias de la Salud*, 26(1), 84–91.
- Canever, M. D., Carraro, A., Kohls, V. K., & Teles, M. Y. O. (2010). Entrepreneurship in the Rio Grande do Sul, Brazil: The determinants and consequences for the municipal development. *Revista de Economia e Sociologia Rural*, 48, 85–108. Retrieved from http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0103-20032010000100005&nrm=iso

- Cantillon, R. (1755). *Essai sur la nature du commerce en général*. Paris: Institut Coppet. Retrieved from <http://institutcoppet.org/wp-content/uploads/2011/12/Essai-sur-la-nature-du-commerce-en-gener-Richard-Cantillon.pdf>
- Carvalho, E., & Smith, L. (1992). Entrepreneurship and community based economic development. *Economic Development Bulletin*, 12. Retrieved from <https://www.scopus.com/inward/record.uri?eid=2-s2.0-0027040168&partnerID=40&md5=3df86bd575a3beee430941a8cd56ced7>
- Charry, G. P., Arias-Pérez, J., & Barahona, N. (2004). Organizational and institutional change analysis: The case of Barcelona activa business incubator. *Revista Lasallista de Investigación*, 13(1), 11–22. Retrieved from http://www.scielo.org.co/scielo.php?pid=S1794-44492016000100002&script=sci_arttext&tlng=en
- Chelekis, J., & Mudambi, S. M. (2010). MNCs and micro-entrepreneurship in emerging economies: The case of Avon in the Amazon. *Journal of International Management*, 16(4), 412–424. <https://doi.org/10.1016/j.intman.2010.09.010>
- Cheng, S. (2011). Business cycle, industrial composition, or regional advantage? A decomposition analysis of new firm formation in the United States. *The Annals of Regional Science*, 47(1), 147–167. <https://doi.org/10.1007/s00168-009-0361-0>
- Chouinard, O., Desjardins, P. M., & Forgues, É. (2002). Collective entrepreneurship and regional development: Case study of a New Brunswick cooperative. *Journal of Rural Cooperation*, 30(2), 79–94. Retrieved from <https://www.scopus.com/inward/record.uri?eid=2-s2.0-0037001745&partnerID=40&md5=82390b51942f611137a96bbc07450f74>
- Coffey, W. J., & Polèse, M. (1984). The concept of local development: A stages model of endogenous regional growth. *Papers of the Regional Science Association*, 55, 1–12. <https://doi.org/10.1007/BF01939840>
- Cook, B. (2007). New Regionalism in the UK: Eliminating spatial disparities in unemployment? *International Journal of Environment, Workplace and Employment*, 3(3/4), 285. <https://doi.org/10.1504/IJEWE.2007.019284>
- Cooper, A. (2003). Entrepreneurship: The past, the present, the future. In *Handbook of Entrepreneurship Research* (pp. 21–34). New York: Springer. https://doi.org/10.1007/0-387-24519-7_2
- da Costa, A. M., Barros, D. F., & Carvalho, J. L. F. (2011). A dimensão histórica dos discursos acerca do empreendedor e do empreendedorismo. *Revista de Administração Contemporânea*, 15(2), 179–197. <https://doi.org/10.1590/S1415-65552011000200002>
- Dahlstrand, Å. L. (1997). Entrepreneurial spin-off enterprises in Göteborg, Sweden. *European Planning Studies*, 5(5), 659–673. <https://doi.org/10.1080/09654319708720424>
- Dahlstrand, Å. L. (2007). Technology-based entrepreneurship and regional development: The case of Sweden. *European Business Review*, 19(5), 373–386. <https://doi.org/10.1108/09555340710818969>
- Dana, L. P., Gurau, C., & Lasch, F. (2014). Entrepreneurship, tourism and regional development: A tale of two villages. *Entrepreneurship & Regional Development*, 26(3–4), 357–374. <https://doi.org/10.1080/08985626.2014.918182>
- De Noni, I., Ganzaroli, A., Orsi, L., & Pilotti, L. (2013). Immigrant entrepreneurship in the Milan metropolitan area: Results from an empirical analysis. *International Journal of Economic Policy in Emerging Economies*, 6(2), 168. <https://doi.org/10.1504/IJEPEE.2013.055796>
- De Sousa Fragooso, R. M. (2015). Sustainable development and guidance for entrepreneurship in unfavoured regions: The case of the Alentejo region. *World Review of Entrepreneurship, Management and Sustainable Development*, 11(4), 358–376. <https://doi.org/10.1504/WREMSD.2015.072048>
- Dejardin, M., & Fritsch, M. (2011). Entrepreneurial dynamics and regional growth. *Small Business Economics*, 36(4), 377–382. <https://doi.org/10.1007/s11187-009-9258-7>
- Derbyshire, J. (2013). The survival half-life of firms and its effect on economic development. *Local Economy*, 28(1), 114–122. <https://doi.org/10.1177/0269094212466024>
- Drucker, J. (2016). Reconsidering the regional economic development impacts of higher education institutions in the United States. *Regional Studies*, 50(7), 1185–1202. <https://doi.org/10.1080/00343404.2014.986083>

- Ersing, R. L., Loeffler, D. N., Tracy, M. B., & Onu, L. (2007). Pentru Voi Fundatia. *Journal of Community Practice*, 15(1–2), 193–215. https://doi.org/10.1300/J125v15n01_09
- Escalona, M. I., Lagar, P., & Pulgarín, A. (2010). Web of science vs. SCOPUS: Un estudio cuantitativo en Ingeniería Química. *Anales de Documentación: Revista de Biblioteconomía y Documentación*, 13, 159–175.
- Escorcia-Otálora, T. A., & Poutou-Piñales, R. A. (2008). Análisis bibliométrico de los artículos originales publicados en la revista *Universitas Scientiarum* (1987–2007). *Universitas Scientiarum*, 13(3), 236–244.
- European Commission. (2003). Directorate-General for Energy, & Ethniko Metsovio Polytechnio (Greece). *European energy and transport: Trends to 2030*. European Communities.
- Ferasso, M., & Saldanha, J. A. V. (2011). Entrepreneurship as way to contain the population exodus: a local development proposal. *International Journal of Entrepreneurship and Small Business*, 14(2), 205–229. <https://doi.org/10.1504/IJESB.2011.042720>
- Ferreiro Seoane, F. J., Del Campo Villares, M. O., & Camino Santos, M. (2015). Analysis of business incubators in Galicia through the «integral model of economic profitability» [Análisis de los viveros de empresas en Galicia a través del «modelo integral de rentabilidad económica»]. *Journal of Regional Research*, 33, 7–31. Retrieved from <http://dspace.uah.es/dspace/handle/10017/26522>
- Fortunato, M. W. P. (2014). Supporting rural entrepreneurship: A review of conceptual developments from research to practice. *Community Development*, 45(4), 387–408. <https://doi.org/10.1080/15575330.2014.935795>
- Fortunato, M. W. P., & Alter, T. (2015). Community entrepreneurship development: An introduction. *Community Development*, 46(5), 444–455. <https://doi.org/10.1080/15575330.2015.1080742>
- Frank, M. (2006). Access to the scientific literature—A difficult balance. *New England Journal of Medicine*, 354(15), 1552–1555.
- Friedman, V. J., & Desivilya, H. (2010). Integrating social entrepreneurship and conflict engagement for regional development in divided societies. *Entrepreneurship & Regional Development*, 22(6), 495–514. <https://doi.org/10.1080/08985626.2010.488400>
- Fritsch, M., & Mueller, P. (2004). Effects of new business formation on regional development over time. *Regional Studies*, 38(8), 961–975. <https://doi.org/10.1080/0034340042000280965>
- Fritsch, M., & Noseleit, F. (2013a). Indirect employment effects of new business formation across regions: The role of local market conditions. *Papers in Regional Science*, 92(2), 361–382. <https://doi.org/10.1111/j.1435-5957.2012.00475.x>
- Fritsch, M., & Noseleit, F. (2013b). Investigating the anatomy of the employment effect of new business formation. *Cambridge Journal of Economics*, 37(2), 349–377. <https://doi.org/10.1093/cje/bes030>
- Fritsch, M., & Noseleit, F. (2013c). Start-ups, long- and short-term survivors, and their contribution to employment growth. *Journal of Evolutionary Economics*, 23(4), 719–733. <https://doi.org/10.1007/s00191-012-0301-5>
- Fritsch, M., & Wyrwich, M. (2014). The long persistence of regional levels of entrepreneurship: Germany, 1925–2005. *Regional Studies*, 48(6), 955–973. <https://doi.org/10.1080/00343404.2013.816414>
- Fritsch, M., & Wyrwich, M. (2017). The effect of entrepreneurship on economic development—An empirical analysis using regional entrepreneurship culture. *Journal of Economic Geography*, 17(1), 157–189. <https://doi.org/10.1093/jeg/lbv049>
- Galindo, M., & Mendez, M. (2011). Entrepreneurship activity and competitiveness: Entrepreneurship enhance factors. *Papeles de Europa*, 22(22), 61.
- Garrigós Simón, F. J., González-Cruz, T., & Contreras-Pacheco, O. (2017). Policies to enhance social development through the promotion of SME and social entrepreneurship: A study in the Colombian construction industry. *Entrepreneurship & Regional Development*, 29(1–2), 51–70. <https://doi.org/10.1080/08985626.2016.1255437>

- Goldschmidt, P. G. (1986). Information synthesis: A practical guide. *Health Services Research*, 21, 215–237.
- González-Pernía, J. L., & Peña-Legazkue, I. (2015). Export-oriented entrepreneurship and regional economic growth. *Small Business Economics*, 45(3), 505–522. <https://doi.org/10.1007/s11187-015-9657-x>
- Grüner, H. (2016). Entrepreneurship in Germany and the role of the new self-employed. *Journal of Business Economics and Management*, VII(2), 59–67. Retrieved from <http://www.tandfonline.com/doi/pdf/10.1080/16111699.2006.9636124?needAccess=true>
- Guerrero, M., Peña-Legazkue, I., Marshall, A., Gras, G., Mira, I., & Coduras, A. (2013). Entrepreneurial activity and regional development: An introduction to this special issue. *Investigaciones Regionales*, 26, 5–15. Retrieved from <http://search.proquest.com/openview/adb7152682b5c5d2c1e53e7343457a9f/1?pq-origsite=gscholar&cbl=2028806>
- Gumbau Albert, M. (2017). Entrepreneurship, innovation and regional performance: Application for the Spanish regions. *Entrepreneurship & Regional Development*, 29(3–4), 271–291. <https://doi.org/10.1080/08985626.2016.1267805>
- Guzmán Alfonso, C., Santos Cumplido, F. J., & de la Barroso González, M. O. (2016). Cooperativismo, factor empresarial y desarrollo económico: Propuesta de un modelo teórico de enlace. *REVESCO Revista de Estudios Cooperativos*, 122, 110–134. Retrieved from [https://pendientedemigracion.ucm.es/info/revesco/txt/REVESCO_N_122.5_Carmen_GUZMAN, Francisco_SANTOS_y_Maria_BARROSO.htm](https://pendientedemigracion.ucm.es/info/revesco/txt/REVESCO_N_122.5_Carmen_GUZMAN_Francisco_SANTOS_y_Maria_BARROSO.htm)
- He, X., & Chen, X. (2016). Empirical effects of entrepreneurship on regional development: A Chinese local perspective. *Journal of Developmental Entrepreneurship*, 21(1), 1650003. <https://doi.org/10.1142/S1084946716500035>
- Henderson, J., & Weiler, S. (2010). Entrepreneurs and job growth: Probing the boundaries of time and space. *Economic Development Quarterly*, 24(1), 23–32. <https://doi.org/10.1177/0891242409350917>
- Huggins, R., & Williams, N. (2011). Entrepreneurship and regional competitiveness: The role and progression of policy. *Entrepreneurship & Regional Development*, 23(9–10), 907–932. <https://doi.org/10.1080/08985626.2011.577818>
- Jing, S., Qinghua, Z., & Landström, H. (2015). Entrepreneurship research in three regions—the USA, Europe and China. *International Entrepreneurship and Management Journal*, 11(4), 861–890. <https://doi.org/10.1007/s11365-014-0315-6>
- Johannisson, B. (1983). Swedish evidence for the potential of local entrepreneurship in regional development. *International Small Business Journal*, 1(2), 11–24. <https://doi.org/10.1177/026624268300100201>
- Kanai, M., & Kutz, W. (2011). Entrepreneurialism in the globalising city-region of Tangier, Morocco. *Tijdschrift voor Economische en Sociale Geografie*, 102(3), 346–360. <https://doi.org/10.1111/j.1467-9663.2010.00622.x>
- Karhanova, E., Rydvalova, P., & Zbrankova, M. (2016). Family business as source of municipality development in the Czech Republic. *Amfiteatru Economic*, 18(41), 168–183.
- Kasseeah, H. (2016). Investigating the impact of entrepreneurship on economic development: A regional analysis. *Journal of Small Business and Enterprise Development*, 23(3), 896–916. <https://doi.org/10.1108/JSBED-09-2015-0130>
- Korent, D., Vuković, K., & Brčić, R. (2015). Entrepreneurial activity and regional development. *Economic Research-Ekonomska Istraživanja*, 28(1), 939–958. <https://doi.org/10.1080/1331677X.2015.1084237>
- Koveos, P., & Zhang, Y. (2012). Regional inequality and poverty in pre- and postreform China: Can entrepreneurship make a difference? *Thunderbird International Business Review*, 54(1), 59–72. <https://doi.org/10.1002/tie.21438>
- Kyrö, P. (2015). *Handbook of entrepreneurship and sustainable development research*. Cheltenham: Edward Elgar.

- Larsson, M. (2012). Environmental entrepreneurship in organic agriculture in Järna, Sweden. *Journal of Sustainable Agriculture*, 36(2), 153–179. <https://doi.org/10.1080/104440046.2011.620225>
- Lawton Smith, H., Glasson, J., & Chadwick, A. (2005). The geography of talent: Entrepreneurship and local economic development in Oxfordshire. *Entrepreneurship & Regional Development*, 17(6), 449–478. <https://doi.org/10.1080/08985620500247819>
- Lehmann, E. E., Seitz, N., & Wirsching, K. (2017). Smart finance for smart places to foster new venture creation. *Economia E Politica Industriale*, 44(1), 51–75. <https://doi.org/10.1007/s40812-016-0052-7>
- Letinić, S., & Štavlić, K. (2011). Entrepreneurial activity-indicator of regional development in Croatia. *International Scholarly and Scientific Research & Innovation*, 5(5), 536–539. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1001.4598&rep=rep1&type=pdf>
- Liñán, F., & Fernandez-Serrano, J. (2014). National culture, entrepreneurship and economic development: Different patterns across the European Union. *Small Business Economics*, 42(4), 685–701. <https://doi.org/10.1007/s11187-013-9520-x>
- López López, P. (1996). *Introducción a la Bibliometría. Introducción a la Bibliometría*. Valencia: Promolibro.
- Lotka, A. J. (1926). The frequency distribution of scientific productivity. *Journal of the Washington Academy of Sciences*, 16(12), 317–323.
- Lupiañez, L., Priede, T., & López-Cózar, C. (2014). *El emprendimiento como motor del crecimiento económico*. Boletín Económico de ICE, Información Comercial Española, pp. 55–63.
- Mair, J., & Martí, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41, 36–44.
- Malecki, E. J. (1991). *Technology and economic development: The dynamics of local, regional, and national change*. Retrieved from <https://www.scopus.com/inward/record.uri?eid=2-s2.0-0026269371&partnerID=40&md5=e2a06f63406bcaedc825764ac148be19>
- Malecki, E. J. (1993). Entrepreneurship in regional and local development. *International Regional Science Review*, 16(1–2), 119–153. <https://doi.org/10.1177/016001769401600107>
- Martin, J. (2009). Creating balanced partnerships for regional innovation and entrepreneurship: Lessons from Australia's Community Banks[®]. *International Journal of Foresight and Innovation Policy*, 5, 181–192. <https://doi.org/10.1504/IJFIP.2009.022105>
- McCabe, S. (2005). The Springfield Technical Community College Technology Park – A creative use of real estate: Converting a derelict property into an economic development engine. *Community College Journal of Research and Practice*, 29(8), 599–607. <https://doi.org/10.1080/10668920591005666>
- Metaxas, T., & Karagiannis, D. (2016). Culinary tourism in Greece: Can the past define the future? Dimensions of innovation, entrepreneurship and regional development. *Journal of Developmental Entrepreneurship*, 21(3), 1650018. <https://doi.org/10.1142/S1084946716500187>
- Mieszajkina, E. (2016). Ecological entrepreneurship and sustainable development. *Problems of Sustainable Development*, 12(1), 163–171. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2856389
- Minniti, M. (2012). El emprendimiento y el crecimiento económico de las naciones. *Economía Industrial*, 383, 23–30.
- Monsen, E., Mahagaonkar, P., & Dienes, C. (2012). Entrepreneurship in India: The question of occupational transition. *Small Business Economics*, 39(2), 359–382. <https://doi.org/10.1007/s11187-011-9316-9>
- Morgan, K. (2016). Collective entrepreneurship: The Basque model of innovation. *European Planning Studies*, 24(8), 1544–1560. <https://doi.org/10.1080/09654313.2016.1151483>
- Mueller, P. (2006). Exploring the knowledge filter: How entrepreneurship and university–industry relationships drive economic growth. *Research Policy*, 35(10), 1499–1508. <https://doi.org/10.1016/j.respol.2006.09.023>

- Mueller, P., Van Stel, A., & Storey, D. (2008). The effects of new firm formation on regional development over time: The case of Great Britain. *Small Business Economics*, 30(1), 59–71. <https://doi.org/10.1007/s11187-007-9056-z>
- Nasir, M., Cai, J., Hina, M., Ma, Y., & Yue, C. (2016). Incubators, SMEs, and economic development of China. *International Journal of Multimedia and Ubiquitous Engineering*, 11(1), 311–318. Retrieved from <http://www.earticle.net/Article.aspx?sn=268419>
- Navarro, J. R., & Montesinos, C. G. (2013). The entrepreneurship and the North-South European Convergence: Evidences from the Global Entrepreneurship Monitor [El Fenómeno Emprendedor y La Convergencia Norte-Sur en Europa: Evidencias del Observatorio GEM]. *rEviSta dE Economía Mundial*, 35, 53–66. Retrieved from <http://search.proquest.com/docview/1525450312?pq-origsite=gscholar>
- Nieto, M., & González-Álvarez, N. (2016). Social capital effects on the discovery and exploitation of entrepreneurial opportunities. *International Entrepreneurship and Management Journal*, 12(2), 507–530. <https://doi.org/10.1007/s11365-014-0353-0>
- Noseleit, F. (2013). Entrepreneurship, structural change, and economic growth. *Journal of Evolutionary Economics*, 23(4), 735–766. <https://doi.org/10.1007/s00191-012-0291-3>
- O'Farrell, P. N. (1986). Entrepreneurship and regional development: Some conceptual issues. *Regional Studies*, 20(6), 565–574. <https://doi.org/10.1080/09595238600185481>
- O'Neal, T., & Schoen, H. (2011). The co-evolution of the University of Central Florida's technology incubator and the entrepreneurial infrastructure in Central Florida. *International Journal of Entrepreneurship and Innovation Management*, 13(2), 225–242. <https://doi.org/10.1504/IJEM.2011.038860>
- Panasjuk, M. V., Safiullin, L. N., Gafurov, I. R., & Safin, A. R. (2010). Role of small businesses in the agricultural sector of the region. *Mediterranean Journal of Social Sciences*, 5(28), 56. <https://doi.org/10.5901/mjss.2014.v5n28p56>
- Parker, S. C. (2005). Explaining regional variations in entrepreneurship as multiple occupational equilibria. *Journal of Regional Science*, 45(4), 829–850. <https://doi.org/10.1111/j.0022-4146.2005.00394.x>
- Pereira, A. A. (2004). State entrepreneurship and regional development: Singapore's industrial parks in Batam and Suzhou. *Entrepreneurship & Regional Development*, 16(2), 129–144. <https://doi.org/10.1080/08985620410001677844>
- Pfeifer, S., & Sarlija, N. (2010). The relationship between entrepreneurial activities, national and regional development and firm efficiency – global entrepreneurship monitor (GEM)-based evidence from Croatia. *Journal of Entrepreneurship*, 19(1), 23–41. <https://doi.org/10.1177/097135570901900102>
- Pfeilstetter, R. (2013). Entrepreneurship and regional development in Europe: A comparative, socio-anthropological case study in Germany and Spain. *Anthropological Notebooks*, 19(1), 45–57. Retrieved from http://www.drustvo-antropologov.si/AN/PDF/2013_1/Anthropological_Notebooks_XIX_1_Pfeilstetter.pdf
- Popp, A. (2003). “The true potter”: Identity and entrepreneurship in the North Staffordshire potteries in the later nineteenth century. *Journal of Historical Geography*, 29(3), 317–335. <https://doi.org/10.1006/jhge.2002.0419>
- Qian, H., & Jung, H. (2017). Solving the knowledge filter puzzle: Absorptive capacity, entrepreneurship and regional development. *Small Business Economics*, 48(1), 99–114. <https://doi.org/10.1007/s11187-016-9769-y>
- Raisig, L. M. (1960). Mathematical evaluation of the scientific serial. *Science*, 131(3411), 1417–1419.
- Ramos, R., Suriñach, J., & Artís, M. (2010). Human capital spillovers, productivity and regional convergence in Spain. *Papers in Regional Science*, 89(2), 435–447.
- Ratten, V. (2011). Fundacion Maquipucuna: An entrepreneurial Ecuadorian non-profit organisation. *International Journal of Business and Globalisation*, 6(2), 217–224. <https://doi.org/10.1504/IJBG.2011.038491>

- Reynolds, P., Bosma, N., Autio, E., Hunt, S., De Bono, N., Servais, I., & Chin, N. (2005). Global entrepreneurship monitor: Data collection design and implementation 1998–2003. *Small Business Economics*, 24(3), 205–231. <https://doi.org/10.1007/s11187-005-1980-1>
- Ross, A. G., Adams, J., & Crossan, K. (2015). Entrepreneurship and the spatial context: A panel data study into regional determinants of small growing firms in Scotland. *Local Economy*, 30(6), 672–688. <https://doi.org/10.1177/0269094215600135>
- Safiullin, L. N., Novenkova, A. Z., Safiullin, N. Z., & Ismagilova, G. N. (2014). Prospects of small business in Tatarstan. *Life Science Journal*, 11(6s), 396–399. Retrieved from <http://www.lifesciencesite.com>
- Said, M. F., Adham, K. A., Abdullah, N. A., Hänninen, S., & Walsh, S. T. (2012). Incubators and government policy for developing it industry and region in emerging economies. *Asian Academy of Management Journal*, 17(1), 65–96. Retrieved from http://web.usm.my/aamj/17.1.2012/AAMJ_17.1.4.pdf
- Saxenian, A. (2002). The Silicon Valley connection: Transnational networks and regional development in Taiwan, China and India. *Science, Technology and Society*, 7(4), 117–150. https://doi.org/10.1057/9781403943842_7
- Say, J. (1803). *Traite d'economie Politique*. New York: Kelley.
- Schumpeter, J. A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. (Transactio). London.
- Seidl, I., Schelske, O., Joshi, J., & Jenny, M. (2003). Entrepreneurship in biodiversity conservation and regional development. *Entrepreneurship & Regional Development*, 15(4), 333–350. <https://doi.org/10.1080/0898562032000058914>
- Skuras, D., Meccheri, N., Moreira, M. B., Rosell, J., & Stathopoulou, S. (2005). Business growth and development trajectories in lagging and remote areas of Southern Europe. *European Urban and Regional Studies*, 12(4), 335–351. <https://doi.org/10.1177/0969776405058947>
- Smelser, N. J., & Swedberg, R. (2005). *The handbook of economic sociology*. Princeton, NJ: Princeton University Press.
- Smith, R. (2012). Developing and animating enterprising individuals and communities. *Journal of Enterprising Communities: People and Places in the Global Economy*, 6(1), 57–83. <https://doi.org/10.1108/17506201211211000>
- Snepenger, D., Johnson, J., & Rasker, R. (1995). Travel-stimulated entrepreneurial migration. *Journal of Travel Research*, 34, 40–44. <https://doi.org/10.1177/004728759503400105>
- Spilling, O. R. (1996). The entrepreneurial system: On entrepreneurship in the context of a mega-event. *Journal of Business Research*, 36(1), 91–103. [https://doi.org/10.1016/0148-2963\(95\)00166-2](https://doi.org/10.1016/0148-2963(95)00166-2)
- Spinak, E. (1996). *Diccionario enciclopédico de bibliometría, ciencias e informática*. Caracas: UNESCO CIII/II.
- Staniewski, M. W., Nowacki, R., & Awruk, K. (2016). Entrepreneurship and innovativeness of small and medium-sized construction enterprises. *International Entrepreneurship and Management Journal*, 12(3), 861–877. <https://doi.org/10.1007/s11365-016-0385-8>
- Stephens, H. M., & Partridge, M. D. (2011). Do entrepreneurs enhance economic growth in lagging regions? *Growth and Change*, 42(4), 431–465. <https://doi.org/10.1111/j.1468-2257.2011.00563.x>
- Sternberg, R., & Wennekers, S. (2005). Determinants and effects of new business creation using global entrepreneurship monitor data. *Small Business Economics*, 24(3), 193–203. <https://doi.org/10.1007/s11187-005-1974-z>
- Stevenson, H. H. (2000). *Why the entrepreneurship has won!*, Coleman White Paper, USABE National Conference, pp. 1–8. Retrieved from http://www.unm.edu/~asalazar/Kauffman/Entrep_research/e_won.pdf
- Stojčić, N., Bečić, M., & Vojinić, P. (2016). The impact of migration movements on innovation activities in Croatian counties [Utjecaj migracijskih kretanja na inovacijske aktivnosti u hrvatskim županijama]. *Društvena Istraživanja*, 25(3), 291–307. Retrieved from <https://www.ceool.com/search/article-detail?id=458424>

- Stough, R. R. (2016). Entrepreneurship and regional economic development: Some reflections. *Investigaciones Regionales*, 2016 (36 Special issue), 129–150. Retrieved from <https://www.scopus.com/inward/record.uri?eid=2-s2.0-85006087894&partnerID=40&md5=8aaf65444f85446faa8d585f2d4319db>
- Thompson, J. (2010). “Entrepreneurship Enablers” – Their unsung and unquantified role in competitiveness and regeneration. *Local Economy*, 25(1), 58–73. <https://doi.org/10.1080/02690940903545406>
- Thurik, A. R., Carree, M. A., Stel, A. J., & Audretsch, D. B. (2008). Does self-employment reduce unemployment? *Journal of Business Venturing*, 23, 673–686.
- Torres, S. R., Longhini, T. M., Guavita, D., & Vidal, F. B. (2016). O Movimento das incubadoras na América Latina: Estudos de casos do Brasil, Colômbia e Argentina. *Revista ESPACIOS*, 37 (11), 6. Retrieved from <http://www.revistaespacios.com/a16v37n11/16371106.html>
- Urbano, D., & Guerrero, M. (2013). Entrepreneurial Universities: Socioeconomic impacts of academic entrepreneurship in a European region. *Economic Development Quarterly*, 27(1), 40–55. <https://doi.org/10.1177/0891242412471973>
- Van Oort, F. G., & Bosma, N. (2013). Agglomeration economies, inventors and entrepreneurs as engines of European regional economic development. *The Annals of Regional Science*, 51(1), 213–244. <https://doi.org/10.1007/s00168-012-0547-8>
- Van Praag, C. M., & Versloot, P. H. (2007). What is the value of entrepreneurship? A review of recent research. *Small Business Economics*, 29(4), 351–382. <https://doi.org/10.1007/s11187-007-9074-x>
- Van Praag, C. M., & Versloot, P. H. (2008). The economic benefits and costs of entrepreneurship: A review of the research. *Foundations and Trends in Entrepreneurship*, 4(2), 65–154. <https://doi.org/10.1561/03000000012>
- Van Stel, A., & Storey, D. (2004). The link between firm births and job creation: Is there a Upas Tree effect? *Regional Studies*, 38(8), 893–909. <https://doi.org/10.1080/0034340042000280929>
- Van Stel, A., & Suddle, K. (2008). The impact of new firm formation on regional development in the Netherlands. *Small Business Economics*, 30(1), 31–47. <https://doi.org/10.1007/s11187-007-9054-1>
- Vázquez-Rozas, E. E., Gómes, S., & Vieira, E. (2010). Entrepreneurship and economic growth in Spanish and Portuguese regions. *Regional and Sectoral Economic Studies*, 10(2), 109–126. Retrieved from <https://www.scopus.com/inward/record.uri?eid=2-s2.0-79951692606&partnerID=40&md5=9b739d5a39a048e37222cfdc327fc339>
- Velasco, J., Arias, E., & Fariña, F. (2016). Análisis de la investigación española en acoso escolar. In A. Andrés-Pueyo, F. Fariña, M. Novo, & D. Seijo (Eds.), *Avances en Psicología Jurídica y Forense* (pp. 123–135). Sociedad Española de Psicología Jurídica y Forense.
- Williams, N., & Vorley, T. (2014). Economic resilience and entrepreneurship: Lessons from the Sheffield City Region. *Entrepreneurship & Regional Development*, 26(3–4), 257–281. <https://doi.org/10.1080/08985626.2014.894129>
- Wynarczyk, P. (2013). Open innovation in SMEs: A dynamic approach to modern entrepreneurship in the twenty-first century. *Journal of Small Business and Enterprise Development*, 20(2), 258–278. <https://doi.org/10.1108/14626001311326725>
- Yaniktepe, B., Çavuş, M.F., & Aksoy, A. (2016). Techoparks as an actor of regional development: An evaluation on Turkey. *Journal of Applied Economic Sciences*, 11(1). Retrieved from <http://cesmaa.eu/journals/jaes/index.php>
- Yiu, D. W., Wan, W. P., Ng, F. W., Chen, X., & Jun Su, J. (2014). Sentimental drivers of social entrepreneurship: A study of China’s Guangcai (Glorious) Program. *Management and Organization Review*, 10(1), 55–80. <https://doi.org/10.1111/more.12043>
- Yuko, A. (2009). Entrepreneurship and regional culture: The case of Hamamatsu and Kyoto, Japan. *Regional Studies*, 43(3), 495–512. <https://doi.org/10.1080/00343400902777042>

The Role of Country Reputation in Positioning Territories: A Literature Review



F. Castilla-Polo

Abstract In this study we review the concept of a country's reputation (CoR), which still requires a thorough conceptual development. The relevance of this intangible asset for countries justifies the need to clarify the CoR concept as a preliminary and necessary step to start its management by governments. We carried out a literature review with the aim of examining what it is, its advantages and disadvantages, how it is measured, and what the fundamental guidelines would be for its management through the development of a theoretical model. These two last aspects especially caught our interest due to the relationship between management and measurement, which has led us to review the most important rankings used today for CoR and to add the similarities found among them into the proposed model due to the key role of a good positioning in these rankings for obtaining different reputational advantages.

Keywords Reputation · Country · Rankings · Strategy · Policies · Entrepreneurship

1 Introduction

The strategic importance of corporate reputation (CR) is an issue that has not been questioned since the seminal study of Fombrun (1996). CR is recognized by both scholars and managers as a powerful asset for organizations and one which is able to create different intangible assets such as employee commitment, customer loyalty, and other important forms of stakeholder support (Barnett and Pollock 2012; Kunle and Ganiyu 2013).

For Walsh and Beatty (2007) and Gürel (2014), CR is a multidimensional concept, which implies approaching the research of this subject from an interdisciplinary perspective. CR has been analyzed from different areas: accountancy,

F. Castilla-Polo (✉)
University of Jaén, Jaén, Spain
e-mail: fpolo@ujaen.es

economics, organizational behavior, sociology, strategy, and marketing (Chun 2005). In fact, the role of marketing scholars in this topic occupies a prominent place due to their role as a variable directly linked to the purchase decision. Following Chun (2005: 104), “a good brand or reputation stimulates purchase by simplifying decision procedures for customers”. Given the need for market differentiation that firms experience nowadays, Fombrun and Van Riel (2004) have argued for some time that CR favors the purchase decision by acting as an advertising demand. It translates into a signal that summarizes the past actions of a company. Thereby, CR “could broadly be conceptualized as the trust, admiration, confidence, and esteem that the public holds toward the firm” (Ghosh 2017: 4). Hence, the management of the CR is a key element for developing a marketing strategy that allows companies to position themselves in the market; this is, to position their products in the desired place.

Everything that we have indicated for the business context we understand can be transferred to the scope of territories. In this way, we posit the need for differentiation via reputation as a fundamental element to generate the well-being not only of business but also of territories. That is, we propose that reputation can contribute to the differentiation of the countries through the creation of a powerful asset, country reputation (CoR). The application of reputation to cities, regions, or countries is the logical evolution of the importance of this asset in multiple levels of analysis.

In recent years, we have been faced with an explosion in the role of the CoR, which can be defined as “perceptions of a country, shared by domestic and international publics, on the basis of personal experience and information received” (Kang and Yang 2010: 53). Just as companies must manage their brands, countries must be concerned about managing their CoR (Passow et al. 2005). CoR can influence everything from foreign policy to foreign investment, to whether or not people want to visit or live there or to buy products with this provenance. Kotler and Gertner (2002) examined how widely-held country images affect attitudes towards a country’s products and services and ability to attract investment, businesses and tourists. For Anholt (2016: 4), “their brand goes before them opening doors, creating trust and respect, and raising the expectation of quality, competence and integrity”. Nevertheless, Lamper and Jaffe (1998) stated that country image can be viewed as an asset when it has a positive connotation and as a liability when it is associated with negative elements.

With regard to research on reputation, an important topic is the relationship between CR and CoR. Brammer and Jackson (2012) indicate that the CR of a country’s business affects the CoR, while at the same time the CoR affects those of its member companies, expanding the link between companies and countries on reputation. Kim (2016) found a positive impact of CR on CoR, and the mediating effects of product image between both of them.

Taking into account everything pointed out, our main objective is to theoretically analyze the relevance of CoR and to establish guidelines to help countries to position themselves better in the different rankings and indexes of CoR. For this reason, two topics occupy our attention in this paper.

On the one hand, there is the analysis of the advantages and disadvantages associated with CoR and what we can expect if this asset is correctly managed, a

question that introduces the country of origin in the study of imports or international purchases. In this sense, some studies have been centered on the role of the perceived reputation of country of origin firms as a mediating variable when buying foreign products (Jiménez and San-Martín 2016). Another relevant topic is the role of CoR for international entrepreneurship (Reuber and Fischer 2009), which introduces this variable into the entrepreneurship agenda of the different governments and public institutions.

On the other hand, there is the review of the indicators that the main CoR rankings are using and establishing guidelines for possible future courses of action to improve their position in these rankings. Given the relevance of managing CoR, it is unquestionable that countries should take this asset into account in their future actions. We must point out that getting a suitable position in the different rankings that are increasingly published on countries, so-called Country Rankings as a measure of CoR, will be a fundamental goal of this type of management. Based on these rankings and indexes, in this work we will analyze how they have been constructed and what measures and indicators have been used. All this will allow us to summarize the lines of action and interest for any territory to develop an effective institutional reputational management strategy.

The structure of this study will include a second section dedicated to the revision of the CoR concept and the lines of research that exist around it. We will summarize the main rankings and indices that measure this construct in a third section. All the above allow us to conclude with a final section devoted to the study of the main conclusions derived from the indicators or groups of what is most repeated in the different rankings as well as in the proposal of implications for the management of this important asset from the institutional point of view.

2 A Literature Review of Country Reputation

Different terms are used by researchers within literature on reputation at the country level: CoR, country image, nation branding, place branding, made-in country image, country of origin image, and country-of-origin, among others. All of them share the fact of referring implicitly to the reputation in its concept and its application to a particular country, although using different approaches. See Fig. 1, where the two most relevant approaches are detailed when defining CoR: commercial vision and strategic approach.

It is possible to differentiate a commercial vision of the reputation of a country against a strategic vision. On the one hand, the concern is with the country's differentiation as an objective for commercial relations, where the concepts of country-origin image, country of origin, nation branding, and country image are fundamentally included. They all have a flexible relationship and share the marketing approach, which leads them to be used in differently on multiple occasions.

Kang and Yang (2010: 52) suggested "country of origin as one of the key macro-level variables in international consumers' attitudes". In fact, Jiménez and San-Martín (2016: 358) add the further issue that "together with other extrinsic

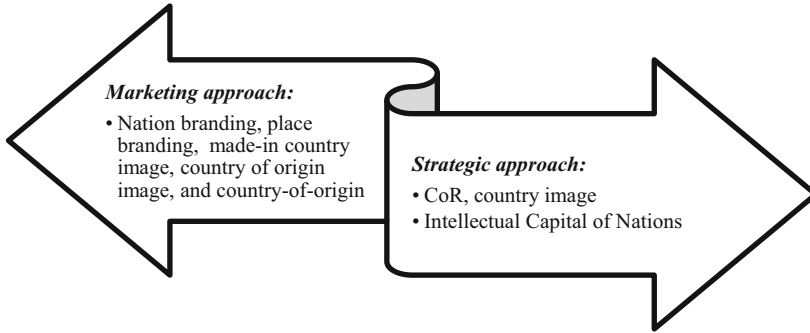


Fig. 1 Main topics used within CoR literature. Source: Own Elaboration

attributes, country image and the international reputation of its firms become informative elements which may be used by consumers to orientate their evaluation and their purchase intention”. Adina et al. (2015: 426) states that “on a cognitive level, a product’s country-of-origin image influences the product’s perceived quality, affecting perceptions about functional attributes, such as reliability, safety or performance”. But it is interesting to note that “the country-of-origin effect can be linked not only to country reputation but also to the overall corporate reputations of a country” (Kang and Yang 2010: 52). For all of the above, the need to create a country brand is not surprising, and must be the result of consensus among citizens, experts, companies, politicians, government and NGOs, as indicated by Prado and Bruj6 (2013). In a reputational economy, the real is what we perceive, and for this reason it is necessary for countries to align their image with their own reality, as these authors point out. This process is called nation branding and has an economic objective essentially, trying to “selling the country” (Jenes and Malota 2009). Following Fan (2010: 7), measuring CoR it will be possible to assess if the nation branding is effective or not. However, communication is fundamental in this process because “the way to a nation to gain a better reputation is to communicate to the international audience how good you are, this practice is called nation branding”.

On the other hand, we can distinguish a strategic approach, centered on employing the positioning of countries as a means to attract investors, tourism, and business, among others, in short, as a means for economic growth and prosperity. This approach includes the CoR concept we are dealing with.

CoR captures a wider dimension than the latter terms because the former come mainly from the field of marketing and seek competitive advantages derived from the country of origin in exchange processes whereas here, in this approach, the interest of improving reputation is not just commercial. However, the limits of some of the concepts that we are trying to classify are not very clear and the terms pointed out are often used indifferently and, especially, country image and CoR are used as synonyms.

CoR incorporates competitive advantages or prejudices for the countries, as the case may be, arising from the way that country is considered by third parties,

inhabitants and non-inhabitants. Following Kang and Yang (2010: 53), when we talk about CoR we are referring to “perceptions of a country, shared by domestic and internal publics, on the basis of personal experience and information received”. Indeed, the summary view of the perception of stakeholders is a key note of CR (Chun 2005) that we apply to CoR. Taking into account the group of interests analyzed, Jenes (2007: 40) proposes differentiating two dimensions for CoR: internal image of a country “what citizens think about their own country”, and external image “what others/foreigners think about our country”. Both dimensions would indistinctly integrate the concept that concerns us.

CoR is also linked to the intangible assets associated at the country level, that is, the Intellectual Capital of Territories (Bontis 2004), because reputation is one of the main intangible assets. Iversen et al. (1998) already raised the relation between country’s intangible assets and the exportation of goods and services. Bontis (2004) points out their role as the roots of the future of their territories. Due to all this, it is possible to establish a direct relationship with the territories as direct recipients of the competitive advantages created through these assets. As a matter of fact, Martínez and Rodríguez (2013) emphasize the role of reputation in the creation of competitive advantages through the moderating role of the relational block or intangible assets associated with the external relationships of any company.

If these assets play a key role in business competitiveness, by extension the derived economic development will have its justification in them. Surinach and Moreno (2011), commenting on the main findings of the Intangible Assets and Regional Economic Growth (IAREG) project¹ where 12 countries were analyzed, emphasized the value of human and social capital, specifically the cornerstones of territorial development. For Matos et al. (2015), in an empirical study in Romania and Portugal, innovation plays a fundamental role in developing a good reputation for territories and in turn in the creation of wealth and competitiveness.

2.1 *Management of CoR*

The need to manage CoR is obvious, as many authors have stated (Passow et al. 2005; Christelis 2006; Corporate Excellence 2012; Anholt 2013). Jiménez and San-Martín (2016) consider that CoR should be a key point of the agenda of government agencies, governments, and public institutions; all of them must be interested in promoting precisely a better CoR. In the same sense, Anholt (2013: 4) believes that it is “one of the primary skills of administrations in the twenty first century”. Van Ham (2001) states that government are, more than ever before, concerned about managing the image of their countries; this implies following López et al. (2009) to enable differentiation and some associated advantages.

¹Available at: http://cordis.europa.eu/project/rcn/88565_en.html (Accessed June 2017).

If a country has a good reputation, that entails numerous advantages. Overall, Kotler and Gertner (2002) highlighted the greater possibilities to attract investment, businesses and tourists. As might be expected, in this context, CoR goes before countries opening doors. Nevertheless, as Lamper and Jaffe (1998) stated, CoR does not only have positive connotations. A bad reputation introduces uncertainty into the decision-making process and increases the risk associated with any type of collaboration. CoR goes before countries but now closing doors. We discuss below the more detailed analysis of the benefits and prejudices associated with CoR in Sects. 2.1.1 and 2.1.2.

2.1.1 CoR's Competitive Advantages

Reputable countries usually attract more investments (Matos et al. 2015). Therefore, stronger CoR will derive more powerful competitive advantages for countries (Anholt 2016). The Reputation Institute (2017: 33) stated that countries benefit from a strong reputation through the following issues:

- (a) *More tourists*. Numerous studies have addressed the role of the CoR for the tourism sector (Choi and Cai 2016; Fullerton and Kendrick 2017). In all of them, this hypothesis is supported: the countries with better reputation attract more tourism. Corporate Excellence (2012) also raises this question by stating that the reputation of cities is linked directly and in a positive sense with the intention of travelers to discover that city. This issue is also addressed by Fullerton and Kendrick (2017) when they studying CoR as a moderating variable in the effectiveness of destination advertising. In addition, Choi and Cai (2016) conclude that cooperation among a large number of stakeholders involved in destination management achieves a better CoR.
- (b) *Improving public diplomacy*. Regarding the relationship “nation branding-public diplomacy”, Szondi (2008) states that there is a similarity between both concepts as they share the objective of improving the image of a country, although the approaches to its development are far from coincident. In his important review work, the author concludes about the approaches of both concepts in the terms that “nation branding is conceived as a postmodern mutation of public diplomacy” (p. 29).
- (c) *Attracting knowledge and talent*. If we now review the elements that can condition an effective management of talent, we will soon observe that the country's reputation can lead to a potential employee working in it; obviously, it is not the only variable but a variable to take into account. Harvey and Groutsis (2015) highlight that the reputations of countries are a key variables in the attraction and retention of top employees.
- (d) *Increasing exports/foreign investment*. Newburry (2012) believes that the relationship between business and CoR is an issue that should catch the attention of researchers because it is not so simple. Kim (2016: 7) argues that both interact in the following sense: “some corporations with favorable country reputations (e.g. German companies) can have competitive advantages in the global market

despite their low corporate reputation. On the other hand, corporations from countries with unfavorable country reputation try to overcome their associations with the countries by focusing on corporate reputation. For example, China". Corporate Excellence (2012: 4) also argues that CoR "precedes and influences that of its companies. On the other hand, the reputation of a nation's companies and cities—together with their institutions and leaders in all areas of social activity—influences that of the country itself. To the extent that these institutions can manage this group of reputations in a harmonized and intelligent way, they will be able to enjoy the maximum mutual benefits". This is why the complementarities between CR and CoR are a vital issue for future research on this subject.

To the advantages derived from a good CoR, we add the empowering role of *international entrepreneurship*. If a company considers new opportunities in other countries, its CoR will be a factor that enhances or inhibits its realization of this. In this sense, a good CoR, as indicated, will open doors to entrepreneurship or close them otherwise. The relation between reputation and international entrepreneurship is a topic of great relevance in the academic field. Thus, papers like Zahra and George (2002: 30) raise the need to work on "how this reputation allows the firm to pursue international entrepreneurship opportunities". Reputation is of unquestionable value, especially for young entrepreneurial companies (Bell and Mc-Namara 1991). A favorable CoR influences the ways companies decide to proceed in foreign markets (Itami and Roehl 1987).

2.1.2 CoR's Disadvantages

In the same way, CoR can also cause problems for the economic growth and the prosperity of countries. In this sense, one could speak of a reputational risk. Eccles et al. (2007) raise the issue of damages arising from a bad reputation for a company, damages that can also be extended when the country where the company is located has an unfavorable reputation. They propose a scheme that can be seen in Fig. 2 that is equally applicable to the management of CR and to achieving an appropriate CoR, with slight nuances on which we will go into detail.

All the functions proposed by Eccles et al. (2007) can be extended to the case of CoR except for the need to link a person to this task. In this case, the problem is more serious because we need the activity of a country as a whole in order to improve or maintain a good CoR. Hence reputation management at the country level is an even more complex phenomenon.

What is clear is that managing CoR is necessary to position countries. Thus, reputation positioning for a country is a subject of great interest because it will allow the country to take advantage of the associated strategic advantages of a more intensive way for different degrees of CoR to exist, which will condition the potential results derived from such management.

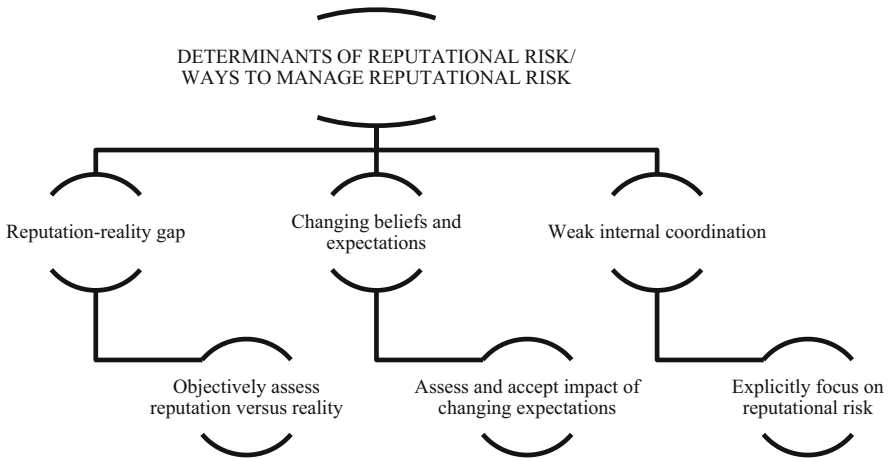


Fig. 2 A Framework for managing reputational risk. Source: Adapted from Eccles et al. (2007) [Available at: <https://hbr.org/2007/02/reputation-and-its-risks> (Accessed June 2017)]

2.2 CoR as a Multidimensional Construct

Within CoR management, measurement plays a key role. In this sense, Fan (2010: 7) states that “the way for a nation to gain a better reputation is to communicate to the international audience how good you are”. This statement is fully related to the famous phrase formulated by Sveiby (2001) within the scope of intangible assets, where it is argued that only that which is measurable is manageable. In this sense, the numerous efforts to measure CoR are not surprising.

We are introducing CoR in the field of the intangible assets, which show that there are assets that cannot be assessed objectively via financial measures but are of great relevance. The role of reputation as intangible has been raised for some time by authors such as Dowling (1993) and Hall (1992), who considered reputation as the most important intangible asset for managers. Lee and Jungbae (2012) argue that the value to companies of their reputation comes from their consideration as a resource of value, inimitable and irreplaceable in the market, attributes that characterize any type of intangible assets.

It is this argument can be transferred to the core of our work because CoR is a key strategic asset for countries that makes it possible to differentiate them. We are particularly interested in the role of knowledge about CoR that the inhabitants and non-inhabitants of countries have. Thus, CoR is also an intangible created by perceptions about the country and dependent, to some extent, on the knowledge people have of it. Therefore, we need not only to measure CoR but to make these measurements known so that they can take advantage of the strategic advantages that have been discussed. It is clear that in the case of a bad CoR the problem will be measurement as a tool for improving the positioning of the country.

However, following Chun (2005), we should mention that in the same sense that it is difficult to define reputation, so is it difficult to define measurement. Reputation

is a perception and in this sense it will be difficult to approach its measurement through a one-dimensional scale. In the same way, Jenes and Malota (2009) argue that measuring the image of a country is not a simple task since we are faced with a complex and multidimensional construct. Some time ago, Martin and Eroglu (1993: 192) indicated that it will be necessary “to use a multiple-item country scale to help fill the need for better measures in this area”. That is, the need to consider many aspects when assessing CoR, or in other words, the necessary use of multidimensional scales, which implies considering this concept as a multidimensional construct.

Hence, in most cases, we opt for multidimensional scales that allow us to pick different aspects to reach a final measure of reputation. In this sense, we are adopting the third approach raised by Roth and Diamantopoulos (2009), that is, to consider CoR as a construct which includes a wide range of variables beyond the image of their products: country cognition, country affect, country conations, and country-related norms. These aspects are offered by the authors after an important literature review of the main scales used by researchers in this topic.

By way of previous proposals that illustrate how the measurement of the reputation is approached we find: the vision of Fombrun (1996) for the CR which contains six dimensions: emotional, products and services, financial performance, workplace environment, vision, leadership, and social responsibility; Cravens et al. (2003), who propose its measurement through nine blocks: products and services, employers and external relations, innovation, value creation, financial strength, strategy, culture, and intangible liabilities; Schwaiger (2004), who identified employee quality, management quality, financial performance, products and service quality, market leadership, customer orientation, attractiveness, social responsibility, ethical behavior, and reliability; and Martín de Castro et al. (2006), who stated the following: innovation, ability to gather, develop and retain talented people, value of long term investments, social responsibility, use of corporate assets/efficiency, product quality and service, financial strength, and managerial quality.

If the above measures are applied to CR, how do they extend to CoR? The answer is complex but we have to underline that in order to value CoR it is also necessary to work with a multidimensional construct that includes non-financial indicators because they allow quantification through indexes, ratios, percentages, among others, of different aspects of this construct.

2.2.1 Country Reputation Rankings: A Theoretical Analysis

Taking into account all the above, it is unquestionable that countries should put their CoR to the test. Surprisingly, and despite difficulties in measuring this concept, there are specific rankings, called the CoR Rankings that deal with this task quite efficiently. One of the most established measures of reputation is the use of rankings.

The latest country rankings and country reputation indexes measuring the attractiveness and competitiveness of countries and nations are showed in Table 1, where their scope and the main blocks of analysis used can also be observed.

Table 1 An overview of country reputation rankings

Ranking	Scope	Dimensions
Anholt-GfK Nation Brands Index ^a	50 countries	<ul style="list-style-type: none"> • Exports • Governance • Culture • People • Tourism and Immigration • Investment
The Country RepTrak [®] Scorecard ^b	70 countries	<ul style="list-style-type: none"> • Advanced Economy • Appealing Environment • Effective Government
The Legatum Prosperity Index ^{TMc}	149 countries	<ul style="list-style-type: none"> • Economic Quality • Business Environment • Governance • Education • Health • Safety and Security • Personal Freedom • Social Capital • Natural Environment
The Good Country Index ^d	163 countries	<ul style="list-style-type: none"> • Science and Technology • Culture • International Peace and Security • World Order • Planet and Climate • Prosperity and Equality • Health and Wellbeing

Source: Own Elaboration

^aAvailable at: <http://nation-brands.gfk.com/> (Accessed June 2017)

^bAvailable at: <https://www.reputationinstitute.com/research/Country-RepTrak> (Accessed June 2017)

^cAvailable at: <http://www.prosperity.com/> (Accessed June 2017)

^dAvailable at: <https://goodcountry.org/> (Accessed June 2017)

Since reputation itself (the social cognition) is difficult to observe and measure, strategy and organizational scholars have proposed a number of different ways to operationalize its manifestation as a reputational performance construct—through surveys of stakeholders (e.g., Shane and Cable 2002), media coverage (e.g., Deephouse 2000), and market share (e.g., Shamsie 2003).

We assume that the measurement of CoR cannot be carried out via a single dimension because it is necessary to consider multiple dimensions which lead to its consideration as a construct. We then discuss a detailed analysis of the main dimensions used in the most recognized rankings on CoR in the last block of this work to address how territories can use CoR management to position themselves strategically.

2.3 *The Country RepTrak[®] Scorecard*

This model was created by the Reputation Institute, founded by Dr. Charles Fombrun and Dr. Cees van Riel in 1997. CoR is understood as “the degree to which people trust, admire, respect and have a good feeling for a place or their emotional bond to the country” (Reputation Institute 2013: 7), and its measurement is proposed through three dimensions: Advanced Economy, Appealing Environment and Effective Government. Each of them includes a variable number of non-financial indicators. See Table 2, which contains the indicators used by this model in each dimension analyzed.

Within the Advanced Economy block, this ranking is concerned with knowing the educational, technological and competitive level of the country. The Appealing Environment block deals with the social and cultural values that characterize it. Finally, the Effective Government block incorporates security and legal guarantees as well as the socially responsible vision of the country analyzed.

Its annual reports since 2010 reflect the position of large economies in terms of their perceived reputation (55 in 2016). In its last report of 2016 the three main dimensions which explain CoR are: Quality of its institutions (37.1%), Quality of life (36%) and Level of development (26.9%).

Table 2 The Country RepTrak[®] Scorecard: non-financial indicators

Dimension	Items analyzed
Effective Government	Safe environment Responsible participant in the global community Ethical country Progressive social and economic policies Effective government Operates efficiently Favorable environment for business
Appealing Environment	Friendly and welcoming people Beautiful country Appealing lifestyle Enjoyable country
Advanced Economy	High quality products and services Contributor to global culture Well-educated and reliable people Well-known brands Values education Technologically advanced

Source: Reputation Institute (2017: 24)

Table 3 Anholt-GfK Nation Brands Index: non-financial indicators

Dimension	Items analyzed
Governance	Competent and honest governance Citizen's rights Global security Environmental record Reducing world poverty
People	Welcoming people Appeal as friends Employability of people
Exports	Science and technology Product goodwill Creative place
Culture and heritage	Sport excellence Cultural heritage Contemporary culture
Investment and immigration	Desire to live there High quality of life Good place to get education Good businesses to invest in Equality in society
Tourism	Desire to visit Natural beauty Historic landmarks Vibrant city life

Source: <http://nation-brands.gfk.com/> (Accessed June 2017)

2.4 *Anholt-GfK Nation Brands Index*

The Anholt-GfK Nation Brands Index is a model that focuses on the idea of nation branding, that is, it presents a clear marketing approach. In its own words it “helps governments, organizations and businesses understand and ultimately build strong national image and reputation”.²

Conducted annually, the study measures the image of 50 countries, with respect to Exports, Governance, Culture, People, Tourism and Immigration/Investment. In Table 3 we can observe the detail of its non-financial indicators used for each block proposed.

Unlike the previous ranking, this one presents a greater number of dimensions although some of them are shared as they can be governance, people, and culture and heritage' blocks. As a novelty, it incorporates a block related to tourism in which the value for the visitors to that country is raised, a block of exports in which the good name of products and technological level is analyzed, and a final block of social and economic type which combines both the value of a country as a place to live and as a way to stimulate the establishment of a company in a country.

²<http://nation-brands.gfk.com/> (Accessed June 2017).

2.5 *The Good Country Index*

The idea of the Good Country Index is “to measure what each country on earth contributes to the common good of humanity, and what it takes away, relative to its size. Using a wide range of data from the U.N. and other international organizations, we’ve given each country a balance-sheet to show at a glance whether it’s a net creditor to mankind, a burden on the planet, or something in between”.³

There is an important relationship between sustainability and reputation proposed by this ranking. In fact, it is not surprising that social responsibility is a key element in the reputation of countries as it plays a key role in the reputation of companies. Its structure is based on seven dimensions, which can be seen together with the indicators proposed in Table 4.

In comparison, this ranking includes a greater number of indicators, 35, and a greater number of dimensions. Referred to in other blocks, the subject of sustainability gives rise to the great majority of the blocks used to approach the measurement of CoR in this ranking. Thus, we observe a block similar to those related to the government in the previous rankings called Contribution to International Peace and Security. There is also a block centered on technological issues called Contributions to Science and Technology. The rest of the blocks are related to the social behavior of countries, their citizens, and companies in view of the clear role of social responsibility in sustainable economic development.

2.6 *The Legatum Prosperity Index*

Created by the Legatum Institute, it is based on the analysis of the prosperity of countries, understanding that “prosperity is created by both economic wealth and social wellbeing working together in a relationship where each benefits and advances the other”.⁴ It is constructed by combining the determinants of wealth and wellbeing as we can see in Table 5.

In this ranking, the number of dimensions analyzed is 8 and of indicators used 27. Through them, there are repeated blocks such as those related to government and the economic sphere at both macro and micro level. New specific blocks are also added for the scope of social welfare such as education, health, freedom and social capital.

³<https://goodcountry.org/index/about-the-index> (Accessed June 2017).

⁴<http://www.prosperity.com/> (Accessed June 2017).

Table 4 The Good Country Index: non-financial indicators

Dimension	Items analyzed
Contributions to Science and Technology	International students Journal exports International publications Nobel prizes Patents
Contributions to Culture	Creative goods exports Creative services exports UNESCO dues in arrears as % of contribution Freedom of movement, i.e. visa restrictions Press freedom
Contributions to International Peace and Security	Peacekeeping troops Dues in arrears to UN peace keeping budgets as % of contribution International violent conflict Arms exports Internet security (2014)
Contribution to World Order	Charity giving Refugees hosted Refugees generated Birth rate UN Treaties signed
Contributions to Planet and Climate	Ecological footprint Reforestation since 1992 Hazardous pesticides exports CO ₂ emissions Ozone
Contributions to Prosperity and Equality	Open trading UN volunteers abroad Fair-trade market size FDI outflows Development assistance
Contributions to Health and Wellbeing	Food aid Pharmaceutical exports Voluntary excess donations to the WHO Humanitarian aid donations International Health Regulations Compliance

Source: <https://goodcountry.org/> (Accessed June 2017)

2.7 Institutional CoR Management Strategy

Having justified the importance of measuring CoR as an essential activity that allows positioning of countries in Sect. 2, we propose a scheme for the management of this intangible asset from a theoretical point of view. Now it is known how this process is addressed in the most significant rankings of the current scenario in Sect. 3. See Fig. 3 and the guideline proposed taking all the above into account.

The first issue to consider is that improving CoR will necessarily imply a better positioning within the rankings indicated through different measures and beyond the

Table 5 The Legatum Prosperity Index: non-financial indicators

Economic quality	Openness of their economy Macroeconomic indicators Foundations for growth Economic opportunity Financial sector efficiency
Business environment	Entrepreneurial environment Business infrastructure Barriers to innovation Labor market flexibility
Governance	Effective governance Democracy and political participation Rule of law
Education	Access to education Quality of education Human capital
Health	Basic physical and mental health Health infrastructure Preventative care
Safety and security	National security Personal safety
Personal freedom	Basic legal rights Individual freedoms Social tolerance
Social capital	Strength of personal relationships Social network support Social norms Civic participation in a country

Source: <http://www.prosperity.com/about/methodology>(Accessed June 2017)

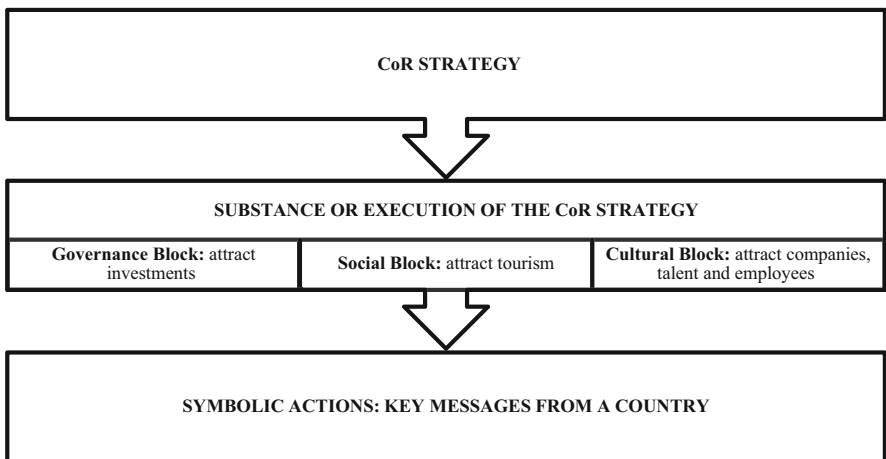


Fig. 3 Institutional CoR Management Strategy: a proposal. Source: Anholt (2013) adapted

concept of nation branding. If the non-financial indicators used by these rankings are known, it will be a question of different governments taking measures to improve their levels or valuations. This question is understood by Anholt (2013: 7) as the strategy, “knowing who a nation is and where it stands today; knowing where it wants to get to; and knowing how it is going to get there”. After meeting our goal, the implementation of activities to achieve it begins, called substance in the words of Anholt (2013). This is the most complex stage because it involves carrying out reforms in different parts of a country’s activity aimed at improving its image.

Due to the fact that some dimensions appear repeatedly in the rankings analyzed, it is possible to organize this stage from a more practical point. Thus, it can be observed that CoR depends on three clear blocks. The first block is related to the government and the need for it to be transparent and to support the environment of sustainability and prosperity demanded at the global level. The second block would be related to the characteristics of the inhabitants and their openness to the outside. Finally, there would remain a third cultural block in which the propensity for technology, education and shared values would be the object of attention.

Likewise, it can be seen that each of these blocks is directed to certain groups of advantages that have been commented on. Thus, the government block is basically related to the possibility of attracting investments; the social block would fundamentally seek to achieve a greater level of tourism; and the cultural block would have much to do with the possibility of companies and talents reaching that particular country.

Anholt (2013: 8) adds a final step to the management of CoR, the symbolic actions as a formula to associate the substance with its effect. These are “actions that have an intrinsic communicative power”. Communication is fundamental in the management of CoR and this is where the value of messages sent by a country is added. For this reason, the role of the communication of the actions carried out and, especially of those that are especially suggestive, is key within institutional CoR management. This can be explained by the fact that all of the above benefits are derived from improving and/or maintaining the CoR of a specific country or, in the same way, maintaining the desired position within the different rankings, and this is achieved via communication.

Finally, it is surprising that the role of entrepreneurship, given its relation to the advantages derived from a good CoR, does not occupy a prominent place in these types of rankings. Only in one of them, the Legatum Prosperity Index, is express mention made. However, it is true that indirectly, the cultural and governmental block can contain the reference to entrepreneurship as a good value to invest in both from the institutional, business and personal point of view in a particular country.

However, we would like to emphasize that this repeated absence that can be justified, in part, by the presence of specific rankings that value this attribute. Thus, US News has created the Entrepreneurship Sub-Ranking which is based on an equally weighted average of scores from 10 country attributes that relate to how entrepreneurial the country is: connected to the rest of the world, educated population, entrepreneurial, innovative, provides easy access to capital, skilled labor force, technological expertise, transparent business practices, well-developed infrastructure

and well-developed legal framework.⁵ This ranking is part of a global ranking of CoR along with other sub-rankings dedicated to: adventure, citizenship, cultural influence, heritage, movers, open for business, power, and quality of life.

Just CoR provides opportunities for the economic growth of countries; it is especially interesting to study its potentiating effect on entrepreneurship in the future, which will open an important field of study in this topic.

3 Remarks

In recent years, CoR has experienced exponential growth within economic research and the vast majority of authors have found that it is a key variable to explain whether people want to visit or live in a country or to buy products with a specific provenance. From that moment on, CoR has been a great eye-opener for the governments of the different countries.

Just as companies should manage their CR, countries should also be concerned about managing their CoR. Not until governments understand the relevance of this concept will it be possible for them to take advantage of it or reduce the associated damages. However, CoR management is not a simple matter and requires the effort and commitment of governments as well as inhabitants, institutions, and NGOs, among other stakeholders, as Prado and Brujó (2013) pointed out.

As indicated, we have no doubt that measuring CoR is a complex activity but it is also unquestionable that it is a necessary activity. CoR has been presented in this work as a multidimensional construct which includes non-financial indicators, which justifies any attempt to approach its measurement going through the establishment of different dimensions. In fact, the creation of specific dimensions in all rankings studied is a repeated note.

We reviewed the main rankings used for the valuation of CoR, although it is true that particular attention was paid to their content: dimensions and indicators. The methodological process derived from its elaboration also presents important differences that would require future advances in this issue. Thus, as Roth and Diamantopoulos (2009) indicated, the future of research must be concerned with justifying the reliability and validity of existing scales for CoR rather than creating new ones.

With this methodological limitation to be solved by future contributions in the matter, our objective is centered on supporting the improvements in the theory of positioning countries within CoR rankings. In a more specific way, CoR management should be directed to gain a suitable position in CoR rankings and this is a challenge which has been set for governments in coming years. That is, the definition of the strategy should be to choose the most relevant CoR ranking and to fix a suitable level in it.

⁵<https://www.usnews.com/news/best-countries/entrepreneurship-rankings> (Accessed June 2017).

For this reason, we have proposed a theoretical model for the management of CoR from an institutional point of view that helps governments to address this management while completing previous literature by providing a necessary institutional approach. Our model includes three important steps: the definition of the strategy, its implementation and its communication. All these issues will facilitate the management of CoR, requiring a major effort on the part of the governments, especially in the definition phase, and of all the inhabitants in the implementation and the communication of the activities carried out in this regard.

A fundamental question is the analysis of blocks or dimensions within the guidelines we propose, in line with the CoR rankings reviewed, which leads us to operationalize this type of management and make it more specific to the reputational advantages that can be derived from the rankings. Precisely, the blocks related to governmental, social and cultural aspects have always been presented in the scales used for CoR and constitute the essence of the model. However, the interaction between blocks, given the breadth of the CoR concept, constitutes a limitation to take into account, which in turn constitutes a line of action that will be considered in future developments of this research project.

References

- Adina, C., Capatina, G., & Stoenescu, R. D. (2015). Country-of-origin effects on perceived brand positioning. *Procedia Economics and Finance*, 23, 422–427.
- Anholt, S. (2013). Beyond the nation brand: The role of image and identity in international relations. *The Journal of Public Diplomacy*, 2(1), 1–7.
- Anholt, S. (2016). *Places: Identity, image and reputation*. New York: Palgrave MacMillan.
- Barnett, M. L., & Pollock, T. G. (Eds.). (2012). *The Oxford handbook of corporate reputation*. Oxford: Oxford University Press.
- Bell, C., & Mc-Namara, J. (1991). *High-tech ventures: The guide for entrepreneurial success*. Reading, MA: Addison-Wesley.
- Bontis, N. (2004). National intellectual capital index: A United Nations initiative for the Arab region. *Journal of Intellectual Capital*, 5(1), 13–39.
- Brammer, S., & Jackson, G. (2012). How regulatory institutions influence corporate reputations: A cross-country comparative approach. In M. L. Barnett & T. G. Pollock (Eds.), *The Oxford handbook of corporate reputation*. Oxford: Oxford University Press.
- Choi, S., & Cai, L. A. (2016). Dimensionality and associations of country and destination images and visitor intention. *Place Branding and Public Diplomacy*, 12(4), 268–284.
- Christelis, D. (2006). *Country reputation management: Identifying the drivers of South Africa's reputation in German media*. Thesis University of Stellenbosch. Retrieved June, 2017, from <http://scholar.sun.ac.za/handle/10019.1/2384>
- Chun, R. (2005). Corporate reputation: Meaning and measurement. *International Journal of Management Review*, 7(2), 91–109.
- Corporate Excellence. (2012). *How the reputation of a country can either helps or hinders the internationalization of a company's reputation*. Retrieved May, 2017, from file:///D:/Downloads/126%20How%20the%20reputation%20of%20a%20country%20can%20either%20help%20company.pdf
- Cravens, K., Oliver, E. G., & Ramamoorti, S. (2003). The reputation index: Measuring and managing corporate reputation. *European Management Journal*, 21(2), 201–212.

- Dowling, G. R. (1993). Developing your company image into a corporate asset. *Long Range Planning*, 26(2), 101–109.
- Deephouse, D. L. (2000). Media reputation as a strategic resource: An integration of mass communication and resource-based theories. *Journal of Management*, 26(6), 1091–1112.
- Eccles, R. G., Newquist, N. C., & Schatz, R. (2007). Reputation and its risks. *Harvard Business Review*. Retrieved June, 2017, from <https://hbr.org/2007/02/reputation-and-its-risks>
- Fan, Y. (2010). Branding the nation: Towards a better understanding. *Place Branding and Public Diplomacy*, 6(2), 97–103.
- Fombrun, C. J. (1996). *Reputation: Realizing value from the corporate image*. Boston: Harvard Business School Press.
- Fombrun, C. J., & Van Riel, C. B. M. (2004). *Fame and fortune: How successful companies build winning reputations*. Upper Saddle River, NJ: Pearson Education.
- Fullerton, J., & Kendrick, A. (2017). Country reputation as a moderator of tourism advertising effectiveness. *Journal of Marketing Communications*, 23(3), 260–272.
- Ghosh, K. (2017). Corporate reputation, social performance, and organizational variability in an emerging country perspective. *Journal of Management and Organizations*, 23, 545–565.
- Gürel, P. A. (2014). A strategic approach to reputation management and its reflections on sustainable competitiveness. *International Journal of Research in Business and Social Science*, 3(2), 2147–4478.
- Hall, R. H. (1992). The strategic analysis of intangible resources. *Strategic Management Journal*, 13, 135–144.
- Harvey, W. S., & Groutsis, D. (2015). Reputation and talent mobility in the Asia Pacific. *Asian Pacific Journal of Human Resources*, 53(1), 22–40.
- Itami, H., & Roehl, T. W. (1987). *Mobilizing invisible assets*. Cambridge, MA: Harvard University Press.
- Iversen, N. M., Ingeborg, A. K., & Inger, G. S. (1998). Country image in marketing strategies: Conceptual issues and an empirical Asian illustration. *Asia Pacific Advances in Consumer Research*, 3, 197–203.
- Jenes, B. (2007). *The nature of country image: An extended literature review*. Retrieved June, 2017, from <http://www.marketing-trends-congress.com/archives/2010/Materiali/Paper/Fr/JENES.pdf>
- Jenes, B., & Malota, E. (2009). *Measuring country image-theory and practice*. 8th International Marketing Trends Congress, Paris.
- Jiménez, N., & San-Martín, S. (2016). The central role of reputation of country-of-origin firms in developing markets. *Journal of Business and Industrial Marketing*, 31(3), 349–364.
- Kang, M., & Yang, S. U. (2010). Comparing effects of country reputation and the overall corporate reputations of a country on international consumers' product attitudes and purchase intentions. *Corporate Reputation Review*, 13, 52–62.
- Kim, M. (2016). Understanding the relationship between country reputation and corporate reputation. Master's Thesis, University of Tennessee.
- Kotler, P., & Gertner, D. J. (2002). Country as brand, product, and beyond: A place marketing and brand management perspective. *The Journal of Brand Management*, 9, 249–261.
- Kunle, L. P., & Ganiyu, R. A. (2013). Corporate reputation as a strategic asset. *International Journal of Business and Social Science*, 4(2), 220–225.
- Lamper, S. I., & Jaffe, E. D. (1998). A dynamic approach to country-of-origin effect. *European Journal of Marketing*, 32(1/2), 61–78.
- Lee, J., & Jungbae, R. J. (2012). Revisiting corporate reputation and firm performance link. *Benchmarking: An International Journal*, 19(4/5), 649–664.
- López, C., Gotsi, M., & Andriopoulos, C. (2009). Conceptualizing the influence of corporate image on country image. *European Journal of Marketing*, 45(11/12), 1601–1641.
- Martín De Castro, G., Navas, J. E., & López, P. (2006). Business and social reputation: Exploring the concept and main dimensions of corporate reputation. *Journal of Business Ethics*, 63(4), 361–370.

- Martin, I. M., & Eroglu, S. (1993). Measuring a multi-dimensional construct: Country image. *Journal of Business Research*, 28(3), 191–210.
- Martínez, P., & Rodríguez, I. (2013). Intellectual capital and relational capital: The role of sustainability in developing corporate reputation. *Intangible Capital*, 9(1), 262–280.
- Matos, F., Vairinhos, V., Capatina, A., Bleojú, G., & Cabrita, M.R. (2015). *Comparative analysis on country reputation through patterns of intellectual capital: The case Portugal versus Romania*. 16th European Conference on Knowledge Management, University of Udine. Retrieved June, 2017, from https://www.researchgate.net/publication/281593513_Comparative_Analysis_on_Country_ReputationThrough_Patterns_of_Intellectual_Capital_The_Case_of_Portugal_Versus_Romania
- Newbury, W. (2012). Waving the flag: The influence of country of origin on corporate. In *Oxford handbook of corporate reputation*. Oxford: Oxford University Press.
- Passow, T., Fehlmann, R., & Grahlow, H. (2005). Country reputation – from measurement to management: The case of Liechtenstein. *Corporate Reputation Review*, 7(4), 309–326.
- Prado, F., & Brujó, G. (2013). *España: reputación y visión de marca*. Retrieved June 2017, from http://www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/observatoriomarcaspana/ome4-2013_prado-brujo_ome_spain_reputacion_vision_marca_2013. In Spanish.
- Reputation Institute. (2013). *2013 Country RepTrak™ Topline Report*. Retrieved June, 2017, from <http://www.dea.univr.it/documenti/OccorrenzaIns/matdid/matdid197825.pdf>
- Reputation Institute. (2017). *2016 Country RepTrak*. “The most reputable countries in the world”. Retrieved June, 2017, from <https://www.reputationinstitute.com/CMSPages/GetAzureFile.aspx?path=~%5Cmedia%5Cmedia%5Cdocuments%5CCountry-retrak-2016.pdf&hash=5a4232c6bfda0af12fca90660d5f8d18a657ac230d062e34e0bb589c0d3c1538&ext=.pdf>
- Reuber, A. R., & Fischer, E. (2009). Signalling reputation in international on line markets. *Strategic Entrepreneurship Journal*, 3(4), 369–386.
- Roth, K. P., & Diamantopoulos, A. (2009). Advancing the country image construct. *Journal of Business Research*, 62, 726–740.
- Schwaiger, M. (2004). Components and parameters of corporate reputation: An empirical study. *Schmalenbach Business Review*, 56, 46–71.
- Surinach, J., & Moreno, R. (2011). The role of intangible assets in the regional economic growth. *Investigaciones regionales*, 20, 165–193.
- Sveiby, K. (2001). A knowledge based theory of the firm to guide strategy formulation. *Journal of Intellectual Capital*, 2(4), 23–36.
- Shamsie, J. (2003). The context of dominance: An industry-driven framework for exploiting reputation. *Strategic Management Journal*, 24, 199–215.
- Shane, S., & Cable, D. (2002). Network ties, reputation, and the financing of new ventures. *Management Science*, 48(3), 364–381.
- Szondi, G. (2008). *Public diplomacy and nation branding: Conceptual similarities and differences*. Retrieved June, 2017, from https://www.clingendael.nl/sites/default/files/20081022_pap_in_dip_nation_branding.pdf
- Van Ham, P. (2001). The rise of brand state: The postmodern politics of image and reputation. *Foreign Affairs*, 80(5), 2–6.
- Walsh, G., & Beatty, S. E. (2007). Customer-based corporate reputation of a service firm: Scale development and validation. *Journal of the Academy of Marketing Science*, 35, 127–143.
- Zahra, S. A., & George, G. (2002). *International entrepreneurship: The current status of the field and future research agenda*. Retrieved June, 2017, from <http://www2.ufersa.edu.br/portal/view/uploads/setores/65/Zahra%20e%20George,%202002.pdf>

The Contribution of Resource Centres in Entrepreneurship for Structural Changes in Developed Countries



Maria da Saude Baltazar and Marcos Santos

Abstract In this text the authors present the contribution to change the situation of women living in the Central region of the Alentejo and in Beira Interior Sul (Portugal), regarding their qualification for the job market, enabled by the Female Entrepreneurship Resource Centre, established in the framework of the project Winnet 8 (Women's Resource Centres, Promoting Innovation in Gender Equality across Europe), which was held in eight EU countries between 2010 and 2011. For this purpose, through a literature review briefly the authors describe the project and the context in which it arose, present and discuss the results achieved, and the critical success factors that must be observed so that such an initiative can succeed, leaving the suggestion for future research lines, that allow better meet the theme addressed.

Keywords Gender equality · Innovation systems · Women resource centre · Portugal · Structural changes

1 Introduction

This contribution is part of the study on Entrepreneurship, Structural Change and Structural Dynamics in developed countries, and more specifically on Entrepreneurship and Regional Development. Here will be presented the history and evolution of the Resource Centres in Entrepreneurship, specifically Women Resource Centres/WRC, and the role played in its constitution and functioning by Research Centres, Companies, Public Administration Organizations, and Non-Governmental Organizations, whose

M. d. S. Baltazar (✉)

Department of Sociology, School of Social Sciences, Interdisciplinary Centre of Social Sciences—CICS.NOVA.UÉvora, Évora, Portugal

e-mail: baltazar@uevora.pt

M. Santos

Interdisciplinary Centre of Social Sciences—CICS.NOVA.UÉvora, Évora, Portugal

e-mail: mosantos@uevora.pt

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_5

integration is inserted in the model called Quadruple Helix. This model requires a cooperation/partnership network, covering thematic areas identified with the regional innovation and growth in the Member States of the European Union, as well as in third countries.

The objective of the text is to demonstrate the role of Resource Centres in Entrepreneurship in combating shortcomings of a structural trait that persists in our days, and that is the low female representation in the context of employment and entrepreneurship in developed countries, such as Sweden, Portugal and Greece. Three of the eight countries participating in the project Winnet 8 (Promoting Innovation in Gender Equality in Europe), approved and implemented under the Interregional Co-operation Program (INTERREG IVC).

The importance of entrepreneurship for economic growth has become indisputable in the current context, contributing to the increased competitiveness of different economic sectors, as well as job creation and social development. Entrepreneurship is related not only to the creation of new businesses and business projects, but also with the development of new opportunities within existing organizations.

The focus on the transition to new models of socio-economic development that help overcome the current financial and economic crisis, but also to avoid ecological externalities associated with the model of economic growth in the last decades, is the great challenge that arises.

In the absence of a universally accepted definition of development, it was adopted in the present work, the notion that the concept involves a change for the better, preserving fundamental balances, in order to give human beings a sense of accomplishment in various spheres of their existence: familiar, personal, social, professional, which includes the use of their potential to contribute to the society in which they are inserted.

It is in this perspective, that is based the commitment to the achievement of more accomplished equal opportunities between men and women (but also between people of different ethnic groups, or with different religious beliefs, or with different sexual orientation).

In order to respond to this challenge, were launched in Sweden in the 1990s, the Resource Centres for Women, initiative financed by public funds, and that came to extend or enlarge, in some EU countries (Bulgaria, Finland, Greece, Italy, United Kingdom, Poland; Portugal, Estonia; Germany; Latvia and Austria), and third countries (case of Armenia).

It should be noted that the idea behind a Resource Centre is that it exists at local, regional, national and European levels, a tool that allows a method to ensure the empowerment of the target audience (Lindberg 2012), women, in this case.

Since the work of change with women should start at local and regional level, in order to obtain employment sustainability, these structures must assert itself as a regional resource that cooperates with other organizations and local and regional authorities, aiming at economic growth in the national context.

Each Centre is therefore an actor that involves, the designated quadruple helix type partnership (Danilda et al. 2009), in which according to the specificity of each country are generally, although with different functions, policy makers, public and

local authorities, business organizations and researchers on the issue of gender, in intervention areas such as: entrepreneurship and innovation, the labour market, cross-border cooperation, and rural development (Horelli 2012).

The methodological procedures adopted, consisted in a bibliographic analysis about the origins, implementation and expansion of Resource Centres in Entrepreneurship, held about print publications and many others available in digital form. Several publications were also consulted and issued by different entities that constituted the project as partners, in particular local and regional diagnoses, as well as plans and activity reports, evaluation reports, and minutes of regular meetings of Winnet 8 project.

The text is structured as follows: (i) Literature Review, (where it is presented the analysis of the publications found on the topics about which research focuses), (ii) Empirical study (point in which is explained what procedures were used in the collection and treatment of the information consulted; carried out the project contributions for structural changes, and exposed the interpretation of the results in light of what was already known about the subject of the investigation), and (iii) Remarks (where are synthesized the most relevant issues listed in previous points, included the limitations of the study and referred the research lines raised by the results obtained).

2 Literature Review

Since the 1950s of the previous century, that a persistent change is unfavorably influencing about two-thirds of the territory of Portugal, designated by territories of low density, where it is observed that there is occurring a scarce and dispersed population, populous rarefaction, aging and declining population, low level of education and qualification of the populations, declining accessibility to main services and public goods, economy dependent on various traditional activities, and reduced levels of initiative (Martins 2008; Baleiras 2011).

To combat this reality, central power and local power (with the support of the European Union) have come through public policies, to promote the creation of conditions that, through structural changes, favor the development (examples of which are initiatives aimed at qualifying people, setting up infrastructures to support economic activities and the quality of life, and stimulating job creation). For their part, the private sector (companies and their associations) have also participated in this process, promoting measures and initiatives that improve productivity and competitiveness, and contribute to strengthening the economic base.

A common concern has been the promotion of entrepreneurship which includes equal opportunities for men and women.

Even in countries considered developed, the issue of equal opportunities between men and women in access to the qualified labor market, and the conciliation of work and family life are still, with some significance, affecting the indigenous population

and the immigrant population (Braga 2012; Horelli and Lindberg 2012; Hozer-Koćmiel and Zimoch 2012).

Several have been the initiatives to change this imbalance, being to enhance the contribution of the Equal program (Vale 2010),¹ and the Swedish experience of resource centres to support women (Lindberg 2012).

This concern is part of the principle that the development at all geographic levels, only will reach satisfactory levels if they are used the knowledge and skills of the entire active population (Horelli and Lindberg 2012), bearing in mind that the importance of cultural, social and economic value creation is not limited to the dynamics of less developed economies, because it presents a general contribution to economic development (Mitra 2012).

The innovation literature provides a good understanding of the importance of innovation for economic and social change. Innovation introduces novelty in the economy, and it has been claimed that without this novelty, the economy would settle into a stationary state with little or no growth. Innovation is thus regarded as crucial for long-term economic growth. Innovation has also been proven to be an explanatory factor behind differences in performance between regions and countries (Lindberg et al. 2011).

The dynamics of knowledge-based development of remote, rural and less-favoured regions need many of the regional strategies and policies aimed at developing innovation, emanate from policymakers in centrally located urban conurbations, and are assumed to be universally applicable. In the context of the political dimension, it was therefore emphasized the importance of the networks of joint action to promote innovation.

An example is the classical triple helix model and its successors for economic development based around the idea of universities, business and public sector organisations, all coming together to foster innovation and economic prosperity.

However, in many remote, rural and less-favoured localities, there may not be a university or other knowledge-intensive institution present which makes a difference from the point of view of local development agendas. In many regions, also the business community may be scattered and insufficiently developed in terms of innovation. And furthermore, this kind of region may also have a weak public sector that does not enhance innovativeness. In such regions, social and community groups may often play the dominant entrepreneurial role. The community may also play a significant role in remote, rural and less-favoured regions where the basic elements of triple helix model are present. In this respect, the concept of a quadruple helix is highly beneficial (Kolehmainen et al. 2016).

Because innovation processes are becoming increasingly open to different stakeholders, the WRC assumes an important role in these regions.

¹Community Initiative that was financed by the European Social Fund (ESF) and co-funded by the EU Member States within the 2000–2006 programming period. This initiative focused on supporting innovative, transnational projects aimed at tackling discrimination and disadvantage in the labor market.

Table 1 Elements of the working of the quadruple helix

Elements	Definition
Four helices	<ul style="list-style-type: none"> • University; • Government; • Industry; • Civil Society.
Four components	<ul style="list-style-type: none"> • Research and Development performers; • Non-Research and Development performers; • Hybrid institutions or organizations; • Informal groups of users that may interact in exchanging knowledge and creating innovation.
Two contextual hypotheses	<ul style="list-style-type: none"> • Democracy and social inclusion; • Pervasiveness of Information and Communication Technologies in each one of the four helices.
Two knowledge types	<ul style="list-style-type: none"> • Science/technology-based knowledge; • Creativity-based knowledge.
One innovation objective	<ul style="list-style-type: none"> • Regional development and growth.

Source: Adapted from Cavallini et al. (2016: 18)

Both, the triple helix concept and the quadruple helix approach, are grounded on the idea that innovation is the outcome of an interactive process involving different spheres of actors, each contributing according to its ‘institutional’ function in society. Traditional protagonists of the triple helix are University, Industry, and Government. Civil society is the additional sphere included in the quadruple helix (whose elements are set out in Table 1).

According to Maldonado et al. (2009), civil society organizations occupy a strategic position in public life and represent a broad spectrum of social groups, expressing their needs and demands. They describe how knowledge production lately has come to focus the needs of government and the market, at the expense of the researchers’ autonomy and the needs of civil society organizations. Such organizations are defined as citizen groups, associations, NGOs, not-for-profit research institutes and independent think tanks.

Contribution to innovation is envisaged in terms of sharing of knowledge and transfer of know-how, with the helices models assigning and formalizing a precise role to each sphere in supporting economic growth through innovation. As society becomes more and more interactive, the role of knowledge as well as the number and scope of spheres to be included in the innovation-generating process have been increasing over time (Cavallini et al. 2016).

The knowledge in a *helix model* is the pivotal force and driver for progress, whose evolution had its main features, as can be seen in Fig. 1.

According to Carayannis et al. (2012), this is a pluralism that supports the processes of a mutual cross-learning from the different knowledge modes, and in the quadruple helix encourages interdisciplinary thinking and transdisciplinary application of interdisciplinary knowledge as well as allows and emphasizes the coexistence and coevolution of different knowledge and innovation paradigms.

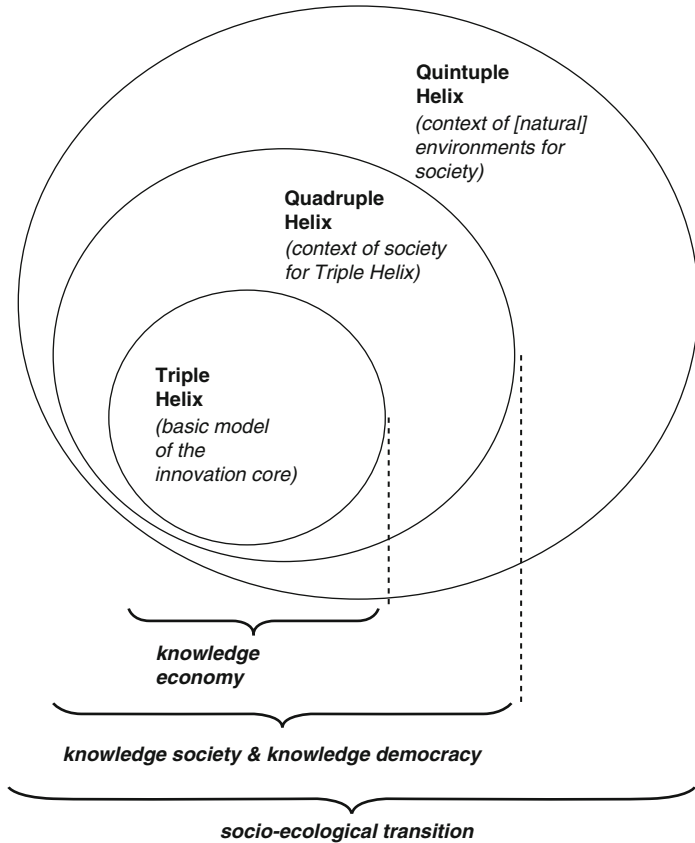


Fig. 1 Knowledge production and innovation. Source: Carayannis et al. (2012)

This helix brings in the perspective of the knowledge society and of knowledge democracy. Finally, the Quintuple Helix stresses the socioecological perspective of the natural environments of society. Social ecology focuses on the interaction, codevelopment and coevolution of society, and nature. It is a theoretical and practical model for the exchange of the resource of knowledge, based on five social or societal subsystems with ‘capital’ at its disposal, in order to generate and promote a sustainable development of society (Carayannis and Campbell 2010).

In this context, on the basis of a quintuple helix model where the fifth helix is the group of “social entrepreneurs” (Luftrbj 2015), the social innovation is expected to help address societal challenges which affect a very diverse range of areas, including environment, well-being and poverty. Demographic challenges such as those related to population ageing, depopulation or, conversely, overcrowding of some urban centres, may all be addressed through social innovation initiatives. These initiatives may have a specific goal or tackle broader development objectives.

It should be noted that in low-density areas (with a deficit of economic, population and institutional dynamics), the social economy plays an important role, whose local and regional actors are part of this sector of activity.

It must be highlighted, that the main task assumed by a WRCs at the local level, is to increase the number of women involved in the development, and obviously each centre should be implemented, based on local needs.

The key features of the concept that refers to the WRC are: empowerment, belief in knowledge, the individual's own power, and the power to influence their own situation in society. They privilege the quadruple helix for co-operation in partnership and the main target group of WRCs are women wanting to realize their ideas of new businesses, innovations, employment, projects, etc. According to Grosso et al. (2012), it should therefore emphasize the important role of these centres (regardless the specifics or the model implemented, described by Lindberg 2012), as actors of development and regional growth, what will only be possible with stimuli that lead to innovation and entrepreneurship (social and economic), in order to contribute to structural changes in territories, which its inhabitants want to be dynamic, or more dynamic.

3 About Winnet 8: Short Presentation

At this point is held the presentation of Winnet 8, with information about the dating, partnership, purpose/objectives, benefits, methodology, components and their activities, and key products.

The starting point for Winnet 8 was located in time and space to February 2010 in Tällberg, the region of Dalarna, Sweden and the final conference was held at 12th–14th of September 2011 in Greece.

The partnership was made up of eight countries, which mobilized twenty organizations (public and non-profit), as set out below: Sweden (six), Poland (two), Finland (two), Italy (three), UK (one), Portugal (three), Bulgaria (one), and Greece (two).

The partner entities, located in nine regions of the eight countries which joined the project, worked together on good practices identified in previous projects, for attracting women into non traditional fields.

Therefore, Winnet 8 aimed at shaping regional, national and EU-level policies and development programmes related to women's status in the labour market, and ensure that these policies were integrated into mainstream provision (Horelli 2012; Lindberg 2012).

So, the overall objective of this project was to contribute to regional growth by improving women's participation in the labor market focusing on: (a) Horizontally segregated labor markets; (b) The lack of women in innovation and technology, and (c) The lack of women in entrepreneurship.

As a result of the project, the nine beneficiary regions had the opportunity to benefit from: (i) Reformed and improved policies for gender equal local and Regional development with support of WRCs; (ii) Increased knowledge of how to

Table 2 The three components of Winnet 8

Components	Brief description	Main products/results
1. Management and co-ordination	It dealt with all the activities related to the administrative, legal and financial activities which are necessary to run an INTERREG IVC project. ^a	<ul style="list-style-type: none"> • Four Progress Reports; • Four Evaluation Reports.
2. Communication and dissemination	This second component were aimed at disseminating the project's activities and achievements outside the project to the relevant stakeholders in Europe (e.g. policy makers at the local, regional, national and European levels).	<ul style="list-style-type: none"> • Four Regional Policy Documents were produced as a result of the four Regional Operational Round Table Meetings; • A Handbook with 100 best practice examples of WRC and projects with a gender perspective were compiled during the project; • The Final Policy Document to inform policy at all levels was the finalizing product of the project.
3. Exchange of experience	Component was focused on the core element of the Capitalization Projects which was the "Exchange of experience dedicated to the transfer of good practices into the Structural Funds mainstream programs". Capitalization Projects described under this component the way each participating region developed its action plan	<ul style="list-style-type: none"> • Nine Regional Operational Program Action Plans were the key outcome of the activities and processes in Component 3.

Source: Own Elaboration

^aAs stated before, the project Winnet 8 was approved and implemented under the Interregional Co-operation Program (INTERREG IVC)

design policies and best practices from WRC which promotes women in the labor market as a whole and specifically innovation and technology and entrepreneurship, counteracting horizontal gender segregation; (iii) Nine Regional Action Plans to inform EU level policies and development programs, on how to implement WRC as an actor, and (iv) A best practice guide available containing 100 best practice tips from WRCs and other projects with a gender perspective.

Through interregional exchange of best practice, study visits and research, Regional Action Plans were developed so that the status of women in the labour market could be improved.

Regional Multi Actor Groups (MAG) were formed to act as an arena for co-operation between Managing Authorities, local and regional authorities, policy makers, businesses, research institutions and voluntary sector organisations.

As was previously said, the Regional Action Plans were the concrete result of their work and it was foreseen, that the network created by the participants of the MAG activities will continue supporting and taking forward the objectives of the Regional Action Plans even beyond the remit of Winnet 8.

To achieve the overall objective, the project was structured, as listed in Table 2, in three components.

To comply with the established, were assigned to the MAG the following tasks: (i) Mobilized key stakeholders to engage with the aims of the project; (ii) Provided research and information on best practice of WRCs and projects with a gender perspective to feed into the regional action plans and inform the final policy document, and (iii) Built the capacity of the individual members to increase their intervention skills and common understanding of the regional action plan process.

In summary, priority of Winnet 8 was to address the problems such as: (i) Low employment rates among women; (ii) Segregated labor markets; (iii) Lack of women in entrepreneurship, and (iv) Lack of women in innovation and technology—Resource Centre as a method.

As a final result of participation in this project, the partners of Portugal, whose experience they wanted to leave documented (Santos et al. 2011), constituted a WRC—CREmp² Entrepreneurship Resource Centre, that was installed in a Local Development Association “Monte, ACE”, located in the municipality of Arraiolos (Central Alentejo),³ and that came later to extend further north (Beira Interior Sul region), developed by ADRACES—Local Development Association.⁴

4 Empirical Study

This section presents, from the methodology indicated below, the measures and some of the contributions of Female Entrepreneurship Resource Centre (CREmp), Portugal—based in the municipality of Arraiolos (Central Alentejo) for the structural changes intended to occur with regard to the small female representation within the employment and entrepreneurship.

Are also contained the conditions required so that the initiative can be implemented (critical success factors).

4.1 Methodology

The importance of joint action networks, namely a quadruple hélix, in the dynamics and activities developed in WRC determine the configuration of the resource centre under analysis. WRC has come to constitute a model for achieving gender equality in regional development policy in both rural and urban regions.

The WRC model adopted, based on Rural Development Programme (PRODER) funding, involves non-profit entities that assume functions of coordination and dynamization of activities among the target public.

²<https://www.facebook.com/CrEmpCentroDeRecursosDeEmpreendedorismo>

³<http://www.monte-ace.pt/site/cremp.html>

⁴<http://www.adraces.pt/conteudo/34>

For the present analysis, were gathered documents about CREmp financing, information about the disclosure to the target audience of Monte.ACE and Association for the Development of the Central-South Streak (ADRACES), and the final evaluation report of the project. These are public consultation documents or official reports for the evaluation required by financing entities.

In addition, the authors of this work, as coordinators of Winnet8 in Portugal, followed the application process of CREmp and the implementation of some activities. Consultation work associated with participant observation, which proved to be of great importance for the analysis of this intervention.

Relevant publications were subjected to a simple content analysis, exercise that allowed target and group the elements essential to carry out the drafting of the excerpts that gave coherence to the document. The categories used were as follows: Resource Centres, Entrepreneurship, Local and Regional Development, Quadruple Helix, Innovation.

4.2 Results

The key results of the study are presented below in section designated by impacts. For a better understanding of these impacts, are presented also other points at which are referred to the identification and purpose of the Resource Centre, as well as the context in which it arose. Are even explained the critical factors required for the success of a project as it was described, susceptible of generating the impacts mentioned.

4.2.1 The Female Entrepreneurship Resource Centre: Identification and Objective

The basic identification of the Resource Centre is then explained in the next lines.

- Name: “Female Entrepreneurship Resource Centre”
- Implementation period: May 2011 to April 2014
- Promoting entities: Monte—Alentejo Central Development, ACE, and ADRACES -Association for the Development of the Central-South Streak
- Partners: Winnet 8 Advisory Board
- Funding: PRODERILeader approach in Alentejo Central-Measure 3.4—Inter-territorial Cooperation Project
- Recipients: women entrepreneurs and potential entrepreneurs, residents in the Central region of the Alentejo and Beira Interior Sul
- Intervention area: Central Alentejo and Beira Interior SullPortugal

The objective assigned to the Centre was to contribute to regional growth and the enlargement of the participation of women in the labour market, increasing their

Table 3 Factors that influence entrepreneurship in the intervention zone of the Resource Centre

Nature of the factors	Description of the factors
Unfavourable	<ul style="list-style-type: none"> • Local market reduced; • Weak business context; • Weakness of infrastructures of support to economic activities; • Geographical dispersion; • Increased difficulties for lack of cooperation actors and cooperation culture gap; • Low levels of qualification of human resources.
Favourable	<ul style="list-style-type: none"> • Existence of unique assets (natural, cultural heritage) that can be enhanced; • Number of entities that promote and support entrepreneurship; • Funds available to support entrepreneurial initiatives; • Youth population qualified by the higher education and professional schools; • Traditional areas, as a differentiator (small domestic repair services, crafts, aromatic plants, cork and acorn); • Other areas for specific audiences (highly qualified telework).

Source: Own Elaboration

competences in the areas of entrepreneurship, innovation and information technologies.

To achieve this goal, tools were created to support and monitor users of the Centre, and elaborated a methodology of entrepreneurship support—*META Emp*—in order to provide technical support to the creation and consolidation of projects, create and provide tools for the creation and development of the idea/company, and stimulate the development of new entrepreneurs. The methodology was released in June 2013, under an Entrepreneurship fair.

Were also made calls and follow-ups to 15 entrepreneurs of the region (12 female and 3 male).

By relevance of the purpose and utility for direct and indirect beneficiaries, was this project circulated widely through their own webpage, social media, newsletters, flyers, regional fairs, seminars and scientific meetings, and with delegations of other countries, who visited intervention projects in the zone of influence of the Female Entrepreneurship Resource Centre.

4.2.2 Contextual Relevant Conditions

The area of intervention of the Resource Centre is located in the interior of Portugal, an area of low density, in demographic decline, where there is a significant female unemployment and a small entrepreneurship, that public agencies and non-profit organizations seek to eradicate, fostering entrepreneurship, among other measures, in a context, which on this subject is characterized by the factors described in Table 3.

4.2.3 Impacts

The impacts associated with the establishment and functioning of the female entrepreneurship Resource Centre so far, are systematized below.

Network of Entrepreneurship Support Implemented

Dynamized in a first phase with 25 women for the dissemination of the project activities, training actions, workshops, best practices visits, in a perspective of support, exchange of experience and dynamic intervention among women who constitute the network.

The aim of this network was to promote entrepreneurship and female leadership skills, as well as stimulate the creation of a collaborative work network in order to increase the level of self-employment in the area of intervention.

In addition, it was also sought to make known the products of Portuguese entrepreneurs outside national borders, as well as bring new business ideas to the local territories benefit from links with existing networks.

Competences of the Target Audience Reinforced

The strengthening of skills aimed at supporting the creation and maintenance of companies, in particular, the definition of training programs (face-to-face, e-learning or b-learning) geared especially to meet the needs of training in business management, what was accomplished through training measures described in Table 4, administered according to knowledge deficits diagnosed in the target audience.

It was also available in CREmp mentoring program, learning process in which mentors selected transfer their know-how to entrepreneurs in the beginning of activity. It was intended as well to strengthen the entrepreneurial spirit and promote competitiveness in the local economy, providing the beneficiaries contact with

Table 4 Training actions for the technical team and target audience

Year	Training actions	Recipients
2012	Facilitators in entrepreneurship	Rural development technicians of Monte, ACE and ADRACES: 10
2013	Management and Tourism 1. "Creation of own business" (50 hours), 2. "Health of the elderly person" (25 hours); 3. "Operation in rural tourism" (36 hours); 4. "Management Tools for micro businesses of rural tourism" (100 hours). Information and communication technologies 5. Workshop "my business on the Internet" (15 hours).	Target audience (number of appearances): 49

Source: Monte, ACE (2013)

Table 5 Identification of good practices that allow the qualification of the target public

Typology	Designation\Description	Participants
Meetings	Exchange of experiences among entrepreneurs and businesswomen of Central Alentejo and Beira Interior Sul.	29 entrepreneurs
Visits	Collection of good practices and exchange of experiences among: <ul style="list-style-type: none"> • Network of Entrepreneurs of tourism of Alentejo Central\Portugal; • Creative tourism network “white houses”\Alentejo Coast\Portugal; • Tourism network “Casonas Asturianas”\Spain; • Cooperatives of women entrepreneurs of WRC Ergani Centre\ Greece. 	

Source: Monte, ACE (2013); Alter (2012)

successful businesswomen, as well as a greater self-awareness. It was further provided legal consulting, management and marketing.

Target Audience More Qualified Through Contact with Good Entrepreneurial Practices in Rural Areas

Another impact consisted in strengthening the capacity of the target audience that had access to good practices transmitted by other entrepreneurs more experienced on their professional activity (as described in Table 5), aiming at the creation of entrepreneurial initiatives, the promotion of new local dynamics, new business ideas to develop, as well as the sharing and exchange of learning between the cooperating territories.

The impacts identified denote the diversity of the areas involved, that is, in addition to the creation of a framework for strengthening networking among entrepreneurs, there is a strong focus on education/training either formally or through the exchange of experiences.

Any of these ways has determined the sustainability of this project, that after its period of implementation and direct financing, continues to provide support to the target audience, either by the inclusion of these activities in other forms of territorial intervention developed by Monte, ACE, or with the permanent functioning of the Female Entrepreneurship Resource Centre, with local and municipal funding, on the basis of the quadruple helix model.

This practice sought to strengthen the ability to minimize the weaknesses of the region, in particular with regard to the integration of women in the labour market, job skills deficit in cooperation, and qualification of human resources.

It was intended to promote the creation of business models or associative organizations, such as cooperatives, in order to implement mechanisms to support economic activities, which by facilitating the creation of sustainable business, greatly contribute to structural changes in the territory.

Transfer of Knowledge and Innovative Results

The project in question enabled the development of innovative methods to support entrepreneurship, networking and a wide formative offer.

The Resource Centre made possible the provision of a relevant offer initial and continuous training, adjusted to current and emerging needs of businesses and the labour market.

The online platform of the Resource Centre for Rural Development (<http://www.monte-ace.pt/site/cremp.html>) hosted training courses on e-learning or b-learning, having allowed the development of actions with the participation of scholars, interns and teachers from different countries.

This platform also allowed cooperation with the community of Portuguese-speaking countries (Alter 2012).

The methodology followed by the Monte ACE and ADRACES was based on the principles of the LEADER approach that were implemented by these organizations.

And for the promotion of the Resource Centre was created a methodology to support entrepreneurship—*META Emp*, which was based on the performance of a variety of existing institutions in the area of intervention, to provide local answers, suitable to the needs of the female corporate sector in the region.

The dissemination and transfer of results between networks of Entrepreneurs was one of the conditions for this project, since one of its main objectives was to develop strategic alliances and encourage cooperation between various institutions. The working partnership proved to be decisive for the creation of CREmp, having this process started during the term of the project 8 WINNET.

In a first phase through the experience of WRCs in partner countries, in particular of the Ergani Centre, following the partnership between Monte, ACE and ADRACES in two regions of Portugal, giving rise to two centres to support job creation, with the identification of joint solutions and sharing of resources from the moodle platform. The integrated offer of various products in a final service, demanded a partnership with agencies and regional institutions to ensure the quality of the offer of services to be provided, that in a wider version corresponded to the Constitution of the Advisory Board.

This dissemination of good practices in entrepreneurship in rural areas exceeded the interaction between regions of Central Alentejo and Beira Interior Sul, according to visits and exchange of good practices developed between entrepreneur networks from other regions of Portugal, Spain, and other European countries, such as Estonia.

Critical Success Factors

On the requirements necessary to ensure that the initiative can be implemented (critical success factors) it should be noted:

1. existence of a non-profit organization with local development intervention, available to host the Resource Centre;

2. formation of a partnership that makes possible to achieve the required activities for functioning of the Centre, in particular the dissemination of activities, referral of women concerned, participation in information and training activities, and;
3. existence of sources of funding that may contribute to the running costs of the Centre, required in the launch phase and in subsequent years.

5 Remarks

5.1 *Final Considerations*

The female unemployment and the promotion of equal opportunities between men and women, which originated in the late 1990s had begun to be implemented in Sweden the Resource Centres for women, which in 2006 amounted to 150, (Lindberg 2012). By the end of 2011 had already reached in seven other countries, partners of the projet Winnet 8, the number of ten (one of which constituted in Portugal), and is expanding to other EU countries such as Austria, Germany, Estonia, Latvia or Lithuania, and for third countries such as Armenia.

These centres that provide direct support to women residing in their area of intervention, have been important actors for structural changes that aim to mitigate the imbalance of opportunities between men and women, developing for the effect a series of activities, such as financing and feasibility of creating companies, networking, dissemination of good practices, mentoring, and other, in areas such as business consulting, culture and tourism, health and well-being, and ICT and innovations (Horelli 2012). This is possible due to the relationship between non-profit organizations, companies, public agencies and institutions of higher education/research centres, configuration that has evolved from the triple helix model for the quadruple helix model, and it is desirable to come to achieve the level of quintuple helix.

In Portugal, the Resource Centre based in Arraiolos (District of Évora), whose target audience is women entrepreneurs, residents in the Central Region of Alentejo and Beira Interior Sul, has been doing in this context actions for empowerment (aimed at reinforcing a network of support for entrepreneurship, and the strengthening of competences), training, consulting (legal, management, and marketing), and the promotion and dissemination of good practices on entrepreneurship in rural areas. For the above impacts, this initiative has thus been contributing to structural changes in the labour market of the territory examined by promoting women's access to the creation of your own job.

The work already developed can be adapted in other contexts, being advisable to enlist the support of an entity with experience in the implementation of a Resource Centre as is the case of "Monte, ACE" in Portugal, and Ergani Centre in Greece, or others who may be indicated by Winnet Europe.

It should be noted however, that the success of an initiative like this depends on factors such as: (i) existence of a non-profit organization with local development intervention, available to host the Resource Centre, (ii) formation of a partnership

that makes possible to achieve the required activities for functioning of the Centre, and (iii) existence of sources of funding that may contribute to the running costs of the Centre. By its scope and potential, the helix model constitutes a response to fill these requirements.

5.2 *Future Research*

Bearing in mind what is known and what is not known about the subject, the authors consider that will be of interest to conduct future researches on:

1. Main good practices and lessons learned, that leaders and staff of WRCs with more longevity, can pass for analysis and discussion with others interested in these topics;
2. Difficulties (and solutions already tested or not tested yet), that leaders and staff of WRCs formed more recently, consider of interest be object of analysis and discussion with others interested in these topics;
3. Although partly overlapped with the previous issues, it would be interesting to know what are, from the perspective of managers and employees of WRCs, the critical success factors, and what measures have been adopted to ensure the sustainability of these organizations.

5.3 *Limitations of the Study*

To reach this point in the present work, the authors encountered usual difficulties, which it was possible to overcome, having only meant as limitation, the lack of information on the results achieved by the Resource Centres operating in other European Union countries, particularly in Sweden, what's not allowed us to make comparisons and draw inferences, highlighting the similarities and differences, about the experiences that have occurred in these countries.

References

- Alter, M. (2012). O Centro de Recursos de Empreendedorismo Feminino no Alentejo Central (CREmp AC). In M. Baltazar, M. Santos, & F. Sabino (coords), *Empreendedorismo, Igualdade de Género e Desenvolvimento Regional e Local* (pp. 145–155). Casal de Cambra: Caleidoscópio.
- Baleiras, R. N. (2011). Olhos e Mãos no Pós-2013: Instrumentos da Política de Desenvolvimento Económico Baseados nos Territórios, O desenvolvimento sustentável nos territórios de baixa densidade. *Congresso Regional “O Desenvolvimento Sustentável nos Territórios de Baixa Densidade”*. Odemira (Alentejo), 28 e 29 de Outubro.

- Braga, D. A. (2012). *Labour market and gender*. Winnet 8 Research and Development. Retrieved from <http://www.winnnet8.eu/web/page.aspx?refid=208>
- Carayannis, E. G., & Campbell, D. (2010). Triple helix, quadruple helix and quintuple helix and how do knowledge, innovation and the environment relate to each other? A proposed framework for a trans-disciplinary analysis of sustainable development and social ecology. *International Journal of Social Ecology and Sustainable Development*, 1(1), 41–69.
- Carayannis, E. G., Barth, T., & Campbell, D. (2012). The quintuple helix innovation model: Global warming as a challenge and driver for innovation. *Journal of Innovation and Entrepreneurship*, 1(1), 1–12.
- Cavallini, S., Soldi, R., Friedl, J., & Volpe, M. (2016). *Using the quadruple helix approach to accelerate the transfer of research and innovation results to regional growth*. Report of Progress Consulting S.r.l. and Fondazione FORMIT. Committee of the Regions, EU.
- Danilda, I., Lindberg, M., & Torstensson, B. M. (2009). *Women Resource Centres – A quattro helix innovation system on the European agenda*. Paper presented at Triple Helix VII, Glasgow, 17–19 June.
- Grosso, L., Santos, M., & Baltazar, M. S. (2012). Modelos de Centros de Recursos para Mulheres na Europa. In M. S. Baltazar, M. Santos, & F. Sabino (coords), *Empreendedorismo, Igualdade de Género e Desenvolvimento Regional e Local* (pp. 137–144). Casal de Cambra: Caleidsocópio.
- Horelli, L. (2012). *A comparative analysis of the Women's Resource Centres in the Winnet8-Project*. Winnet 8 Research and Development. Retrieved from <http://www.winnnet8.eu/web/page.aspx?refid=208Tddf>
- Horelli, L., & Lindberg, M. (2012). *Integrating a gender perspective in local, regional and national growth policies*. Winnet 8 Research and Development. Retrieved from <http://www.winnnet8.eu/web/page.aspx?refid=208Tddf>
- Hozer-Kocmiel, M., & Zimoch, U. (2012). *Similarities and differences of the situation of women in the labour market in Winnet 8 countries*. Winnet 8 Research and Development. Retrieved from <http://www.winnnet8.eu/web/page.aspx?refid=208Tddf>
- Kolehmainen, J., Irvine, J., Stewart, L., Karacsonyi, Z., Szabó, T., Alarinta, J., et al. (2016). Quadruple helix, innovation and the knowledge-based development: Lessons from remote, rural and less-favoured regions. *Journal of Knowledge Economy*, 7, 23–42.
- Lindberg, M. (2012). *A Swedish model being internationalized*. Winnet 8 Research and Development. Retrieved from <http://www.winnnet8.eu/web/page.aspx?refid=208Tddf>
- Lindberg, M., Danilda, I., & Torstensson, B. T. (2011). Women resource centres – A creative knowledge environment of quadruple helix. *Journal of the Knowledge Economy*, 3, 36–52. <https://doi.org/10.1007/s13132-011-0053-8>.
- Lufirbj, A. (2015). *Penta helix: Conceptualizing cross-sector collaboration and social innovation processes*. Retrieved from <https://blogg.mah.se/urbinnovate/2015/04/27/penta-helix-conceptualizing-cross-sector-collaboration-and-social-innovation-processes/>
- Maldonado, V., Lobera, J., & Escrigas, C. (2009). *The role of higher education in a new quadruple helix context*. Paper presented at Triple Helix VII, 17–19 June 2009, Glasgow, UK.
- Martins N. (coord). (2008). *PROVERE. Programas de valorização económica de recursos endógenos das ideias à acção: Visão e parcerias?*. Lisboa: Departamento de Prospectiva e Planeamento e Relações Internacionais.
- Mitra, J. (2012). *Entrepreneurship, innovation and regional development: An introduction*. Milton Park: Routledge.
- Monte, A. C. E. (2013). *'CREmp – Centro de Recursos de Empreendedorismo Feminino Alentejo Central' – Relatório Final*. Arraiolos: Monte, ACE.
- Santos, M., Baltazar, M. S., Grosso, L., & Sabino, F. (2011). *Projecto Winnet 8: Lições aprendidas pela equipa portuguesa*. Évora. Retrieved from <http://www.cisa-as.uevora.pt/download/textos/LicoesAprendidas%20no%20projecto%20Winnnet8.pdf>
- Vale, A. (Coord). (2010). *Relatório final da execução do Programa EQUAL em Portugal*. Lisboa: Gabinete de Gestão EQUAL. Retrieved from http://www.igfse.pt/upload/docs/2011/43_RELATORIO_FINAL_V06.pdf

Entrepreneurship in Family Firms in Developed and Developing Countries



Ramón Sanguino, Ascensión Barroso, and Saikat Gochhait

Abstract Entrepreneurship is a major force for the economies around the world. Thus, it is a useful concept that leads to companies on how to participate in the change and in the renewal processes in order to maintain and improve their competitiveness (Cruz and Nordqvist, *Entrepreneurial orientation in family firms: A generational perspective*. *Small Bus Econ* 38(1):33–49, 2012). This book chapter examines the effects, among others, of innovation, institutional behavior on regional development, synthesizing new research from entrepreneurship and regional science disciplines, emphasizing the successful experiences and lessons from developed and developing countries. Therefore, we aim to provide a general perspective on entrepreneurial orientation in family firms both in developed and developing countries. This work pretends to cover the existing gap in the current research on entrepreneurship in developing countries, in line with Ratten (*Future research directions for collective entrepreneurship in developing countries: A small and medium-sized enterprise perspective*. *Int J Entrep Small Bus* 22(2):266–274, 2014) who highlight the need for more research on entrepreneurship in developing countries.

Keywords Entrepreneurship · Family firms · Developed countries · Developing countries

R. Sanguino (✉) · A. Barroso
Business Administration Department, University of Extremadura, Badajoz, Spain
e-mail: sanguino@unex.es; abarrosom@unex.es

S. Gochhait
Symbiosis Institute of Telecom Management, Constituent of Symbiosis International: Deemed
University, Pune, India
e-mail: saikat.gochhait@sitm.ac.in; <https://saikatgochhait.wordpress.com>

© Springer International Publishing AG, part of Springer Nature 2018
L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_6

1 Introduction

A crucial aspect of entrepreneurship involves the recognition of emerging business opportunities, which are often exploited through the creation of new firms (Aldrich and Cliff 2003), being a very important socio-economic reality, because they generate a huge amount of employment in mature societies such as the European (e.g., Bernard 2015; Fernández-Olmos et al. 2016). Audretsch et al. (2008) suggest that entrepreneurship and therefore economic performance is not only determined by the creation of new businesses, but also by the ability and willingness of innovative entrepreneurs to develop new products and processes based on new knowledge. Miller (1983, p. 771) viewed an entrepreneurial firm as ‘one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch’. It implies the search for opportunities beyond the resources that really someone controls (Pistruoi et al. 2001). Entrepreneurship is a major force for the economies around the world. Thus, it is a useful concept that leads to companies on how to participate in the change and in the renewal processes in order to maintain and improve their competitiveness (Cruz and Nordqvist 2012).

Therefore, it is beneficial for the firms to have an Entrepreneurial Orientation (EO) approach; that is, to be successful and sustainable it is required an entrepreneurial view. EO is considered the central pillar of entrepreneurship and it refers to processes of strategy making taking into account innovativeness, proactiveness, risk taking, competitive aggressiveness and autonomy (Miller 1983; Covin and Slevin 1991; Lumpkin and Dess 1996). EO is a multi-dimensional construct with varying impact on the performance and success of an enterprise. EO is one of the widely researched areas in entrepreneurship studies. Yet the field is still developing as regards to knowledge base.

The type, size, ownership and age of a firm are possible contextual factors with a potential impact on EO (Nordqvist et al. 2008). In this chapter, our focus is on contextual features of family firms with a potential impact on EO. The importance of family businesses, because of their contributions to the economic development, their performance and success, has been a focal subject in many entrepreneurship studies.

This book chapter examines the effects, among others, of innovation, institutional behavior on regional development, synthesizing new research from entrepreneurship and regional science disciplines, emphasizing the successful experiences and lessons from developed and developing countries. Therefore, we aim to provide a general perspective on entrepreneurial orientation in family firms both in developed and developing countries. This work pretends to cover the existing gap in the current research on entrepreneurship in developing countries, in line with Ratten (2014) who highlight the need for more research on entrepreneurship in developing countries.

The remainder of the chapter is organized as follows. First, we outline the theoretical background of family firms regarding their contribution to the economic development throughout the world and their definitions. Then, we analyze and

compare the main contributions of EO in family firms in developed and developing countries, to continue by proposing an expanded model based on Nordqvist and Melin (2010). Finally we conclude and suggest future research directions.

2 Family Firms and Entrepreneurship

2.1 Family Firms: Contribution and Definition

Family businesses are the predominant form of business organization today as they provide a critical infrastructure for economic activity, entrepreneurship, wealth creation and socioeconomic development (Poutziouris et al. 2004). A study estimated that over two-thirds of all worldwide businesses are owned or managed by families' enterprises and account for about half of GDP (Shanker and Astrachan 1996) playing an important role in the economic development across the globe.

Recent studies have shown that families control large stakes in about one third of the Standard and Poor's 500 companies (Anderson and Reeb 2003) and hold ownership positions in over 38% of the 2000 largest non-financial non-utility firms in the US (Wang 2006). Even outside the US, family firms represent a prevailing form of business either in developed or developing countries (Zahra and Sharma 2004). Consequently, the assessment whether the presence of family ties within the chains of control of the enterprise can create the conditions for obtaining a differentiated performance as compared to non-family firms has received increasing attention (Erbetta et al. 2013).

Some data regarding family businesses' economic development throughout the world (developed and developing countries) are as follows:

In the United States, family enterprises currently account for 80% of business organizations, producing over 50% of the gross national product and employing over 50% of the domestic workforce (McCann et al. 2003). Moreover, 35% of the 500 biggest companies are family owned (Venter and Farrington 2009). In Canada, 80% of the companies listed on the Toronto Stock Exchange closely held in family trusts or the founders' hands (Gulzar and Wang 2010).

Around 14 million family firms in Europe engage around 60 million employment opportunities in private sector. Family firms in different European countries consist of 55% to 90% of all firms with irrespective of the business sizes, spanning from street corner shops to large corporations (e.g., 40% of the 250 big firms in France and Germany are family-owned) (Bernard 2015). In 2010, there were just under 3 million family businesses operating in the UK, representing 66% of the private sector total. The UK family business sector is estimated to have employed 9.2 million people. This is 41% of total private sector employment (Institute for Family Business 2011). In Scotland, 69% of all businesses define themselves as family businesses. 41 of the 100 largest firms in Scotland were family-owned, a figure that rose to 43% of the top 250. It is estimated that Scotland's family businesses generate 45% of the country's GNP and employ 50% of the private sector workforce (Stepak 2016). In Luxemburg,

Norway, and Sweden, research results show that approximately 30% of the largest companies are family businesses; in Belgium this share is even higher, accounting for about 50% (Mandl 2008). In Spain, According to the Spanish Family Business Institute, family businesses account for 85% of the Spanish business sector, 70% of national GDP and 70% of employment in the private sector (Fernández-Olmos et al. 2016). In addition, 50% of the top 3000 firms are family owned (Venter and Farrington 2009).

Family businesses in Australia are highly significant in terms of the number and proportion of businesses that are family owned and/or controlled. They represent 83% of all private sector firms, and employ more than 59% of the workforce (Smyrniotis et al. 1997). The firm listed on the Australian Stock Exchange are around 27% of family owned business (Mroczkowski 2002).

Family businesses form the backbone of Latin America's economy, comprising more than 80% of private sector economic activity on the continent. Much of the region has experienced strong growth in the last 10 years, and this has fueled a great deal of entrepreneurial activity, giving rise to new family businesses. Governments in the region are increasingly realizing the importance of family businesses to their economies, but family businesses themselves want more help, particularly with their tax burdens. Family businesses generate 60% of Latin America's GDP and employ 70% of the workforce in Latin America and the Caribbean. 7.2% (36) of the world's 500 largest family businesses are located in Latin America. They generate US \$466.1b in revenues (7.7% of Latin America's GDP), realize a market capitalization of US\$373.8b and employ more than 2.2 million employees (0.7% of Latin America's workforce) (EY Family Business Yearbook 2015).

Family businesses are also the predominant way of doing business in South Africa today comprising about 80% of South African businesses. For the past 300 years or more, family businesses have been making a positive contribution towards the South African economy and their influence, as well as their numbers, can be expected to increase substantially in the future (Venter and Farrington 2009).

In Indonesia, the family business contributes 80% of the GDP. They can solve social problem such as unemployment, poverty and criminalities. The study of family business in Indonesia shows that approximate 78% owned and controlled by families passed down from their own offspring and some are continuing from sibling. Grant Thornton Indonesia studied 250 family business in Indonesia found most of them involved in trade and retail (36%) and have less than Rp 500 million of annual sales (Wahjono et al. 2014).

In Taiwan, SME family firms accounts with greater than 98.5% of companies, 80% of employment and 47% of total economy. It is estimated that 40% of the Fortune 500 are family owned or controlled. Large FOBs (both listed and privately held) play a major role in OECD (Organization for Economic Co-operation and Development) economies. Family-run businesses account for more than 85% of all firms in OECD countries (Gulzar and Wang 2010).

In India, 93% of privately owned companies are family businesses, representing at least 55% of the GNP of any Arab country, 95% of all listed companies in the

region and employ 70% of the jobs outside of the government and public sector in the region (Basu 1998; Gulzar and Wang 2010).

In Lebanon, the contribution of family owned businesses is also significant. By their existence they perform an essential role as providers of innovation opportunities and act as key players for local developments (International Finance Corporation 2009).

In the Kingdom of Saudi Arabia, 95% of all companies are family businesses, investing around US\$70 billion or 24% of the country's GDP in 2006 (Mahayni 2007).

However, in spite of its importance, yet no clear consensus exists regarding the definition of a family business. In general terms, a family business refers to a company where the voting majority is in the hands of the controlling family; including the founder(s) who intend to pass the business on to their descendants (Gulzar and Wang 2010). In recent years, multi-criteria definitions have also been proposed. The most used criteria to conceptualize a family firm are ownership, control, family involvement, continuity, existence of generational change, and self-perception or the combinations of the previous criteria (Barroso et al. 2012). For example, Smyrniot et al. (1997) depicted in the study that to consider family business one of the four parameters should be considered: (1) Single family ownership more than 50%; (2) 50% ownership is with more than one family; (3) A single family group can effectively runs the business; (4) A large number of senior management are from the same family.

In 2008 a definition of family business was agreed by two of the main representative institutions of family businesses: European Group of Family Companies (EFSF) at European level and Family Business Network (FBN) Council, worldwide. According to these institutions, a company is considered as a family one, regardless of its size, if it meets the following conditions:

- a) The majority of votes are owned by the person or persons of the family who founded the company; or are owned by the person who has acquired the company's share capital, or are owned by their spouses, parents, children, or direct heirs of the children.
- b) The majority of votes may be direct or indirect.
- c) At least one representative of the family or relative participates in the management or government of the company.
- d) Listed companies apply the definition of family business if the person who founded or acquired the company (capital stock) or their relatives or descendants own 25% of the voting rights to which the share capital is entitled.

Although it is a consensual definition, it is not applied in academic practice. Even so, the main criteria emphasized by this definition, as we can see, are ownership, control and management, in line with the more traditional approaches to family business conceptualization. Therefore, despite the lack of clear consensus about its definition then, there is broad agreement that a family business is a business owned and managed by a nuclear family (Chua et al. 1999).

2.2 Entrepreneurship in Family Firms

Furthermore, family firms constitute a unique context for entrepreneurship due to their specific characteristics. These companies have features which can foster entrepreneurial behavior in the company through the ongoing objectives, valuable social relationships, survival and long-term orientation, reciprocal altruism, and so on. Conversely, they also have features which can restrict this entrepreneurial behavior as the risk aversion, different perception of environment depending on generational involvement, higher levels of ownership concentration, intentions to maintain family control of the business, etc. (Donckels and Fröhlich 1991; Nordqvist et al. 2008; Memili et al. 2010; Kellermanns et al. 2008).

Similarly, studies related to family businesses and entrepreneurship show that a strong organizational culture related to the family could impact on the ability to create and sustain entrepreneurial capabilities in the family firm. Thus, on the one hand we can find innovative, proactive and entrepreneurial family businesses, and on the other hand, we can find conservative, traditional, introverted and risk-averse family businesses (Naldi et al. 2007; Casillas et al. 2010; Kreiser et al. 2010; Uhlaner et al. 2012).

3 Entrepreneurship in Family Firms in Developed and Developing Countries

With the aim of finding a way to understand the EO in family firms in developing and developed countries, we performed a literature review of some of the published empirical studies. The procedure we used to identify articles for review was as follow. We used SCOPUS electronic database to find empirical articles by searching for the keywords: “family firms”, “family business”, “family influence”, “Small and Medium Enterprise”, “entrepreneurship”, “entrepreneurial orientation”, “developing countries”, “developed countries”. The most relevant contributions obtained in this search are shown in the following tables.

The above literature on entrepreneurship and family firm from developed countries indicates the strong indication of organization culture and succession planning to establish a sustainable business firm.

If we focused in developing countries, it is often assumed that there is a lack of entrepreneurial culture and entrepreneurship spirit. In this case, it is important to understand how the long term sustainability of a country is derived from the ability to be entrepreneurial and continually innovative in order to stay globally competitive (Ratten 2014). The above literature on entrepreneurship and family firm from developing countries also indicates the impact of entrepreneurial accountability activities leading to new venture with better exit policy.

From the literature review, we propose a new framework for entrepreneurship in family businesses based on Nordqvist and Melin (2010) for developed and developing countries which includes Actor, Activity, Attitude and Accountability.

4 An Actor-Activity-Attitude-Accountability Framework Based Entrepreneurship in Family Firms for Developed and Developing Countries

Table 1 depicts the secondary literature review for developed countries and (Table 2) for developing countries focuses on four themes to analyses the role of the family in understanding of both entrepreneurship and family businesses in developed and developing countries. Figure 1 summarizes the four themes and their relationships.

The four themes are Actor, Activity, Attitude (Nordqvist and Melin 2010) and Accountability. **Actor** refers to the “family as an actor that undertakes entrepreneurial activities”. This notice the establishment of an entrepreneurial family as a unit of analysis, and not only as a organizational context. Dyer and Handler (1994) examine influences of family on entrepreneurs’ careers with focus on: early experiences in the entrepreneur’s family of origin; family involvement in start-up activities; employment of family members; and involvement of family in members’ succession. **Activity** means “a concrete action that indicates entrepreneurial meanings for the family, or a wider context”. This approach has received relatively little attention in entrepreneurship literature so far. Urban (2011) study focuses on the emerging body of theory on entrepreneurship and networking and follows in the tradition of the series of global entrepreneurship monitor (GEM) studies, where business start-ups and activity in South Africa have been found to vary significantly by racial groups. GEM studies have consistently sampled participants according to five major languages spoken in South Africa and also describe entrepreneurial activity according to race classifications. **Attitude** as “a way of thinking and an action-based orientation held by the family members who take innovation and creativity in new processes such as new product development, access to new markets and so on”. Pistrui et al. (2001) emphasizes on Chinese entrepreneurs and the cultural and family forces shaping their enterprises’ development. Hall et al. (2001) study focuses on the role of family and organizational culture on corporate entrepreneurship as radical, strategic change.

Finally, **Accountability** means “the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner”. It also includes the responsibility of money or other entrusted property (Gray et al. 1987). Yolaç (2015) examines the effect of total number of days required to register a firm, cost of required to complete each procedure, corporate tax rate, GDP per capita, and voice and accountability on entrepreneurship is analyzed empirically in Europe and Central Asia countries.

Table 1 Summary of empirical studies which focus on entrepreneurship in family firm in developed countries

Authors/Title	Country	Focus
Kellermanns et al. (2008)	USA	The study focuses on the association of CEO characteristics and family impact in the business and entrepreneurial behavior and growth
Naldi et al. (2007)	Sweden	The study focuses on the association between EO and risk taking with result
Craig and Lindsay (2002)	Australia	It depicts a framework based on the family dynamic to that of Timmon's model of entrepreneurship
Chrisman et al. (2002)	USA	The study depicts the influence of perceptions and results of the new business with family involvement.
Habbershon and Pistrui (2002)	USA	It focuses on the factors for wealth creation through family influence and points out the family owned group as a unit for study to establish family domain enterprises.
Johannisson (2002)	Sweden	The study relates to the three ideologies to visualize the family business like professionalism, entrepreneurialism and paternalism
Hall et al. (2001)	Sweden	It relates to the influence of the role of family and culture of enterprises on radical and strategic changes in the corporate entrepreneurship
Pistrui et al. (2000)	Germany	The study deals with the similarities and dissimilarities between East and West German based entrepreneurs.
Littunen and Hyrsky (2000)	Finland	Examines the responsibility of owner-manager personality, entrepreneurial knowledge, startups intention, and different strategic options for existence.
Dyer and Handler (1994)	USA	The study identifies the impact of entrepreneur's successful journey like previous experiences; active involvement in the startup venture; family member's employment; and participation of family in succession plan.
Poza (1988)	USA	Examines how entrepreneur overcome the product and lifecycle declining stage and revive it through the next generation
Barroso et al. (2016)	Spain	Analyze EO and performance in family firms. The main results talk about the direct relationship between knowledge transfer and entrepreneurial orientation to improve the performance.
Cruz and Nordqvist (2012)	Spain	Their findings show that perceptions of the competitive environment and EO correlate differently in family firms, depending on the generation in charge, and it is generally stronger in second-generation family firms. Further, they find that non-family managers on the top management team makes a positive difference for EO only in the third-generation and beyond family firms.
Duobiene et al. (2007)	Finland	The paper applies entrepreneurial organization theory to contribute to the development of the debate on the application of business management model in organizations with different characteristics, i.e. objectives, size, sector.

Table 2 Summary of empirical studies which focus on entrepreneurship in family firm in developing countries

Authors/Title	Country	Focus
Pistruì et al. (2001)	China	The study discusses how the cultural and family values help in rebuilding and developing the organization
Manikutty (2000)	India	Examines the resource based perspective of enterprises to analyze the strategic responses of nine family groups to the India's more liberalized emerging economy.
Rutten (2001)	India, Malaysia, Indonesia	Examines major debates on entrepreneurship in south and Southeast Asia indicates an emphasis on collective forms of business organization
Akhtar et al. (2015)	Pakistan	Indicate that proactiveness and autonomy are the most significant dimensions in the success of an enterprise. The results indicate that when family is taken as a moderator, the overall influence of EO dimensions is considerably reduced. The study concludes that cultural setting of entrepreneurial businesses inhibit certain aspects of entrepreneurial activity, limiting the growth of entrepreneurship in a country.
Farid et al. (2011)	Middle East: Egypt, Kuwait, UAE, and Saudi Arabia	It is concluded that while the Egyptian entrepreneurship environment is still at the nascent stages of development, both the Kuwaiti and UAE are moving towards established stages of development. Saudi Arabia seems to be somewhat variable; i.e. ranging from the same to lagging behind the other countries depending upon the dimension. One of the main purposes is to contrast with other measures of family business as related to the creation of new business.
Urban (2011)	South Africa	The study is built on the emerging body of theory on entrepreneurship and networking and follows in the tradition of the series of global entrepreneurship monitor (GEM) studies, where business start-ups and activity in South Africa have been found to vary significantly by racial groups. GEM studies have consistently sampled participants according to five major languages spoken in South Africa and also describe entrepreneurial activity according to race classifications.
Elenurm and Reino (2013)	Estonia	The results of this study comes from the first GEM survey in Estonia. The paper reflects networking patterns and knowledge sharing challenges of potential and early-Stage entrepreneurs. Compared to such country of improvement-driven opportunity seeking entrepreneurs as Denmark, Estonian early-stage entrepreneurs more often receive advice from majority of stakeholders, except banks.

(continued)

Table 2 (continued)

Authors/Title	Country	Focus
Zainol et al. (2012)	Malaysia	The framework suggests that entrepreneurial orientation is influenced from the family influence, measured by F-PEC Scale. This study also analyses the relationship between family influence and government aided programs. The extent of family influence and government aided programs were analyzed with hierarchical regression to determine their impact on entrepreneurial orientation. The study is done in the Bumiputera SMEs in Terengganu, Malaysia.
Yolaç (2015)	Central Asia and Europe	Examines the effect of total number of days required to register a firm, cost of required to complete each procedure, corporate tax rate, GDP per capita, and voice and accountability on entrepreneurship is analyzed empirically in Europe and Central Asia countries.
Ratten (2014)	Africa, South America, Middle East, South Pacific	The author focuses on how small and medium-sized enterprises (SMEs) in developing countries are encouraging an entrepreneurial spirit in their business environment. The main research suggestions include the role of individual entrepreneurship factors, culture, government intervention, the informal or grey sector, family business, historical development, demographic differences and technological innovation in developing countries

4.1 Actor

The studies undertaken on entrepreneurship and family businesses are based on firm level in developed and developing countries. Therefore studies did not deal with the entrepreneurial potential and the importance of entrepreneurial resource capacity as represented by families (Aldrich and Cliff 2003). Davidsson and Wiklund (2001) propose family should be the centre point of analysis in any research on entrepreneurship. Some of the economist have spoken in different forum that household role and the family plays a major actors in the making the decisions those determine the economy activities. Accordingly, Rosa (1998) points out thorough analysis on the habitual entrepreneurship, study on the family and household are the key indicators. Habbershon and Pistrui (2002) indicate more research needs to be undertaken on enterprising families, those run one or more businesses and continue their business empire through family as the foundation.

The best example can be sighted with new venture setup by younger generation different from the hereditary business legacy with support of financial and social from their family. Latter on new venture as an independent firm included in the family's portfolio of companies becomes the purposive part of a family business.



Fig. 1 Framework for entrepreneurship in family firms: the four A’s of entrepreneurial families. Source: adapted from Nordqvist and Melin (2010)

Iacobucci (2002) observation in regard to creation of SMEs is not inevitably part of the family businesses. Another example of portfolio can be sighted where family without merging the new and the old venture rather buys a new firm by forming a group with uniformity of risk that can sustain growth. It is wise enough to consider the firm as the unit of analysis in order to have preconceived opinion that next generation getting into the trend of new firm rather following the family business (Habbershon et al. 2010).

So it is always advisable for researchers to include the family tree, consisting both old and new generation (includes cousins, uncle and aunts). The idea about a family, in a larger aspect can be with extended family group and more than two generations. That means family involves relatives with both affine and kin (Stewart 2003). The definition of affine means a person connected by marriage, i.e. an in-law; in reference to the group of persons of common ancestry, i.e. relatives of different culture.

Berger and Luckmann (1967) suggest that family builds a social institution to pass on the values, norms and attitudes to its next generation to take over as entrepreneurship career through new startup. Therefore considering the values, norms and attitudes acts as a guiding lamp in shaping their entrepreneurial behavior in understanding there family behavior as role model as key dimension of entrepreneurial actor.

4.2 Activity

Next framework of the study is activity defined as the behavior and actions of a particular kind. Entrepreneurial activities depict the work for creating emerging social or economic value (Davidsson and Wiklund 2007). The literature on entrepreneurship emphasizes on activities based on the identification and utilizing the business opportunities (Shane and Venkataraman 2000).

Researchers are keener on studying the activities dealing with opportunities for innovation, new venture setup or strategic revival (Sharma and Chrisman 1999). In establishing a new venture means either in the new or presents markets with new or existing products and services. New venture setup can be through startup firm or through an existing firm or with internal corporate funding (Lumpkin and Dess 1996).

It has been a debatable issue that many family businesses are successful with new product innovation due to the long term strategies with patience and continuity (Miller and Le Breton-Miller 2005). The past studies have depicted that product innovation has always been created through the old concept for the new or related products. Family plays an important role for 'why' and 'how' new entry of startups is established with new products and new markets. So the area of study needs to be focused in family activity is not on new entry but on new exit. Entrepreneurial steps are incomplete without the exit (DeTienne 2010).

Defining entrepreneurial exit as 'the process by which the founders of privately held firms leave the firm they help to create; thereby removing themselves, in varying degrees, from the primary ownership and decision making structure of the firm' (DeTienne 2010, p. 204). Entrepreneurship is a major focus of interest for public policy planners and individuals because of its link to economic development. It is important to understand entrepreneurship in developing countries as the intention to start a business is often culturally bound (Ratten 2014).

There are studies on business exit based on the Large Scale Industries (LSI) and public listed companies. The present study proposes research on the family business in context to entrepreneurial exits. These members have ample opportunities to invest on new resources and capabilities in order to build on the present resources to expand the family's business or group (Kellermanns and Eddleston 2004).

Another area for research study can be examined how family business owners promote their new ventures by identifying different manner to allocate financial resources, knowledge management and resource networking, after exiting from their old venture. Researchers can study on the family situation influencing family owned entrepreneurs exiting their business (Justo and DeTienne 2008)

It is important for entrepreneurial families to have timely exit policy. The study on entrepreneurial exit should address on the decision to sell the firm or pass business ownership based on a collaborative decision. The collaborative decision in reference to entrepreneurship and family owned businesses means the psychological and social dynamics which has an influence on the process and consequences from exiting the family firm.

4.3 Attitude

The third framework, attitude, signifies the entrepreneurial actor's mindset which influences the entrepreneurial activities to happen. Attitude signifies the values, trust and the approaches to the framework in the manner actor of entrepreneurial visualize behaving in the business world. The present research based on attitudes in the direction of entrepreneurship based on the cultural orientation to developed countries and less important to developing economies (Ratten 2014). Therefore attitude is very much relevant in the construction of EO. The organization need signifies EO to develop entrepreneurial strategy with the help of an individuals and teams (Covin and Slevin 1991). Lumpkin and Dess (1996) study emphasizes on the application of EO theory for the study of entrepreneurial firms and organizations. The studies on conceptual and empirical in relation to EO have been conducted by researchers emphasizing on strategic management and entrepreneurship.

As previous research has shown that family business experience influences EO (Zainol et al. 2012), more work is needed on how business exposure by parents in developing countries impacts children's decision to start a new business. In developing countries, people who have good experiences with business may aspire to have their own enterprise.

Entrepreneurship is crucial to the development of society as they shape innovation and change business thinking. In developing countries that are rapidly changing as a result of environment influences such as change of government, war or environmental catastrophe, the creativeness of individuals helps them to be entrepreneurial (Ratten 2014). Entrepreneurship is crucial to the development of society as they shape innovation and change business thinking.

Habbershon and Pistrui (2002) signify the important role to play within family firms is the culture. Researchers need to study how each family helps in changing the attitudes, thoughts and actions of its members that contributes to its structure, past, principles and standard (Sharma and Manikutty 2005). So the proposed framework depicts the interrelationship between the entrepreneurial family as actor and the EO as attitude.

4.4 Accountability

The vast majority of the literature on accountability, governance and corporate finance, especially where derivative of principal agent and transaction cost theory has been concerned primarily to explain managerial behavior, in terms of monitoring, incentives and contracts. This approach has also dominated much of the accounting and finance literature (Watts and Zimmerman 1986), has been the focus of critical analysis (e.g., Tinker et al. 1982), including alternative models of accountability (Gray et al. 1987). As Hopwood (1987, p. 213) suggests, organizational accounts are not merely a technical reflection of pre-given economic imperatives but are actively

constructed to create economic visibility, as a powerful means for positively enabling the governance and economic control of the organization.

There are many family entrepreneurs, in respect to the old generation entrepreneurs in the developing countries rather than the developed countries believes on the myth that disciplined processes, clear financial benchmark and organizational accountability, through which family businesses can earn economical and social values. The starting point for any of the analytical model has two sources of business secret or types of valuable knowledge were entrepreneurs can access. These are organization with particular sources that can create idiosyncratic or ‘tacit’ knowledge (ISK) (Castanias and Helfat 1991). Therefore knowledge can be elaborated through organizational learning at the general term. Barroso et al. (2016) emphasizes on EO and performance in family firms. The main results talk about the direct relationship between knowledge transfer and entrepreneurial orientation to improve the performance. The particular examples could include identification of more than one use for non-fungible assets, including human capital assets (Teece 1980). Internal knowledge, where valuable, has the characteristic of being difficult to imitate, reflecting the heterogeneous nature of assets advocated in the resource-based theory of the firm (Alvarez and Busenitz 2001). There can be an alternative source of knowledge from external sources of the organization. These are external resources of knowledge (Marshall 1890; Kamien et al. 1992), which usually have a public good element such as local pools of experience and skilled labour. This is termed as public good knowledge (PGK). If the knowledge is valuable, there are two ways in which the value can be represented: as private rent (perquisites, PQ) or as external financial stakeholder return (profit, P) plus monitoring cost (MC).

This analysis can be used to suggest a typology of entrepreneurship, set out in Table 3. Each quadrant is explained in turn, with reference to historical examples. The columns of the matrix suggest different modes of accountability, depending on the degree of dependency on outside capital.

5 Conclusions

Family owned and controlled firms make a significant contribution to economies in developed and developing countries thus accentuating the imperative to ensure their leaders are best prepared to successfully lead their businesses. Successful family

Table 3 Typology of entrepreneurship

		Accountability	
Location of knowledge	Internal	1. ISK = P [Venturers/cooperators]	2. ISK = MC [Intrapreneurs]
	External	3. PGK = P [Arbitrageurs]	4. PGK = MC [Serial entrepreneurs]

Sources: Marshall (1890) and Kamien et al. (1992)

businesses contribute to development of the community, employment opportunities, and provide a better standard of living for the residents. They create new opportunities along with residents to migrate these areas.

Most of the current research on entrepreneurship in family firms is focused on developed countries and less has been written about the changing market conditions of developing countries. As developing countries in Africa, the South Pacific and South America move into democratic political systems more emphasis will be placed on the free market economy. As entrepreneurship is the crucial element needed to spur business development, more importance will be placed on innovation and creativity (Ratten 2014) in the business environment.

Our proposed future research for EO in family firms could be the extension of studies done in developed countries to developing countries such as African, Middle East and specially, in Latin America countries to test and compare the findings of the research. The future of developing countries will be based on their ability to promote entrepreneurship and most importantly their willingness to the proactive, competitive aggressive and risk taking.

References

- Akhtar, C. S., Ismail, K., Hussain, J., & Umair-ur-Rehman, M. (2015). Investigating the moderating effect of family on the relationship between entrepreneurial orientation and success of enterprise: Case of Pakistani manufacturing SMEs. *International Journal of Entrepreneurship and Small Business*, 26(2), 233–247.
- Aldrich, H. E., & Cliff, J. E. (2003). The pervasive effects of family on entrepreneurship: Toward a family embeddedness perspective. *Journal of Business Venturing*, 18(5), 573–596.
- Alvarez, S. A., & Busenitz, L. W. (2001). The entrepreneurship of resource-based theory. *Journal of Management*, 27(6), 755–775.
- Anderson, R. C., & Reeb, D. M. (2003). Founding-family ownership and firm performance: Evidence from the S & P 500. *The Journal of Finance*, 58(3), 1301–1328.
- Audretsch, D. B., Bönte, W., & Keilbach, M. (2008). Entrepreneurship capital and its impact on knowledge diffusion and economic performance. *Journal of Business Venturing*, 23(6), 687–698.
- Barroso, A., Sanguino, R., & Bañegil, T. M. (2012). Diferentes criterios del concepto de empresa familiar. Una aportación desde Extremadura, España. *Ide@s Concyteg*, 83(7), 611–622.
- Barroso, A., Sanguino, R., & Bañegil, T. M. (2016). An empirical study about knowledge transfer, entrepreneurial orientation and performance in family firms. *European Journal of International Management*, 10(5), 534–557.
- Basu, A. (1998). An exploration of entrepreneurial activity among Asian small businesses in Britain. *Small Business Economics*, 10(4), 313–326.
- Berger, P. L., & Luckmann, T. (1967). *The social construction of reality*. London: Allen Lane.
- Bernard, C. (2015). *European family business trends* (pp. 1–24). KPMG Enterprise.
- Casillas, J. C., Moreno, A. M., & Barbero, J. L. (2010). A configurational approach of the relationship between entrepreneurial orientation and growth of family firms. *Family Business Review*, 23(1), 27–44.
- Castanias, R. P., & Helfat, C. E. (1991). Managerial resources and rents. *Journal of Management*, 17(1), 155–171.

- Chrisman, J. J., Chua, J. H., & Steier, L. P. (2002). The influence of national culture and family involvement on entrepreneurial perceptions and performance at the state level. *Entrepreneurship: Theory and Practice*, 26(4), 113–131.
- Chua, J. H., Chrisman, J. J., & Sharma, P. (1999). Defining the family business by behavior. *Entrepreneurship: Theory and Practice*, 23(4), 19–19.
- Covin, J. G., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Critical Perspectives on Business and Management*, 3, 5–28.
- Craig, J., & Lindsay, N. J. (2002). Incorporating the family dynamic into the entrepreneurship process. *Journal of Small Business and Enterprise Development*, 9(4), 416–430.
- Cruz, C., & Nordqvist, M. (2012). Entrepreneurial orientation in family firms: A generational perspective. *Small Business Economics*, 38(1), 33–49.
- Davidsson, P., & Wiklund, J. (2001, Summer). Levels of analysis in entrepreneurship research: Current practice and suggestions for the future. *Entrepreneurship Theory & Practice*, 25(4), 81–99.
- Davidsson, P., & Wiklund, J. (2007). Levels of analysis in entrepreneurship research: Current research practice and suggestions for the future. In Á. Cuervo, D. Ribeiro, & S. Roig (Eds.), *Entrepreneurship: Concepts, theory and perspective* (pp. 245–266). Berlin: Springer.
- DeTienne, D. R. (2010). Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development. *Journal of Business Venturing*, 25(2), 203–215.
- Donckels, R., & Fröhlich, E. (1991). Are family businesses really different? European experiences from STRATOS. *Family Business Review*, 4(2), 149–160.
- Duobiene, J., Gavenas, J., Anskaitis, A., & Pundziene, A. (2007). Applying indicators of orientation to innovations, potential of growth and strategic objectives to explain corporate entrepreneurship: Case study of the three Finnish companies. *Problems and Perspectives in Management*, 5(3), 31–43.
- Dyer, W. G., Jr., & Handler, W. (1994). Entrepreneurship and family business: Exploring the connections. *Entrepreneurship: Theory and Practice*, 19(1), 71–84.
- Elenurm, T., & Reino, A. (2013, September). Knowledge sharing challenges in developing early-stage entrepreneurship. In *European conference on knowledge management* (p. 211). Academic Conferences International.
- Erbetta, F., Menozzi, A., Corbetta, G., & Fraquelli, G. (2013). Assessing family firm performance using frontier analysis techniques: Evidence from Italian manufacturing industries. *Journal of Family Business Strategy*, 4(2), 106–117.
- EY Family Business Yearbook. (2015). *Global family business index*. University of St. Gallen, Centre for Family Business, World Bank.
- Farid, M. I., ElSayed-Elkhouly, S. M., & Barnes, M. J. (2011). Institutional context for entrepreneurship in Arab countries. *International Journal of Sustainable Society*, 3(3), 292–311.
- Fernández-Olmos, M., Gargallo-Castel, A., & Giner-Bagües, E. (2016). Internationalization and performance in Spanish family SMES: The W-curve. *BRQ Business Research Quarterly*, 19(2), 122–136.
- Gray, R., Owen, D., & Maunders, K. (1987). *Corporate social reporting: Accounting and accountability*. London: Prentice-Hall International.
- Gulzar, M., & Wang, Z. (2010). Corporate governance and non-listed family owned businesses: Evidence from Pakistan. *International Journal of Innovation, Management and Technology*, 1(2), 124–129.
- Habbershon, T., & Pistrui, J. (2002). Enterprising families domain: Family-influenced ownership groups in pursuit of transgenerational wealth. *Family Business Review*, 15(3), 223–237.
- Habbershon, T. G., Nordqvist, M., & Zellweger, T. (2010). Transgenerational entrepreneurship. In M. Nordqvist & T. Zellweger (Eds.), *Transgenerational entrepreneurship: Exploring growth and performance in family firms across generations* (pp. 1–38). Cheltenham: Edward Elgar.
- Hall, A., Melin, L., & Nordqvist, M. (2001). Entrepreneurship as radical change in the family business: Exploring the role of cultural patterns. *Family Business Review*, 14(3), 193–208.
- Hopwood, A. G. (1987). The archeology of accounting systems. *Accounting, Organizations and Society*, 12(3), 207–234.
- Iacobucci, D. (2002). Explaining business groups started by habitual entrepreneurs in the Italian manufacturing sector. *Entrepreneurship & Regional Development*, 14(1), 31–47.

- Institute for Family Business. (2011). *The UK family business sector* (pp. 1–41). London: Oxford Economics.
- International Finance Corporation (IFC). (2009). *World Bank and Lebanese Transparency Association*. Retrieved August 26, 2016 from <http://www.transparency-lebanon.org/publications/foecgen.pdf>
- Johannisson, B. (2002). Energising entrepreneurship: Ideological tensions in the medium-sized family business. In D. Fletcher (Ed.), *Understanding the small family business* (pp. 46–57). London: Routledge.
- Justo, R., & DeTienne, D. R. (2008). Family situation and the exit event: Reassessing the opportunity-costs of business ownership. *Frontiers of Entrepreneurship Research*, 28, 14.
- Kamien, M. I., Muller, E., & Zang, I. (1992). Research joint ventures and R&D cartels. *The American Economic Review*, 82, 1293–1306.
- Kellermanns, F. W., & Eddleston, K. A. (2004). Feuding families: When conflict does a family firm good. *Entrepreneurship Theory and Practice*, 28(3), 209–228.
- Kellermanns, F. W., Eddleston, K. A., Barnett, T., & Pearson, A. (2008). An exploratory study of family member characteristics and involvement: Effects on entrepreneurial behavior in the family firm. *Family Business Review*, 21(1), 1–14.
- Kreiser, P. M., Marino, L. D., Dickson, P., & Weaver, K. M. (2010). Cultural influences on entrepreneurial orientation: The impact of national culture on risk taking and proactiveness in SMEs. *Entrepreneurship Theory and Practice*, 34(5), 959–983.
- Littunen, H., & Hyrsky, K. (2000). The early entrepreneurial stage in Finnish family and nonfamily firms. *Family Business Review*, 13(1), 41–53.
- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135–172.
- Mahayny, K. (2007). Difficulties facing family owned businesses in the Arab Region. In *Business development and family businesses: Managerial foundations and international accounting standards*. Arab Tax Society, Cairo, Egypt, Nile Hilton.
- Mandl, I. (2008). *Overview of family business relevant issues*. Vienna, Austria: Austrian Institute for SME Research.
- Manikutty, S. (2000). Family business groups in India: A resource-based view of the emerging trends. *Family Business Review*, 13(4), 279–292.
- Marshall, A. (1890). *Principles of political economy*. New York: Maxmillan.
- McCann, G., DeMoss, M., Dascher, P., & Barnett, S. (2003). Educational needs of family businesses: Perceptions of university directors. *Family Business Review*, 16(4), 283–291.
- Memili, E., Eddleston, K. A., Kellermanns, F. W., Zellweger, T. M., & Barnett, T. (2010). The critical path to family firm success through entrepreneurial risk taking and image. *Journal of Family Business Strategy*, 1(4), 200–209.
- Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7), 770–791.
- Miller, D., & Le Breton-Miller, I. (2005). *Managing for the long run: Lessons in competitive advantage from great family businesses*. Harvard Business Press.
- Mroczkowski, N. (2002). Using accounting standards to delineate listed firms in Australian capital markets. In *Proceedings of the AAAA conference*, Nagoya, Japan.
- Naldi, L., Nordqvist, M., Sjöberg, K., & Wiklund, J. (2007). Entrepreneurial orientation, risk taking, and performance in family firms. *Family Business Review*, 20(1), 33–47.
- Nordqvist, M., & Melin, L. (2010). Entrepreneurial families and family firms. *Entrepreneurship and Regional Development*, 22(3–4), 211–239.
- Nordqvist, M., Habbershon, T. G., & Melin, L. (2008). Transgenerational entrepreneurship: Exploring entrepreneurial orientation in family firms. In H. Landström, D. Smallbone, H. Crijns, & E. Laveren (Eds.), *Entrepreneurship, sustainable growth and performance: Frontiers in European entrepreneurship research* (pp. 93–116). Cheltenham: Edward Elgar.
- Pistruì, D., Welsch, H. P., Wintermantel, O., Liao, J., & Pohl, H. J. (2000). Entrepreneurial orientation and family forces in the new Germany: Similarities and differences between East and West German entrepreneurs. *Family Business Review*, 13(3), 251–263.

- Pistrui, D., Huang, W., Oksoy, D., Jing, Z., & Welsch, H. (2001). Entrepreneurship in China: Characteristics, attributes, and family forces shaping the emerging private sector. *Family Business Review*, 14(2), 141–152.
- Poutziouris, P., Steier, L., & Smyrnios, K. X. (2004). Guest editorial A commentary on family business entrepreneurial developments. *International Journal of Entrepreneurial Behavior and Research*, 10(1/2), 7–11.
- Poza, E. J. (1988). Managerial practices that support interpreneurship and continued growth. *Family Business Review*, 1(4), 339–359.
- Ratten, V. (2014). Future research directions for collective entrepreneurship in developing countries: A small and medium-sized enterprise perspective. *International Journal of Entrepreneurship and Small Business*, 22(2), 266–274.
- Rosa, P. (1998). Entrepreneurial processes of business cluster formation and growth by ‘habitual’ entrepreneurs. *Entrepreneurship: Theory and Practice*, 22(4), 43–44.
- Rutten, M. (2001). Family enterprises and business partnerships: Rural entrepreneurs in India, Malaysia, and Indonesia. *The Journal of Entrepreneurship*, 10(2), 165–189.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.
- Shanker, M. C., & Astrachan, J. H. (1996). Myths and realities: Family businesses’ contribution to the US economy—A framework for assessing family business statistics. *Family Business Review*, 9(2), 107–123.
- Sharma, P., & Chrisman, J. J. (1999). Reconciling the definitional issues in the field of corporate entrepreneurship. *Entrepreneurship: Theory and Practice*, 23, 11–26.
- Sharma, P., & Manikutty, S. (2005). Strategic divestments in family firms: Role of family structure and community culture. *Entrepreneurship Theory and Practice*, 29(3), 293–311.
- Smyrnios, K., Romano, C., & Tanewski, G. (1997). *The Australian private and family business survey*. Melbourne: Monash University.
- Stepek, M. (2016). *Understanding the business family* (pp. 1–8). Scotland: Scottish Family Business Association.
- Stewart, A. (2003). Help one another, use one another: Toward an anthropology of family business. *Entrepreneurship Theory and Practice*, 27(4), 383–396.
- Teece, D. J. (1980). Economies of scope and the scope of the enterprise. *Journal of Economic Behavior and Organization*, 1(3), 223–247.
- Tinker, A. M., Merino, B. D., & Neimark, M. D. (1982). The normative origins of positive theories: Ideology and accounting thought. *Accounting, Organizations and Society*, 7(2), 167–200.
- Uhlener, L. M., Kellermanns, F. W., Eddleston, K. A., & Hoy, F. (2012). The entrepreneuring family: A new paradigm for family business research. *Small Business Economics*, 38(1), 1–11.
- Urban, B. (2011). Entrepreneurial networking differences: An ethnic in-group and out-group analysis. *SA Journal of Industrial Psychology*, 37(1), 01–14.
- Venter, E., & Farrington, S. (2009). *The nature of family businesses and their importance for economic development*. Nelson Mandela Metropolitan University.
- Wahjono, S., Idrus, S., & Nirbito, J. (2014). Succession planning as an economic education to improve family business performance in East Java Province of Indonesia. *Journal of Asian Scientific Research*, 4(11), 649–663.
- Wang, D. (2006). Founding family ownership and earnings quality. *Journal of Accounting Research*, 44(3), 619–656.
- Watts, R. L., & Zimmerman, J. L. (1986). *Positive accounting theory*. New Jersey: Prentice-Hall.
- Yolaç, S. (2015). An empirical study regarding entrepreneurship in Europe and Central Asia. *Procedia-Social and Behavioral Sciences*, 195, 1097–1103.
- Zahra, S., & Sharma, P. (2004). Family business research: A strategic reflection. *Family Business Review*, 17(4), 331–346.
- Zainol, F. A., Daud, W. N. W., & Muhammad, H. (2012). Entrepreneurial orientation (EO) in Malay family firm: Evidence from F-Pec model. *International Journal of Business and Social Science*, 3(20), 143–151.

Strategic Drivers in Crisis Environment



João Conrado de Amorim Carvalho and Pedro Eugénio Lopez Salazar

Abstract The environment in which companies operate is subject to variations, some of them caused by the natural movement of competitors and others arising from environmental turbulence, which ultimately affect performance and determine how companies should adjust. This research seeks to answer the question why certain companies can overcome adversities and achieve good performance while others fail. The main objective was to identify which performance drivers were used to achieve good performance. The drivers selected from the consulted literature were tested in a multiple case study in 16 companies located in the Brazilian Northeast. The analysis of the responses of the main managers showed that pressures from the market, the legislation and the competitors are captured through the network of relationships and disseminated internally in order to generate adjustment through innovations, technologies and diversification, raising perceived quality and reaching Operational success.

Keywords Strategy · Contingency · Performance · Fit · Drivers

1 Introduction

Scholars and practitioners have been discussing for many decades the basic elements of the strategic performance. As the businesses are built to achieve efficiency, in a turbulent environment it is necessary to fit the organizational structure and this task has been the great challenge to the managers (Burton and Öbel 1995; Wright et al. 2000; Eriksen 2006; Burton et al. 2013). In this aspect, the Contingency Theory

J. C. de Amorim Carvalho (✉)

Unidade de Ensino Superior Dom Bosco, São Luiz do Maranhão, Brazil

e-mail: jc@jccons.com.br

P. E. L. Salazar

Universidad de Extremadura, Badajoz, Spain

e-mail: plopez@unex.es

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_7

seeks to identify which structural projects are more viable in a troubled environment (Klass 2004) and this involves the concepts of fit and misfit (Van de Ven and Drazin 1985; Donaldson 2001) because they imply in achieving the desirable performance. According to Eriksen (2006), the more effective structural project occurs when the structure adapts to contingency, once each step of the fit and misfit movement produces growth.

There is no consensus on which is the best path to strategic success, especially in times of crisis. Zajac et al. (2000) point out problems between strategic adjustment and performance, highlighting the use of a static approach rather than a longitudinal approach. They perceive a tendency in changing the strategy in response to contingencies making the results become more uncertain. The classic approach seeks to describe strategy as a rational formulation and implementation process managed by top management (Whittington 2002). More recent studies incorporate middle managers into the strategic formulation process (Jarzabkowski and Whittington 2008; Carter et al. 2008). However, a current of thought was placed in the sense that rational planning was limited by the planner's inability to predict all variables and make the right decision (Parnell 2005), in addition to which many planned strategies were not implemented and others emerged and became relevant in the process (Mintzberg and Waters 1985).

There are many proposals to understand why some businesses are more able to achieve satisfactory performance than others. Porter's Diamond Model (Porter 1998) examines the national competitiveness of an industry in a country by four interactive factors (factor conditions, demand conditions, related and supporting industries, and firm's strategy, structure and rivalry). Chang and Park (2012), and Gadish et al. (2007) add that, in emerging economies, market flexibility and involvement is needed, and the more volatile the environment, the more critical is the speed of action. Caniato et al. (2015) incorporate in their studies some strategic drivers, such as low cost, availability of resources, cultural proximity and presence of local networks to try to understand strategic success.

Several studies have generated a growing body of theoretical and empirical contributions by incorporating performance drivers. Part of these studies have tested the capability of technology, innovation and diversification improve performance (Efrat and Shoam 2012; Wang and Chiu 2014; Bhaumik et al. (2015); Ferreira et al. 2015). Other authors have added different strategic drivers to test the effects of these drivers in strategic management, such as high management support (Chen et al. 2009; Li et al. 2012), collective learning (O'cass and Weerawardena 2010; Camisón and Villar-López 2011), relationship network (Yang and Meyer 2015) and legislation (Wu et al. 2012; Schrettle et al. 2014). However, despite the importance of understanding how firms adjust in a volatile environment, few researchers have investigated which drivers are chosen and used in the strategic adjustment process to reduce the effects of environmental contingencies. This study addresses this gap by exploring the questions: in a turbulent environment, how strategic drivers are chosen by firms, why are they chosen, and how are they used?

These issues are of greater importance when one observes that, in recent years, companies have been involved in several problems arising from international crises.

At the end of 2007, the international financial market was shaken by the subprime crisis. Originating in the real estate financing industry of the United States of America, the problem has taken on global proportions quickly affecting almost every segment of the economy. In 2011, new crisis settled in the still weakened economic scenario, this time in the European Union due to the high indebtedness of some countries. Finally, in mid 2015, rumors of crisis in China began to spread, causing panic in the exporting economies of commodities. It is perceived that periods of euphoria and crisis interspersing successively in different places of the world cause problems in the performance of the companies.

Brazil was selected for this research because it is experiencing the effects of one of the most serious political and economic crises in its history. The country was beginning to recover from the ravages of international crises when a series of investigations into corruption schemes contaminated the business environment. The fall of the Dilma Rousseff government and the arrest of politicians and businessmen practically paralyzed the economy, leading to the collapse of some of the most promising industries.

These questions that guided this work can be studied through two theories: The Stakeholder Theory and the Resource-Based View. Stakeholder Theory is related to groups that can affect and be affected by the company (Freeman and McVea 2001). Thus, considering that strategical actions are often decided by pressure originated in an external environment of the businesses (Cyert and March 1963), managers should therefore develop strategies focused on the demands of employees, customers, suppliers, creditors, competitors, government, among other stakeholders. Resource Based View (RBV) is a strategic formulation model that defines resources that enable firms to take these strategic actions and to affect competitive advantage (Wernerfelt 1984; Barney 1991).

The main purpose of this study is to analyze how strategic drivers are chosen by businesses in time of crisis, why they are chosen, and how are they used. As secondary objectives, this study seeks to verify which are the relationships between drivers to reach strategic performance and identify how the set of drivers identified from literature contributes to achieve superior development in some businesses.

This study aims to be a contribution towards filling the gap in the literature about drivers of strategic performance in fast-paced emerging economies under volatile environment. Hence, the dynamic relationship between drivers is important to explain the success and failure of businesses when it is necessary to fit the structure to meet pressures from the stakeholders.

2 Literature Review and a Hypothetical Model

Bakan and Dogan (2010) state that the globalization process implies difficulties for companies to compete in a world of continuous economic, social and technological changes. Thus, surviving has been the primary goal of companies. Parallel to this problem, financial crisis has reduced the short-term willingness of companies to

invest, mainly in innovation (Archibugi et al. 2013). Anil and Yigit (2011) point out other risk factors inherent to the economies of developing countries, such as the political and economic system. According to them, the legal and regulatory apparatus can be encouraging, compelling or deterring for companies to develop strategies.

The competitive advantage is achieved by adjustment of the organizational design to the environmental contingencies and this task is usually performed by high management. The adjustment process begins with the evaluation of the external and internal environments, construction of the plan, monitoring and execution management, when incorporating emerging strategies not initially foreseen. Throughout the process, companies choose elements of the course of strategic action (drivers) that can lead them to competitive advantages. Analysis of these drivers from previous studies will be discussed in the following topics.

2.1 Drivers Based on Porter Theory and Resource Based View (RBV)

Bakan and Dogan (2010) applied the Porter Diamond model in Turkey. It was perceived that demand conditions affect the sector much more than other factors and that inimitable resources are those that sustain competitive advantage. Caniato et al. (2015) collected data in the Offshoring Research Network. The results indicated that performance and strategy were positively affected by the low cost, availability of resources and local networks. Li et al. (2012) applied research in Hong Kong and found that top management support is key to influencing almost all other factors analyzed. They realized that companies that maintain close relationships with suppliers can reduce costs and raise product quality and productivity. Bhaumik et al. (2015) have developed research in the Chinese electronics industry in multinational companies in emerging and developed markets. They realized that not all emerging market companies are better at exploiting advantages than non-emerging market companies, as well as multinational companies from developed countries operating in emerging markets are not as good at leverage specific advantages as their competitors.

Gerschewski et al. (2014) followed a line of research to develop and test fast-performing models for internationalized born companies. The results indicate that international entrepreneurial orientation focused on quality product/service and competitive orientation are critical factors of international performance for companies born globally. Efrat and Shoam (2012) conducted similar research with Israeli companies that became global soon after they started their activities. The results showed that short-term performance is influenced by external environmental factors (market growth, technological turbulence and risk in the target country) while long-term performance is impacted by internal factors (technological capabilities, market knowledge, Marketing and managerial skills). Li and Zhou (2010) investigated companies that invested in China. The results revealed that market orientation

improves the company's performance in terms of differentiation and cost advantages while management ties improve performance through the advantage of using scarce resources.

Su et al. (2014) conducted a study to identify drivers that support competitive advantage. Their findings included: constant search for ways to capture emerging customer demands, renewal and constant updating of products and processes, strong tendency to find problems within the operations, a commitment to solve quality problems and a strong commitment to the preservation of quality value among employees. O'Casey and Weerawardena (2010) turned their research to marketing and their strategic responses to environmental awareness. The results achieved suggest that learning from market helps to face turmoil and build marketing capabilities to achieve the superior development of the brand market through marketing ability.

Given the importance of high management for the choice of other drivers revealed in these studies, the following hypotheses were established:

H1 High management positively support influence to the commitment of resources invested in the development of collective learning;

H2 The support of top management has strong correlation with selection of new technologies and investment in innovation and diversification that will impact performance;

H3 High management support is directly related to ways of interacting with communication network and optimization of critical resources that will impact performance.

2.2 Drivers Based on Technology, Innovation and Diversification

Ferreira et al. (2015) conducted research with Portuguese companies from different sectors and identified that employee awareness of the importance of innovation for competitiveness and the correlation between distinct competencies and competitiveness are factors related to the company's effort to inform goals and anticipate threats. Wang and Chiu (2014) analyzed Taiwan's high-tech market and concluded that drivers such as speed, cost, flexibility and quality were no longer sufficient to explain competitive advantages. Their research recommended exploring drivers such as state-of-the-art technology, capacity building of value innovation, pursuit of sustainable development and actions around the brand to face increasing competition.

Chen et al. (2009) also conducted research in Taiwan and concluded that the driving forces of the dynamic learning mechanism were more important than the resource-based view. The drivers considered were the managerial integration power, the external relationships, the previous experience and the ambiguity. Camisón and Villar-López (2011) sought to understand the relationship between learning from

development of innovations and competitive advantage. According to the authors, organizational memory and learned experiences can be incorporated into work processes and generate competitive advantage. This is a valuable resource because it is difficult to imitate.

Technology, innovation and diversification are important elements for strategic success. Thus, four hypotheses were formulated:

H4 The commitment to learning has direct correlation to technological upgrading and capacity for innovation and diversification;

H5 Technological upgrading, innovation capacity and diversification are strongly correlated with adjusting the organizational design and reduction of uncertainties and adaptation of the company to environmental contingencies;

H6 The market (customer requirement) positively affects learning in order to drive innovation and product development;

H7 Sharing learning, technology and innovation with the relationships network is positively related with strategic success by reducing costs and optimizing firm-critical resources.

2.3 Drivers Based on Social and Environmental Responsibility

In recent years, environmental awareness and concern about social responsibility have become important issues for researchers and entrepreneurs. This is because they are decisive for consumers' preferences and because they can turn into threats or opportunities for the business. Schrettle et al. (2014) classify sustainability drivers as exogenous (external) and endogenous (internal). In the first, the authors are based on stakeholder theory and point to environmental regulation, social values and norms and the market as drivers to be considered for the potential of risks and legal consequences. The second concerns strategy, culture and the resource base. They suggest the culture influence, such as motivation to meet regulation, commitment to management and long-term horizon as coherent elements in the sustainable innovation strategy that can generate competitive advantage.

Wu et al. (2012) researched the relationship between green supply chain management (GSCM) drivers and GSCM practices in Taiwan's textile industry. The results indicated that: (1) except for investment recovery, GSCM practices are positively affected by GSCM drivers; (2) investment recovery is positively affected only by organizational support; (3) market pressure has no moderating effects on most does not affect most of the relationships between GSCM drivers and GSCM practices; (4) regulatory pressure has positive moderating effects on most of the relationship between GSCM drivers and GSCM practices; and (5) competitive

pressure has negative moderating effects on most of the relationship between GSCM drivers and GSCM practices.

Agan et al. (2013) also rated external and internal drivers in research developed in Turkey. The results state that regulation has historically been the first driver to be answered by companies fearing penalties for non-compliance. Customer pressure is also a strong driver impact. Claro et al. (2013) carried out their research in Brazil and found that investments in sustainability are directly related to the processes of human resources and capabilities, as well as to increase the relationship with suppliers. They also verified that competition and economic instability are driving long-term investments to address social and environmental aspects. Cuervas et al. (2014) related the environmental issue with the capacity for innovation in research carried out in Spanish companies. They realized that technological capabilities develop human capital for conventional innovation rather than ecological innovation. In addition, they found that quality and differentiation systems affect only the adoption of innovative green activities.

Leonidou et al. (2015a) undertook research in the hotel chain and identified that the largest chains in this industry use organizational learning in shared vision and cross-functional integration as a source of green competitive advantage, affecting performance. Ghazilla et al. (2015) investigated small and medium enterprises in Malaysia and identified 39 drivers that influence green management practices, classified into seven categories: legislation, organizational style, ecological knowledge, environmental business, society influence, financial incentives and innovation. Leonidou et al. (2015b) also searched for drivers based on ecological concepts that can lead to competitive advantage and performance. The studies were conducted in Greece and considered the competitive intensity and environmental concern as external drivers and the involvement of high management as an internal driver.

The researchers reported evidenced the pressure of legislation and the market to direct the strategic adjustment, which allowed to formulate the following hypothesis.

H8 Legislation positively affects the market and competition in determining technologies and innovation, redistributing costs and benefits, and threatening whit possible punishments.

2.4 Hypothetical Model

Companies, in general, achieve good performance when they adjust their organizational design to meet environmental contingencies (Burton and Öbel 1995; Eriksen 2006; Wright et al. 2000; Klass 2004; Van de Ven and Drazin 1985; Donaldson 2001). In a very close line, Luthans and Stewart (1977) presented a General Contingency Theory that includes the Situational Approach and the Contingency Approach. The Situational Approach states that the most effective management concept or technique depends on the set of circumstances at the particular point in

time and the Contingency Approach is seen as a relationship between environmental, management and performance variables.

In line with this understanding, this paper seeks to identify which drivers best explain strategic success. From the mentioned studies, it was possible to select a set of seven drivers represented by the variables that were tested more frequently in these studies. The selected drivers were classified into two groups: internal (learning; high management support; and technology, innovation and diversification) and external (legislation; market and clients; competition; and relationships network).

Thus, the hypothetical model presented below seeks to integrate these drivers based on a logic that aims to provide greater understanding about what characteristics should be present in the strategic formulation of a company to achieve the desired performance. The strategic drivers are aligned with the evolutionary approach (Whittington 2002), with the school of learning (Mintzberg et al. 1998), with the contingency theory (Donaldson 2001, 2006; Klaas 2004; Alberts 2012; Burton and Öbel 1995), with dynamic capabilities and resource-based view (Li and Liu 2012; Teece et al. 1997; Jarzabkowski 2002; Barney 1991; Su et al. 2014; O'cass and Weerawardena 2010; Leonidou et al. 2015a, b; Ghazilla et al. 2015), with the approach of core competencies (Prahalad and Hamel 1998) and the stakeholder theory (Freeman and McVea 2001; Donaldson and Preston 1995; Hill and Jones 1992). The arrows within the groups indicate the influence of one driver on the others. The two groups influence each other and both are determinants of strategic success. Around them, eight hypothetical associations between the constructs of the model have been proposed (Fig. 1).

2.4.1 Internal Drivers

The *high management support* has a positive effect on performance, mainly through improvements and innovations (Chandler 1998; Mintzberg et al. 1998; Miles et al. 1978; Mintzberg 1978; Su et al. 2014). Several works have stated that the successful business managers not only perceive environmental change, but are able to quickly link those changes to corporate strategy and continually seek organizational renewal (Li and Zhou 2010; Schrettle et al. 2014; Li et al. 2012). Wu et al. (2012) and Leonidou et al. (2015b) discuss the indispensability of top management's support from the perspective of environmentally sound practices, coupled with better use of communication channels and rewards system.

The *Learning* has been highlighted as essential to firm performance since the early studies on strategy (Simon 1959; Child 1972; Quinn 1978; Wernerfelt 1984; Barney 1991; Kaplan and Norton 1992; Porter 1998). According to Teece et al. (1997), Pisano (1994), Su et al. (2014) and Grant (1996), sustainable competitive advantage requires the development of dynamic capacities, among which collective learning. Camisón and Villar-López (2011) add that when an organization creates learning processes, it acquires, transfers and integrates knowledge and modifies its behavior to reflect new cognitive situations with a view to improving performance. Pisano (1994) and Grant (1996) consider learning as a highly intangible resource that

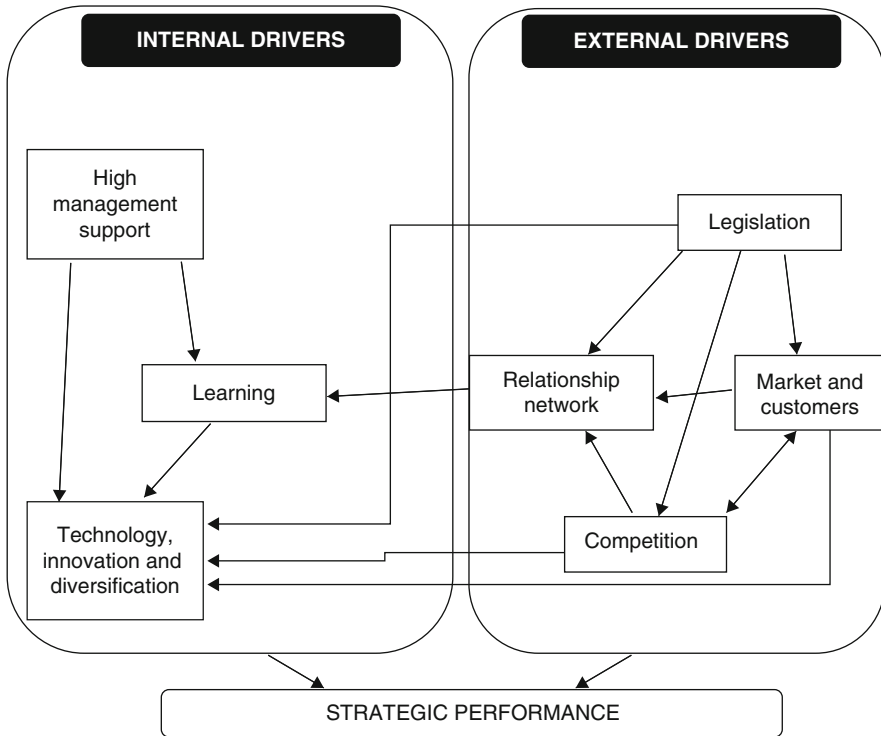


Fig. 1 Hypothetical Model

receives support from top management and directly influences the selection and use of technology and innovation. Wu et al. (2012) discuss the issue from the point of view of social capital and the network of relationships. They claim that organizations must share knowledge in mutual relationships.

Technology, innovation and diversification are drivers that have been treated by different authors as essential for strategic success (Chandler 1998; Porter 1991, 1998; Burton et al. 2013; Wernerfelt 1984). Ferreira et al. (2015) consider innovation crucial for achieving economic and social success in today’s globalized world, and Efrat and Shoam (2012) identify technological turbulence as a force that compels firms to adapt to environmental change. By doing so, they can reduce uncertainties, redefine products, exploit markets, create innovation, elevate performance, and achieve competitive advantage. Innovation is therefore a consequence of strategy, organization, learning, processes and network of relationships.

2.4.2 External Drivers

The *relationship network* is advocated by Wernerfelt (1984), Chen et al. (2009) and Porter (1998) as essential to achieve performance because it involves the

interdependent and efficient use of resources. Porter (1991), Claro et al. (2013) and Gerschewski et al. (2014) mention that clusters of companies are crucial factors for success, especially when they share learning, innovation and technology mechanisms, within a synergistic and interchange relationship. In addition, they highlight the speed gains, access to lower cost raw materials and modernization of processes. Schrettle et al. (2014) extend interpretation, including other stakeholders, as well as suppliers, such as consumers, competitors and shareholders. In this case, it is important that the production manager can identify the demand of these people in order to ease pressures and obtain benefits.

Legislation is cited by Wright et al. (2000) and Porter (1991) as capable of benefiting or harming a company because it can create conditions of market demand and supply of factors of production. Agan et al. (2013) argue that regulation has historically been the first drive to force attention of companies, due to threats of punishment, becoming a source of motivation for innovation. Wu et al. (2012) identify that industry development is affected by government willingness to invest, provide incentives, improve infrastructure, provide technical and financial support, favor the emergence or strengthening of clusters, and this impacts technology and innovation.

Market and customers are highlighted in important works on strategy (Porter 1991, 1999; Astley and Van de Ven 1983; Burton and Öbel 1995; Wernerfelt 1984; Kaplan and Norton 1992). In its Diamond model, Porter (1991) states that demand conditions have a strong influence on competitive advantage because they influence quality, price, services and the pace and direction of innovation. Claro et al. (2013) address the issue within a market-oriented view in which the company needs to learn about its customers and perform activities centered on them. In the same vein, Ferreira et al. (2015) sustain that management policies are focused on customer satisfaction and all this involves the allocation of resources and the encouragement of new ideas, fueling the innovation processes previously discussed.

The *competition* was highlighted in Chandler's pioneering work (1998), Porter's model of competitive forces and value chain (1998/1991) and Wright et al. (2000) propositions. Porter (1991) points out that drivers previously discussed have direct effects on competition within an industry. For him, the way companies are managed in the sense of competing and innovating also stems from aspects that are influenced by a country's conditions, such as legislation and political-economic perspectives. In this sense, Claro et al. (2013) sustain that economic instability can cause unexpected changes and generate surprise for companies.

From the discussion of these drivers debated in the consulted literature, it is perceived that they are interdependent, that is, they relate very closely, each one influencing the others and being equally influenced in the sense of achieving strategic success.

3 Method and Findings

This work initially required an extensive bibliographic review in scientific journals, newspapers and books that deal with issues related to strategy, crisis and performance. Next, a multiple case study was developed through interviews with CEOs and intermediate managers of 16 companies related to four economic groups to identify how the process of choosing the drivers that can ensure the achievement of strategic success occurs. The multiple case study is a research strategy used to investigate contemporary phenomena covering different companies, when the issues are exploratory and focus on understanding the “how” and the “why” of the occurrence of the phenomena (Yin 2003). The results were achieved through direct observation and content analysis of the interviewed managers’ discourse.

Data collection involved several rounds of interviews. In the choice of companies in the case study, the results of the preliminary studies that identified the sectors most affected by the current economic crisis in Brazil were considered. Fifteen companies were identified in these circumstances, which agreed to grant interviews and make internal documents available, such as accounting reports. The interview script was designed to clarify how companies develop and execute their strategies. We sought to identify the involvement of top management with the strategic formulation process, identifying how resource allocation occurs, especially in technology, innovation and diversification, and the effort in team development and learning. It was also sought to capture how the market is constantly monitored, how consumer pressure is treated and how the company positions itself against competitors and works to comply with legislation and regulations.

The interview script was based on an initially planned protocol, containing questions extracted from previous studies. In order to prevent the case study of each of the companies surveyed from becoming the success or failure story of the principal manager, the interview was extended to an intermediate level executive. First, a senior manager was asked to evaluate the performance of their economic group as a whole and the performance of each company in relation to their industry. It was emphasized that the goal was to identify which strategic drivers had been chosen and how these drivers are interrelated to ensure performance. In sequence, the same proposition was made for an intermediary manager with the purpose of confirming the responses of the senior manager. The answers identified that the economic groups that performed well were those who selected and efficiently used the drivers of this research while the economic groups that presented poor performance were those who neglected in process of use of the drivers (Table 1).

3.1 *Congel Group*

The Congel Group is formed by companies that provide outsourcing services mainly to state companies. Its activities began in 1996 with the creation of Congelseg, a

Table 1 Groups and companies surveyed

Group/Firms	Industry	Employees (#)	Customers	Strategic performance
Congel group				
Congelseg	Property security	1300	Business in general	Decline of operations, successive losses.
Aerosuporte	Airport access control	730	Airport and aviation business	Idem.
Franere Group				
Franere Construções	Construction	2500	Individuals	Paralyzed activity
Rio Anil Shopping	Shopping center	200	Shopkeepers	Growing revenue, adequate profitability.
Imperial Shopping	Shopping center	180	Shopkeepers	Idem.
Rio Tapajós Shopping	Shopping center	150	Shopkeepers	Idem.
Hotel Imperial	Hotel	30	Business man	In the growth phase
MR Malls	Shopping management	20	Shopping centers	In the growth phase
Ágile Serviços	Outsourcing	300	Businesses in general	In the growth phase
MR Corretora de Imóveis	Real state agency	25	Individuals and businesses	Stabilized
MR Galpões	Storage lease	50	Businesses in general	Stabilized
WD Corretora	Insurance	10	Car and life insurance	In the growth phase
Safemed Group				
Safemed	Work medicine	300	Businesses in general	Sales growth; Lower profit in 2015
Superclínica	Work medicine	400	Low income people	Sales growth. Loss in 2015
Dom	Medicine	100	High income people	In the growth phase
Comercial Rofe				
Comercial Rofe	Wholesale	300	Retail	High growth

company specialized in surveillance services. In the following years, new companies were opened with the purpose of meeting the growing demand and also diversifying the activities.¹ The first 6 years of the Congel Group was fast-growing and profitable. Congelseg achieved annual revenues of more than US\$10 million, with more than

¹Congel do Brasil, offering cleaning and maintenance services, reception and telemarketing; Estacione, parking in airports and shopping malls; and Aerosuporte, focused on the control of people and luggage at airports.

1300 employees. Aeroporte obtained contracts at the main Brazilian airports, reaching annual revenues above US\$8 million and employing more than 730 people.

To maintain its position in the market, the Group invested in innovation and technology, the only way to reduce costs and meet the pressure of increasingly demanding customers on security issues. So, the Group companies were successful in renewing contracts and remaining profitable. However, in 2002 the Brazilian government changed the form of taxation of companies, implying heavy burdens on outsourced services activity. As a result, operations have revealed significant losses for companies. The managers did not realize the impact of the changes immediately and opted to maintain the Group's liquidity by contracting bank financing. When, finally, they sought their customers to review prices, the companies were already in a precarious situation. At the time of the interview, only Congelseg and Aeroporte were still active, but with serious bankruptcy risks.

It seems clear that the Congel Group faced contingencies not perceived in time. The measures adopted were not adequate to adjust the companies and did not help to create competitive advantages. On the contrary, they accelerated the bankruptcy process. Roberto Ayoub, CEO, said the strategy was to expand market share, although he acknowledged that he had no financial resources. When it was already at the center of the turmoil, the Group isolated itself from its network of relationships and the decisions were concentrated in the top management. There was also no dissemination of knowledge through collective learning that could be transformed into innovations and thus mitigate threats.

3.2 *Franere Group*

The history of the Group begins in 1980 with the foundation of Construtora Franere. The construction industry was the most profitable segment of the Group and allowed the creation of other companies. In the period from 2000 to 2010, Construtora Franere partnered with Gafisa, one of the largest companies in this segment in Brazil, and increased its sales revenue from US\$3 million to over US\$30 million, maintaining around 5,00,000 m² of residential and commercial buildings and about 2500 employees.

In recent years, the construction industry has experienced cycles of prosperity and total paralysis of activities due the economic and political crisis that has affected Brazil. Franere was not unharmed by this problem. Its partnership with Gafisa was dissolved, leaving a stock of more than a thousand housing units without interested customers. The company reduced its activities, laid off almost all employees, sales fell by half and the company began to manage a portfolio of overdue loans. Nevertheless, the decline of Construtora Franere did not affect the Group deeply because the other companies performed better in the same period. The Group has three shopping centers—Rio Anil Shopping, in São Luís (MA); Imperial Shopping in Imperatriz (MA); And Tapajós River, in Santarém (PA)—built over the last 5 years as a result of a diversified activity strategy that proved adequate, timely

and extremely successful as an alternative to overcome the crisis that affected the construction industry.

Rio Anil Shopping was the first shopping center built, absorbing investments of US\$25 million. Installed on 3 floors, 37,000 m² of area, 8 anchor stores, 155 satellite shops and 1670 parking spaces. The first 2 years of operation registered more than 10.8 million people, attracting the attention of major national players. The second unit was Imperial Shopping, absorbing investments of US\$20 million, with 3 floors, 10 anchor stores, 175 satellite stores and parking. Within the parking area was built the Imperial Hotel in the three-star category. The third unit was the Rio Tapajos Shopping built with the same characteristics of Imperial Shopping. These three commercial enterprises and the Imperial Hotel provided the necessary resources for the Group to maintain its activities during the crisis period. In addition to these firms, the Group maintains small complementary businesses. MR Malls was created to manage the Group's shopping centers and now also provides services to other external customers. Ágile is a company that outsources labor to the companies of the Group and to other external companies. The remaining businesses—MR Corretora de Imóveis, MR Galpões and WD Corretora de Seguros are taking part in the spaces left by the larger companies in the Group.

It can be seen that the Franere Group did not neglect the signs emanating from the environment and was able to perceive the problems that affected the construction industry before they even manifested themselves. These signals were internalized in the company from the network of relationships, allowing the high management of the Group to direct resources for the diversification of activities. Although it has had relative success in diversification strategy, the Group neglected a factor studied in this research. In an effort to maintain its leadership position, some aspects of environmental legislation were not met, resulting in sanctions for the Group. Marcos Filho, commercial director, tries to minimize the problem by stating that environmental legislation is very complex, which makes it almost impossible to comply with all the rules. However, he said he learned from the mistake and that in the future he will avoid repeating this type of problem.

3.3 Safemed Group

The Safemed Group is composed by of three companies (Safemed, Superclínica and Dom) that work in the health sector. The history of the Group begins in 2004 with the opening of the Superclínica, a firm specialized in medicine for people of low income. In its trajectory, the company registered rapid growth, with sales around US\$1.7 million and with 50 employees. In 2010, Safemed was created, focused on occupational medicine, presenting excellent performance in the first years of operation. Its revenues reached US\$6,00,000, with net margin of 15%, and 35 employees. The Dom Clinic was created in 2013 with the objective of attending to the higher income people. The company is still in the process of being established in the market. The

market in which the Group operates was also affected by the crisis, reducing corporate performance.

The managers interviewed believe that the Brazilian crisis will continue for at least 2 years. Thus, one of the strategies adopted is not to reduce activity so that companies are not “swallowed up by competition”, as Gustavo Almeida, the Group’s chief financial officer, stated. He summarized what the Safemed Group has been practicing to overcome turbulence: “to study well the environment and use creativity in a responsible way to try to search for ways that will add services and values to our business”. He is talking about innovation and diversification, two factors that have been present in the various companies in this case study. Gustavo informs that it was necessary “to increase the range of services, to develop work of home care” The expectation is that these new services can compensate the anticipated fall of the billing in the account of the crisis, which would eliminate the threat. Carla Gomes, Group accountant, speaks about actions that are already under way, such as the use of credit cards to facilitate the access of clients and the expansion of the operation through a greater geographic coverage. Carla believes that this will increase perceived quality, an important factor in the Group’s assessment.

It can be seen that the Group uses its network of relationships very well to understand market dynamics and internalizes this information to generate strategies that involve the application of resources supported by top management. The process is driven by the development of technologies, innovation and diversification that raise the standard of quality of services and, thus, increase the competitive advantage.

3.4 Comercial Rofe

Comercial Rofe was created in 1988 in the retail segment. Gradually it was migrating to wholesale material and construction trade. Despite the crisis that affects the construction industry, Comercial Rofe is growing continuously. In recent years it has been recognized as one of the largest wholesalers by specialized magazines. It operates with about 6000 products, employs more than 250 people, owns a fleet with more than 50 trucks and operates in three Brazilian states. In 2009, gross revenue reached the mark of US\$15 million, in 2012 it had jumped to almost US\$35 million and in 2015 reached something close to US\$50 million. The results maintained the same net margin, around 12%, except in the last financial year, when it fell to 8%, reflecting the economic crisis. Still, it is a good result considering the negative performance of the entire industry.

Recently, the company changed the address of its Distribution Center to a more easily accessible location and invested in innovative alternatives to stocking and product flow within the company. According to CEO Thagore Fernandes, the objective is to speed up the distribution process and increase the positive image of efficiency in sales delivery to customers, a characteristic that has become a competitive advantage. Another strategy developed by Comercial Rofe is the diversification

of the product line and the geographic area in which it operates. These actions, according to João Launé (accountant), characterize a different view of the managers who can read the market well. Mid-level managers daily scour the environment in which the company operates in search of valuable information. All this information is analyzed by multidisciplinary teams that develop strategic actions submitted to the approval of the leaders. The leaders take into account the important vectors in the speed and quality perceived by the client. When these requirements are met, the board supports the action, bringing the necessary resources. Thagore explains that he seeks to stay focused on those activities and products that are already known to the company. Thus, innovation or diversification is always done in procedures not too far from the segments already operated in the business.

3.5 Considerations on Multiple Case Studies

The analysis of managers' discourse allows us to understand why some Groups and companies were successful and others were not. Some groups, such as the Congel Group, did not achieve strategic success. Others, such as the Franere Group and the Safemed Group, have companies that continue to show satisfactory growth and companies that are suffering from the effects of the crisis. The individualized analysis of each company could raise doubts about the choice of drivers or even whether these drivers would be able to protect companies in a turbulent environment. It is necessary to consider that these Groups perceived that certain segments were more sensitive to the crisis and took decisions that could protect the group of companies from a general contamination. To this end, they resorted to the diversification of activities, in some cases, reducing the activity of some businesses as a way to not suffer more powerful effects of the installed crisis.

It was observed that the maintenance of the competitive advantage by the companies surveyed was reflected in the perception of the quality of the services provided to the customers. The pressure of the market and customers, the need to comply with legislation and the power of competition (external drivers) forced companies to use the relationship network to increase organizational learning, and to improve the pioneering sense in offering solutions to the market, through the intensive use of technology, innovation and diversification, all supported by high management (internal drivers). This reality forced to revise the proposed theoretical model, as can be seen in Fig. 2.

The analysis of the interviews also provides to confirm or refute the hypotheses proposed. In general, managers support collective learning, but investments in the companies surveyed were not significant. Thus, although the H1 was confirmed, the effective action of financially supporting learning proved to be weak. The H2 was also confirmed by the involvement of high management in the selection of new technologies and in investments with innovation and diversification capable of impacting the performance of each business. H3 is also confirmed when it is perceived that the support of top management is decisive in the formation of

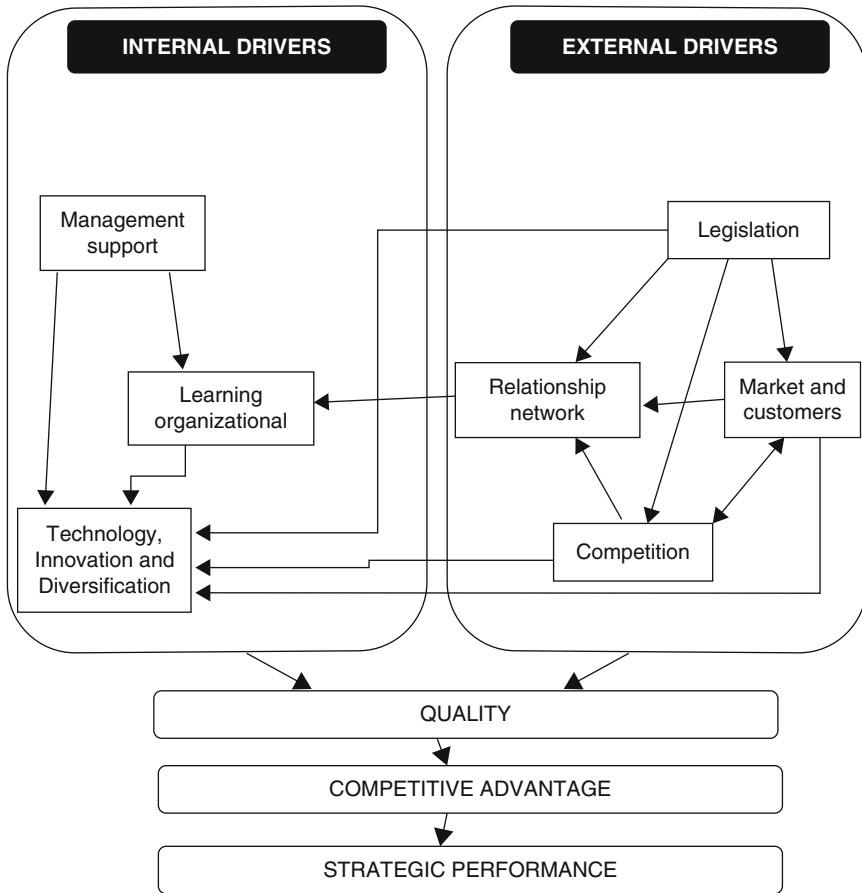


Fig. 2 Revised theoretical model

partnerships with the network of relationships in almost all companies interviewed in order to seek information and even resources to achieve strategic success.

The positive relationship between collective learning and technology, innovation and diversification (H4) was observed in companies with satisfactory results, while companies that presented negative results were not very efficient in this regard. This same perception can be noticed in relation to the use of technology, innovation and diversification to define the organizational adjustment to face contingencies (H5), reinforcing the interrelation between performance and strategic adjustment. It was also understood that the pressure of the market and customers to increase collective learning and to define innovation and product development strategies (H6) was very strong in all companies analyzed, regardless of whether they had good or bad results.

The sharing of learning, technology and innovation within the network of contacts as a form of cost reduction and optimization of resources (H7) was also considered strong in the companies interviewed. With the exception of the Congel

Table 2 Validation of hypotheses from the literature

Hypothesis	Supporting literature
H1: High management positively support influence to the commitment of resources invested in the development of collective learning.	Su et al. (2014), Li et al. (2012), Camisón and Villar-López (2011), Claro et al. (2013)
H2: The support of top management has strong correlation with selection of new technologies and investment in innovation and diversification that will impact performance;	Porter (1998), Schrettle et al. (2014), Barney (1991), Anil and Yigit (2011), Ferreira et al. (2015)
H3: High management support is directly related to ways of interacting with the communication network and optimization of critical resources that will impact on performance.	Chen et al. (2009), Li and Zhou (2010), Wu et al. (2012)
H4: The commitment to learning has direct correlation to technological upgrading and capacity for innovation and diversification;	Teece et al. (1997), Bakan and Dogan (2010), Hambrick and Fredrickson (2001), Parnell (2005), Camisón and Villar-López (2011)
H5: Technological upgrading, innovation capacity and diversification are strongly correlated with adjusting the organizational design and reduction of uncertainties and adaptation of the company to environmental contingencies;	Camisón and Villar-López (2011), Ferreira et al. (2015), Efrat and Shoam (2012), Cuervas et al. (2014), Barney (1991), Anil and Yigit (2011)
H6: The market (customer requirement) positively affects learning in order to drive innovation and product development;	Chen et al. (2009), Cuervas et al. (2014), Ferreira et al. (2015), Porter (1991)
H7: Sharing learning, technology and innovation with the relationships network is positively related with strategic success by reducing costs and optimizing firm-critical resources.	Su et al. (2014), Porter (1998), Wu et al. (2012), Ferreira et al. (2015), Gerschewski et al. (2014), Efrat and Shoam (2012)
H8: Legislation positively affects the market and competition in determining technologies and innovation, redistributing costs and benefits, and threatening punishments.	Porter (1998), Campbell (2007), Schrettle et al. (2014), Leonidou et al. (2015b), Wu et al. (2012)

Group, which abandoned its contacts at the beginning of the crisis, all other companies demonstrated that they were taking advantage of the learning provided by the network. Finally, the strength of legislation to affect the market and determine technologies and innovations (H8) did not an impact on the companies surveyed.

In summary, it was possible to observe that companies constantly search the market for information to understand customer demand, competitors' movements, market trends and pressures of legislation and regulators. This information is almost always obtained through strategic partnerships and is at the root of organizational learning. With this information, employees develop strategies that are supported by top management. Strategies that generate competitive advantage and, therefore, are determinants of strategic success, concern innovation, technology and diversification and are aligned with the final quality of the product or service offered.

The proposed hypotheses were confirmed and are supported in consulted literature, as is possible to see in Table 2.

4 Conclusion, Limitations and Suggestions for New Research

Environmental instability will always be a variable to be considered by companies. Adapting to the profound changes that the turbulence causes in the environment is the best way to overcome difficulties, to survive and to have some prominence in the market, thus achieving strategic success. Thus, the main purpose of this study is to analyze how strategic drivers are chosen by businesses in times of crisis, why they are chosen, and how they are used. The secondary objective of this study is to discover which are the relationships among drivers to reach strategic performance and detect how the set of drivers are identified from literature contributions to achieve superior development in some businesses.

It is possible to sustain that the drivers selected in this research were confirmed as elements capable of leading companies to strategic success. All successful companies have chosen these drivers and those who have failed can identify the cause in their neglect to select those drivers or misused them. It was also clear the high degree of interdependence between these drivers because it became practically impossible to use one driver without using the others, as could be verified in the managers' statements.

Successful companies have benefited from top management's support in allocating resources and promoting collective learning. These companies were able to overcome the environmental difficulties fomenting initiatives from employees of the front lines. They understand that these people keep in touch with the market, suppliers, customers, and other strategic partners and are able to capture the demands of these stakeholders, as well as insights that help them to anticipate external movements that may trigger the next contingency.

It was also understood that these strategic alliances can optimize resource allocation, especially in new technologies, innovation and diversification in new and competitive markets and products. Moreover, in rapidly changing environments, firms must continually adapt, reconfigure and renew their resources and capabilities (Teece et al. 1997). In addition, winning companies have shown strategic flexibility, with multiple options (including strategic alliances, investments in promising technologies, etc.). Market pressures, also from customers, competitors and legislation provoked in companies the sense of adaptation of their products, services and procedures to include not only external interests, but also to increase perceived quality.

It becomes clear how selected drivers have been chosen by companies and how they use them for strategic performance. The reports suggest that the winning companies were able to perceive what their competitors did not see. In other words, the most successful companies and those that were able to mitigate the effects of the crisis showed a high capacity to identify their weaknesses and threats before the other companies and anticipated defenses. These threats came from the external environment, sometimes as a result of pressure from legislation, sometimes from market demand (customers, partners, competitors and other stakeholders) and, as has

become clear, from the effects of crises affecting the economy. The process of perception, as it is known, came from the network of contacts that provided the necessary information and promoted the corresponding organizational learning. With capacity to foresee problems, the functional body was able to prescribe solutions involving efficient use of technological resources, for innovation and diversification. These plans were strongly supported by top management and proved capable of keeping the company at the forefront of the sector in terms of perceived quality, offering superior products and services and thus generating the competitive advantage represented by strategic success.

Some limiting points of the method are highlighted. The research was restricted to only two underperforming companies, both from the same economic group. It is obvious that some companies have slowed their activity down while adapting to the changes and others are still waiting for the resumption of the sector to return to pre-crisis performance. Still, it is advisable that further research can expand the number of companies with problems and, thus, more precisely establish the strength of the selected drivers.

Another point to be considered is that the research was applied in two Brazilian states, located in poor regions and with serious social problems. Subsequent research that intends to extend the analysis can extend the research to other regions. Another limiting fact was that no performance benchmarking element was established, determined by a return or profitability indicator, in order to establish a possible correlation between the selected drivers and the performance, a fact that can be supplied in subsequent surveys. In addition to the studies already suggested, it is recommended that additional studies be undertaken involving other drivers not included in this research. As an example, it is suggested to study the effects of environmental and social responsibility issues in strategic formulation and its effects on performance. It also seems to be important to include research around issues such as cost reduction, leverage (growth with bank loan resources) and the reflection of corruption problems in corporate performance.

References

- Agan, Y., Acar, M. F., & Borodin, A. (2013). Drivers of environmental processes and their impact on performance: A study of Turkish SMEs. *Journal of Cleaner Production*, *51*, 23–33.
- Alberts, D. S. (2012). Rethinking organizational design for complex endeavors. *Journal of Organization Design*, *1*(1), 14–17.
- Anil, I., & Yigit, I. (2011). The relation between diversification strategy and organizational performance: A research on companies registered to the Istanbul Stock Exchange Market. *Procedia Social and Behavioral Sciences*, *24*, 1494–1509.
- Archibugi, D., Filippetti, A., & Frenz, M. (2013). Economic crisis and innovation: Is destruction prevailing over accumulation? *Research Policy*, *42*, 303–314.
- Astley, W. G., & Van De Ven, A. H. (1983, June). Central perspectives and debates in organizational theory. *Administrative Science Quarterly*, *28*(2), 245–273.
- Bakan, I., & Dogan, I. F. (2010). *Competitiveness of the industries based on the Porter's Diamond Model: An empirical study*. Retrieved May, 2015, from www.arpapress.com/Volumes/Vol1Issue3/IJRRS_11_3_10.pdf

- Barney, J. (1991). Firm resource and competitive advantage. *Journal of Management*, 17(1), 99–120.
- Bhaumik, S. K., Driffield, N., & Zhou, Y. (2015). Country specific advantage, firm specific advantage and multinationality – Sources of competitive advantage in emerging markets: Evidence from the electronics industry in China. *International Business Review*. Retrieved June, 2016, from <https://doi.org/10.1016/j.ibusrev.2014.12.006>
- Burton, R. M., & Öbel, B. (1995). *Strategic organizational diagnosis and design. Developing theory for application* (461p). Norwell, MA: Kluwer Academic.
- Burton, R. M., Öbel, B., & Desanctis, G. (2013). *Organizational design: A step-by-step approach* (2nd ed., 258p). Cambridge: Cambridge University Press.
- Camisón, C., & Villar-López, A. (2011). Non-technical innovation: Organizational memory and learning capabilities as antecedent factors with effects on sustained competitive advantage. *Industrial Marketing Management*, 40, 1294–1304.
- Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, 32(3), 946–967.
- Caniato, F., Elia, S., Luzzini, D., Piscitello, L., & Ronchi, S. (2015). Location drivers, governance model and performance in service offshoring. *International Journal of Production Economics*, 163, 189–199.
- Carter, C., Clegg, S. R., & Kornberger, M. (2008). Strategy as practice? *Strategic Organization*, 6 (1), 83–99.
- Chandler, A. (1998). Introduction a strategy and structure. In: McCraw, T. (Org.) *Alfred Chandler – Ensaio para uma Teoria Histórica da Grande Empresa*. Rio de Janeiro: FGV.
- Chang, S. J., & Park, S. H. (2012). Winning strategies in China: Competitive dynamics between MNCs and local firms. *Long Range Planning*, 45, 1–15.
- Chen, H. H., Lee, P. Y., & Lay, T. J. (2009). Drivers of dynamic learning and dynamic competitive capabilities in international strategic alliances. *Journal of Business Research*, 62, 1289–1295.
- Child, J. (1972). *Strategic choice in the analysis of action, structure, organizations and environment: Retrospect and prospect*. Retrieved May, 2016 from <http://oss.sagepub.com/content/18/1/43>
- Claro, D. P., Laban Neto, S. A., & Claro, P. B. O. (2013). Sustainability drivers in food retail. *Journal of Retailing Services*, 20, 365–371.
- Cuervas, M. C., Triguero-Cano, A., & Córcoles, D. (2014). Drivers of green and non-green innovation: Empirical evidence in low-tech SMEs. *Journal of Cleaner Production*, 68, 104–113.
- Cyert, R., & March, J. A. (1963). *Behavioral theory of the firm*. Prentice Hall: Englewood Cliffs, NJ.
- Donaldson, L. (2001). *The contingency theory of organizations*. Sage: Thousand Oaks, CA.
- Donaldson, L. (2006). The contingency theory of organizational design: Challenges and opportunities. In: Burton, R. M., Eriksen, B., Hakonsson, D. D., & Snow, C. C. (eds) *Organizational design: The evolving state-of-the-art*. Springer Science Business Media, LLC.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 65–91.
- Efrat, K., & Shoam, A. (2012). Born global firms: The differences between their short- and long-term performance drivers. *Journal of World Business*, 47, 675–685.
- Eriksen, B. (2006). Organization design constrains on strategy and performance. In: Burton, R. M., Eriksen, N., Hakonsson, D. D., Snow, C. C. (Org.). *Organization design – The evolving state-of-the-art* (pp. 168–180). New York: Springer Science + Business Media.
- Ferreira, J. M., Fernandes, C. I., Alves, H., & Raposo, M. L. (2015). Drivers of innovation strategies: Testing the Tidd and Bessant model. *Journal of Business Research*, 68, 1395–1403.
- Freeman, R. E., & McVea, J. (2001). *A stakeholder approach to strategic management*. Darden Business School Working Paper No. 01-02. (2001). Retrieved August, 2016 from SSRN: <http://ssrn.com/abstract=263511> or <https://doi.org/10.2139/ssrn.263511>
- Gadiesh, O., Leung, P., & Vestring, T. (2007). The battle for China's good-enough market. *Harvard Business Review*, 81, 81–89.

- Gerschewski, S., Rose, E. L., & Lindsay, V. J. (2014). Understanding the drivers of international performance global firms: An integrated perspective. *Journal of World Business*. Retrieved July, 2016 from <https://doi.org/10.1016/j.jwb.2014.09.001>
- Ghazilla, R. A., Sakundarini, N., Abdul-Rashid, S. H., Ayub, N. S., Olugu, E. U., & Musa, S. N. (2015). Drivers and barriers analysis for green manufacturing practices in Malaysian SMEs: A preliminary findings. In *12th Global Conference on Sustainable Manufacturing*. Retrieved July, 2016 from www.sciencedirect.com
- Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal*, 17. Special Issue: Knowledge and the Firm.
- Hambrick, D. C., & Fredrickson, J. W. (2001, November). Are you sure you have a strategy? *Academy of Management Executive*, 15(4), 48–59.
- Hill, C. W., & Jones, T. M. (1992). Stakeholder-agency theory. *Journal of Management Studies*, 29, 2.
- Jarzabkowski, P. (2002). Strategy as practice: Recursiveness, adaptation and strategic practices-in-use. *Aston Business School*. ISBN No: 1 85449 532 1.
- Jarzabkowski, P., & Whittington, R. (2008). A strategy-as-practice approach to strategy research and education. *Journal of Management Inquiry*, 17(4), 282–286.
- Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard: Measures that drive performance. *Harvard Business Review*, (Jan–Feb).
- Klass, P. (2004). Towards a concept of dynamic fit in contingency theory. *University of Southern Denmark, Faculty of Social Sciences, Department of Organization and Management*. Retrieved September, 2016 from http://www.systemdynamics.org/conferences/2004/SDS_2004/PAPERS/181KLAAS.pdf
- Leonidou, L. C., Leonidou, C. N., Fotiadis, T. A., & Aykol, B. (2015a). Dynamic capabilities driving an eco-based advantage and performance in global hotel chains: The moderating effect of international strategy. *Tourism Management*, 50, 268–280.
- Leonidou, L. C., Fotiadis, T. A., Christodoulides, P., Spyropoulou, S., & Katsikeas, C. S. (2015b). Environmentally friendly export business strategy: Its determinants and effects on competitive advantage and performance. *International Business Review*, Retrieved July, 2016 from <https://doi.org/10.1016/j.ibusrev.2015.02.001>
- Li, D., & Liu, J. (2012). Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from China. *Journal of Business Research*, 67, 2793–2799.
- Li, J. J., & Zhou, K. Z. (2010). How foreign firms achieve competitive advantage in the Chinese emerging economy: Managerial ties and market orientation. *Journal of Business Research*, 63, 856–862.
- Li, W., Humphreys, P. K., Yeung, C. L., & Cheng, T. C. E. (2012). The impact of supplier development on buyer competitive advantage: A path analytic model. *International Journal of Production Economics*, 135, 353–366.
- Luthans, F., & Stewart, T. I. (1977). A general contingency theory of management. *The Academy of Management Review*, 2(2), 181–195.
- Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman, H. J., Jr. (1978). Organizational strategy, structure and process. *Academy of Management Review*, 3, 546–562.
- Mintzberg, H. (1978). Patterns in strategy formation. *Management Science*, 24(9), 934–946.
- Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate and emergent. *Strategic Management Journal*, 6(3), 257–272.
- Mintzberg, H., Ahlstrand, B., & Lampel, J. (1998). *Strategy safari: A guided tour through the wilds of strategic management*. New York: The Free Press.
- O'cass, A., & Weerawardena, J. (2010). The effects of perceived industry competitive intensity and marketing-related capabilities: Drivers of superior brand performance. *Industrial Marketing Management*, 39, 571–581.
- Parnell, J. A. (2005). Strategic philosophy and management level. *Management Decision*, 43(2), 157–170.

- Pisano, G. P. (1994). Knowledge, integration, and the locus of learning: An empirical analysis of process development. *Strategic Management Journal*, 15(Special Issue: Competitive Organizational Behavior), 85–100.
- Porter, M. E. (1991). Towards a dynamics theory of strategy. *Strategic Management Journal*, 12, 95–117.
- Porter, M. (1998). Como as forças competitivas moldam a estratégia. In: Montgomery, C., Porter, M. E. (Orgs.) *Estratégia – a Busca da Vantagem Competitiva*. Rio de Janeiro: Campus.
- Porter, M. E. (1999). O que é Estratégia? In M. E. Porter (Ed.), *Competição – Estratégias Competitivas Essenciais*. Rio de Janeiro: Campus.
- Prahalad, C., & Hamel, G. (1998) A competência essencial da corporação. In: Montgomery, C., Porter, M. E. (Orgs.) *Estratégia – a Busca da Vantagem Competitiva*. Rio de Janeiro: Campus.
- Quinn, J. B. (1978). Strategic change: “logical incrementalism”. *Sloan Management Review*, 20, 1.
- Schrettle, S., Hinz, A., Scherrer-Rathje, M., & Friedli, T. (2014). Turning sustainability into action: Explaining firms’ sustainability efforts and their impact on firm performance. *International Journal of Production Economics*, 147, 73–84.
- Simon, H. A. (1959). Theories of decision-making in economics and behavioral science. *The American Economic Review*, XLIX(3), 253–283.
- Su, H. D., Linderman, K., Scroeder, R. G., & Van de Ven, A. H. (2014). A comparative case study of sustaining quality as a competitive advantage. *Journal of Operations Management*, 32, 429–445.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.
- Van de Ven, A. H., & Drazin, R. (1985). The concept of fit in contingency theory. *Strategic Management Research Center*. University of Minnesota.
- Wang, C. T., & Chiu, C. S. (2014). Competitive strategies for Taiwan’s semiconductor industry in a new world economy. *Technology in Society*, 36, 60–73.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(5), 171.
- Whittington, R. (2002). *O Que é Estratégia*. São Paulo: Thomson.
- Wright, P., Kroll, M., & Parnell, J. (2000). *Administração Estratégica*. São Paulo: Atlas.
- Wu, G. C., Ding, J. H., & Chen, P. S. (2012). The effects of GSCM drivers and institutional pressures on GSCM practices in Taiwan’s textile and apparel industry. *International Journal of Production Economics*, 135, 618–636.
- Yang, W., & Meyer, K. E. (2015). Competitive dynamics in an emerging economy: Competitive pressures, resources, and the speed of action. *Journal of Business Research*, 68, 1176–1185.
- Yin, R. K. (2003). *Case study research: Design and methods* (3rd ed.). Sage.
- Zajac, E., Kraatz, M. S., & Bresser, R. K. F. (2000). Modeling the dynamics of strategic fit: A normative approach to strategic change. *Strategic Management Journal*, 21, 429–453.

Part II
Entrepreneurial Ecosystems and Strategy

Differences in Gender: Does It Exist in Bumiputra Entrepreneurs?



Ibrahim Tijjani Sabiu and Abdulaziz Abdullah

Abstract In recent decades, despite the acceleration of women participation and improvement in the economic, social, and political sphere which has heralded a new close-up to gender equality, yet the world scenario still leaves women at a less favourable position. Similarly, literature has indicated the weakness of female-owned enterprises in terms of performance and sustenance. Hence, this study intended to identify if there exists any statistically significant difference in *Bumiputras*' entrepreneurial persistence by gender. Therefore, data from micro entrepreneurs in Terengganu was collected. Eventually, an independent t-test result revealed that no statistically significant difference in entrepreneurial persistence between male and female *Bumiputras* is found. Therefore, this finding asserted that Malaysia acknowledged as one of the fastest developing economies was determined in strengthening women entrepreneurship development. Equally, with a staggering number of the female population which is almost same as the male, Malaysia is tending towards a balanced society where females are allowed significant roles in the society.

Keywords Gender · Entrepreneurial persistence · *Bumiputra* · Independent t-test · Women entrepreneurship · Entrepreneurship development

1 Introduction

Towards the end of the twentieth century, despite the acceleration of women participation and improvement in the economic, social and political sphere which has heralded a new close-up to gender equality; yet the world scenario still leaves women at a less favourable position. Hence, gender equality was being emphasized in the Millennium Development Goals, and equally in the succeeding Sustainable

I. T. Sabiu · A. Abdullah (✉)

Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, Gong Badak, Terengganu, Malaysia

Development Goals (Stotsky et al. 2016). The number of women getting involved in entrepreneurship has drastically risen over recent decades, thus, signifying variations in gender stereotyping these days (Hughes et al. 2012; Haus et al. 2013). However, the numbers for men still remain higher (Haus et al. 2013).

Particularly, in Malaysia, the society values are often seen to be influential on the women, where men are regarded as being more competitive, vigorous, connected and prepared to meet the challenges in the environment (Roddin et al. 2011). Generally, working class women involvement in the economy is lesser in the majority of countries, even though, in some other countries the gap between male and female is almost close (Stotsky et al. 2016). Meanwhile, recently in the Malaysian context, the women labour participation rate indicated an appreciative figure than that of the men (Department of Statistics Malaysia 2016).

Similarly, according to Global Entrepreneurship Monitor (GEM) Global Report (2012) Malaysian entrepreneurs generally fall short of confidence in running business, as less than one third of them only are regarded as being capable of sustaining their businesses. It was equally noted that fear of failure rate in Malaysians is high just as it is in other Asia Pacific and South Asian nations. Meanwhile, women are perceived to have higher fear of failure rate than men because they appear to lack the confidence in their self-efficacy (Kelley et al. 2011). Though, recent findings surface that women's rate of entrepreneurship measure higher than the men in Malaysia (GEM 2017).

Notably, scholars found that female folks consider the entrepreneurial environment more pleasing and encouraging to men, and assume that entrepreneurship does not suit the women personality (Díaz-García and Jiménez-Moreno 2010; Nair 2016). Equally, differences in gender stereotyping are said to exist even between Europe and US. It was suggested that European settlements tend to breed deeper cultural gender stereotyping viewing the women as more suitable for domestic engagements, which is however contrary to US women that are seen to be assuming independent leading roles (Haus et al. 2013). Hence, Haus et al. advised that future studies need to focus on cross-cultural differences in gender stereotypical behaviour and the effect of entrepreneurial activity.

Equally, there are negative gender stereotypes about women entrepreneurs in the society, which in turn has an adverse effect on entrepreneurship activity on gender. Recent findings proved societies place less value, or attribute women as non-or-lesser entrepreneurs (Nair 2016). This negative perception does create unnecessary fear of failure in women as has proven to be a hindrance to women entrepreneurship development (Wagner 2007).

Conversely, in recent years, the world is witnessing an upsurge of women involvement in entrepreneurship especially in developed worlds; thus, making significant input to the economy. Similarly, Malaysia is no exception, the encouragements from the government have produced a significant contribution delivered by the women folks to the growing economy accounting for over one fifth of the active SMEs in Malaysia (Hamzah 2012; Rosmah 2010). Various supports offered to create and encourage vibrant women entrepreneurship are made through agencies like the Department of Women Development and the Malaysian Trust Initiative by

conducting and executing training programs (Teoh and Chong 2014). Micro credit, awareness campaigns, rebranding programmes, public relations programs and networking skills are given to build the entrepreneurs and help them keep going on with the business in order to develop their businesses efficiently. Notwithstanding, the Women Exporters Development Programme (WEDP) under the Malaysian External Trade Development Corporation (MATRADE); the Malaysian Women in Export Directory; Women Entrepreneurs Network Associations (WENA) had not only been supporting Malaysian women and female owned establishments to venture out of Malaysia, but had helped boost their confidence to take up challenges. As the Malaysian government is set to grow the participation of women in business by almost 300% by 2020 from previous decade, thus, intensified efforts were needed much more to produce capable women (Teoh and Chong 2014). Data from the Labour Force Survey, Department of Statistics, Malaysia (2015) indicated that labour force participation by gender was quite impressive as the difference was not too wide; as the participation by male folks was 80.6%, while females' participation was 54.1%.

However, literature has indicated the weakness of female-owned enterprises in terms of performance and sustenance (Nair 2016). Similarly, there exist limited empirical evidences to explain differences with regard to certain variables such as motivation or personality characteristics (Kepler and Shane 2007; Karimi et al. 2017; Sabiu et al. 2017) especially entrepreneurial persistence. Previous researchers affirmed that personality characteristics of the different genders influence the way they respond to situations in the environment (Croson and Gneezy 2009). These differences in gender may as well affect the ways they formulate actions to tackle issues, challenges or even opportunities (Teoh and Chong 2014). significantly, Haus et al. (2013) meta-analysis elaborated on the issue whether gender differences in entrepreneurial intention cause gender variations in entrepreneurial processes, and if these differences help explain the male dominance in entrepreneurship.

Notably, several studies have indicated differences in gender by motivations, risk-taking orientation, form of business, entrepreneurial opportunity, magnitude of business, inputs in nurturing the business, capabilities in nascent stage, nascent issues, performance and outcomes (Kepler and Shane 2007; Van der Zwan et al. 2016). However, prior studies used gender as control variable in demographic information of respondents, therefore not ascertaining the direct impact of gender on entrepreneurial behaviour, which only few studies explored that connection (Wilson et al. 2007; Díaz-García and Jiménez-Moreno 2010). Thus, this study contributes to the limited literature on gender differences in entrepreneurial behaviour. More so, the researches that investigated the connection between gender and entrepreneurial behaviour (Reimers-Hild 2005; Santos et al. 2016; Van der Zwan et al. 2016); their insights on the entrepreneurial behaviour were based on Western findings and which may not be applicable in developing countries like Malaysia. Hence, this study intended to identify if there exists any statistically significant difference in Bumiputras'1 entrepreneurial persistence by gender.

2 Literature Review

Several previous literature have discoursed on: gender differences; challenges posed to women entrepreneurs; their struggles and impediments towards their entrepreneurial development; misconception about their capabilities; and, biased generalisation on the women folks by findings based on men data (Nair 2016; Parvin et al. 2012). In essence, though the discourse started much later compared to the evolution of entrepreneurship researches, but in recent decades, growth of interests spreading across various themes related to women entrepreneurship and gender emphasises the relevance of this field to the current dispensation (Jennings and Brush 2013; Klyver et al. 2012).

Interestingly, Goyal and Yadav (2014) composed a review in a wider perspective using content analysis to evaluate the impediments imposed against female entrepreneurs in developing countries. Eventually, it was gathered that female entrepreneurs in developing nations encounter obstacles in sourcing finance, societal prejudice, personal characteristics, and institutional deficiencies in strengthening female entrepreneurship as well as minimal experience in business. Though, some of these obstacles affect men as well, but not as much intensified and complicated as that of women. Generally, entrepreneurship is encircled in gender related phenomenon, whereby, entrepreneurial engagement is influenced by the mainstream perception, culturally accepted and general stereotypical assumptions of the functions, attributes and actions of the man as well as the woman (Jennings and Brush 2013).

But, research on women entrepreneurship has been quite negligible. Report from all papers reviewed by Yadav and Unni (2016) in the field revealed that only 185 papers published from 1900 to date; which conspicuously protrude forth the dearth of works in that field coupled with fewer journals available. This topical debate is further emphasised by Jennings and Brush (2013) that highlighted that the historical emergence of entrepreneurship occurred when its first publication premiered in 1934, while publication for women entrepreneurship was being acknowledged scholarly only around 1976. Hence, this is a clear sign how the demarcation line has been marked even by scholars and researchers around the globe and for a long time regarding the two gender groups. Hence, according to Jennings and Brush's (2013) panoramic view of prior scholars' contributions to entrepreneurship, they had been regarding it as male dominant ambit, or just basically assumed them to be same.

Equally, it was discovered that most literature on entrepreneurship from the beginning majorly reckoned that men and women did not differ in entrepreneurship, hence, scholars treated them as all identical sample in empirical studies, not until 1970s with the emergence of women entrepreneurship (Yadav and Unni 2016). The implicit supposition in entrepreneurship research is that women and men entrepreneurs share common traits. This was further asserted by Brush (1992) that:

Women business owners are similar to males across some basic demographic factors, problems, and business characteristics, but they differ widely from male business owners across individual dimensions related to education, work experience, skills, approach to venture creation/acquisition, business goals, problems, and performance. (p. 24)

Similarly, Henry et al. (2015) carried out a Systematic Literature Review (SLR) of existing works about gender and entrepreneurship. Their conclusion indicated that studies on female entrepreneurship were being submerged in the domain that focused on elaborating differences between male and female entrepreneurs. Therefore, Jennings and Brush (2013) in their review of literature on women entrepreneurship opined that most of the studies focused on: the procedure in which some female entrepreneurs evolved; their outcomes thereafter; the psychological aspects; or some contextual elements that stimulated or hampered their entrepreneurial activity; and ascertained whether the male entrepreneurs experience was different.

Generally, there had been accord between scholars in the judgement about gender-based entrepreneurship. Considering Jennings and Brush (2013), empirical researches dwelling upon the scope of women entrepreneurship have been dealing with these fundamental questions: whether between male and female, which one exhibits more propensity to get involved with entrepreneurial behaviour (Hughes 2005; Klyver et al. 2012); or how the gender differs in sourcing for finance (Coleman and Robb 2012; Fairlie and Robb 2009); or differences by the manner they apply strategic plans, organisational and management skills in the workplace (Garba 2011); or is the performance of female controlled firm at par with that of the man's (Jennings and Brush 2013). Coincidentally, all of their eventual findings almost agree on the stark differences between the genders, with the favour mostly accruable to the man side. However, on the last question of performance and survival, findings were not consistent in terms of survival. While in performance, some findings gave support to women being equal to the task or even ascending in some cases (Jennings and Brush 2013).

Furthermore, Haus et al. (2013) investigated the connection between gender and entrepreneurial intention through meta-analysis, and the extent to which some variables influence possible gender differences in entrepreneurial intention. The findings suggested that differences surface while in the event of undergoing entrepreneurship, as the female may seem to be energized by perceived facilitators and minor hiccups, but, may find greater hurdles as more challenging to them than the male. Verily, the outgrowth of studies identifying gender differences in entrepreneurial activities emphasises the significance that gender studies have in entrepreneurship (Costa et al. 2001; Díaz-García and Jiménez-Moreno 2010; Goyal and Yadav 2014; Haus et al. 2013; Parvin et al. 2012).

In particular, in a civilized culture, real gender difference may surface when males and females compare themselves to each other. While in a traditional culture, greater gender difference is realized when both genders are asked to compare to each other (Costa et al. 2001). Significantly, gender and entrepreneurial behaviour relationship produced different outcomes between samples; from Europe and USA, and equally among students and non-students (Haus et al. 2013). Equally, Cross and Markus (1999) suggested that distinctive gender difference may be realized in collectivists' society due to the fact that personality characteristics are perhaps not pertinent among the people in the society. More so, in individualistic and egalitarian society, they attribute certain act to natural disposition of that person, while same act in a collectivistic traditional society may be associated with the sex role of the individual

culturally known of that person (Weiner 1990). It is therefore imperative that gender inequality is breached to appropriate women roles; as Sandberg (2013, p. 161) opined that “. . .Equal opportunity is not equal unless everyone receives the encouragement that makes seizing those opportunities possible”.

More so, a number of studies proved that the culture of an environment is influential in either stimulating or hindering the development of several groups to act entrepreneurially or their entrepreneurial behaviour (Zahra et al. 1999). The gender-belief system holds that favouritism of the male gender and its masculine attitude to the opposite female. Significantly, gender differences were said to be discernible in aspects such as: prior start-ups experience; purchasing own business; employability of business; preferences of risk/return; time spent on business; business opportunity and so on. Thus, it becomes necessary for studies to take cognizance of such differences, while studying both gender in order to produce genuine results. Equally, gender role stereotyping is said to have seemingly a strong influential factor directing behaviour, even though, this happens mostly in the subconscious minds (Díaz-García and Jiménez-Moreno 2010). The way entrepreneurs perceive themselves and the circumstances around them do affect their choice to persist towards the realisation of their dreams (Gatewood et al. 2003). Some cultures deter women from venturing outside their locality, meanwhile, lack of self-esteem in women contributes to women avoiding entrepreneurship, or thus not achieving the desired result (Goyal and Yadav 2014; Parvin et al. 2012).

Gender difference surfaces and is often emphasized by how the significance of sex roles is looked upon in the culture. Williams and Best (1990) asserted that in traditional societies like Pakistan and Nigeria, sex role differences are quite obvious, while in modern ones like Netherlands and Finland, they are covered. The social role model proposed that these differences in attributes or behaviours cause differences in personality.

Noteworthy, there were theories that offered explanations to the gender differences in personality: the biological and social psychological theories. The biological theory proposed that differences by sex results from the inborn dispositional differences between the sexes that are developed naturally. Sexes may vary according to the different situations that affected them in their environments during their developmental process. While, some biological theorists explained that sex related differences were due to hormones or genetical composition, and influence of those differences on temperament and personality (Buss 1995). Meanwhile, Costa et al. (2001) explained that social psychological theories argued that gender differences occur from the assumption of gender roles that dictate the behaviour patterns of both sexes. Men and women nature or social conducts are guided by the expectation by the gender roles that is attributed to them from their initial development in life. The difference perhaps is culturally made or by natural disposition.

Psychological approach examines the process through which entrepreneurs' psychological characteristics translate into success in entrepreneurship (Kalkan and Kaygusuz 2012). Equally, Shaver and Scott (1991, p. 39) made significant point to the integration of the psychological perspective. They noted “. . .we need

a person, in whose mind all the possibilities come together, who believes that innovation is possible, and who has the motivation to persist until the job is done”.

More significantly, in entrepreneurship research, the cognitive process is assessed mainly to ascertain the persistent behaviour of the individual in actualizing the business dream (Shane and Venkataraman 2000). As Kalkan and Kaygusuz (2012) opined that individuals with persistent attitude can struggle to devise means to win over challenges and constraints vigorously in the business competitive environment. Persistence is then considered as one of the most powerful characteristics of entrepreneurs in keeping pace with struggles even during bad times.

Researchers had found a relationship existing between personality characteristics of locus of control, persistence and success in the distant learning (Wille et al. 2010). Likewise, personality characteristics affect not only the entrepreneurial choice of business but the persistence in the business process (Patel and Thatcher 2014). More so, Buang and Yusof (2006) in their study of Bumiputra contractors in Malaysia noted need for achievement motivation and persistent behaviour as characteristics for successful entrepreneurs, and equally psychological factors.

Haines and Townsend (2014) interviewed high-tech innovators in Silicon Valley on the negative impact of constraints faced in business, and the outcome indicated that the entrepreneurs employed their entrepreneurial agency in countering obstacles and persisted in businesses, signifying that persistence was found to be positively related to business performance. Similarly, Carayannis and Stewart's (2013) qualitative study of founding technological entrepreneurs in USA found that other behavioural characteristics, with personality attributes, motivations and intentions are related to the entrepreneurial persistence in business.

According to Kalkan and Kaygusuz (2012) the studies focusing on entrepreneurial behaviour and its effect on enterprise argued that individuals possessing entrepreneurial characteristics affect enterprises more significantly. Personality characteristics affect not only the entrepreneurial choice of business, but the duration taken to persist against prevailing adversity in the business (Wille et al. 2010; Patel and Thatcher 2014). Therefore, persistence seems to be so imperative for entrepreneurs in business pursuit.

More significantly, theoretical frameworks on entrepreneurship were generated and used on the male respondents majorly, thus views on the female entrepreneurial characteristics and behaviour may therefore not be studied therein. Hence, studies involving different sex other than the male in order to comprehend fully their entrepreneurial behaviour is highly recommended (Goyal and Yadav 2014). Just as Du Rietz and Henrekson (2000) found that male entrepreneurs tend to excel more than the females regarding the established business performance standards, though, Chell and Baines (1998) did not find significant difference between the performance of man and woman sole enterprises.

Therefore, the role-congruity theory as suggested by Eagly and Karau (2002) explains that there exists a particular perception in male and female folks about their traits, or characteristics and how these elements suit to the entrepreneurial behaviour or actions required for excellence. Particularly, entrepreneurship involves wide range of characteristics such as conscientiousness, authorization, freedom in control,

hurdles, and high risk taking; which are characteristics that are closely associated with masculine features than the feminine (Haus et al. 2013). Hence, role-congruity theory opines that men and women are inclined to engage themselves in occupations whose attributes conform to their personal characteristics. Though, the female counterparts feel that they do not really fit into some characteristics that are defined exclusively for excelling in entrepreneurship (Eagly and Karau 2002; Haus et al. 2013). Interestingly, GEM (2012) reports indicated that women are more inclined to adopt entrepreneurship as an option as a reflex to difficult times than men, and this case is more prominent in developing or lesser economies, whereas the situation changes as the development level fluctuates (Jennings and Brush 2013).

Therefore, based on several reviews and meta-analysis being carried out on gender and entrepreneurship, we could discern that a wide disparity exists regarding the focus and scope. Most of the studies dwelt on developed countries, while studies like Haus et al. (2013) intentionally weeded out studies from developing countries like Malaysia specifically from their sample of meta-analysis. Hence, based on the extensive supporting literature above, and particularly taking cognizance of the statistics of gender composition in Malaysia; which is approximately fifty-fifty share (male: 50.7%; female: 49.3%) (Department of Statistics 2016), hence, this study proposed the hypothesis as thus:

H1 There is no statistically significant difference between male and female Bumiputra entrepreneurs by their entrepreneurial persistence.

3 Methodology

This study was based on micro Bumiputra entrepreneurs an East Coastal state of Terengganu, Malaysia. Data was collected from the Entrepreneurship Development Foundation (known as YPU) which is the leading coordinating agency for entrepreneurship development agencies in the state from February 2015 to March 2015. The database of the agency served as the population of the study, which consisted of 2000 Bumiputra micro-entrepreneurs registered in the database. Unit of analysis is the founder/owner/manager of the business which must have been in operation for at least 3 years and above in order to understand the persistent behaviour of the founders.

Consequently, a pilot study with 100 questionnaires was conducted. Then, the sample size was guided by Hair et al. (2010) formula which suggests that a study with less than five variables and more than three items measuring each variable, should select a sample of 100. However, following the central limit theorem (CLT), the sample size was increased as this helps to reduce the degree and impact of sampling error (Awang 2012) hence, 250 questionnaires were distributed to the Bumiputra micro entrepreneurs based on simple random sampling. Eventually, a larger chunk of these questionnaires were not returned (48 pieces) representing 19.2%. These constituted mostly the questionnaires mailed to far places in Terengganu. The next large number was 17 questionnaires (6.8%) that comprised those questionnaires not

eventually included in the analysis as they did not meet the criteria (3 years and above only considered in the study). Similarly, nine questionnaires (3.6%) consisted of those not properly filled in or had missing values in them. The last category consisted of those either doubled ticked or totally ambiguous which were five only representing (2%). Thus, the final total usable data was 171 questionnaires (68.4%) from the sample, and this is satisfactory for the study (Abdullah 2010, unpublished observation). Eventually, an independent t-test was run on the sample of 171 whereby 70 were males and 101 females.

4 Results and Discussion

In general, Zamberi Ahmad et al. (2014) asserted that socio-demographic variables such as gender, status, age, education and so on contribute to predicting the entrepreneurial behaviour of the respondents. Hence, the results of the demographic information of the respondents were given in Table 1.

Furthermore, an independent t-test was chosen to investigate the difference in gender as this statistical tool is devised in order to evaluate the differences in mean scores between two different groups (Reimers-Hild 2005). However, the result from the independent t-test revealed that the mean for Entrepreneurial Persistence (EP) as the dependent variable in the male was (6.075), while the mean for the female was (6.0792). These figures signify that the mean in the male respondents do not differ significantly from the mean in the female respondents. Thus, this indicated that there is no much gap in their mean as shown in Table 2.

Equally, the question whether there is statistically significant difference is assessed. Hence, referring to Table 3, there was a check whether the variance across the two groups is equal: that is assumption of homogeneity of variance.

Therefore, the Levene's Test for Equality of Variance as depicted in Table 3 shows ($f = 0.143$, $sig. = 0.706$, $p > 0.05$ signifying not significant). Hence, this makes us to accept the null hypothesis, and assume that the variances are approximately equal. Equally, this shows that the test is not significant because the significance value is bigger than 0.05. Then, conclusion can be made that the variances across the two groups of the males and the females are not particularly different. Subsequently, the t-test for Equality of Means shows ($t = -0.037$; $sig. (2-tailed) = 0.970$ for variance assumed; 0.971 for variance not assumed; $p > 0.05$ (not significant)). Equally, the significance (2-tailed) results showed $p > 0.05$, which is also bigger than the standard alpha value. Therefore, this means that there is no statistically significant difference in entrepreneurial persistence between Bumiputra male and female (Reimers-Hild 2005).

Table 1 Results of the demographic information

Profile description	Category/Range	Frequency	Percentage (%)
Gender	Male	70	40.9
	Female	101	59.1
	Total	171	100.0
Age	Below 20	4	2.3
	21–35 years	145	84.8
	36–50 years	19	11.1
	51–65 years	3	1.8
	Total	171	100.0
Education	Primary	4	2.3
	Secondary	79	46.2
	Diploma	51	29.8
	Degree	33	19.3
	Certificate	4	2.3
	Total	171	100.0
Work experience	Less than 1 year	45	26.3
	1–5 years	90	52.6
	6–10 years	19	11.1
	11 years and above	11	6.4
	None	6	3.5
	Total	171	100.0
Years of operation	2–3 years	1	6
	3 years and above	170	99.4
	Total	171	100.0
Number of employees	None	62	36.3
	1–3	63	36.8
	3–5	21	12.3
	5 and above employees	25	14.6
	Total	171	100.0
Business sector	Services	53	31.0
	Wholesale\retail	92	53.8
	Manufacture	18	10.5
	Agric\mining	4	2.3
	Construction	4	2.3
	Total	171	100.0
Business status	First business	128	74.9
	Second business	25	14.6
	Third business	18	10.5
	Total	171	100.0

Table 2 Descriptive statistics

Instrument	Gender	N	Mean	Std. deviation
Entrepreneurial persistence (EP)	Male	70	6.0750	0.74740
	Female	101	6.0792	0.71145

Table 3 Independent t-test

	Levene's test for equality of variance		T-test for equality of means	
	F	Sig.	t	Sig (2-tailed)
EP Equal variances assumed	0.143	0.706	-0.037	0.970
Equal variances not assumed			-0.037	0.971

5 Discussion

As studies such as Bönnte and Jarosch (2011) and, Haus et al. (2013) recognized differences in gender by entrepreneurial behaviour; on the other hand, Costa et al. (2001), Ismail et al. (2009), and, Zamberi Ahmad et al. (2014) did not realise any difference. Notably, the finding of this current study was in consonance with what previous literature discovered (Boulgarides 1984; Carland and Carland 1992; Costa et al. 2001; Ismail et al. 2009; Zamberi Ahmad et al. 2014). First and foremost, Carland and Carland (1992) supported this argument in their study in USA. They found no significant distinction between male and female entrepreneurs in terms of personality characteristics as opposed to their manager counterparts. Similar to that, Kepler and Shane (2007) found no disparity in female and male business performance. Equally, Ismail et al. (2009) found no significant difference between male and female with regard to entrepreneurial intention. Though, Boulgarides's (1984) earlier work disputed this in his assessment of personal values and decision making of business managers in USA. However, he finally arrived at the conclusion that the significant difference in gender did not appear in business managers as well.

Nonetheless, Bönnte and Jarosch (2011) found that cognitive and psychological factors differences between male and female in entrepreneurship were visible and also have significant impact on them. Barba-Sanchez and Atienza-Sahuquillo's (2012) survey of a cohort of Spanish manufacturers found out that significant difference exists between groups of entrepreneurs when assessing their motivations for engaging in entrepreneurship, and the impact of the motivation on their entrepreneurial behaviour. While, Hisrich and Brush (1983) argued that females are prone to start business in the service and retail sector.

Arguably, Lynn and Martin (1997) suggested that difference in gender by testing from personality characteristics tend to be prevalent and significant in underdeveloped worlds. This difference could happen due to sex inequality or gender roles in the society. Significantly, Malaysia adopts modern civilized system encouraging gender equality in virtually all significant economic sectors. Though, it shares some of the characteristics of most developing economies of patriarchal setting, yet we noticed otherwise in our finding.

Equally, Costa et al. (2001) supported that gender differences may be concealed by the magnitude by which either sex roles are emphasized in a society. According to Hofstede (1980), in a masculine society, gender differences are more visible. Hence,

in Malaysia, with a staggering number of the females population almost same as that of the males, therefore, it is said to be tending towards a balanced society where females are allowed roles in the society (Roddin et al. 2011). Thus, the significant difference in gender not realized in the analysis could also have emanated from this basis. Therefore, that supports the raised hypothesis of the study that there is no statistically significant difference between male and female Bumiputra entrepreneurs by their entrepreneurial persistence.

6 Implications and Recommendations

In conclusion, the finding of the study supports this; Malaysia as acknowledged as one of the fastest developing economies was determined in strengthening women entrepreneurship development, and is equally optimally utilising its human capital base. Therefore, with a staggering number of the female population almost same as that of the male, Malaysia is tending towards a balanced society where females are allowed to take significant roles in the society. This is a factor most considerable to why this significant difference in Bumiputras' entrepreneurial persistence does not exist.

Additionally, this finding was an interesting one as it heralds the era that Bumiputra entrepreneurs proved to be equal to the task in meeting up the challenge in the business environment and persist to ensure sustenance of their businesses. It was evidenced that entrepreneurially inclined individuals consider feminine attributes as crucial in becoming a successful entrepreneur regardless of the gender. This obviously may lead to women involvement and active participation in entrepreneurship in time to come.

Equally, the finding is monumental and significantly reflects the outstanding virtue of the entrepreneurship agency used for this study, as they refused to breed the usual male predominance ambience characterised by most agencies in areas of support, loan and others. Because the database of the agency consists of a fair share of female entrepreneurs' beneficiaries, hence, this could as well be replicated by other agencies. Furthermore, this may serve as reaffirmation to the government, policy makers, stakeholders, as well as credit houses to dispel the stale notion of the women as weaker versions of the men in entrepreneurship, so that they can believe more and invest more in strengthening the women's entrepreneurial capabilities. More so, this may go a long way in consolidating the government's aspiration in keeping a firm grip on the acceleration of SMEs aggregate contribution of 41% to the national GDP by 2020 as well as achieving developed nationhood same year.

More importantly, it is recommendable that the society needs to balance the social values imposed on women, which necessitates the need for cultural change. Equally, confidence should be boosted in women more to support their self-efficacy. More so, access to loans to all parties should be enhanced, meanwhile, bureaucracy need to be reduced. Similarly, since there are a lot of working mothers in Malaysia, family roles need to be supported by spouses. Meanwhile, it is pertinent to incorporate the

education of entrepreneurial culture and equality among the youth to help them realize the importance of gender roles significance in entrepreneurship in the society. As women constitute a greater percentage of university graduates and hence, the unemployed too, emphasis on essence of entrepreneurship as preferred choice needs to be elaborated to them in order for it to assume much significance.

7 Limitations and Future Research Direction

In as much as this study was able to ascertain that there was no difference between men and women *Bumiputra* micro entrepreneurs in their persistence, and the population cut across different sectors of SMEs, however, the finding may not be generalisable to all forms of small, medium or large enterprises and other states in Malaysia. Hence, future studies could endeavour to fill this vacuum, as well as investigate assumed similarities shared between men and women *Bumiputra* entrepreneurs, while, the phenomenon could also be investigated qualitatively to explore rich data from the sample.

Acknowledgments The authors express their gratitude to the Government of Kano State, Nigeria, under Governor Rabiu Musa Kwankwaso for the sponsorship.

References

- Awang, Z. (2012). *Research methodology and data analysis* (2nd ed.). Selangor, Malaysia: Penerbit Universiti Teknologi MARA Press.
- Barba-Sánchez, V., & Atienza-Sahuquillo, C. (2012). Entrepreneurial behavior: Impact of motivational factors on decision to create a new venture. *Investigaciones Europeas de Dirección y Economía de la Empresa*, 18(2), 132–138.
- Bönte, W., & Jarosch, M. (2011). Gender differences in competitiveness, risk tolerance, and other personality traits: Do they contribute to the gender gap in entrepreneurship?. Schumpeter discussion papers 2011-012. Schumpeter School of Business and Economics, University of Wuppertal.
- Boulgarides, J. D. (1984). A comparison of male and female business managers. *Leadership and Organization Development Journal*, 5(5), 27–31.
- Brush, C. G. (1992). Research on women business owners: Past trends, a new perspective and future directions. *Entrepreneurship Theory and Practice*, 16(4), 5–30.
- Buang, N. A., & Yusof, Y. M. (2006). Motivating factors that influence class F contractors to become entrepreneurs. *Journal of Education Malaysia*, 31, 107–121.
- Buss, D. M. (1995). Psychological sex differences: Origins through sexual selection. *American Psychologist*, 50, 164–168.
- Carayannis, E. G., & Stewart, M. R. (2013). Obsessed maniacs and clairvoyant oracles: Empirically validated patterns of entrepreneurial behavior. *Journal of Innovation and Entrepreneurship*, 2(1), 2. <https://doi.org/10.1186/2192-5372-2-2>
- Carland, J. W., & Carland, J. A. (1992). Managers, small business owners and entrepreneurs: The cognitive dimension. *Journal of Business and Entrepreneurship*, 4(2), 55–66.

- Chell, E., & Baines, S. (1998). Does gender affect business performance? A study of microbusinesses in business services in the UK. *Entrepreneurship and Regional Development*, 10(2), 117–135.
- Coleman, S., & Robb, A. (2012). Gender-based firm performance differences in the United States: Examining the roles of financial capital and motivations. In K. D. Hughes & J. E. Jennings (Eds.), *Global women's entrepreneurship research: Diverse settings, questions and approaches* (pp. 75–94). Cheltenham: Edward Elgar.
- Costa, P., Jr., Terracciano, A., & RR, M. C. (2001). Gender differences in personality traits across cultures: robust and surprising findings. *Journal of Personality and Social Psychology*, 81(2), 322.
- Croson, R., & Gneezy, U. (2009). Gender differences in preferences. *Journal of Economic Literature*, 47, 448–474.
- Cross, S. E., & Markus, H. R. (1999). The cultural constitution of personality. *Handbook of Personality: Theory and Research*, 2, 378–396.
- Department of Statistics Malaysia. (2016). *Labour force survey report, Malaysia*. <https://www.dosm.gov.my/v1/index.php?r=column/pdfPrev&id=SGZCNnMrWW9ZTEdpYys4YW0yRlhoQT09>
- Díaz-García, M. C., & Jiménez-Moreno, J. (2010). Entrepreneurial intention: The role of gender. *International Entrepreneurship and Management Journal*, 6(3), 261–283.
- Du Rietz, A., & Henrekson, M. (2000). Testing the female underperformance hypothesis. *Small Business Economics*, 14(1), 1–10.
- Eagly, A. H., & Karau, S. J. (2002). Role congruity theory of prejudice toward female leaders. *Psychological Review*, 109(3), 573–598.
- Fairlie, R. W., & Robb, A. M. (2009). Gender differences in business performance: Evidence from the characteristics of business owners' survey. *Small Business Economics*, 33, 375–395.
- Garba, A. S. (2011). Stumbling block for women entrepreneurship in Nigeria: How risk attitude and lack of capital mitigates their need for business expansion. *European Journal of Economics, Finance and Administrative Sciences*, 36, 38–49.
- Gatewood, E., Carter, N. M., Brush, C. G., Greene, P. G., & Hart, M. M. (2003). *Women entrepreneurs, their ventures and the venture capital industry: An annotated bibliography*. The Diana Project. Stockholm: ESBRI.
- GEM. (2012). *Global entrepreneurship monitor, global report*. Global Entrepreneurship Research Association (GERA).
- GEM. (2017). *Global entrepreneurship monitor, global report*. Global Entrepreneurship Research Association (GERA).
- Goyal, P., & Yadav, V. (2014). To be or not to be a woman entrepreneur in a developing country. *Psychosociological Issues in Human Resource Management*, 2(2), 68–78.
- Haines, H., & Townsend, D. (2014). Self-doubt and entrepreneurial persistence: How founders of high-growth ventures overcome cognitive constraints on growth and persist with their ventures. In *Entrepreneurial resourcefulness: Competing with constraints* (pp. 95–124). Bingley: Emerald Group Publishing Limited.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Englewood Cliffs, NJ: Prentice Hall.
- Hamzah, Z. I. (2012). *What women want*. Accessed April 11, 2016 from <http://www.matrade.gov.my/ms/kenalimatrade/media/keratan-akhbar/news-clippings-2013/2657-what-women-want-29-december2012>
- Haus, I., Steinmetz, H., Isidor, R., & Kabst, R. (2013). Gender effects on entrepreneurial intention: A meta-analytical structural equation model. *International Journal of Gender and Entrepreneurship*, 5(2), 130–156.
- Henry, C., Foss, L., & Ahl, H. (2015). Gender and entrepreneurship research: A review of methodological approaches. *International Small Business Journal*, 34(3), 217–241.
- Hisrich, R. D., & Brush, C. G. (1983). The woman entrepreneur: Implications of family, educational, and occupational experience. In J. Hornaday, J. Timmons, & K. Vesper (Eds.), *Frontiers of entrepreneurship research* (pp. 255–270). Wellesley, MA: Babson College.

- Hofstede, G. (1980). *Cultural consequences: International differences in work-related values*. Beverly Hills: Sage.
- Hughes, K. D. (2005). *Female enterprise in the new economy*. Toronto, ON: University of Toronto Press.
- Hughes, K. D., Jennings, J. E., Brush, C., Carter, S., & Welter, F. (2012). Extending women's entrepreneurship research in new directions. *Entrepreneurship Theory and Practice*, 36(3), 429–442.
- Ismail, M., Khalid, S. A., Othman, M., Rahman, N. A., Kassim, K. M., & Zain, R. S. (2009). Entrepreneurial intention among Malaysian undergraduates. *International Journal of Business and Management*, 4(10), 54–60.
- Jennings, J. E., & Brush, C. G. (2013). Research on women entrepreneurs: challenges to (and from) the broader entrepreneurship literature? *The Academy of Management Annals*, 7(1), 663–715.
- Kalkan, M., & Kaygusuz, C. (2012). In: Thierry Burger-Helmchen (Ed.) *The psychology of entrepreneurship, entrepreneurship – born, made and educated*. InTech. doi:<https://doi.org/10.5772/37216>. Accessed on May 17, 2017 from <https://www.intechopen.com/books/entrepreneurship-born-made-and-educated/the-psychology-of-entrepreneurship>
- Karimi, S., Biemans, H. J., Naderi Mahdei, K., Lans, T., Chizari, M., & Mulder, M. (2017). Testing the relationship between personality characteristics, contextual factors and entrepreneurial intentions in a developing country. *International Journal of Psychology*, 52(3), 227–240.
- Kelley, D. J., Singer, S., & Herrington, M. (2011). *The global entrepreneurship monitor, 2011 global report*. Global Entrepreneurship Research Association, London Business School.
- Kepler, E., & Shane, S. (2007). *Are male and female entrepreneurs really that different?*. Office of Advocacy, US Small Business Administration.
- Klyver, K., Nielsen, S. L., & Evald, M. R. (2012). More gender equality, less women's self-employment: A multi-country investigation. In K. Hughes & J. Jennings (Eds.), *Global women's entrepreneurship research: Diverse settings, questions and approaches* (pp. 171–188). Cheltenham: Edward Elgar.
- Labour Force Survey, Department of statistics, Malaysia. (2015). *Table 7.2.1: Labour force participation rate by sex and age group, 2001–2015, Malaysia*. <http://mysidc.statistics.gov.my/index.php?lang=en#>
- Lynn, R., & Martin, T. (1997). Gender differences in extraversion, neuroticism, and psychoticism in 37 nations. *The Journal of Social Psychology*, 137(3), 369–373.
- Nair, S. R. (2016). Women entrepreneurship across nations: Opportunities and challenges. In N. Baporikar (Ed.), *Handbook of research on entrepreneurship in the contemporary knowledge-based global economy* (pp. 189–216). Hershey, PA: IGI Global.
- Parvin, L., Rahman, M. W., & Jia, J. (2012). Determinates of women micro entrepreneurship development: An empirical investigation in rural Bangladesh. *International Journal of Economics and Finance*, 4(5), 254–260.
- Patel, P. C., & Thatcher, S. M. (2014). Sticking it out individual attributes and persistence in self-employment. *Journal of Management*, 40(7), 1932–1979.
- Reimers-Hild, C. I. (2005). Locus of control, need for achievement and risk taking propensity: A framework for the “entrepreneurial” learner of the 21st century. University of Nebraska–Lincoln. Accessed October 11, 2017 from <http://digitalcommons.unl.edu/dissertations/AAI3180813/>
- Roddin, R., Sidi, N., Yusof, Y., Mohamed, M., & Abdul Razaq, A. (2011). Poverty alleviation among single mothers in Malaysia: Building entrepreneurship capacity. *International Journal of Business and Social Science*, 2(17), 92–100.
- Rosmah M (2010, October 26). Malaysian young women entrepreneurs forum, 2010. Accessed April 22, 2016 from http://www.pmo.gov.my/datinrosmah/?dsr=archivespeeches:subid=view&submission_id=27
- Sabiu, I. T., Abdullah, A., & Amin, A. (2017). Impact of motivation and personality characteristics on Bumiputeras' entrepreneurial persistence in Malaysia. *Journal of Developmental Entrepreneurship*, 22(2), 1750009.
- Sandberg, S. (2013). *Lean in: Women, work, and the will to lead*. New York: Random House.

- Santos, F. J., Roomi, M. A., & Liñán, F. (2016). About gender differences and the social environment in the development of entrepreneurial intentions. *Journal of Small Business Management*, 54(1), 49–66.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.
- Shaver, K. G., & Scott, L. R. (1991). Person, process, choice: The psychology of new venture creation. *Entrepreneurship Theory and Practice*, 16(2), 23–45.
- Stotsky, J. G., Shibuya, S., Kolovich, L., & Kebhaj, S. (2016). Trends in gender equality and women's advancement. Unpublished Manuscript, International Monetary Fund.
- Teoh, W. M. Y., & Chong, S. C. (2014). Towards strengthening the development of women entrepreneurship in Malaysia. *Gender in Management: An International Journal*, 29(7), 432–453.
- Van der Zwan, P., Thurik, R., Verheul, I., & Hessels, J. (2016). Factors influencing the entrepreneurial engagement of opportunity and necessity entrepreneurs. *Eurasian Business Review*, 6(3), 273–295.
- Wagner, J. (2007). What a difference a Y makes—female and male nascent entrepreneurs in Germany. *Small Business Economics*, 28(1), 1–21.
- Weiner, B. (1990). Attribution in personality psychology. In L. A. Pervin (Ed.), *Handbook of personality: Theory and research* (pp. 465–485). New York: Guilford Press.
- Wille, B., De Fruyt, F., & Feys, M. (2010). Vocational interests and big five traits as predictors of job instability. *Journal of Vocational Behavior*, 76(3), 547–558.
- Williams JE, and Best DL (1990). *Measuring sex stereotypes: A multination study* (rev. ed.). Newbury Park, CA: Sage.
- Wilson, F., Kickul, J., & Marlino, D. (2007). Gender, entrepreneurial self-efficacy, and entrepreneurial career intentions: Implications for entrepreneurship Education. *Entrepreneurship Theory and Practice*, 31(3), 387–406.
- Yadav, V., & Unni, J. (2016). Women entrepreneurship: Research review and future directions. *Journal of Global Entrepreneurship Research*, 6, 12.
- Zahra, S. A., Jennings, D. F., & Kuratko, D. F. (1999). The antecedents and consequences of firm-level entrepreneurship: The state of the field. *Entrepreneurship: Theory and Practice*, 24(2), 45–45.
- Zamberi Ahmad, S., Roland Xavier, S., & Rahim Abu Bakar, A. (2014). Examining entrepreneurial intention through cognitive approach using Malaysia GEM Data. *Journal of Organizational Change Management*, 27(3), 449–464.

Strategic Determinants of SME Export Performance: The Mediating Effect of Competitive Strategy



Alexandra França and Orlando Lima Rua

Abstract How to manage firms' resources and capabilities to sustain competitive advantages remains an intriguing research inquiry of strategic management science. With its focus on the context of small firm internationalisation, this study assesses the important contribution of strategic determinants that influence export performance, considering the mediating effect of competitive strategy.

Based on survey data from Portuguese small and medium-sized enterprises (SMEs) findings suggest that entrepreneurial orientation has a positive and significant influence on differentiation and export performance. Moreover, the results also highlight the role of intangible resources in the design of both differentiation and cost leadership strategies, which drives export performance. Finally, absorptive capacity is highly related with differentiation and export performance.

This study deepens our understanding and provides novel insights into entrepreneurship and strategic management literature, since it combines multiple factors and has obtained the importance of each construct in SMEs competitive strategies and business growth. Moreover, this research presents further evidences of the strategies that small firm managers should pursue and policy makers should promote.

Keywords Entrepreneurial orientation · Intangible resources · Absorptive capacity · Competitive advantage · Export performance

A. França (✉)

School of Economics and Management, University of Minho, Braga, Portugal

O. L. Rua

Centre for Organizational and Social Studies of P. Porto (CEOS.PP), Applied Management Research Unit (UNIAG), School of Accounting and Administration, Polytechnic of Porto, S. Mamede de Infesta, Portugal

e-mail: orua@iscap.ipp.pt

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_9

151

1 Introduction

Small and medium-size enterprises (SMEs) are increasingly confronted by challenges and opportunities in international markets. Together with large corporations, smaller firms are among the key players in international trade, particularly the ones that belong to traditional (low-tech and labour-intensive) industries. Yet, these firms are vulnerable to global competition, especially from players located in low-labour-cost economies. In order to achieve competitiveness in this context, smaller firms need to develop unique, firm-specific assets (Zucchella and Siano 2014).

Firm survival is lowest when firms are small; thus, the development of effective strategies is critical for the continuity of business (Thornhill and Amit 2003). According to the extant literature, increasing business competitive position, particularly SMEs, is of pivotal importance for the development and renewal of national economies (O’Cass and Sok 2014). At present, although SMEs are recognised as important contributors to modern economies, our understanding of how they thrive in an increasingly competitive environment and achieve growth is limited (Anderson and Eshima 2013). Thus, it is urgent to understand the drivers of SME performance.

Contemporary studies in small business and entrepreneurship have often placed firm growth at the centre of their inquiry (Blackburn et al. 2013). The Entrepreneurial Orientation–performance literature is extensive. Clearly, this link seems to be one of the few “universal” ones in management research. The strength of this positive association, however, varies considerably across national contexts (Semrau et al. 2016).

It is widely recognized in international business literature that small firms are poorer in managerial and financial resources and that this resource constraint affects their tendency to internationalize, as well as their success in foreign markets. These disadvantages can be counterbalance by the development of unique resources (firm-specific advantages) that enable firms to achieve competitiveness (Zucchella and Siano 2014).

Barney (1995: 66) developed the VRIO model (Valuable, Rare, Imitable, Organisation) and suggested that, in order to create sustained competitive advantage and discover unique resources and capabilities, “managers must look inside their firm for valuable, rare and costly-to-imitate resources, and then exploit these resources through their organization”. This theory is based on the assumption that the source of competitive advantage is obtained from firms’ resources based on two assumptions: (1) strategic resources are heterogeneously distributed across firms; and (2) these differences are stable overtime (Barney 1991).

Another body of literature in the field of strategic management has focused on dynamic capabilities (for a review see Barreto 2010). The firms’ success depends not only on its’ resources and capacities, but also the ability to adapt itself to the industry contingencies and markets in which operates. Firms may possess resources but must display dynamic capabilities otherwise shareholder value will be destroyed (Bowman and Ambrosini 2003). It is in this context that emerges the Dynamic Capabilities View (DCV) (Amit and Schoemaker 1993; Teece et al. 1997) to support the adjustment to environmental change. DCV is not divergent but rather an important

stream of Resource-Based View (RBV) to gain competitive advantage in increasingly demanding environments (Ambrosini and Bowman 2009; Barreto 2010; Eisenhardt and Martin 2000; Wang and Ahmed 2007).

Resource-based scholars argue that resources form the basis of firm strategies (Barney 1991) and intangible resources are more likely than tangible resources to produce a competitive advantage, since they are often rare and socially complex, thereby making them difficult to imitate (Hitt et al. 2001). Exploring intangible resources among SMEs has inherent scholarly value, since these firms tend to be constrained in their tangible assets; possessing intangible resources take on particular strategic significance and can form the basis for competitive advantage (Anderson and Eshima 2013). Moreover, SMEs are believed to face greater uncertainty as a result of the external environment than large firms and, thus, they have a greater tendency to take risks and innovate in order to attain success (Stoll and Ha-Brookshire 2012). SMEs are therefore encouraged to implement an entrepreneurial mind-set to recognize the threats and opportunities in the environment of the firm in order to ensure firm's perpetuation and thrive (Kraus et al. 2012).

The internationalization process of SMEs has become a topic of academic and governmental attention (Musso and Francioni 2014). Literature on export performance is extensive but arguably it has not yet achieved the consensus required to prescribe exporting strategies to small firm (Casey and Hamilton 2014). Actually, internationalization processes have mainly been studied with reference to multinational corporations and less for SMEs, because smallness is usually considered a problem, as these firms often have a disadvantage in resource access (Musso and Francioni 2014).

Our study is responsive to the call of Sousa et al. (2008) which suggests that, in the context of international markets, firms' survival and expansion, and consequent economic growth of many countries, is strongly dependent on a better understanding of the determinants that influence export performance. In fact, the factors that set off SME growth (including exporting) are still in need of research (Stouraitis et al. 2017). So, the purpose of this chapter is to broad the boundaries of entrepreneurship and strategic management literature and test the following research questions—*does entrepreneurial orientation, intangible resources and absorptive capabilities positively influence small business export performance? Additionally, does competitive strategies, either by cost leadership or differentiation, mediates this relationship?*

Our research specifically focuses on SMEs excluding larger organizations. This focus allows us to draw detailed conclusions for this specific context. Therefore, building on the entrepreneurship and resource-based view literatures, this empirical study assess the influence of entrepreneurial orientation, intangible resources and absorptive capacity in export performance of Portuguese SMEs.

Conceptually, the above arguments can be translated as Fig. 1.

This research seeks to add to the literature on factors that influence small firms export performance through an empirical study. Understanding the effects of decisions made by management in selecting strategic orientations is crucial and highly relevant to both theory and practice. Moreover, our intent is also to contribute to the ongoing scholarly conversation on the value of intangibles as strategic resources to

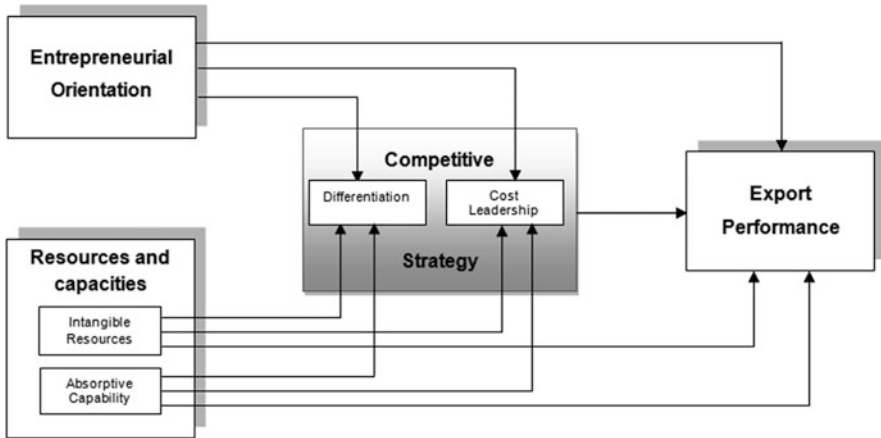


Fig. 1 Conceptual model

SMEs business growth. Hence, this chapter builds on a growing body of literature that attempts to develop and test conceptual frameworks to understand the strategic determinants of small firm's growth.

The chapter is structured as follows. First, it reviews the relevant literature for entrepreneurial orientation, intangible resources, absorptive capacity, competitive strategy and export performance before developing hypotheses. Next, it describes the research design of the empirical study. Thereafter, the study findings are presented, followed by discussion, which concludes with the limitations of the study and suggestions for future research.

2 Literature Review

2.1 *Entrepreneurial Orientation*

First conceived by Miller (1983), and later extended by Covin and Slevin (1989, 1991), entrepreneurial orientation (EO) is a firm's behavioural tendency, managerial philosophy or decision-making practice that is characterized by innovativeness, proactiveness and a willingness to take risks. The focus is not on the person but in the process of undertake (Wiklund 1999).

Contemporary studies in small business and entrepreneurship have often placed firm growth at the centre of their inquiry (Blackburn et al. 2013). The EO–performance literature is extensive. While Wiklund and Shepherd (2011) findings indicate a positive relationship between EO and failure, there is some scholarly tendency to assume that firms with more EO have superior performance (Wiklund and Shepherd 2005). Several empirical studies indicate a positive correlation between entrepreneurial orientation and organizational growth (e.g. Covin and Slevin 1991; Davis

et al. 2010; Frank et al. 2010; Lumpkin and Dess 1996; Miller 1983). Similarly, other studies also confirm that entrepreneurial orientation has a positive correlation with export's performance, enhancing business growth (e.g. Okpara 2009; Zahra and Garvis 2000). Clearly, this link seems to be one of the few "universal" ones in management research. The strength of this positive association, however, varies considerably across national contexts (Semrau et al. 2016).

Entrepreneurial orientation has been characterized by certain constructs that represent organization's behaviour. Starting from Miller's (1983) definition, three dimensions were identified: innovativeness, proactiveness and risk-taking. Innovativeness is the predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership in new processes. Risk taking involves taking bold actions by venturing into the unknown and/or committing significant resources to ventures in uncertain environments. Proactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand (Rauch and Wiklund 2009). Collectively, these dimensions can enhance firm's ability to recognize and exploit international market opportunities well ahead of its competitors (Gil-Pechuan et al. 2013). In fact, findings suggest that in Italy, SMEs with entrepreneurial orientation pursue more actively international opportunities, expand more rapidly, and exhibit superior international performance when compared to firms lacking any clear strategy (Giovanni et al. 2012).

In developing countries, such Bangladesh, SMEs that promptly responds towards business opportunities, innovate and take risks will have positive effects on their business performance (Sarker and Palit 2015).

2.2 *Intangible Resources*

The new paradigm of today's world economy is characterized by the mobility of production resources and the ability to combine them in an efficient way. This perspective is consistent with the Resource-Based View (RBV). RBV is essentially an 'inside-out' theory for strategy development. Contrary to the positioning school, firms find strategic success through the acquisition, development and deployment over time of scarce resources and skills which are either unique or combined with other assets (Connor 2002).

Intangibles have three interesting features that distinguish them from tangible resources (Molloy et al. 2011). First, intangibles do not deplete or deteriorate with use, conferring benefits for an undefined period of time, contrasting with tangible resources, which have expected depreciation (Cohen 2005). Second, multiple managers can simultaneously use intangibles. For example, the brand is available for use to all managers. Finally, intangibles are immaterial, which makes them difficult to exchange and cannot be separated from their owner. Indeed, to get hold of a brand, firms must often acquire the entire organization (Marr and Roos 2005).

Empirical research identified six types of resources that are particularly important sources of competitive advantage, especially in international ventures: reputational resources; access to financial resources; human resources; cultural resources; relational resources; and informational (knowledge) resources (Morgan et al. 2006).

Finding suggested that in Japan intangible resource influence the EO-performance linkage, that is, entrepreneurial firms that possessed intangible resource exhibited the highest level of growth (Anderson and Eshima 2013).

Intangible resources are based upon knowledge or information, such as organisational culture, product reputation, firm's brand, their abilities are unlimited (Pearson et al. 2015), having a much broader range of use in international markets (Fernández-Olmos and Díez-Vial 2015).

2.3 *Absorptive Capacity*

Exporting firms need to recognize and understand their foreign customers and competitors to be able to enhance or adjust their capability, adapt products, target multiple export market segments, manage different partners, including foreign distributors, and track customers' needs and trends (Evangelista and Mac 2016).

In order to survive certain pressures, companies need to recognize, assimilate and apply new external knowledge for commercial purposes (Jansen et al. 2005). This ability, known as absorptive capacity (AC) (Cohen and Levinthal 1990), emerges as an underlying theme in the organizational strategy research (Jansen et al. 2005).

Cohen and Levinthal (1990) presented a definition of AC most widely cited by academic research, as the firm's ability to identify, assimilate and exploit new knowledge. Zahra and George (2002) divided AC in Potential Absorptive Capacity (PAC) and Realized Absorptive Capacity (RAC). PAC reflects the firms' ability to acquire and assimilate knowledge that is vital for their activities. Knowledge identification, acquisition and assimilation is related to routines and processes that permit to analyse, process, interpret and understand external information. RAC includes knowledge transformation and exploitation, where transformation is the ability to develop routines that facilitate the integration of newly acquired knowledge in existing one. Knowledge exploitation is routines which enhance existing skills or create new ones by incorporating acquired and transformed knowledge internally.

In Australia, SMEs with a higher absorptive capacity can learn about export markets and exporting strategies better and faster which is especially important when dealing with multiple export markets (Evangelista and Mac 2016).

However, a challenging point for managing the firm's AC is that many firms fail to (a) consistently acquire and disseminate the collected information from sphere of front-line units (e.g. marketing and sales managers), (b) transform or integrate this knowledge into the general market intelligence, or (c) successfully apply the intelligence to increase their competitive position and/or customer value proposition, which in turn will enhance superior performance (Rakthin et al. 2016).

2.4 *Competitive Advantage*

The increased intensity of business competition has forced firms to adopt a non-traditional management techniques and tools. Maintaining competitive advantage is a dynamic and infinite activity (Hung et al. 2010).

Porter's model to classify firm strategies remains the most commonly supported and acknowledged framework in strategic management literature (Allen et al. 2006). Porter proposed four competitive strategies: broad cost leadership, broad differentiation, cost focus and differentiation focus. While cost leadership or differentiation is defined as dominant competitive strategies, focus is not a standalone strategy and "is not sufficient for above-average performance" (Porter 1985: 15). Consequently, there is a tendency in the literature to recognise two main sources of competitive advantage: (a) cost leadership—reaching lower costs than competitors and (b) differentiation—creating more value for customers than the average firm (Lechner and Gudmundsson 2014).

Hence, we can reduce the study of competitive strategy to differentiation and cost leadership, especially if the competitive strategy is related to other strategic elements of firm's behaviour. Differentiation means to fulfil customers' needs in a unique way, based on speed, customer service and flexibility, which is consistent with innovative approaches and characteristics of entrepreneurial firms. Cost leadership requires substantial financial resources (to invest in tangible assets), is based on process innovation, learning curve benefits, economies of scale and standardization, and seems to be less appropriate for small firms, given the resource constraints (Lechner and Gudmundsson 2014).

2.5 *Export Performance*

The use of efficient worldwide communications technology and transportation, the decrease in governments' protectionist policies, and the decrease of geographically protected markets have made it possible, and necessary, for many firms to view their operating domains as global (Gil-Pechuan et al. 2013). Moreover, small countries with constricted domestic markets depend on the success of small firms who can export successfully and grow to a scale beyond that which their home market could support (Casey and Hamilton 2014).

In Spain, results show that internationalisation has a positive influence on new business survival in traditional manufacturing sector: "new ventures operating in international markets have higher survival rates than their purely domestic counterparts" (Puig et al. 2014: 669).

Literature on export performance is extensive but arguably it has not yet achieved the consensus required to prescribe exporting strategies to small firm (Casey and Hamilton 2014). Exporting is an early phase in the internationalisation model established by Johanson and Vahlne (1977, 2009), grounded on the assumption that new exporters can gradually engage with foreign markets, depending their exploitation strategy on knowledge and other resources. This export research,

however, is not appropriate for small exporters (Casey and Hamilton 2014), since its unit of analysis is larger firms. Hence, literature on export does not support small firm managers in search of a growth strategy through exporting.

The development of exports is of great importance, both at macro and micro levels. Exporting contributes to economic and social development of nations, helps the industry progress, increases productivity and creates jobs. At firms level, through market diversification, exports provide an opportunity for them to become less dependent on the domestic market, gaining new customers, exploiting economies of scale and achieving lower production costs while producing more efficiently (Okpara 2009).

Exports is a more attractive way to enter international markets, especially for SMEs, in comparison with other alternatives, such as joint ventures, which involve spending a large number of resources (Dhanaraj and Beamish 2003; Fuchs and Köstner 2016; Piercy et al. 1998), does not create high risk and commitment and allows greater flexibility in adjusting the volume of goods to different export markets (Lu and Beamish 2002).

In terms of geographic concentration versus diversification as internationalisation strategies for SMEs, Brouters et al. (2009) studied small firms exporting from Greece and the Caribbean region, that are contextualized in mature, traditional, and low-technology industries. The authors concluded that these firms should concentrate their internationalisation efforts and pursue a single export market strategy. On the opposite side, this does not apply to the small New Zealand firms, where the most successful are R&D based and are operating across several overseas markets (Casey and Hamilton 2014). Of course, such dissimilarities in findings are perhaps due to different contexts and types of small firms.

3 Hypotheses Derivation

EO influences firm performance when firms strategically acquire, develop and leverage resources for opportunity exploitation in order to gain competitive advantage. Therefore, EO should be associated to the concept of competitive strategy (Lechner and Gudmundsson 2014).

It has been suggested that competitive strategy mediates the EO–performance relationship. Therefore, the relationship between EO and competitive strategy is key to understanding small firm performance (Lumpkin and Dess 1996). Since usually differentiation and cost leadership are described as opposing logics (Porter 1985), it is unreasonable to assume that EO has an impact on the two types of competitive advantage in a similar manner (Lechner and Gudmundsson 2014).

H1 Entrepreneurial orientation is positively associated with differentiation.

H2 Entrepreneurial orientation is positively associated with cost leadership.

RBV argues that competitive advantages are obtained from firms' resources based on two assumptions: (1) strategic resources are heterogeneously distributed across firms; and (2) these differences are stable overtime (Barney 1991). Barney (1995: 66) suggested that, in order to create sustained competitive advantage and discover unique resources and capabilities, "managers must look inside their firm for valuable, rare and costly-to-imitate resources, and then exploit these resources through their organization". Peteraf (1993) considers resources to be the cornerstone of competitive advantage.

H3 Intangible resources are positively associated with cost leadership.

H4 Intangible resources are positively associated with differentiation.

Teece et al. (1997: 516) defined dynamic capabilities as the "firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments". Dynamic capabilities thus reflect firms' ability to achieve new and innovative forms of competitive advantage.

AC is a dynamic capability found in organizational processes that enables firms to reconfigure their core resources, react to environmental dynamics and build competitive advantage (Zahra and George 2002).

H5 Absorptive capacity is positively associated with cost leadership.

H6 Absorptive capacity is positively associated with differentiation.

The implementation of a specific competitive strategy (be it cost leadership or differentiation) requires different and specific resources and capabilities (Lechner and Gudmundsson 2014). We acknowledge that competitive strategy mediates the EO, RI, AC-performance relationship by determining (1) how well available resources and capabilities are matched with market requirements, (2) the appropriateness of planned resource and capability allocations, and (3) the quality of strategy implementation (Morgan et al. 2004). Thus, both generic strategies should enhance firm performance.

H7a Differentiation strategy is positively associated with export performance.

H7b Cost leadership strategy is positively associated with export performance.

Miller (1983) argues that entrepreneurial strategies are likely to be more successful when addressing customers that value innovation and unique services. In competitive environments, where demand is unpredictable, firms that are oriented to pursue new markets, opportunities are abundant and performance is higher because they have a good fit between their strategic orientation and the environment. In other words, we would expect the alignment between Entrepreneurial Orientation (EO) and a dynamic environment to have positive performance implications (Wiklund and Shepherd 2005).

H8 Entrepreneurial orientation is positively associated with export performance.

RBV scholars argue that variations in firms' performance result from the possession of heterogeneous resources. This heterogeneity leads to performance

imbalances and affects firms' ability to design and implement competitive strategies (e.g. Barney 1991; Peteraf 1993). Thus, and according to this theory, the possession of heterogeneous resources and capabilities directly affects firms' performance (e.g. Makadok 2001; Teece et al. 1997). In the same sense, dynamic capabilities enable firms to achieve superior long-term performance (Teece 2007).

H9 Intangible resources are positively associated with export performance.

H10 Absorptive capacity is positively associated with export performance.

4 Method

4.1 Sample and Data Collection

The population of this empirical study has been drawn from Portuguese SMEs exporting footwear that meet the following criteria: companies in which at least 50% of income comes from exports of goods, or companies in which at least 10% of income comes from exports of goods and the export value is higher than 150000 Euros.

Questionnaires were used as primary data sources and were carried out over the period of April 22 to July 22, 2014. The firms' identification was done through the APICCAPS (Portuguese Footwear, Components and Leather Goods Manufacturers' Association) database. To reduce misunderstandings, the questionnaire was validated by the research department of this association. So, in this study we use a non-probabilistic and convenient sampling.

A total of 42 complete and validated questionnaires accounting for 25% of the population were obtained. This response rate is considered quite satisfactory, given that the average of top management survey response rates are in the range of 15–20% (Menon and Bharadwaj 1999).

4.2 Measures

This study uses well-validated scales from previous studies to operationalize the key constructs and adapted them to the particular context of our empirical setting.

Independent variables—To assess EO we adopted Covin and Slevin's (1989) measurements for the three dimensions of innovativeness, proactiveness and risk-taking. Following Morgan et al. (2006), in the intangible resources construct we included six dimensions: reputational resources; access to financial resources; human resources; cultural resources; relational resources; and informational (knowledge) resources. According to Zahra and George (2002), AC construct is divided in *Potential Absorptive capacity* (PAC) e *Realized Absorptive capacity* (RAC). To measure this construct we use Jansen et al. (2005) scale.

Mediator—Competitive strategy was measured through two dimensions, differentiation and cost leadership, using Morgan et al. (2004) scale.

Dependent variable—Performance is a construct that is difficult to operationalize holistically, since it may refer to different aspects of the organizational effectiveness (Gil-Pechuan et al. 2013). Researchers face particular challenges when trying to fully understand SMEs. Many SME managers are unwilling to provide correct information about their financial performance, such as revenue, annual sales and return on investment. To address these problems in SME research, it is recommended using subjective measures, such as managers' perceptions, rather than objective measures in SME research (Stoll and Ha-Brookshire 2012). Hence, perceived export performance was measured with five items, using Okpara's (2009) measurement instrument, which includes profitability indicators: growth in sales, profit, activities and operations and performance in general.

For intangible resources, competitive advantage and export performance, the decision-makers were asked to assess the relative position of their firm vis-à-vis their competitors. All constructs were assessed on a five-point Likert scale.

5 Results

5.1 Reliability Analysis

In order to verify the reliability of overall variables we estimated the stability and internal consistency through Cronbach's alpha (α). In general, an instrument or test is classified with appropriate reliability when α is higher or equal to 0.70 (Nunnally 1978). However, in some research scenarios in social sciences an α of 0.60 is considered acceptable, as long as the results are interpreted with caution and the context is taken into account (DeVellis 2012). For the present study we used the scale proposed by Pestana and Gageiro (2008).

The result of 0.932 achieved for all of variables is considered excellent, confirming the sample's internal consistency. It was also conducted an internal consistency test for all variables in each construct to assess their reliability (Table 1).

We found that all constructs have excellent consistency, except for entrepreneurial orientation that presents good reliability.

Table 1 Internal consistency test by construct (Cronbach's Alpha)

Construct	α de Cronbach	Nr. of items	n	Analysis
Entrepreneurial orientation	0.739	9	42	Good
Intangible resources	0.963	23	42	Excellent
Absorptive capacity	0.924	21	42	Excellent
Competitive advantage	0.906	12	42	Excellent
Export performance	0.927	5	42	Excellent

5.2 Factor Analysis

The general purpose of factor analytic techniques is to find a way to summarize the information contained in a number of original variables into a smaller set of new dimensions with a minimum loss of information (Hair et al. 2014; Pestana and Gageiro 2008). After factor extraction, we submit each factor to varimax rotation to achieve a simplified factor structure (Marôco 2011).

5.2.1 Entrepreneurial Orientation

We performed a factor analysis of *entrepreneurial orientation*. Three factors were extracted and there was no need to delete items. We attained a scale composed of 9 items, distributed over three factors that explain 77.09% of total variance, with 35.52% of variance explained by the first factor (called *Proactiveness*, which gather three items whose saturations range between 0.887 and 0.786), 27.48% for the second factor (named *Innovation* and is divided into three items and their saturations range between 0.856 and 0.840) and 14.09% by the third factor (called *Risk-taking*, composed of three items, whose saturations range between 0.918 and 0.770). Analysing the internal consistency of the three factors, we found that Cronbach's Alphas are $\alpha = 0.852$, $\alpha = 0.825$ e $\alpha = 0.816$, respectively, values that signify the three sub-dimensions have a very good internal consistency. KMO test indicates that there is a reasonable correlation between the variables (0.695). Bartlett's sphericity test registered a value of $\chi^2(36, n = 42) = 171.176$, $p < 0.05$, therefore is confirmed that $\chi^2 > \chi_{0.95}^2$, so the null hypothesis is rejected, i.e. the variables are correlated.

5.2.2 Intangible Resources

Factor analysis of *Intangible Resources* attained a scale composed of 23 items, distributed by 5 factors, that explained 83.3% of total variance: 56.4% by the first factor (*Human and Cultural Resources*, with 7 items, whose saturations range between 0.861 and 0.498), 9.0% by second factor (*Access to Financial Resources*, with 4 items, whose saturations range between 0.864 and 0.836), 7.6% by third factor (*Informational Resources*, with 4 items, whose saturations range between 0.849 and 0.708), 5.4% by fourth factor (*Reputational Resources*, with 4 items, whose saturations range between 0.819 and 0.695) and 4.8% by the fifth factor (*Relational Resources*, with 4 items, whose saturations range between 0.800 e 0.607). The internal consistency of the five factors are $\alpha = 0.931$, $\alpha = 0.943$, $\alpha = 0.962$, $\alpha = 0.882$, $\alpha = 0.905$ and $\alpha = 0.949$, respectively, for the first second, third, fourth and fifth factors. These values indicate that these dimensions presented an excellent internal consistency. KMO test confirm a medium correlation between the variables (0.832). Bartlett's sphericity test registered a value of $\chi^2(253, n = 42) = 1608.609$, $p < 0.05$, therefore is confirmed that $\chi^2 > \chi_{0.95}^2$, so the null hypothesis is rejected and the variables are correlated.

5.2.3 Absorptive Capacity

Factor analysis of *Absorptive capacity* attained a scale composed of 21 items, distributed by 5 factors, that explained 73.89% of total variance—44.35% by the first factor (*Knowledge Exploitation*, with 7 items, whose saturations range between 0.838 and 0.328), 10.92% by second factor (*Knowledge Assimilation*, with 4 items, whose saturations range between 0.807 and 0.670), 8.28% by third factor (*General Knowledge Acquisition*, with 3 items, whose saturations range between 0.768 and 0.670), 5.46% by fourth factor (*Knowledge Acquisition in the Industry*, with 3 items, whose saturations range between 0.816 and 0.404) and 4.88% by the fifth factor (*Knowledge Transformation*, with 2 items, whose saturations range between 0.696 and 0.580). The internal consistency of the five factors are $\alpha = 0.931$, $\alpha = 0.860$, $\alpha = 0.710$, $\alpha = 0.650$ e $\alpha = 0.796$, respectively, for the first, second, third, fourth and fifth factors. These values indicate that these dimensions presented a reasonable and excellent internal consistency. KMO test confirm a medium correlation between the variables (0.796). Bartlett's sphericity test registered a value of $\chi^2(210, n = 42) = 630.742$, $p < 0.05$, therefore is confirmed that $\chi^2 > \chi_{0.95}^2$, so the null hypothesis is rejected and the variables are correlated.

5.2.4 Competitive Advantage

Two factors were extracted and there was no need to delete items in factor analysis of *competitive advantage*. We attained a scale composed by 12 items, distributed by two factors that explain 74.56% of total variance. The first factor, named *Differentiation*, is composed by eight items whose saturations range between 0.895 and 0.739, and the second factor, named *Cost Leadership*, is divided into four items and their saturations range between 0.914 and 0.792. The internal consistency of the two factors are $\alpha = 0.940$ and $\alpha = 0.898$, respectively, for the first and second factors. KMO test indicates that there is a very good and excellent correlation between the variables (0.821). Bartlett's sphericity test registered a value of $\chi^2(66, n = 42) = 421.560$, $p < 0.05$, therefore is confirmed that $\chi^2 > \chi_{0.95}^2$, so the null hypothesis is rejected, the variables are correlated.

5.2.5 Export Performance

Lastly, in the factor analysis of *Export Performance* a scale with 5 items was obtained, which explained 77.9% of total variance, whose saturations range between 0.918 and 0.850. There was no need to delete items. The internal consistency is excellent ($\alpha = 0.927$). KMO test point to a good correlation between the variables (0.814). Bartlett's sphericity test registered a value of $\chi^2(10, n = 42) = 171.982$, $p < 0.05$, therefore is confirmed that $\chi^2 > \chi_{0.95}^2$, so the null hypothesis is rejected and the variables are correlated.

5.3 *Multiple Regression Analysis*

Multiple regression analysis is a statistical technique that is used to analyse the relationship between a single dependent (criterion) variable and several independent (predictor) variables. The objective of multiple regression analysis is to use the independent variables whose values are known to predict the single dependent value selected by the researcher. Each independent variable is weighted by the regression analysis procedure to ensure maximal prediction from the set of independent variables.

The most commonly used measure of predictive accuracy for the regression model is the coefficient of determination (R^2). This coefficient measures the proportion of total variability that can be explained by regression ($0 \leq R \leq 1$), measuring the effect of independent variables on the dependent variable. When $R^2 = 0$ the model clearly does not adjust to data and when $R^2 = 1$ the adjustment is perfect.

In social sciences when $R^2 > 0.500$ the adjustment is considered acceptable (Marôco 2011).

We conducted a multiple linear regression analysis linking the variables. The coefficient of determination R^2 measures the proportion of total variability that can be explained by regression, while the ANOVA regression provide information about levels of variability within a regression model, form a basis for tests of significance and allows to test the hypotheses: $H_0: \rho^2 = 0$ vs. $H_1: \rho^2 \neq 0$. In Table 2 we present the results of the multiple regression analysis of our model.

A simple comparison of the regression coefficients is not enough to evaluate the importance of each independent variable, since these variables have different magnitudes. Thus, it is essential to use standard variables, known as Beta (β) coefficients. By analysing the standardized Beta coefficients we can confirm which variables have higher contribution to competitive advantage and export performance (Table 3).

Results from Tables 2 and 3 indicate that four factors influence significant and positively export performance, namely, entrepreneurial orientation, intangible resources, absorptive capacity and competitive advantage by differentiation, which supports H7a, H7b, H8, H9 and H10. Hence, innovative and proactive firms achieve superior export performance. Similarly, competitive strategies, either by cost leadership or differentiation, influence firms' growth in foreign markets. Moreover, absorptive capacity available to firms, both potential (acquisition and assimilation) and realized (transformation and exploitation), influence significant and positively firms' performance in international markets via exports. Intangible resources, such access to financial resources and reputation also influence firms' international growth. These are direct relationships.

Regarding the effect of resources on firms' competitive strategies, remarkably our findings confirm that the possession of intangible resources influences the development of both cost leadership and differentiation (product or service). That is, the possession of reputational, financial, human, cultural, and relational and information resources support competitive strategies design by firms. According to statistical data, these intangible resources are more significant on differentiation, confirming

Table 2 Summary and ANOVA regression

Model	R	R ²	Adj. R ²	Standard error	F	Sig.	Conclusion
EO=>DIFF.	0.395	0.156	0.089	0.95428201	2.341	0.089***	H1 supported
EO=>CL	0.155	0.024	-0.053	1.0260967	0.314	0.815	H2 not supported
IR=>DIFF.	0.756	0.571	0.512	0.69869121	9.597	0.000*	H3 supported
IR=>CL	0.672	0.452	0.376	0.79009701	5.936	0.000*	H4 supported
AC=>DIFF.	0.558	0.311	0.216	0.88558881	3.256	0.016**	H5 supported
AC=>CL	0.459	0.210	0.101	0.94829785	1.919	0.115	H6 not supported
DIFF.=>EP	0.316	0.100	0.077	0.96051078	4.441	0.041**	H7a supported
CL=>EP	0.436	0.190	0.170	0.91118964	9.382	0.004*	H7b supported
EO=>EP	0.535	0.287	0.230	0.87727203	5.091	0.005*	H8 supported
IR=>EP	0.502	0.252	0.149	0.92274230	2.431	0.054***	H9 supported
AC=>EP	0.664	0.440	0.363	0.79838784	5.664	0.001*	H10 supported

EO entrepreneurial orientation, *IR* intangible resources, *AC* absorptive capacity, *DIFF* differentiation, *CL* cost leadership, *EP* export performance

* $p < 0.001$; ** $p < 0.05$; *** $p < 0.1$

H4. Similarly, H3 is also supported by the model, yet the intangible assets that have more impact on cost leadership are access to financial resources and information. We can also state that the importance of intangible resources is materialized via competitive strategies (mainly differentiation). Nevertheless they do directly affect export performance but for a level of significance of 90% and, therefore we can validate H9. Another aspect to be highlighted is the direct and clear effect of absorptive capacity on export performance (H10) and the influence on the definition of firm's competitive strategy by differentiation (H5). Therefore, the development, growth or investment by management in this type of capacity will affect the strategy definition and stimulate the development of their international activities. Hence, H5 was supported but H6 was no supported in our model.

Regarding the construct of Entrepreneurial Orientation, we have already mentioned that it direct, positive and significantly affect export performance. Additionally, we confirm that it is also a highly relevant factor in the definition of firm's competitive strategy, specifically differentiation (H1), supporting the model's first hypothesis; however it is not significant for cost leadership and H2 was not supported. In other words, EO is important for the building competitive advantages based on business differentiation, but not for cost leadership. This is a remarkable aspect of our findings, since EO directly affects EP and differentiation.

Table 3 β coefficients in the regression models

Variables	Model 1 ^a	Model 2 ^b	Model 3 ^c
Entrepreneurial orientation			
Proactiveness	n.s.	n.s.	0.275***
Innovation	0.392**	n.s.	0.460*
Risk-taking	n.s.	n.s.	n.s.
Intangible resources			
Human and cultural R.	0.410*	n.s.	n.s.
Access to financial R.	n.s.	0.570*	0.277***
Informational R.	0.254**	0.311**	n.s.
Reputational R.	0.466*	n.s.	0.325**
Relational R.	0.332*	n.s.	n.s.
Absorptive capacity			
Knowledge exploitation	0.466*	n.s.	0.442*
Knowledge assimilation	n.s.	n.s.	0.241***
General knowledge acquisition	n.s.	n.s.	0.280**
Knowledge acquisition in the industry	0.245***	n.s.	n.s.
Knowledge transformation	n.s.	n.s.	0.313**
Competitive advantage			
Differentiation			0.316**
Cost leadership			0.436*

* $p < 0.001$; ** $p < 0.05$; *** $p < 0.10$; n.s. non significant

^aPredictors: (Constant) Entrepreneurial orientation, intangible resources and absorptive capacity. Dependent variable: Differentiation

^bPredictors: (Constant) Entrepreneurial orientation, intangible resources and absorptive capacity. Dependent variable: Cost leadership

^cPredictors: (Constant) Entrepreneurial orientation, intangible resources, absorptive capacity and competitive advantage. Dependent variable: Export performance

6 Discussion and Conclusion

This paper seeks to contribute to the development of the literature on factors that influence small firms export performance through an empirical study. The central context of this research is on SMEs, which constitute the vast majority of firms in Portugal, as in most word economies. Understanding the effects of decisions made by management in selecting strategic orientations is crucial and highly relevant to both theory and practice. Moreover, our intent is also to contribute to the ongoing scholarly conversation on the value of intangibles as strategic resources to SMEs.

Hence, this study allowed us to conclude that entrepreneurial orientation, particularly innovation and proactiveness, has a positive and significant impact on differentiation (H1 supported), validating previous research (e.g. Miller 1983; Zahra and Covin 1995). The fact that entrepreneurial orientation does not have a significant impact on cost leadership (H2 not supported) is a sign that Portuguese footwear SME's seek to support and stimulate new ideas, experimentation and creativity that surely result in new products, services and processes. Indeed, technological

innovation encompasses research and engineering efforts focused on developing new products and processes. Product innovation includes market research, design and investment on advertising and promotion. Administrative innovation is related to the development of management systems, control techniques and organizational structure. Thus, embracing innovation can generate competitive advantage and promote superior source of growth (Dess and Lumpkin 2005). On the long-run, proactive SMEs, complemented by innovative activities (Lumpkin and Dess 1996), can be market leaders in the development of new products and technologies, rather than simply follow trends (Covin and Slevin 1989; Miller 1983), identify future customer needs, anticipate changes in demand and search new business opportunities (Dess and Lumpkin 2005). Certainly, export firms need to continually search for new strategies and processes to obtain a better understanding of their new countries. These results can be explained by the particular characteristics of the footwear sector. In this sense, each season firms have to launch new collections (product innovations) and try to differentiate themselves from the competition (market innovations).

Additionally, entrepreneurial orientation has a positive and significant impact on export performance (H8 supported), confirming Wiklund and Shepherd (2005) beliefs. Moreover, this confirms the commitment to innovation, supported by Lumpkin and Dess (1996) and Miller (1983), regarding the creation of new products and services, search for new opportunities and opening of new markets; and with proactiveness, since only proactive firms will be able to achieve superior performance compared to competition (Zahra and Covin 1995).

Newbert (2007) argues that, because of their rareness, intangible resources are critical to gain competitive advantage and its ownership is an important factor in the SMEs ability to implement strategies that lead to superior performance. On this point, we conclude that globally intangible resources have a positive and significant impact on competitive advantage, either cost leadership or differentiation (H3 and H4 supported). This is due to the fact that these resources are valuable, rare and inimitable, and are dully organized to be converted into competitive advantage (Barney 1995), which is why they are considered the cornerstone of competitive advantage (Peteraf 1993). Firms with valuable, scarce, and no substitutable resources can gain at least temporary advantages by using those resources to develop and implement product-market strategies (Hsu and Ziedonis 2013).

The possession of heterogeneous resources and capabilities directly affects firms' results (Makadok 2001; Teece et al. 1997), originating performance imbalances and affecting the ability to design and implement competitive strategies (Barney 1991; Peteraf 1993), as previously mentioned. In this study intangible resources do have a positive impact on export performance (H9 supported). Moreover, on the same direction, absorptive capacity has a positive and significant impact on export performance (H10 supported). Teece et al. (1997) argue that, through dynamic capabilities, firms are able to develop, integrate, reconfigure and adapt their resources and capabilities to unpredictable markets and achieve competitive advantage. In this study it is demonstrated that our SMEs include dynamic (absorptive) capabilities in

the formulation of competitive strategy, namely differentiation, as suggested Zahra and George (2002). Hence, H5 was supported but not H6.

Porter (1991) states that performance is enhanced by the design of a competitive strategy, combining strategic determinants previously defined (Morgan et al. 2004). In this context, and according to our findings, the main competitive strategy developed to enhance export performance is cost leadership (H7b supported) and then differentiation (H7a supported). Hence, competitive strategy matters for small firms.

Some authors (e.g., Foray and Van Ark 2007; Arancegui et al. 2011; McCann and Ortega-Argilés 2011) defend that a country's particular region cannot be excellent at everything, and therefore have to define a specific competitive positioning in the global market. Reason why the European Commission has adopted the concept of intelligent specialization as a reference for the regional strategies development based on specific resources and assets and the relative competitiveness of each region (Government of Portugal 2014). Yet, Barca (2009) stress the apparent inefficiency of the EU's Competitiveness Policy, indicating that the dispersion of resources and the use of a common approach in heterogeneous regional contexts are some reasons for this inefficiency (Foray and Van Ark 2007).

For policies to have a visible impact on competitiveness and hence on economic growth and employment, the alignment with distinctive assets and resources of each region is fundamental (Foray and Van Ark 2007; Foray et al. 2009, 2012), thus meeting the paradigm of intelligent specialization proposed in the North2020 (CCDRN 2014).

Small traditional firms represent a very important part of the economic system in many developed and developing countries. Their significant contribution to the gross domestic product (GDP), national exports, and job creation, makes them an important policy target (Zucchella and Siano 2014). In fact, and according to APICCAPS (2017), the Footwear Cluster in Portugal employs more than 45,000 people. Since 2010, when official statistics pointed to a total of 36,985 workers, Portuguese SMEs have created more than 8000 new jobs. With a strong geographic concentration, footwear manufacturing is mainly distributed by two clusters. Portuguese footwear has been expanding and intensifying its importance for employment in the municipal districts in which it is implanted.

The footwear industry is well-known as being one of the most important sectors of the Portuguese economy and has been genuinely transformed. From a traditional, labour-intensive industry it has changed into one that is modern, outward-looking and highly competitive, attaining the position of one of the most important European and worldwide exporters, particularly in the leather shoe sector (APICCAPS 2017).

Even though Portuguese footwear industry faces considerable challenges, international competitiveness is allowing SMEs to develop a competitive strategy based on differentiation, changing thus their business model paradigm. Indeed, mature industries are characterized by increased competition and price deflation due to overcapacity (Parrish et al. 2006). Globalization pressures, such as trade liberalization, have considerably affected the industry. The footwear sector is being subjected to strong pressures in a fast-changing business environment due to market volatility and strong competition world-wide. The key success factors of the industry are

related primarily with product quality, fashion and design, but also with geographical location (flexibility, responsiveness, and proximity service), innovation and knowledge (know-how, experience, technical expertise, research and development, networking) and recognition (reputation, tradition, brands) (APICCAPS 2013).

Therefore, we acknowledge that the sector is developing strong differentiation factors. Firms in these mature markets must look for ways to stay competitive and develop strategies that enables them to differentiate themselves from other firms.

6.1 Theoretical and Practical Implications

Our study is responsive to the call of Sousa et al. (2008) which suggests that, in international market context, firms' survival and expansion, and consequent economic growth of many countries, is strongly dependent on a better understanding of the strategic determinants that influence export performance.

Moreover, our study confirms the important complementarity of intangible resources and dynamic capabilities, thus not diverging from RBV and DCV (e.g. Ambrosini and Bowman 2009; Barreto 2010; Eisenhardt and Martin 2000; Wang and Ahmed 2007).

We also highlight the contribution of this study to the theory of strategic management. It is known that strategy includes deliberate and emergent initiatives adopted by management, comprising resource and capabilities used to improve business performance (Nag et al. 2007). In order to remain competitive, firms must assess which strategic determinants give them an advantage over their competitors. The findings are a contribution to clarify the influence of entrepreneurial orientation, intangible resources and absorptive capacity in small firms export performance.

Additionally, our findings provide guidance to business practitioners, since they indicate that entrepreneurial orientation, intangible resources and absorptive capacity are predictors of competitive strategies and performance. The research has also shown the positive influences of generic strategies on firm performance. So, for small firm managers, competitive strategy does matters and the development of firm's resources and capabilities are a major performance driver.

Firms are a bundle of resources and capabilities (Peteraf 1993), it is essential to understand and identify which resources are relevant to gain competitive advantage and superior performance. Business owners must be able to systematically analyse the changes that arise in their target market(s) and to incorporate this knowledge into their processes, to identify the present and future needs and market trends, anticipate changes in demand and seek new business opportunities.

By building on the literature entrepreneurship and strategic management, this study aims to support the strategic development of business management policies designed to increase firms' performance in foreign markets and add value to the current context of change.

6.2 *Research Limitations*

While this research provides valuable insights into SMEs in the footwear industry, the study is not without its limitations. First, the state of the economy might have affected our results. The low scores of willingness to take risks might be influenced by the current context of economic crisis. In fact, in a turbulent market, risk-taking is negatively associated to SME performance (Kraus et al. 2012) and is in fact related to firm failure (Lechner and Gudmundsson 2014). Second, it would have been interesting to control our analysis. The fact that the research does not consider the effect of control variables such as age, location and target market of the respondents can be seen as a limitation. Third we used an online study to collect our data. While electronic data collection methods are becoming more common, strategies to encourage a greater response rate are lacking compared to other survey implementation methods. Finally, the fact that the sampling is non probabilistic and convenience is a limitation. Therefore we advise prudence in the generalization of results.

6.3 *Future Lines of Research*

Firstly, this study has been based on a mature sector, as is the footwear sector in Portugal. The results obtained should be understood in this context. For this reason, new research could be done in more modern industries to test again the proposed relations. Second, given the irregular nature of business growth, a snapshot survey may not be able to capture strategy and performance variations over long periods of time. As such, further studies with a longitudinal perspective would be of added value to investigate why these differences persist. In other words, to find how and why some small exporters become highly successful while others, in the same industry, struggle to raise their export strengths.

References

- Allen, R. S., Helms, M. M., Takeda, M. B., White, C. S., & White, C. (2006). A comparison of competitive strategies in Japan and the United States. *SAM Advanced Management Journal*, 71(1), 24–34.
- Ambrosini, V., & Bowman, C. (2009). What are dynamic capabilities and are they a useful construct in strategic management? *International Journal of Management Reviews*, 11(1), 29–49. <https://doi.org/10.1111/j.1468-2370.2008.00251.x>.
- Amit, R., & Schoemaker, P. (1993). Strategic assets and organizational rent. *Strategic Management Journal*, 14(1), 33–46.
- Anderson, B. S., & Eshima, Y. (2013). The influence of firm age and intangible resources on the relationship between entrepreneurial orientation and firm growth among Japanese SMEs. *Journal of Business Venturing*, 28(3), 413–429. <https://doi.org/10.1016/j.jbusvent.2011.10.001>.
- APICCAPS. (2013). *Footure 2020- Plano Estratégico – Cluster do Calçado*. Porto.

- APICCAPS. (2017). *Facts and Numbers 2016*. Porto.
- Arancegui, M., Querejeta, M., & Montero, E. (2011). *Smart specialisation strategies: The case of the Basque Country*. Orkestra Working Paper Series in Territorial Competitiveness, 2011-R07.
- Barca, F. (2009). *An agenda for the reformed cohesion policy*. Report to the Commissioner for Regional Policy, Brussels.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>.
- Barney, J. (1995). Looking inside for competitive advantage. *Academy of Management Perspectives*, 9(4), 49–61. <https://doi.org/10.5465/AME.1995.9512032192>.
- Barreto, I. (2010). Dynamic capabilities: A review of past research and an agenda for the future. *Journal of Management*, 36(1), 256–280. <https://doi.org/10.1177/0149206309350776>.
- Blackburn, R. A., Hart, M., & Wainwright, T. (2013). Small business performance: Business, strategy and owner-manager characteristics. *Journal of Small Business and Enterprise Development*, 20(1), 8–11. [https://doi.org/10.1108/S1479-3563\(2012\)000012B005](https://doi.org/10.1108/S1479-3563(2012)000012B005).
- Bowman, C., & Ambrosini, V. (2003). How the resource based and the dynamic capability views of the firm inform corporate level strategy. *British Journal of Management*, 14(4), 289–303. <https://doi.org/10.1111/j.1467-8551.2003.00380.x>.
- Brouthers, L. E., Nakos, G., Hadjimarcou, J., & Brouthers, K. D. (2009). Key factors for successful export performance for small firms. *Journal of International Marketing*, 17(3), 21–38. <https://doi.org/10.1509/jimk.17.3.21>.
- Casey, S. R., & Hamilton, R. T. (2014). Export performance of small firms from small countries: The case of New Zealand. *Journal of International Entrepreneurship*, 12(3), 254–269. <https://doi.org/10.1007/s10843-014-0126-4>.
- CCDRN. (2014). *Estratégia Regional de Especialização Inteligente*. Retrieved from http://www.norte2020.pt/sites/default/files/public/uploads/documentos/norte2020_ris3.pdf
- Cohen, J. A. (2005). *Intangible assets: Valuation and economic benefit*. New Jersey: Wiley.
- Cohen, W., & Levinthal, D. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35(1), 128. <https://doi.org/10.2307/2393553>.
- Connor, T. (2002). The resource-based view of strategy and its value to practising managers. *Strategic Change*, 11(6), 307–316. <https://doi.org/10.1002/jsc.593>.
- Covin, J., & Slevin, D. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), 75–87. <https://doi.org/10.1002/smj.4250100107>.
- Covin, J., & Slevin, D. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Theory and Practice*, 16, 7–25.
- Davis, J. L., Bell, R. G., Payne, G. T., & Kreiser, P. M. (2010). Entrepreneurial orientation and firm performance: The moderating role of managerial power. *American Journal of Business*, 25(2), 41–54. <https://doi.org/10.1108/19355181201000009>.
- Dess, G., & Lumpkin, G. (2005). The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. *The Academy of Management Executive*, 19(1), 147–156. Retrieved from <http://amp.aom.org/content/19/1/147.short>.
- DeVellis, R. F. (2012). *Scale development – Theory and applications* (3rd). Sage.
- Dhanaraj, C., & Beamish, P. W. (2003). A resource-based approach to the study of export performance. *Journal of Small Business Management*, 41(3), 242–261. <https://doi.org/10.1111/1540-627X.00080>.
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10–11), 1105–1121. [https://doi.org/10.1002/1097-0266\(200010/11\)21:10/11<1105::AID-SMJ133>3.0.CO;2-E](https://doi.org/10.1002/1097-0266(200010/11)21:10/11<1105::AID-SMJ133>3.0.CO;2-E).
- Evangelista, F., & Mac, L. (2016). The influence of experience and deliberate learning on SME export performance. *International Journal of Entrepreneurial Behaviour and Research*, 22(6), 860–879. <https://doi.org/10.1108/ijeb-12-2015-0300>.
- Fernández-Olmos, M., & Díez-Vial, I. (2015). Intangible resources, export channel and performance: Is there any fit? *Journal of Business Economics and Management*, 16(5), 1013–1033. <https://doi.org/10.3846/16111699.2012.726928>.

- Foray, D., & Van Ark, B. (2007). *Smart specialisation in a truly integrated research area is the key to attracting more R&D to Europe*. European Commission Expert Group “Knowledge for Growth”, Policy Brief No 1. Retrieved from http://ec.europa.eu/invest-in-research/pdf/download_en/policy_brief1.pdf
- Foray, D., David, P., & Hall, B. (2009). *Smart specialisation – The concept*. Knowledge Economists Policy Brief, n. 9. Retrieved from http://ec.europa.eu/invest-in-research/pdf/download_en/kfg_policy_brief_no9.pdf
- Foray, D., Goddard, J., Beldarrain, X., Landabaso, M., McCann, P., Morgan, K., et al. (2012). *Guide to research and innovation strategies for smart specialisation (RIS 3)*. S3 Platform, Sevilha.
- Frank, H., Kessler, A., & Fink, M. (2010). Entrepreneurial orientation and business performance—a replication study. *Schmalenbach Business Review*, (April), 175–199.
- Fuchs, M., & Köstner, M. (2016). Antecedents and consequences of firm’s export marketing strategy: An empirical study of Austrian SMEs (a contingency perspective). *Management Research Review*, 39(3), 329–355. <https://doi.org/10.1108/MRR-09-2015-0216>.
- Gil-Pechuan, I., Exposito-Langa, M., & Tomas-Miquel, J. V. (2013). International entrepreneurship in SMEs: A study of influencing factors in the textile industry. *International Entrepreneurship and Management Journal*, 9(1), 45–57. <https://doi.org/10.1007/s11365-012-0242-3>.
- Giovanni, D., Hagen, B., Zucchella, A., & Cerchiello, P. (2012). International strategy and performance – Clustering strategic types of SMEs. *International Business Review*, 21, 369–382. <https://doi.org/10.1016/j.ibusrev.2011.04.002>.
- Government of Portugal. (2014). *Estratégia de investigação e inovação para uma estratégia inteligente EI&I (2014-2020)*. Retrieved from https://www.portugal2020.pt/Portal2020/Media/Default/Docs/EstrategiasEInteligente/ENEI_Vers%C3%A3o%20final.pdf
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2014). *Multivariate data analysis* (7th ed.). Harlow: Pearson Education.
- Hitt, M., Bierman, L., Shimizu, K., & Kochhar, R. (2001). Direct and moderating effects of human capital on strategy and performance in professional service firms: A resource-based perspective. *Academy of Management Journal*, 44(1), 13–28.
- Hsu, D. H., & Ziedonis, R. H. (2013). Resources as dual sources of advantage: Implications for valuing entrepreneurial-firm patents. *Strategic Management Journal*, 34, 761–781. <https://doi.org/10.1002/smj.2037>.
- Hung, R., Yang, B., & Lien, B. (2010). Dynamic capability: Impact of process alignment and organizational learning culture on performance. *Journal of World Business*, 45(3), 285–294. <https://doi.org/10.1016/j.jwb.2009.09.003>.
- Jansen, J. J. P., Van Den Bosch, F. A. J., & Volberda, H. W. (2005). Managing potential and realized absorptive capacity: How do organizational antecedents matter? *Academy of Management Journal*, 48(6), 999–1015. <https://doi.org/10.5465/AMJ.2005.19573106>.
- Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8, 23–32.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411–1431. <https://doi.org/10.1057/jibs.2009.24>.
- Kraus, S., Rigtering, J. P. C., Hughes, M., & Hosman, V. (2012). Entrepreneurial orientation and the business performance of SMEs: A quantitative study from the Netherlands. *Review of Managerial Science*, 6(2), 161–182. <https://doi.org/10.1007/s11846-011-0062-9>.
- Lechner, C., & Gudmundsson, S. V. (2014). Entrepreneurial orientation, firm strategy and small firm performance. *International Small Business Journal*, 32(1), 36–60. <https://doi.org/10.1177/0266242612455034>.
- Lu, J. W., & Beamish, P. W. (2002). The internationalization and growth of SMEs. *ASAC*, 2002, 86–96.
- Lumpkin, G., & Dess, G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135–172. Retrieved from <http://amr.aom.org/content/21/1/135.short>.

- Makadok, R. (2001). Toward a synthesis of the resource-based and dynamic-capability views of rent creation. *Strategic Management Journal*, 22(5), 387–401.
- Marôco, J. (2011). *Análise estatística com o SPSS Statistics* (5^a). ReportNumber, Lda.
- Marr, B., & Roos, G. (2005). A strategy perspective on intellectual capital. In *Perspectives on intellectual capital* (pp. 28–52). Nova Iorque: Routledge.
- McCann, P., & Ortega-Argilés, R. (2011). *Smart specialisation, regional growth and applications to EU cohesion policy*. Document de treball de l'IEB 2011/14, Institut d'Economia de Barcelona.
- Menon, A., & Bharadwaj, S. (1999). Antecedents and consequences of marketing strategy making: A model and a test. *Journal of Marketing*, 63(April), 18–40.
- Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7), 770–791.
- Molloy, J. C., Chadwick, C., Ployhart, R. E., & Golden, S. J. (2011). Making intangibles “tangible” in tests of resource-based theory: A multidisciplinary construct validation approach. *Journal of Management*, 37(5), 1496–1518. <https://doi.org/10.1177/0149206310394185>.
- Morgan, N., Kaleka, A., & Katsikeas, C. S. (2004). Antecedents of export venture performance: A theoretical model. *Journal of Marketing*, 68, 90–108.
- Morgan, N., Vorhies, D. W., & Schlegelmilch, B. B. (2006). Resource–performance relationships in industrial export ventures: The role of resource inimitability and substitutability. *Industrial Marketing Management*, 35(5), 621–633. <https://doi.org/10.1016/j.indmarman.2005.05.018>.
- Musso, F., & Francioni, B. (2014). International strategy for SMEs: Criteria for foreign markets and entry modes selection. *Journal of Small Business and Enterprise Development*, 21(2), 301–312. <https://doi.org/10.1108/JSBED-10-2013-0149>.
- Nag, R., Hambrick, D., & Chen, M. (2007). What is strategic management, really? Inductive derivation of a consensus definition of the field. *Strategic Management Journal*, 955(October 2006), 935–955. <https://doi.org/10.1002/smj>.
- Newbert, S. (2007). Empirical research on the resource-based view of the firm: An assessment and suggestions for future research. *Strategic Management Journal*, 146, 121–146. <https://doi.org/10.1002/smj>.
- Nunnally, J. C. (1978). *Psychometric theory*. New York: McGraw-Hill.
- O’Cass, A., & Sok, P. (2014). The role of intellectual resources, product innovation capability, reputational resources and marketing capability combinations in firm growth. *International Small Business Journal*, 32(8), 996–1018. <https://doi.org/10.1177/0266242613480225>.
- Okpara, J. (2009). Entrepreneurial orientation and export performance: Evidence from an emerging economy. *International Review of Business Research Papers*, 5(6), 195–211.
- Parrish, E. D., Cassill, N. L., & Oxenham, W. (2006). Niche market strategy for a mature marketplace. *Marketing Intelligence and Planning*, 24(7), 694–707. <https://doi.org/10.1108/02634500610711860>.
- Pearson, J., Pitfield, D., & Ryley, T. (2015). Intangible resources of competitive advantage: Analysis of 49 Asian airlines across three business models. *Journal of Air Transport Management*, 47, 179–189. <https://doi.org/10.1016/j.jairtraman.2015.06.002>.
- Pestana, M. H., & Gageiro, J. N. (2008). *Análise de Dados para Ciências Sociais – A complementaridade do SPSS* (5^a). Edições Silabo.
- Peteraf, M. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, 14(3), 179–191.
- Piercy, N., Kaleka, A., & Katsikeas, C. (1998). Sources of competitive advantage in high performing exporting companies. *Journal of World Business*, 33(4), 378–393.
- Porter, M. (1985). *The competitive advantage: Creating and sustaining superior performance*. New York: Free Press.
- Porter, M. (1991). Towards a dynamic theory of strategy. *Strategic Management Journal*, 12. <http://doi.org/10.1016/0143-2095/91/100095>
- Puig, F., Gonza, M., & Ghauri, P. N. (2014). Internationalisation for survival: The case of new. *Management International Review*, 54, 653–673. <https://doi.org/10.1007/s11575-014-0209-4>.

- Rakthin, S., Calantone, R. J., & Wang, J. F. (2016). Managing market intelligence: The comparative role of absorptive capacity and market orientation. *Journal of Business Research*, 69(12), 5569–5577. <https://doi.org/10.1016/j.jbusres.2016.03.064>.
- Rauch, A., & Wiklund, J. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), 1–54.
- Sarker, S., & Palit, M. (2015). Strategic orientation and performance of small and medium enterprises in Bangladesh. *International Journal of Entrepreneurship and Small Business*, 24(4), 572–586.
- Semrau, T., Ambos, T., & Kraus, S. (2016). Entrepreneurial orientation and SME performance across societal cultures: An international study. *Journal of Business Research*, 69(5), 1928–1932. <https://doi.org/10.1016/j.jbusres.2015.10.082>.
- Sousa, C. M. P., Martínez-López, F. J., & Coelho, F. (2008). The determinants of export performance: A review of the research in the literature between 1998 and 2005. *International Journal of Management Reviews*, 10(4), 343–374. <https://doi.org/10.1111/j.1468-2370.2008.00232.x>.
- Stoll, E. E., & Ha-Brookshire, J. E. (2012). Motivations for success: Case of U.S. textile and apparel small- and medium-sized enterprises. *Clothing and Textiles Research Journal*, 30(2), 149–163. <https://doi.org/10.1177/0887302X11429740>.
- Stouraitis, V., Harris, M., Harun, M., & Kyritsis, M. (2017). Motivators of SME initial export choice and the European Union regional effect in manufacturing. *International Journal of Entrepreneurial Behavior and Research*, 23(1), 35–55. [https://doi.org/10.1108/S1479-3563\(2012\)000012B005](https://doi.org/10.1108/S1479-3563(2012)000012B005).
- Teece, D. J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 1350, 1319–1350. <https://doi.org/10.1002/smj>.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533. [https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z).
- Thornhill, S., & Amit, R. (2003). Learning about failure: Bankruptcy, firm age, and the resource-based view. *Organization Science*, 14(5), 497–509. <https://doi.org/10.1287/orsc.14.5.497.16761>.
- Wang, C., & Ahmed, P. K. (2007). Dynamic capabilities: A review and research agenda. *International Journal of Management Reviews*, 9(1), 31–51. <https://doi.org/10.1111/j.1468-2370.2007.00201.x>.
- Wiklund, J. (1999). The sustainability of the entrepreneurial orientation performance relationship. *Entrepreneurship: Theory and Practice*, 24(1), 39–50. <http://doi.org/Article>.
- Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurational approach. *Journal of Business Venturing*, 20(1), 71–91. <https://doi.org/10.1016/j.jbusvent.2004.01.001>.
- Wiklund, J., & Shepherd, D. A. (2011). Where to from here? EO-as-experimentation, failure, and distribution of outcomes. *Entrepreneurship: Theory and Practice*, 35(5), 925–946. <https://doi.org/10.1111/j.1540-6520.2011.00454.x>.
- Zahra, S., & Covin, J. G. (1995). Contextual influences on the corporate entrepreneurship-performance relationship: A longitudinal analysis. *Journal of Business Venturing*, 10(1), 43–58. [https://doi.org/10.1016/0883-9026\(94\)00004-E](https://doi.org/10.1016/0883-9026(94)00004-E).
- Zahra, S., & Garvis, D. (2000). International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility. *Journal of Business Venturing*, 15, 469–492.
- Zahra, S., & George, G. (2002). Absorptive capacity: A review, reconceptualization, and extension. *Academy of Management Review*, 27(2), 185–203.
- Zucchella, A., & Siano, A. (2014). Internationalization and innovation as resources for SME growth in foreign markets. *International Studies of Management and Organization*, 44(1), 21–41. <https://doi.org/10.2753/IMO0020-8825440102>.

Lifestyle Entrepreneurs: The Case of Rural Tourism



Conceição Cunha, Elisabeth Kastenholz, and Maria João Carneiro

Abstract Tourism is considered a potential tool for developing rural territories which are increasingly affected by loss of economic opportunities and, consequently, some social problems such as depopulation and population ageing. Rural tourism lifestyle entrepreneurs are tourism business owners actively seeking a different lifestyle in rural territories.

This chapter presents a discussion of the role and contributions of lifestyle entrepreneurs in rural tourism to the development of the respective territories and the impact of the entrepreneurial activity provoked by this particular type of business owners. A systematic literature review was complemented by the results of a case study carried out in the Alto Alentejo, a rural region in the southern inner part of Portugal. The results considered here were part of a broader qualitative in-depth research.

The impacts of entrepreneurial activity may be found, among other aspects, in the maintenance of links with the land and property, the preservation of traditional food and job creation for entrepreneurs and their families and the creation of ‘social capital’ essential to the sustainability especially of small and rural communities.

Keywords Lifestyle entrepreneurs · Motivations · Impacts · Rural tourism

1 Introduction

In several countries, tourism is considered a potential tool for developing rural territories which are increasingly affected by loss of economic opportunities and, consequently, some social problems such as depopulation and population ageing (Kastenholz 2004, 2010). Through tourism development, rural economies may benefit not only from direct tourist spending but also from increased awareness and

C. Cunha (✉) · E. Kastenholz · M. J. Carneiro
University of Aveiro, Campus Universitário de Santiago, Aveiro, Portugal
e-mail: ccunha@ua.pt; elisabethk@ua.pt; mjcarneiro@ua.pt

© Springer International Publishing AG, part of Springer Nature 2018
L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_10

175

promotion of local products, new investments, job creation and the increasing dynamics of already existing businesses (Bosworth and Farrell 2011). Entrepreneurial activity in these territories may as well influence the way local people use their own and the countryside's resources, thus increasing the perception of value of that unique endogenous capital, apart from visitors' curiosity and demand. Additionally, the creation of small tourism businesses can contribute to change the face of many of these locations, helping to create a new economic and social dynamic, which brings new usages to old resources. The involvement of local communities in this resource-based transformation is essential for sustainable development and some of the small rural tourism enterprises have the potential to promote it. It is believed that these businesses may contribute to the regeneration of many rural economies and to sustainable rural development through, among other factors, a combination of local and extra-local networks, increasing local trade and creating an important 'social capital', essential to these small communities (Kastenholz et al. 2014; Saxena et al. 2007).

Rural tourism lifestyle entrepreneurs are tourism business owners actively seeking a different lifestyle in rural territories, being typically involved in a range of activities of relevance to themselves and their families, which are not directly related to business success (Cunha 2016; Marcketti et al. 2006). Motivations to create the business are centered on quality of life and local environmental variables (Bosworth and Farrell 2011; Cunha 2016), and comprise, frequently, the desire to contribute to a more sustainable environment (Bolluk and Mottiar 2014; Bosworth and Farrell 2011; Cunha 2016).

The development of rural territories is strongly related to the ability of attracting new investments that help bring new opportunities to local people and even attract new residents. In the case of rural tourism an expanded and well articulated supply system, capable of delivering an appealing overall experience of the "rural", responding to diverse motivations of tourists in rural areas and making the best use of endogenous resources is currently recognized as crucial to guarantee rural tourist establishments' business success (Kastenholz et al. 2012; Lane 2009). It is in this context that the owner of small rural tourism businesses can play a crucial role because, as evidenced by some authors (e.g. Lewis 2005), many of these entrepreneurs create a business not only to work, but also and above all to live in it. This concept of entrepreneurship can be the basis of a more personalized supply and services that reveal a genuine concern about place and community, integrating local people, resources and 'distinctive features', aspects highly valued by target segments of small rural tourism businesses. These aspects are also of great importance to enhance local economy (Bosworth and Farrell 2011; Kastenholz et al. 2014).

This chapter discusses the role and contributions of lifestyle entrepreneurs in rural tourism to the development of the respective territories. The impact of the entrepreneurial activity provoked by this particular type of business owners may help transform lives in territories that struggle to survive, therefore specific motivations and management practices of these entrepreneurs as well as outcomes of their businesses must be recognized, with diverse conceptual and empirical discussions contributing to a more profound understanding of the phenomenon.

2 Tourism Entrepreneurship in Rural Areas

The relevance of entrepreneurship in tourism has been recognised, particularly in the last two decades, as an important topic in tourism studies (Morrison et al. 2010; Thomas et al. 2011). Entrepreneurship research may also be valuable to understand the new usages of rural settings and resources, the dynamics created by different stakeholders and the ongoing development of rural locations.

The potential of tourism for developing rural areas, increasingly affected by the loss of economic opportunities and a significant decrease in population, has been recognised (Carlsen et al. 2008; Kastenholz 2004; Silva 2006). Rural economies benefit from new investments, job creation and the dynamics of already established tourism businesses, particularly if well connected to other economic sectors (Bosworth and Farrell 2011). Additionally, direct tourist spending, increased awareness and promotion of local products should be considered as an outcome of rural tourism businesses (Cunha 2016; Kastenholz 2004; Silva 2006).

The tourism industry in Portugal is characterized, as in many other countries, by small family businesses, dealing with capital constraints and being managed with a strong operational focus, meaning few businesses have planning, growth and marketing strategies (Ateljevic 2007; Getz and Peterson 2005; Morrison 2006; Park et al. 2014). Additionally, tourism industry is perceived as “easy to manage” with no significant entry barriers identified and little management or tourism skills required (Ateljevic 2007; Morrison 2006). Many of these small enterprises remain small, with weak economic indicators as job creation, growth and turnover (Ateljevic 2007; Hollick and Braun 2005). However, it is important to remark that many small businesses account for relevant contributions to rural territories and communities, where economic alternatives are scarce, and the possibility of maintaining a minimum population base is, in itself, highly valuable (Cunha et al. 2016).

Entrepreneurs in rural tourism, although heterogeneous, have been reported as driven by lifestyle motives, enjoying a high socio-economic and cultural status (Silva 2006) with the “family first” orientation towards their businesses (Getz and Carlsen 2000; Pato 2012). The family can play a very major role in the business development, especially in small business contexts. Family may be an important support for entrepreneurs, helping with different tasks, decision making and even financing business operations (Bosworth and Farrell 2011; Getz and Petersen 2005). In rural tourism accommodation units, families can be, as well, of great value in recreating a typical atmosphere of country houses, appealing to nostalgic memories of life in the countryside (Sidali et al. 2013).

Small tourism businesses in rural locations are often run by couples, named “copreneurs”, where management is intrinsically linked to family routines, presenting considerable challenges to entrepreneurs, namely in balancing business and family needs (Getz and Carlsen 2000; Shaw and Williams 2004). However, the “copreneurs” are supporting each other in business tasks and everyday life tasks,

many of them recognizing that enterprises could not succeed without the help from their spouses (Cunha 2016).

The owners choose to enter tourism business as a strategy to change their lifestyle or due to a particular lifecycle stage, namely a semi-retirement situation or the desire to care for small children (Getz and Petersen 2005; Cunha et al. 2016). Among other motivations, the desire to work autonomously, to have a rewarding professional activity, to utilize existing resources (country houses, farms, family heritages) and to live in a non-urban environment (perceived as less stressful and healthier) are common to rural tourism entrepreneurs (Cunha 2016; Komppula 2004; Paniagua 2002). In fact, rural tourism businesses are also related to a counter urbanization trend, a progressive process carried out by qualified individuals, with the management knowledge and experience and also the required capital to invest (Bosworth and Farrell 2011; Cunha 2016; Paniagua 2002). Rural tourism, in this context, represents an opportunity to move to the countryside, away from the stress of urban life. The business is created as a strategy to obtain the desired lifestyle (Marketti et al. 2006), and is therefore much more a life choice than a career decision. These new immigrants are helping to transform small villages and the rural landscape. Through the different activities developed, many of them contribute to reinforce interdependencies between local economies and global dynamics, and tourism is a good example of these mutually reinforcing local-global processes (Escribano and Mormont 2006).

Global demand for tourism products is characterized by complexity and increased requirements for quality, authenticity, uniqueness and alternative, more sustainable products (Lane 2009; Lane and Kastenholz 2015). Rural tourism provides unique, memorable, yet complex experiences. They are lived and co-created in a particular context (territorial, natural, social and cultural) by the so called “new tourist” (Clemenson and Lane 1997; Lane 2009), who is recognised as a central element in the value creation process (Kastenholz et al. 2012). Tourists looking for rural tourism products, as already suggested, they seek authentic experiences, travel independently and are frequently connected to values of ecology, health, creativity, human relations and personal growth (Ateljevic and Doorne 2000).

Rural tourism is expected to provide integration in an environment, different from the urban, which includes opportunities for enjoyment of the countryside and nature, appreciation of culture and traditions, and social interaction, characterized by a dimension of genuine hospitality, also reflected in a personalized service within the rural tourism accommodation (Kastenholz and Sparrer 2009). The owners of small rural tourism businesses are well positioned to supply such a service, playing therefore, a crucial role. As highlighted by some studies (Cunha 2016; Lewis 2005) the way they are doing business carries a genuine concern about place and community, integrating local people, resources and ‘distinctive features’, aspects highly valued by target segments of rural tourism. These entrepreneurs may, indeed, facilitate the guests’ understanding of and integration into local culture and community life (Kastenholz and Sparrer 2009). The impact of this particular form of entrepreneurship goes far beyond economic figures, and although global impacts may be considered modest, contributions to local economic and social dynamics must be recognized (Cavaco 2000; Cunha et al. 2016; Kastenholz 2010). The

tourism system integrates several activities and stakeholders, enabling the creation of a consistent and appealing image of the rural destination, attracting tourists and improving the local economy (Kastenholz 2010; Saxena et al. 2007). Rural territories have a unique set of natural and cultural resources that might represent good business opportunities. Entrepreneurs are the privileged actors to transform those resources into competitive tourism products, desirably, sustainable ones (Eusébio and Figueiredo 2014; Kastenholz et al. 2014; Parrish 2007).

3 Lifestyle Entrepreneurs in Tourism

Rural tourism lifestyle entrepreneurs are tourism business owners actively seeking a different lifestyle in rural territories. They may be involved in a range of activities of relevance to themselves and their families, beyond the business success (Cunha 2016; Marcketti et al. 2006). They are described as individuals who create and manage businesses aligned with their personal values, beliefs, interests and passions, and although not pursuing wealth as the main goal, cannot be considered as eccentrics or *bon-vivants* (Marcketti et al. 2006). Lifestyle, in this context, is related to the balance between personal life and work and to some activities or hobbies entrepreneurs wish to maintain while running their businesses (Ateljevic and Doorne 2000; Gelderen 2007).

Motivations to create the business are centered on quality of life and local environmental variables (Bosworth and Farrell 2011; Cunha 2016), and comprise, frequently, the desire to contribute to a more sustainable environment (Bolluk and Mottiar 2014; Bosworth and Farrell 2011; Cunha 2016). A passion for the countryside and the rural way of life and the possibility to work autonomously, along with the aspiration to enjoy a certain lifestyle, are common motives to lifestyle entrepreneurs in rural tourism (Cunha et al. 2016; Kompula 2004). The motivation, in this context, is frequently associated to quality of life and to the purpose of improving it (Marcketti et al. 2006), and also with ecology and sustainability values (ecopreneurs) or with the desire to “inform and educate” tourists about agriculture, the countryside and its preservation (agritourism) (Bolluk and Mottiar 2014; McGehee and Kim 2004).

Lifestyle entrepreneurs who create small rural tourism businesses, although affected by rural contexts (i.e. remoteness from large markets, from skilled labor force and disperse business networks) and driven by personal and family lifestyle goals, also present economic concerns, plans for expansion and focus on business success, while effectively revealing success in satisfying their clients (Bosworth and Farrell 2011). There is, in fact, an ongoing debate regarding the entrepreneurial nature of these businesses, their contributions and impacts on rural territories and communities. Some authors state that many entrepreneurs in tourism are driven by lifestyle motives, having little formal qualifications, no prior management experience or tourism skills, characteristics commonly associated with low performance (Getz and Peterson 2005; Hollick and Braun 2005; Morrison 2006; Peters et al. 2009). Regardless of these arguments, some of the entrepreneurs with a strong lifestyle

motivation show an approach to business that seems to be more entrepreneurial in nature, contributing to proactive management practices. These practices appear to be also more sustainable, generating positive business results, as well as entrepreneurial and personal fulfillment (Bolluk and Mottiar 2014; Cunha 2016). Although environment and quality of life variables are important to understand the motivation of these entrepreneurs to enter tourism businesses, evidence shows that the objectives of lifestyle are not necessarily in opposition to those of an economic nature. In fact, in many cases, lifestyle motives are embedded within an economic agenda, the two types of motives being intrinsically linked and positively related to good results of the business (Cunha 2016; Cunha et al. 2016; Hall and Rusher 2004; Shaw and Williams 2004).

This new concept of entrepreneurship, also called ‘new entrepreneurial ideal’ (Claire 2012), comprises social and cultural values as success factors along with objectives of business development and growth (economic perspective). According to the sustainability paradigm, growth should not be confounded with progress. It should be placed within an environmental context not as an “imposition” but rather an adaptation to this context that guarantees a positive long-term contribution of a business to a community/territory. Particularly, in small tourism businesses, “growth in quality but not in volume” should be considered an important goal, and organizational success should be more focused on relationships, integrity and lifestyle (Claire 2012; Kompulla 2004; Lewis 2005) and should be particularly adequate for rural tourism, whose market may be considered a “niche” market composed of several other “market niches” (Clemenson and Lane 1997).

Research in the field of lifestyle entrepreneurship also indicates that these entrepreneurs contribute to a higher perceived quality of the tourist experience, because the products benefit from entrepreneurs’ identification with the product and from this unique and most dedicated way of doing business (Cunha 2016; Keen 2004; Lewis 2005). Last but not least, lifestyle entrepreneurship is associated with the creation of ‘social capital’ essential to the sustainability especially of small and rural communities (Morrison 2006). It is also argued that it is precisely outside the economic field that major contributions of these small rural tourism businesses can be found. The contributions are, among others, the maintenance of links with the land and property, the preservation of traditional food and job creation for entrepreneurs and their families (Cavaco 2000; Silva 2006). Entrepreneurs contribute also to a livelier atmosphere in small, isolated villages through the attraction of tourists, very much appreciated by local populations (Kastenholz et al. 2013), thereby making rural territories also more attractive for residents.

4 Methodology

A systematic literature review was complemented by the results of a case study conducted in the Alto Alentejo, a rural region in the southern inner part of Portugal. The results considered for this chapter were part of a broader qualitative in-depth

research. Long, semi-structured interviews were held with entrepreneurs of eight small tourism accommodation units located in small villages. The interviewed entrepreneurs were also the owners and managers of the businesses. Other empirical data—collected between March and May 2015—complemented the interviews. Data sources included direct observation, diverse documentation and short interviews with guests.

A content analysis was performed, structured around the themes previously identified in rural tourism entrepreneurship literature. The data was organised and codified with the help of the software WebQDA (Web Qualitative Data Analysis). Categories were identified and the discourse was codified performing a case-by-case analysis, followed by a comparative analysis (cross-case analysis). The interpretation of results was supported by the previously mentioned literature review, other studies' results and conclusions.

The accommodation units considered in this study are all located in the same region. This option was due to the objective to harmonize as much as possible the geographical variables, and in so doing guarantee interviewed entrepreneurs run their businesses under very similar conditions (Fig. 1).

The focus of the analysis presented here is the entrepreneur and the firm level, considering mainly the aspects regarding the entrepreneurs' contributions to economic and social dynamics in the rural territory where they decided to locate their tourism businesses.

5 Results

Lifestyle entrepreneurs create small businesses and, as already discussed, small tourism enterprises do not present very good results, when analysing it through a tight economic lens. Entrepreneurs in this study consider, however, they have successful businesses. In fact, in most of the studied cases, economic figures are modest, but the owners claim their success lies in their client's satisfaction and loyalty, in the products and services' quality offered, in the self fulfilment of doing something in which they believe being of interest and value, for the communities where they live and for themselves.

Profitability and controlled growth are among lifestyle entrepreneurs goals. Economic results are, though, carefully pursued, and although recognized as vital for the future of the business, they understand that economic goals must be balanced with other kind of objectives, namely, lifestyle, quality and sustainability. Previous research has already reported the same concern (Bosworth and Farrell 2011; Claire 2012; Cunha et al. 2016; Komppula 2004).

The entrepreneurs with lifestyle profile show significant concern with the quality of life in the villages, and feel responsible for the improvement of the community's living standard. They realize that they can contribute to stimulate local economy and to induce the generally appreciated contacts between locals and tourists.

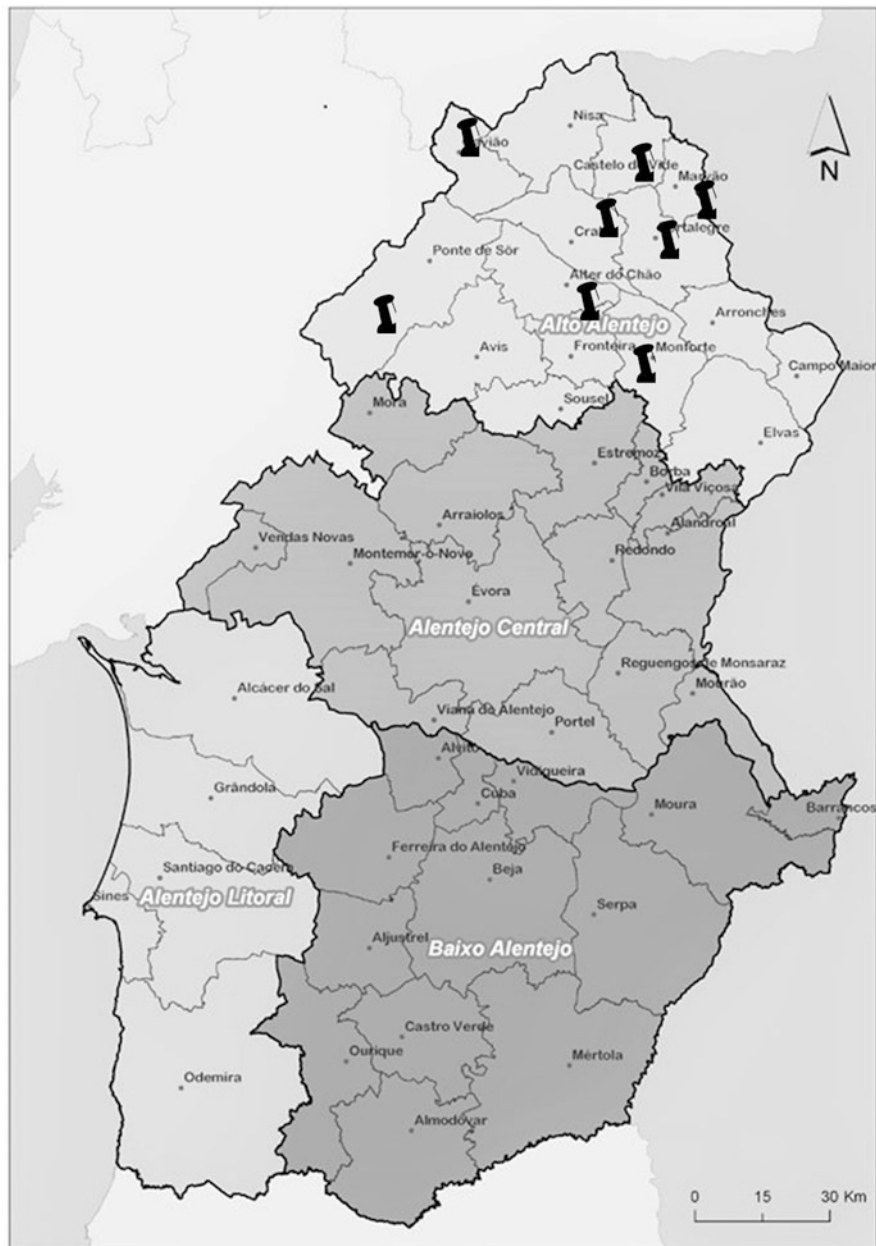


Fig. 1 Businesses location in Alto Alentejo Region (Portugal). Source: CCDR Alentejo (2015)

I like the contact with different people, otherwise we would die here. . . have you noticed that people here in the village like to talk to the tourists? They appreciate to tell them stories and help them to understand our traditions. I like to contact and talk to people, very much.

Sustainability concerns are also related to nature and landscape. Lifestyle entrepreneurs in this study clearly wish to contribute to a preserved countryside, to use appropriately the local resources, and in regard to nature, live in a more responsible way.

We see nature in a completely different way (. . .) we feel sad with the way we see some people mistreat the land. . . the care they should have and they don't. . . we believe we can bring the knowledge to help and influence others to behave differently, in a more responsible way, in a way that by preserving the natural resources value will be created for all residents.

The desire to maintain heritage and family memories, preserving it to future generations, is also a strong motive to create tourism businesses, in many of the cases. Some entrepreneurs keep high expectations that second generation will continue business.

We hope our son (he's an agronomist engineer) will be interested in this project, the farm. . . and will help us defining strategies for the future of the business. We have the expectation he will soon take care of business management.

In one of the cases, second generation has already assumed the business management. Younger generations bring new ideas, skills and probably a vision of the future. But they also bring their families and young children to these rural territories, helping to keep them alive.

I had this idea since University time. . . to develop a project of organic farming. I've worked outside the village for years. . . in Lisbon and abroad. . . but it was time to return and make my own path. My father had this farm and already the accommodation unit. It was time to do new things, interesting things and help my village and also create my own job, raise my son here, where we all belong.

Lifestyle entrepreneurs in this study are qualified individuals, with relevant professional experience and, in several cases, management background. They chose rural villages to live and bring their knowledge and experience to create innovative products, adding value to local products and other resources. This way, their contribution extends further than their own business, because in attracting tourists to villages they are fortifying other businesses as well (e.g. Restaurants, local commerce).

We wanted to bring to the farm and to the accommodation unit the knowledge, skills and the accuracy we have gained in our previous jobs (. . .) we wanted to do something different, something that could be appreciated and admired (. . .) we have achieved quite good professional standards in our life. . . we wouldn't invest so much effort just to do something unoriginal. . . commonplace.

The importance of quality and authenticity of the products served in the lodgings and the way the guests are treated is well expressed in owner's discourses:

I personally put quite high expectation; that's how we think about quality. Taking into account my own experience [as a tourist]. . . what happened there that made it memorable? Was it the people? Was it the products? Homemade bread. . . marmalade, jams, that sort of things. . . or a genuine interest to make something better?

Yes, we only serve local products. That is a must. Our breakfast includes the regional cheese, the traditional chorizo, and homemade bread. No supermarkets stuff.

The rural tourism businesses' typical small dimension and the complex and articulated nature of the overall tourism experience highlight the relevance of networks. Local and non-local networks play a determinant role in the tourism supply chain and also in assuring memorable experiences to tourists. As said, tourism experiences are complex, based on different elements such as heritage, landscape, people's way of life and their memories, requiring the involvement of many destination actors and features. Lifestyle entrepreneurs are sensitive to this reality and seem aware this is not a "one man's task", stating the importance of partnerships in diversifying services and obtaining a representative offer of the village products and appealing countryside experiences.

We have a variety of regional products because we have partnership with other producers, our neighbours. We have the olive oil, they have wine, tea, honey and cheese. . . food tourism is inseparable of rural tourism, we make that blend and we work together to achieve good results.

Networks are considered by lifestyle entrepreneurs of great value to improve business and to help extend the average stay of tourists in the villages.

We are trying to organize ourselves, learn about the local resources and arrange a network of leisure activities that might help to retain tourists in the village for more than 1 or 2 days. . . we are trying to implement a kind of an association.

We have been talking with 2 other businesses of rural tourism nearby about marketing the 3 businesses together, and the Park as central, and maybe also 2 or 3 restaurants. . . there's interest in it and I think something may develop from there.

Entrepreneurs understand the contagious effect of the way the several tourism businesses are operating in a village. If someone is not offering quality, all the others will be affected by bad image.

In small villages like this one, if one—and one is enough—is not working well, that will ruin the image of the village (. . .) tourists say they had a bad experience in that village, they generalize their discontent to the overall experience

Lifestyle entrepreneurs show pride in what they have achieved, being aware that their businesses, although small, have impacts in the villages and communities.

The public recognition concerning the project originality, the press and other media (TV channels) giving much attention to the farm and our services. . . yes, we are very proud we, urban people, created such a thing. . . the farm goes beyond ourselves.

I think this was quite interesting for the village. . . there was nothing here. At least we contribute to keep some restaurants open. And if tourists had no place to stay, there were no events organized here, as well.

I did something courageous: this house, a XVIII century house was falling down. . .nobody was interested in it. I invested; I took the risk and brought life to it.

The local and non-local networks created in these territories enhance wealth creation, improving the quality of products and services offered, as well as the overall tourism experience, as already discussed. Lifestyle entrepreneurs show a very positive attitude towards the possibility of working together with other entrepreneurs from the villages as well as with outside partners. In fact, they are very proactive in this matter, maintaining active links in other locations, frequently urban, which in this particular context, maybe of great value. External networks may help to guarantee some important resources to business management (e.g. information, specialized advice, marketing) and are, therefore, an important contribution to the territory's development.

6 Conclusions

The tourism lifestyle entrepreneurs analysed in this study on rural tourism in South Portugal are business owners who contribute to the development of the territories where their businesses are located. This research, in line with other studies (Bosworth and Farrell 2011; Cunha et al. 2016; Keen 2004; Lewis 2005) highlights the importance this unique way of doing business may have for high-quality tourist experience and through this, better business results. Lifestyle entrepreneurs in rural tourism are embedded with a sense of “mission”, a strong identification with the product and the place, a passion for the countryside that is, undoubtedly, reflected in business management and results. In this sense, as suggested by Lane (2016), the arrival of lifestyle entrepreneurs should be welcomed because they bring new skills, additional capital, ideas and market knowledge.

It should be considered as well that these entrepreneurs may help diversify the economic activity in rural areas, add dynamism through multiplier effects, which is usually related to positive economic results (Aldrich 1992). They thereby also promote investment in locations with typically low attraction potential (Gelderen 2007; Lane 2016).

Businesses created based on lifestyle goals are, generally, more innovative and creative, with lifestyle entrepreneurs being presented as important players in creating innovative products designed for emerging market segments of high value (Ateljevic and Doorne 2000). In the particular context of rural tourism, these entrepreneurs are characterized as showing high levels of innovation, diversity and uniqueness, aspects which are highly valued by hyper-segmented markets, as found in rural tourism (Lane 2009). Studies suggest that the benefits sought by the “new” niche markets with high potential (including the unique, authentic, different experience, independence, knowledge, interpersonal relations) are more easily found in small-scale tourism services, promoted and managed by entrepreneurs motivated also by non-economic factors (Ateljevic and Doorne 2000; Cunha 2016).

Lifestyle entrepreneurs in this study, as reported in other studies (Ateljevic and Doorne 2000; Bolluk and Mottiar 2014; Bosworth and Farrell 2011; Cunha et al. 2016), are more aligned with sustainability values and that fact is expressed in their management conduct. Business concepts have embedded this concern, visible in the small dimension of enterprises, in networking efforts, in the highly personalized offers, in organic farming or in the diverse and complementary activities (commerce, tourism, agriculture) frequently offered, which helps to achieve positive business results and future sustainability.

Tourism entrepreneurship can thus positively impact on villages and their communities in rural areas if some conditions are taken into account. Sustainability issues have to be addressed to assure the development achieved is the one desired. Tourists are important to foster the local economy dynamics; however rural territories are also socially and environmentally fragile, and models of development must take this reality into account. Attracting and supporting actors with the “right” attitude and the willingness to invest and live in these places and positively integrate in existing communities maybe a forehand interesting strategy.

References

- Aldrich, H. E. (1992). Methods in our madness? Trends in entrepreneurship research. In D. L. Sexton & J. D. Kasarda (Eds.), *The state of the art of entrepreneurship* (pp. 191–213). Boston: PWS-Kent.
- Ateljevic, J. (2007). Small tourism firms and management practices in New Zealand: The centre stage macro region. *Tourism Management*, 28, 307–316.
- Ateljevic, I., & Doorne, S. (2000). Staying within the fence: Lifestyle entrepreneurship in tourism. *Journal of Sustainable Tourism*, 8(5), 378–392.
- Boluk, K. A., & Mottiar, Z. (2014). Motivations of social entrepreneurs: Blurring the social contribution and profits dichotomy. *Social Enterprise Journal*, 10(1), 53–68.
- Bosworth, G., & Farrell, H. (2011). Tourism entrepreneurs in Northumberland. *Annals of Tourism Research*, 38(4), 1474–1494.
- Carlsen, J., Morrison, A., & Weber, P. (2008). Lifestyle oriented small tourism firms. *Tourism Recreation Research*, 33(3), 255–263.
- Cavaco, C. (2000). Turismo, comércio e desenvolvimento rural. In J. A. Almeida, & M. Riedl (Org.). *Turismo Rural Ecologia, lazer e desenvolvimento* (pp. 69–94). Bauru: EDUSC.
- CCDR Alentejo. (2015). *Mapa da região* [online]. Accessed March 2, 2015 from www.webb.ccdr-a.gov.pt/index.php/ra-87821/mapas
- Claire, L. (2012). Re-storing the entrepreneurial ideal: Lifestyle entrepreneurs as hero? *Tamara – Journal for Critical Organization Inquiry*, 10(1), 31–39.
- Clemenson, H. A., & Lane, B. (1997). Niche markets, niche marketing and rural employment. In R. D. Bollman & J. M. Bryden (Eds.), *Rural employment: An international perspective* (pp. 410–426). Wallingford: CAB International.
- Cunha, C. (2016). *Empreendedorismo “estilo de vida”: o caso dos pequenos negócios TER*. PhD Thesis, University of Aveiro.
- Cunha, C., Kastenholz, E., & Carneiro, M. J. (2016). Chapter 11. Lifestyle entrepreneurs in rural tourism: how does lifestyle drive get along with business orientation? In E. Kastenholz, M. J. Carneiro, C. Eusébio, & E. Figueiredo (Eds.), *Meeting challenges for rural tourism through co-creation of sustainable tourist experiences* (pp. 243–262). Cambridge: Cambridge Scholar Publishing.

- Escribano, M. J. R., & Mormont, M. (2006). *Neo-rurality and the different meanings of the countryside*. Atas da Conferência Les mondes ruraux à l'épreuve des sciences sociales. Dijon, 17–19 mai.
- Eusébio, C., & Figueiredo, E. (2014). Turismo e desenvolvimento sustentável de destinos rurais. In E. Kastenholtz, C. Eusébio, E. Figueiredo, M. J. Carneiro, & J. Lima (Coord.). *Reinventar o Turismo Rural em Portugal: Cocriação de experiências turísticas sustentáveis* (pp. 51–58). Aveiro: UA Editora.
- Gelderen, M. V. (2007). *Life style entrepreneurship as a contributor to variety in the economy* [online]. New Zealand: Massey University. Acedido em June 20, 2009, from http://www.massey.ac.nz/~cprichar/OIL/OIL3_papers.htm#Lifestyle
- Getz, D., & Carlsen, J. (2000). Characteristics and goals of family and owned-operated business in the rural tourism and hospitality sectors. *Tourism Management*, 21, 547–560.
- Getz, D., & Peterson, T. (2005). Growth and profit-oriented entrepreneurship among family business owners in the tourism and hospitality industry. *International Journal of Hospitality Management*, 24, 219–242.
- Hall, C. M., & Rusher, K. (2004). Risky lifestyles? Entrepreneurial characteristics of the New Zealand bed and breakfast sector. In R. Thomas (Ed.), *Small firms in tourism international perspectives* (pp. 83–97). Oxford: Elsevier.
- Hollick, M., & Braun, P. (2005). *Lifestyle entrepreneurship: The unusual nature of the tourism entrepreneur*. Victoria: Centre for Regional Innovation & Competitiveness, University Of Ballarat.
- Kastenholtz, E. (2004). “Management of demand” as a tool in sustainable tourist destination development. *Journal of Sustainable Tourism*, 12(5), 388–408.
- Kastenholtz, E. (2010). Experiência global em turismo rural e desenvolvimento sustentável das comunidades locais. In E. Figueiredo, E. Kastenholtz, & Outros (Eds.), *Actas do IV Congresso de Estudos Rurais* (pp. 420–435). Universidade de Aveiro: Aveiro.
- Kastenholtz, E., & Sparrer, M. (2009). Rural dimensions of the commercial home. In P. Lynch, A. J. McIntosh, & H. Tucker (Eds.), *Commercial homes in tourism: An international perspective* (pp. 138–149). London: Routledge.
- Kastenholtz, E., Carneiro, M. J., & Marques, C. (2012). Marketing the rural tourism experience. In R. H. Tsiotsou & R. E. Goldsmith (Eds.), *Strategic marketing in tourism services* (pp. 247–264). Bingley: Emerald.
- Kastenholtz, E., Eusébio, C., Carneiro, M. J., & Figueiredo, E. (2013). Host-guest relationships in rural tourism - evidence from two Portuguese villages. *Anatolia: An International Journal of Tourism and Hospitality Research*, 24(3), 367–380.
- Kastenholtz, E., Eusébio, C., Figueiredo, E., Carneiro, M. J., & Lima, J. (Coord.). (2014). *Reinventar o turismo rural em Portugal – cocriação de experiências turísticas sustentáveis*. Aveiro: UA Editora.
- Keen, D. (2004). The interaction of community and small tourism businesses in rural New Zealand. In R. Thomas (Org.). *Small firms in tourism international perspectives* (pp. 139–151). Oxford: Elsevier.
- Komppula, R. (2004). Success and growth in rural tourism micro-business in Finland: Financial or life-style objectives? In R. Thomas (Org.). *Small firms in tourism international perspectives* (pp. 115–138). Oxford: Elsevier.
- Lane, B. (2009). Thirty years of sustainable tourism. In S. Gössling, C. M. Hall, & D. B. Weaver (Eds.), *Sustainable tourism futures* (pp. 19–32). New York: Routledge.
- Lane, B. (2016). Implementing sustainable rural tourism: Lessons from rural rail-based slow tourism. In E. Kastenholtz, M. J. Carneiro, C. Eusébio, & E. Figueiredo (Eds.), *Meeting challenges for rural tourism through co-creation of sustainable tourist experiences* (pp. 441–458). Newcastle upon Tyne: Cambridge Scholars Publishing.
- Lane, B., & Kastenholtz, E. (2015). Rural tourism: the evolution of practice and research – towards a new generation concept? *Journal of Sustainable Tourism*, 23(8–9), 1133–1156.

- Lewis, K. (2005). *New Zealand SME owners: In it for 'Lifestyle' or 'freestyle'?* Wellington, New Zealand: New Zealand Centre for SME Research, Massey University.
- Marcketti, S. B., Niehm, L. S., & Fuloria, R. (2006). An exploratory study of lifestyle entrepreneurship and its relationship to life quality. *Family and Consumer Sciences Research Journal*, 34(3), 241–259.
- McGehee, N. G., & Kim, K. (2004). Motivation for agri-tourism entrepreneurship. *Journal of Travel Research*, 43, 161–170.
- Morrison, A. (2006). A contextualization of entrepreneurship. *International Journal of Entrepreneurial Behaviour & Research*, 12(4), 192–209.
- Morrison, A., Carlsen, J., & Weber, P. (2010). Small tourism business research change and evolution. *International Journal of Tourism Research*, 12, 739–749.
- Paniagua, A. (2002). Urban-rural migration, tourism entrepreneurs and rural restructuring in Spain. *Tourism Geographies*, 4(4), 349–371.
- Park, D., Doh, K., & Kim, K. (2014). Successful managerial behavior for farm-based tourism: A functional approach. *Tourism Management*, 45, 201–210.
- Parrish, B. D. (2007). Designing the sustainable enterprise. *Futures*, 39, 846–860.
- Pato, M. L. J. (2012). *As dinâmicas do Turismo Rural – impactos em termos de desenvolvimento rural*. Tese de Doutoramento, Aveiro: Universidade de Aveiro.
- Peters, M., Frehse, J., & Buhalis, D. (2009). The importance of lifestyle entrepreneurship: A conceptual study of the tourism industry. *PASOS – Revista de Turismo y Patrimonio Cultural*, 7(2), 393–405.
- Saxena, G., Clark, G., Oliver, T., & Ilbery, B. (2007). Conceptualizing integrated rural tourism. *Tourism Geographies*, 9(4), 347–370.
- Shaw, G., & Williams, A. M. (2004). From lifestyle consumption to lifestyle production: Changing patterns of tourism entrepreneurship. In R. Thomas (Org.) *Small firms in tourism international perspectives* (pp. 99–113). Oxford: Elsevier.
- Sidali, K. L., Kastenholz, E., & Bianchi, R. (2013). Food tourism, niche markets and products in rural tourism: combining the intimacy model and the experience economy as a rural development strategy. *Journal of Sustainable Tourism*, 23, 1–19.
- Silva, L. (2006). *Os impactos do turismo em espaço rural*. *Antropologia Portuguesa*, 22(23), 295–317.
- Thomas, R., Shaw, G., & Page, S. J. (2011). Understanding small firms in tourism: A perspective on research trends and challenges. *Tourism Management*, 32, 963–976.

Towards a New Economy in Rural Areas



Domingos Santos

Abstract Long-term rural competitiveness and sustainability have increasingly less to do with cost-efficiency along the traditional agriculture *filière* and more to do with the ability of firms and institutions to innovate in terms of its portfolio of goods and services, namely the way rural territories build up their competitive advantages on the basis of their heritage.

The book chapter discusses the necessity to promote development characteristics based on the identity of the different spaces, their history, their material and immaterial resources. This redesign on rural policies should necessarily aim with engaging with the right targets, namely the institutionalized inertia which characterizes many rural regions, trying to stimulate the whole milieu. This new approach can be seen as an instrument of establishing a learning framework for all partners involved on the construction of a collective socio-economic trajectory.

Territories marked by rurality need to reinvent their economies and broaden their economic menu, making the rural world more and better available to the market, at local, national and global levels.

Keywords Rural development · Rural policy · Entrepreneurship · Innovation · Portugal

1 Introduction

Rural territories have an economic narrative and structure that comes either from the use of land by agriculture and forestry either from industrial activities that utilize the rural labor force and/or natural resources. However, the regression of agriculture and the increasing importance of pluriactivity, the relevance of industry, the

D. Santos (✉)

Polytechnic Institute of Castelo Branco and Interdisciplinary Centre of Social Sciences, Lisbon, Portugal

e-mail: domingos.santos@ipcb.pt

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_11

189

development of residential and leisure activities, along with the flourishing of social interest for rural goods and nature, have greatly transformed the economic landscape and content of those territories.

The announced end of the rural world is giving rise to successive metamorphoses that lie in the potential associated with the multifunctionality of rural spaces, opening the door to a prospect of multiple future trajectories. Rurality is not a stage of social and economic development to be overcome with the advancement of progress and urbanization. It constitutes, and will continue to, constitute a structuring dimension of the way contemporary societies evolve.

The book chapter discusses the main structural dimensions that have been characterizing the recent metamorphoses rural areas have been passing through together with the growing role cultural assets are assuming on the emergence of a broader spectrum of activities. Finally, it is argued that strengthening economic prosperity and employment in rural areas should mean, in particular, a more diversified and flexible local economy, combining agrarian know-how with the potential associated with entrepreneurship and the creation of micro, small and medium-sized industrial enterprises, services, cultural industries, leisure and tourism.

2 When Rural Development Rhymes with Refunctionalization

Agrarian monochrome is an increasingly blurred tonality in the rural world. The gradual discovery of the tourism potential that has accompanied the process of disaggregation and the restructuring of rural economies, in this heavy movement of tertiarization, is the strongest and more structural tendency that accompanies contemporary rurality. This process reduces the importance of agricultural activity, with a concomitant decrease in the weight of employment, and its loss of centrality as the organizing axis of the social fabric of rural communities.

This collapse of the traditional rural paradigm, based on agricultural activity, brings with it the challenge of taking advantage of and valuing entrepreneurial projects that involve exploring and valuing a broader *portfolio* of territorial assets, increasing the economic base of rural sustainability.

In Europe, Rural Development Programs, as accompanying measures for the Common Agriculture Policy, have had as their central objective the economic potential of local natural and cultural resources, often hidden or underutilized. Elements such as the landscape, the historical heritage, festivals and traditions, handicrafts or gastronomy, constitute more and more pillars that support the new architecture of rural development and are the raw material in which a new model of rurality is being forged, upon which a new brand is slowly being built: that of local product, whose added value lies precisely in the elements conferred by tradition, historical legacy or nature. It is from this uniqueness that these local products find a space to circulate in global markets. It is in this context that the iterative process of

mutual construction of local and global acquires its true meaning and assumes a pivotal role of the renewed rural dynamics (Remmers 2000).

This redefinition of the framing profile of rural economies in the world economy is not, as Covas (2004) argues, indissociable from the current paradigm that has settled around a competitiveness-income model that prevails over competitiveness-cost, a situation that has given a priority dimension of the assistance dimension in detriment of the classic business strategies. This is a frequently ambiguous context, in the exact sense that it ends up translating into a dichotomous reality, which, together with the existence of an economic policy for agriculture, coexists with a social policy for rural development. In Portugal, with the prevailing centralized and vertical political-administrative culture, due to lack of horizontal coordination, those objective end up inconsequent, if not conflicting, with the dynamics installed in rural communities. Of course, starting development processes based on innovation, competitiveness and sustainability should imply a well-balanced policy design, not overestimating a welfare dimension, given that the emphasis on the dynamics of territorial qualification should be placed on the potentialities, however promising they may appear, from the point of view of their valuation and creation of territorial added-value.

Rural areas continue to have the role of food production as an environmental reserve, a function supported by their traditional function of agricultural production and capital accumulation for rural communities. However, the *continuum* of changes operated on the markets and demand segmentation, increasingly organized around tight criteria of productivity and product quality, have contributed to its loss of attractiveness as the dominant economic activity in rural territories. Its revival, however, continues, currently evolving around agriculture-health-food and agriculture-environment-territory relations (Moreira 2001; Sevilla Guzmán 2001; Woods 2011).

In sum, and this is one of the ideas that should be highlighted, since it supports one of the central arguments of this book chapter: there is a need to consider that current rural development policies, insofar as they interact with the socio-institutional fabric, mobilize resources that are not exclusively of the economic sphere. In this sense, they promote the construction of a model of rurality shaped by the crystallization around the diverse territorial singularities and the genuine character of local products (Cavaco 2004; Oliveira Baptista 2006).

This conception and scope of the rural economy with an innovative dimension associated to the territorial approach enable, thus, a paradigm shift from the notion of support-territory to resource-territory, which implies, equally, the conversion of a paradigm from territory as an actor to a territory as a protagonist. A new generation of rural development policy has somehow to be embedded by these challenges.

3 Identity: Looking for Who I Am

If there is a sector that has played a minor role in rural development policies in Portugal, this sector is the one of culture- it is still very small the role that is attributed to cultural activities on rural development. A great part of the political-institutional and entrepreneurial actors are not yet aware of the role that culture can play in rural development policies (Azevedo 2004; Santos Silva 2007).

The binomial culture-development is a recurring theme, almost inevitable, when approaching the theme of heritage as a factor of rural development. The cultural dimension of development is associated with a broader concept of heritage, which also encompasses intangible and natural aspects beyond the monumental and historical dimensions, making then possible to formulate integrated territorial management strategies based on a participatory dynamics that give voice to local actors. And, no least important, it is crucial that this process of economic revitalization, which is either a process of preserving a legacy and social transformation, serves purposes of identity affirmation and of strengthening symbolic capital. Territory is the true support of identity and this is the main instrument of commercialization of rural areas—this is the true compass that should guide the future of competitive, inclusive and sustainable strategies of these territories.

It is essential to realize that cultural (and natural) goods should be integrated in the planning of economic and territorial development, and should be an engine of empowerment and creation of both social capital (Putnam 1995) and wealth. A development in which territory may be perceived as a space of socialization and identification that transcends geography or landscape, and where local communities are the cardinal point of reference for self-organization and social participation. Typically, one of the major limitations to the promotion of a process of productive reconversion of agrarian communities, often subject to conditions of marginality, is the loss of identity reference values and low self-esteem that finds subsequent translation in models of dependency and assistance (Ballesteros and Hernández 2017). Breaking these patterns of socio-institutional behavior and the *modus faciendi* that is umbilically associated to it, constitutes a fundamental condition for the success of strategies of qualification of the entrepreneurial, organizational and productive competences.

The gradual insertion of the heritage on the market as a source of tourist attraction must oblige the different stakeholders to clearly define the product they want to place commercially, with a view to affirming competitive advantages and differentiation. This is a decisive starting point for avoiding disappointments, failures, and expending energy and resources without actually realizing what it is that can endow this *portfolio* of goods and services with meaning and content.

It is necessary to identify and characterize the developmental trajectories based on the identity of the different spaces, their history, their material and immaterial resources, their artistic and creative potential (OECD 2005). It is in this sense that

endogenous development processes can acquire special significance and coherence, allowing local and regional economies to grow on the basis of their unique development potential. It is a question of creating, as Aguilar (2005) suggests, mechanisms for insertion of cultural products and goods into the economy, avoiding the dichotomous, sometimes even antagonistic, culture-economy relationship, placing cultural products at the service of the local economy, thus avoiding the predominance of mercantilist logics that are inadequate with the strategic purpose of qualifying communities and territories.

Otherwise, there is a risk that this process will be so marginal, so lateral to the feeling and development of these communities that it may eventually be perceived as a foreign body—culture-led strategies may sometimes be more of a distraction than an instrument for creating economic growth. Not infrequently, however, nascent cultural activities end up, over time, if properly conducted and cherished, by generating gradual phenomena of absorption by the local communities (López de Aguilera 2000). This appropriation is the most elucidative aspect of the fertilization capacity of local communities with cultural projects. This phenomenon of appropriation, in fact, should be one of the great objectives of any project of cultural intervention, otherwise it will remain exogenous to local and regional social dynamics and therefore eccentric and alien to the community.

Cultural initiatives and projects, based on added-value logics and differentiating characteristics, should serve as useful and proactive elements, not only in providing services to the community but also in qualifying and empowering individual citizens and communities. This should constitute the core of the intervention of the cultural dimension, acting as a strategic instrument that of integrated and sustained rural development (Santos Silva 2007).

Companies that start with these strategies endow themselves with a competitive shield coupled with the uniqueness of the natural and cultural framework and the enormous possibilities opened up by the growing market for so-called *Identity Card* products. This valuation of an endogenous economic capital, if well framed by business, can, in effect, guarantee more perennial effects in terms of rural development, job and wealth creation (Lopes 2001). First of all, because they are not delocalisable activities, and then because they are intrinsically more sheltered from the winds and the effects of globalization on price competitiveness, a crucial factor in the definition of sustainable rural development strategies.

There are, however, no panaceas, there are previously paths to be overcome. The emergence of this new rurality implies differentiated conceptions of the development choices and processes. The development of rural areas must take into account the diversity of productive forms in agriculture, the extension of the phenomena of heritage commodification and the valorization of the symbolic, as well as the differences between the rural areas themselves (Frisvoll 2013). The diversity of rural areas and of rural development processes may result from different combinations of livelihoods, productive logics, development styles and trajectories, and modes of operation of the territory, for example, with greater or lesser presence of pluriactivity, family or more orthodox business production, the predominance or not of the agricultural modernization model to social intervention, or from a greater or

lesser emphasis on the management and conservation of the natural and cultural heritage—producing rural space is today more than ever, as Cruickshank (2016) argues, a project of search and identity affirmation.

4 From Pandora: Out of the Box

This new model of development has brought with it three major changes with respect to the previous exogenous model: it has shifted attention toward the territory's own resources, converted local communities into the protagonists of development efforts, and allowed integrated development at the territorial level (Woods 2011). Urban centres were then seen as magnetic poles for growth, while rural areas were considered backward territories with a sole focus on production. Therefore, the focus of rural development had an exogenous orientation; modernity had to be brought out from the city to the countryside and, more precisely, to the agricultural sector (Ward et al. 2005).

This reductive vision of looking at the rural by contrast and counterpoint to the urban tends now to be overcome. It is a drag on an anachronistic dichotomy that, today, tends to be replaced by the local-global binomial, in which, in a simplistic as well as erroneous way, one tends to associate the global with the urban and the local with the rural one. I believe that the portentous definition of the Portuguese writer Miguel Torga helps shed light on the subject: “the universal is the local without the walls”.

It is already known that the discussion about the differentiation of economies is now profoundly limited by an idea about globalization that is based on the principle of the homogenization of economic systems and the notion that difference only exists as an instrumental resource of integration (Figueiredo 2008). There is a broad consensus today that the competitive success of territories rests less on traditional geographic or economic-geographic determinisms than on socio-political capacity for initiative and organization (Santos 2009). Competitiveness is a systemic phenomenon, linking economic and extra-economic spheres.

It seems, however, that it will not be long before the initiative and the room for manoeuvre enjoyed by the various rural areas are reassessed. It is gradually solidifying the understanding, based on the analysis and discussion of the rural, that the methodology to be adopted will not allow any kind of escape—and that goes through the recognition of territorial characteristics capable of aligning resources and activities with the rural development processes (Covas 2004; Tamásy and Revilla Díez 2013).

The debate, in this field, involves the way to be traversed by these rural territories. Some studies characterize the territory in the sense of perceiving its potential for insertion in the market. This analysis, however, would lead the debate to an almost exclusively productivist scope, not always the most appropriate one, mainly considering the set of ecological and environmental relations. Of course, the territorial issue is one more dimension in the study of rural development. The translation of this

understanding on the ground is not always straightforward and obvious. In addition, a very skewed and restrictive notion of innovation often prevails among entrepreneurs in rural areas, since they often confuse modernization strategies based on the renewal of physical capital factors with innovation strategies, which are essentially associated with immaterial assets (Oliveira das Neves and Santos 2004; Madureira et al. 2013).

In this particular, it is not uncommon to confuse starting points with arrival points! In low-density peripheral areas, many of the gaps are less at the level of the logistics behind germination and operationalization of startup companies rather than at the level of the set of conditions that underlie them upstream, and which need to be adequately addressed. Many municipalities in Portugal have recently been making use of physical spaces where business initiatives can be incubated. And then they expect that in these low-density territories where one of the critical factors of development is precisely the weak entrepreneurial function, protagonists arise from spontaneous generation—without taking care of, *ex-ante*, or at least, *in itinere*, the activation of the local *milieu*.

One of the Gordian knots of development in rural areas is the promotion of endogenous entrepreneurship (Dinis 2000; Figueiredo et al. 2011). But, of course, the answers should be adjusted to the characteristics of the environment. Affecting material and human resources to strengthen entrepreneurship among local people without these initiatives being articulated with the diverse socioeconomic realities is to foster a disturbing dissociation between economy and society, between social policies and development policies: it is, in practice, an invitation to bet on purely compensatory dimensions, according to social policies logics, and do not serve, except in a very indirect and ancillary way, to boost local economic life.

Entrepreneurial animation instruments in rural area are scarce and incipient, and, when they exist, they often adopt very standardized logics. Hence, the need to develop means devoted to policy-making, working on structuring the association and better cooperation between economic and social partners. There has to be a way to strengthen the economic-entrepreneurial animation component: more training and capability building, more presence in national and international social and economic events, more connection to specialized codified knowledge centers, more responsibility in the definition and implementation of policies affecting the rural territories. When social networks are weak, the reinforcement of the mechanisms of institutionalization of aid, not infrequently, promote perverse effects and tend to foster the culture of catch-up, adopting, often, behaviors merely driven by exclusive logics of opportunity. In this sense, this is an absolutely critical process, since it can induce greater knowledge among the different local actors, attenuate suspicions and atavisms, foster cooperation ties and expose the geography of rural development, opening it to the world (Torre and Wallet 2013; Moschitz and Home 2014; Panyik 2015).

Likewise, a more in-depth territorialisation of policies is needed, opening up the way to greater effectiveness in intervention levels—but this is not linear. The *dresses* of the institutional structure that are on the ground are largely those of the past, where another paradigm of intervention prevailed (Table 1). Renewing policies is much easier than reconfiguring the institutional framework. And one should be careful, for,

Table 1 A shift on policies

	Traditional policy approach	New approach
Policy strategic approach	Defensive	Proactive
Policy model	Agriculture policy	Rural policy
Policy formulation	Sectoral	Multisector, integrated, territorial
Policy implementation	Commodity support	Diversification, community development
Policy governance model	From above	Multi-level

Source: Adapted from Hodge and Midmore (2008)

as the Korean proverb says, “many carpenters topple the house”—it will not be for the addition of more organizations that will necessarily a better rural development will be accomplished.

It is also known, in Portugal as in other countries, the voluntarism so often short-sighted of many public and private stakeholders, which is reflected, in essence, in the multiplication of deprived initiatives, which lack a cement of careful strategic orientation (Rizzo 2013). These are, for instance, contexts that frequently generate dynamics leading to an excessive municipalization of development processes, also leading to the inhibition of growth strategies and affirmation of civil society in its many aspects. In the eagerness of solving entrepreneurial actors’ deficits of initiative and entrepreneurship, they end up by generating opposite effects, of suppressing the, even embryonic, the affirmation of local dynamics seeds of change. This is an issue that has to be considered to be of the utmost importance, since it is necessary to re-evaluate the form and content of the municipal action, also on these issues, of rural development (Covas 2004; Tamásy and Revilla Diez 2013). Unintentionally, some municipalities may be perversely stifling and impoverishing the dynamics of rural development as they inhibit the appearance or maturation of other local stakeholders. In addition, the quest for uniqueness in diversity, which has become a condition of survival, must not be confined to exaggerated reductive localisms.

Rhetoric and the practice of promoting networking have created many expectations (Grefe 2002). But it is necessary to apprehend how to *play the game* also in the field of cooperation with a strategic character. It needs time, a variable that tends to be forgotten in the processes of social change; it needs pivoting and sense of orientation; it needs to be endowed with content that allows us to redraw the competitiveness of rural areas—and it should not be overstrained by *vitaminic* excesses that may be counterproductive to the health of the patient. And, not least, it is necessary to take care of institutional (re)training that allows the institutional empowerment that will increasingly irrigate these territories enabling the upgrading into more qualified future rural development trajectories (Normann and Vasström 2012).

It is urgent to perceive the symptoms but to focus efforts on addressing the underlying causes of structural problems. And, of course, it is imperative that

educational policies in rural areas be given a structuring strategic role of intervention. There are no rural dynamics that can resist the absence of educational projects that value local identities, or of educational projects that are overshadowed by the urban-metropolitan neon (Pedroso 1998; Fragoso 2005). This is not only an important matter, it is perhaps the most important one—to take care of the essentiality of the processes of social change, which have at their core the creation of the nuclear competences, the knowledge of oneself that is on the basis of territorial identity.

It can be asserted that the potentials and valorisation in rural areas can best be achieved by an integrated management approach which should be viewed as a complex, long-term and multidisciplinary process rather than a standard solution (Frank and Reiss 2014; Ballesteros and Hernández 2017). The policy answer, somehow “placing the rural in regional development”, as Ward and Brown argue (2009), has to encompass an integrated management approach that builds upon sustainable and participative management principles and the integration of cultural and natural heritage preservation jointly with the economic, structural and infra-structural drivers and features of each territory throughout a continuous adapting process.

It is understood that if it is fundamental to continue to outline new designs for the rural world, not least is to deepen the knowledge of its changing and dynamic, to discuss models, to rethink renewed intervention strategies (Pecqueur 2005; Ploeg et al. 2008). There is clearly in this domain, after all, as in so many others, the need to “think outside the box”, or, in a rereading of this expression, to accept the challenge that “whoever is inside the bottle cannot read the label” and, thus, keeping on deciphering Pandora.

5 Conclusion

Rural societies, economies and areas face challenges and opportunities that can be qualitatively different from their urban analogues, including limited access to infrastructure, services and political decision-making and greater exposure to environmental shocks and stresses.

The paths of rural development follow, nevertheless, a structural trend that is less and less agro-centric. Agrarian activities are gradually losing centrality in the organization and dynamics of agrarian communities. This is a time not so much of breaks as of adjustments, a time of opportunity to affirm a new basket of activities that previously did not exist or were only complementary, peripheral or subsidiary in the rural world.

In this text, we tried to demonstrate that the current commitment to the rural world’s *portfolio* derives from a broader social dynamic, in which, on the one hand, there is a logic of restructuring and specialization in these territories, partially affiliated with policies and programs for rural development and, on the other hand, with logics associated with the profile of the new consumption dynamics.

The deficits of business innovation are largely due to institutional and organizational innovation handicaps must not be forgotten. It is very difficult to make

entrepreneurial projects flourish in culturally and socially anemic and devitalized spaces. The economy of organizations prevails in the contemporary world over the economy of production. Territories marked by rurality need to reinvent their economies and broaden their economic menu, making the rural world more and better available to the market, at local, national and global levels. In rural areas there is also a development concept that is too focused on the primary sector (and now also on tourism), which is quite reductive and often leads to narrower solutions, if not to lock-in situations.

Strengthening economic prosperity and employment in rural areas means, in particular, a more diversified and flexible local economy, combining agrarian know-how with the potential associated with small and medium-sized industrial enterprises, services, cultural industries, leisure and tourism—somehow, a smart rural development strategy (Naldi et al. 2015). In particular, it is necessary to adapt the different sectorial policies and to boost micro, small and medium entrepreneurial capacity in order to ensure the creation of new jobs by incorporating different formats of tradition and natural heritage in the economic circuits. It is necessary to identify and characterize development characteristics based on the identity of the different spaces, their history, their material and immaterial resources.

This redesign on rural policies should necessarily aim, too, with engaging with the right targets, namely the institutionalized inertia which characterizes many rural regions, trying to stimulate the whole milieu. In this way, this new approach can be seen as an instrument of establishing a learning framework for all partners involved in the construction of a collective socio-economic trajectory. This really seems to be the challenge for many rural communities and a critical assessment must be done to the implementation of ready-made recipes.

It is in this sense that endogenous development processes can acquire special meaning and coherence, allowing rural economies to be strengthened on the basis of their competencies and potentials. There seems to be no escape for rural development, but to increase their economic prosperity and their competitiveness, reducing unemployment and social exclusion, together with the qualification of the environment. Globalization, the rise of the service economy and growing international competition are both opportunities and threats.

Responding to these new economic, social and environmental challenges is no easy task. But let us be clear, there is no sustainability that can withstand the inability to generate jobs in quantity and quality, and wealth that can be distributed by rural communities.

References

- Aguilar, E. (2005). Productos locales, mercados globales: nuevas dinámicas en el medio rural. In M. García Docampo (Ed.), *Perspectivas teóricas en desarrollo local* (pp. 405–423). La Coruña: Netbiblo.

- Azevedo, N. (2004). *Políticas Culturais na Área Metropolitana do Porto*. Paper presented at the V Congresso Português de Sociologia. Sociedades Contemporâneas: Reflexividade e Acção. Braga: Universidade do Minho, 12–15 de Maio.
- Ballesteros, J. G. T., & Hernández, M. H. (2017). Assessing the impact of EU rural development programs on tourism. *Tourism, Planning & Development*, 14(2), 149–166.
- Cavaco, C. (2004). Desafios de desenvolvimento rural: notas de leitura. *Revista Finisterra*, XXXIX (78), 99–112.
- Covas, A. (2004). *Política Agrícola e Desenvolvimento Rural*. Lisboa: Edições Colibri.
- Cruikshank, J. (2016). Is culture-led redevelopment relevant for rural planners? The risk of adopting urban theories in rural settings. *International Journal of Cultural Policy*, 1–19. <https://doi.org/10.1080/10286632.2016.1178732>
- Dinis, A. (2000). Futuro e tradição: um novo paradigma de competitividade para as regiões rurais e menos desenvolvidas. In *Perspectivas de Desenvolvimento para as Regiões Marítimas: Actas do VII Encontro Nacional da APDR* (pp. 545–556). Coimbra: APDR.
- Figueiredo, E. (2008). Imagine there's no rural – The transformation of rural spaces into places of nature conservation in Portugal. *European Urban and Regional Studies*, 15(2), 159–171.
- Figueiredo, E., Kastenholz, E., Eusébio, M. C., Gomes, M. C., Carneiro, M. J., Batista, P., & Valente, S. (Coords.). (2011). *O Rural Plural - Olhar o Presente, Imaginar o Futuro*. Castro Verde: 100Luz Editora.
- Fragoso, A. (2005). Contributos para o debate teórico sobre o desenvolvimento local: um ensaio baseado em experiência investigativa. *Revista Lusófona de Educação*, 5, 63–83.
- Frank, K., & Reiss, S. (2014). The rural planning perspective at an opportune time. *Journal of Planning Literature*, 29(4), 386–402.
- Frisvoll, S. (2013). Conceptualising authentication of ruralness. *Annals of Tourism Research*, 43, 272–296.
- Grefre, X. (2002). *Le Développement local*. Paris: Éditions de l'Aube.
- Hodge, I., & Midmore, P. (2008). Models of rural development and approaches to analysis evaluation and decision-making. *Économie Rurale*, 307, 23–38.
- Lopes, R. (2001). *Competitividade, Inovação e Território*. Oeiras: Celta.
- López de Aguilera, I. (2000). *Cultura y Ciudad. Manual de Política Cultural Municipal*. Gijón: Ediciones Trea.
- Madureira, L., Gamito, T., Ferreira, D., & Portela, J. (2013). *Inovação em Portugal Rural – Detetar, Medir e Valorizar*. Principia Editora: Cascais.
- Moreira, M. B. (2001). *Globalização e Agricultura*. Oeiras: Celta Editora.
- Moschitz, H., & Home, R. (2014). The challenges of innovation for sustainable agriculture and rural development: Integrating local actions into European policies with the reflective learning methodology. *Action Research*, 12(4), 392–409.
- Naldi, L., Nilsson, P., Westlund, H., & Wixe, W. (2015). What is smart rural development? *Journal of Rural Studies*, 40, 90–101.
- Normann, R., & Vasström, M. (2012). Municipalities as governance network actors in rural communities. *European Planning Studies*, 20(6), 941–960.
- Neves A., Santos, D. (Coords.). (2004). *Impacto das Reestruturações Produtivas no Território: Iniciativa Empresarial, Emprego e Qualificações*. Lisboa: Espaço e Desenvolvimento.
- OCDE. (2005). *Culture and local development*. Paris: OCDE.
- Oliveira Baptista F. (2006). O rural depois da agricultura. In Fonseca, M. L. (Coord.). *Desenvolvimento e Território – Espaços Rurais Pós-agrícolas e os Novos Lugares de Turismo e Lazer*. Lisboa: Centro de Estudos Geográficos.
- Panyik, E. (2015). Rural tourism governance: Determinants of policy-makers' support for tourism development. *Tourism, Planning & Development*, 12(1), 48–72.
- Pecqueur, B. (2005). O desenvolvimento territorial: uma nova abordagem dos processos de desenvolvimento para as economias do Sul. *Raízes*, 3, 10–22.
- Pedroso, P. (1998). *Formação e Desenvolvimento Rural*. Oeiras: Celta.

- Ploeg, J. D., Broekhuizen, R., Brunori, G., Sonnino, R., Knickel, K., Tisenkopfs, T., & Oostindie, H. (2008). Towards a framework for understanding regional rural development. In J. D. van der Ploeg & T. Marsden (Eds.), *Unfolding webs: The dynamics of regional rural development* (pp. 1–28). Assen: Van Gorcum.
- Putnam, R. D. (1995). Bowling alone: America's declining social capital. *Journal of Democracy*, 6(1), 65–78.
- Remmers, G. (2000). El Desarrollo Endógeno en Zonas Rurales: acertando en un blanco móvil. In G. Guzmán Casado, M. Gonzáles de Molina, & E. Sevilla Guzmán (Eds.), *Introducción a la Agroecología como Desarrollo Rural Sostenible*. Madrid: Mundiprensa.
- Santos, D. (2009). Teorias de inovação de base territorial. In J. S. Costa, N. Peter (Coords.), *Compêndio de Economia Regional* (pp. 319–352). Coimbra: APDR.
- Santos Silva, A. (2007). Como abordar as políticas culturais autárquicas? Uma hipótese de roteiro. *Sociologia, Problemas e Prática*, 54, 1–33.
- Rizzo, F. (2013). LEADER policy practices and landscapes in the light of the agency- structure debate: Evidence from LEADER local action groups in Italy and in Finland. *European Countryside*, 5(3), 232–250.
- Sevilla Guzmán, E. (2001). Uma estratégia de sustentabilidade a partir da Agroecologia. *Agroecologia e Desenvolvimento Rural Sustentável*, 2(1), 35–45.
- Tamásy, C., & Revilla Diez, J. (2013). *Regional resilience, economy and society: Globalising rural places*. Burlington: Routledge.
- Torre, A., & Wallet, F. (2013). Innovation and governance of rural territories. In E. Coudel, H. Devautour, C. T. Soulard, G. Faure, & B. Hubert (Eds.), *Renewing innovation systems in agriculture and food: How to go towards more sustainability?* Wageningen: Wageningen Academic Publishers.
- Ward, N., Atterton, J., Kim, T. Y., Lowe, P., Phillipson, J., & Thompson, N. (2005). *Universities, the knowledge economy and neo-endogenous rural development*. Centre for rural economy discussion paper series, no. 1, pp. 1–15.
- Ward, N., & Brown, D. L. (2009). Placing the rural in regional development. *Regional Studies*, 43(10), 1237–1244.
- Woods, M. (2011). *Rural*. New York: Routledge.

Individuals, Organizations and Strategic Entrepreneurship: Example of Public Stakeholder Contribution for the Regional Entrepreneurial Ecosystem



Eduardo Marques and Luis Guerrinha

Abstract Strategic entrepreneurship is a polysemic concept that serves multiple purposes. This text approaches an entrepreneurship training programme in Portugal that was developed as a strategy to combat unemployment. It reports the experience of Provi@, a winning project in the Portuguese European Enterprise Promotion Awards—EEPA [2nd national prize in the category of “Investment in Entrepreneurial Skills” of the “European Enterprise Promotion Awards”, promoted by the European Commission—DG GROW (General Directorate for the Internal Market, Industry, Entrepreneurship and SMEs)] as an innovative and differentiating programme promoted by a public employment service that has implemented a successful regional response to deal with unemployment and to promote the local economy through capacity building for impact entrepreneurship.

The differentiation of the programme is highlighted in terms of design and development (social and economic framework, human resources and curriculum development), implementation and evaluation (operational management, training modes, outputs and Outcomes), identifying the main conclusions and proposals resulting from learning and some important guidelines for the development of future intervention programmes.

Keywords Entrepreneurship training · Innovation · Unemployment · Social exclusion

Legal Notice: The authors, identified in alphabetical order, assume full personal responsibility for the presented document, reflecting the views only of the authors, and the Portuguese Nacional Employment Service cannot be held responsible for any interpretation or assumption or use which may be made of the information contained therein.

E. Marques (✉)

Faculdade de Ciências Sociais e Humanas, Universidade dos Açores, Ponta Delgada, Açores, Portugal

e-mail: eduardo.js.marques@uac.pt

L. Guerrinha (✉)

IEFP, I.P., Coimbra, Portugal

e-mail: luis.guerrinha@iefp.pt

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_12

201

1 Introduction

As part of its formal and legal tasks, in 2014 the Portuguese Public Employment Service was faced with the challenge, in view of the large number of unemployed jobseekers, operationalising and implementing responses capable of contributing in an innovative way to the development of the labour market employment.

Considering the characteristics of the local unemployed population, in which more than 50% of candidates had EQF¹ level 3 (European Parliament and Council 2008) or higher, combined with the stagnation of the traditional employment market, the development and operationalization of a programme that enhances academic and professional resources of unemployed people, directly aligned with the development and potential growth of the regional job market was established regionally as a priority among others.

In line with national and european policies, the development of an entrepreneurship education and training programme stems from the general assumption that entrepreneurship can lead to economic growth in two different ways: through increased competition and economic efficiency, or through innovation and the creation of new markets (Kuratko 2011).

The relationship between entrepreneurial activity and economic growth has long been studied (Acs et al. 2014; Grimaldi et al. 2011; Parker 2009; Terjesen and Wang 2013; van Praag 2007); their relation with innovation, job creation and productivity, becomes relevant to the development of public policies to support entrepreneurship, geared to economic growth, seeking to monetize the effect of raising levels of entrepreneurship, in particular their relation with the rate of enterprise creation, a higher employment rate, and immediate economic growth (Acs and Armington 2004; Acs et al. 2008; Audretsch and Keilbach 2004).

This movement has been common in european and world economies in which, even in robust and dynamic economies, such as in Germany for example, the theme of entrepreneurship has been the subject of growing interest and figures among the main current economic policies (Bergmann and Stemberg 2007).

Considering the framework of the intervention according to the perspective of Erdelyi (2010), which divides the approaches between those focused on the figure of the entrepreneur and those focused on the context, an intervention strategy focused on the development of individual entrepreneurial competences was defined, although always bearing in mind the organizational dimension of the intervention.

Fundamental to the defined approach was the assertion that entrepreneurs are responsible for innovation associated with entrepreneurial activity, constituting a highly relevant factor for industrial dynamism and for economic development and growth (OECD 2012, 2013; GEM 2012). Due to its characteristics, motivation and

¹European Qualifications Framework.

investment capacity, entrepreneurship, regardless of its form, plays a fundamental role in empowering and dealing with change (Dornelas 2014).

From an organizational point of view, one of the constant challenges is the search for a balance between monitoring and cost control and the need to adapt and allocate resources according to market needs and the identified opportunities (Mazzei et al. 2016). It is clear that to create a competitive advantage, an adequate competitive strategy, based on an effective and appropriate management, obtained from the necessary development of skills to improve organizational practices is essential (Zampier and Takahashi 2010).

Approaching the two dimensions in an integrated way, we find that the characteristics of individuals in organizations and as entrepreneurs have been widely discussed (Howell and Higgins 1990; Fayolle 2004), as well as the phenomenon of intrapreneurship, especially since the 1980s (Pinchot 1985; Burgelman 1983; Hornsby et al. 2002; Jones and Butler 1992; MacMillan 1986; Scholhamer 1982; Stopford and Baden-Fuller 1994; Vesper 1990), under different forms and designations such as intra-entrepreneurship, corporate venturing, or corporate entrepreneurship.

Influenced by how the search for new sources of value has influenced the investment of organizations in intrapreneurship, in the search for innovation (Kao et al. 2002), it is considered for its importance to organizations, regardless of their size (Carrier 1994). It can be generically defined as internal entrepreneurship to organizations, associated with the discovery and exploration of new opportunities for value creation by innovation, but always dependent on specific internal organizational agents (Pinchot and Pellman 1999).

Thus we see that the process of development of economic and social entrepreneurship as a discipline of knowledge has gone through different phases of affirmation. Initially it was very focused on the individual and his personal characteristics and experiences and business success. Cieřlik (2017) argues that entrepreneurship contributes to the socio-economic development of most countries, as it has energized many individuals to set up and run their own businesses. According to this author, entrepreneurship is, in essence, multidimensional and does not lend itself to any simpler classification.

Kummitha (2017) advocates a broader view of entrepreneurship, understood as an economic or social phenomenon, portrayed today in a variety of literature as a broader process and more focused on organizations, leadership, participation, capacities, and appropriate allocation of resources and a vehicle for social development and the creation of more inclusive societies.

Thus we see a reconfiguration of the concept, in which entrepreneurship also becomes understood as a strategy that enhances social inclusion. By being based on the acquisition of an entrepreneurial attitude by individuals, it increases their empowerment and their self-determination, which facilitates their social participation and enhances their community insertion. By changing the attitude of the individuals towards life through the awareness of their strengths, skills and knowledge, they become actors in their process of change and become capable of

autonomously seeking solutions for their life and in particular facing the risks of unemployment.

Entrepreneurship is thus a tool that facilitates social inclusion, through work, whether on behalf of others (intra-entrepreneurship) or on their own (economic entrepreneurship) or by collective initiative (social entrepreneurship).

2 Literature Review

In a dated approach, Gorman et al. (1997) consider that the propensity for the realization of an enterprise depends on the combination of a set of elements such as: the identification of opportunities, the development of the strategy, the acquisition and application of resources and the development of the business plan. It is a reductive vision for the intervention, since it does not consider the broader character of the definition of entrepreneurship.

More generally (Hackett and Dilts 2004; Xavier et al. 2013) entrepreneurship can be considered as any attempt to create a business or initiative by an individual, group or organization. According to Hisrich and Peters (2002) entrepreneurship can be understood as the process of creating something different with value, requiring dedicating sufficient time and effort and taking financial, psychological and social risks, in search of financial reward, personal satisfaction and a feeling of independence.

For the European Commission (2006) entrepreneurship refers to the individual ability to put ideas into practice through a creative process, involving innovation and taking risks, as well as planning and project management skills to achieve the proposed objectives. It enables not only the establishment of commercial activities by the use of opportunities, but is also fundamental to daily personal and social experiences.

Although Politis (2005) considers the entrepreneurial individual as one who has innovative behaviours, for which he employs a set of strategies, that aim for profit and growth. For this project a definition was chosen that was similar to the one defended by Portugal (2013), centered on the potentially entrepreneurial individual, which defines entrepreneurship as the result of action, associated with creativity and the ability to establish and achieve objectives, with a high knowledge of its context, oriented to the detection and continuous opening of business opportunities, motivated to continue to learn and to make thoughtful decisions of risk and innovation, in their personal and familiar dimension, to the service of an organization, in its own enterprise or in strictly social situations.

This conceptualization fits the operational approach for which the development of entrepreneurial behaviour, as for Neck and Green (2011), empowers the capacity to intervene in the personal development process itself, providing the skills for the

elaboration and organization of new plans of life, work, business and studies through the implementation of a creative process.

If, as for Politis (2005), entrepreneurial behaviour occurs when there are four conditions—the level of motivation for the task, access to knowledge, the expectation of reward and the support of the context—then it is also valid that beyond the capacity to identify and evaluate opportunities, the exploitation of the same is dependent on the skills, abilities and resources of the entrepreneur (Ravasi and Turati 2005).

If entrepreneurship is understood as the quality of creating, modifying and/or renewing, mobilizing resources, leading to innovative activities driven by the spirit of initiative, than for Minello (2014: 79) the entrepreneur “*develops something innovative, has initiative, capacity to organize and reorganize social and economic mechanisms in order to transform resources and situations to practical advantage and accept the risk or failure of their actions.*”

Focusing on the distinctive underlying characteristics of entrepreneurial individuals, for Nandram and Samsom (2006), the following factors stand out: perseverance, a desire and will to trace the course of your life, competitiveness, self-esteem, a strong desire to win, self-confidence, and flexibility, resilience (physical and emotional), goal orientation, necessity, creativity, innovation, vision, problem-solving skills, adaptability, and initiative, among others.

However, it can be seen that psychological obstacles such as fear of failure, avoidance of risk and lack of knowledge and relevant experience (Jain and Ali 2013) translate into behavioural obstacles to entrepreneurial activity (GEM Portugal 2014; OECD 2013), highlighting the lack of entrepreneurship training as one of the major limiting factors of access to finance (OECD 2010), revealing the unfitness of individuals.

In view of these barriers, specifically considering the obstacles to capacity and the intention to act according to a set of behavioural characteristics, education and training can contribute to the development of these characteristics and management skills (MSI 1990), seeking to train agents who can then contribute in a responsible way to economic development and sustainable communities (Garavan and O’Cinneide 1994).

In this way, entrepreneurial skills can be improved through an education and training process (Politis 2005; Tseng 2012; Zampier and Takahashi 2014), establishing their potential contribution in a uniform way (Ferreira et al. 2007; Jain and Ali 2013; Sarkar 2007).

Defining the path to be followed, it is generally assumed that institutional stakeholders within the scope of the entrepreneurial ecosystem have as one of their main responsibilities the promotion of training and capacity building (Iseberg 2011), however, it is observed there are still few education and training programmes (Eurydice 2016), despite agreements reached and the recommendations, support and funding of the European Commission (2006).

2.1 Contributions to Entrepreneur Culture for Combating Unemployment and Social Exclusion

The promotion of an entrepreneurial culture has positive effects on the daily lives of individuals whether or not they are integrated into the labour market and helps to increase resilience to adverse situations such as unemployment.

Cieřlik (2017: 255) recognizes that “*Entrepreneurship policy serves as a tool to stimulate innovation (innovation policy), but also addresses the need to address urgent social problems that occur in particular in the labour market (social policy, labour market policy)*”. It is important in this context to reaffirm the need for European economies not only to become more entrepreneurial in promoting innovation and economic growth (Elert et al. 2017) but also to achieve quality of life and social justice. For these authors, this aim is an incentive to invest in human capital. It goes through a policy oriented towards the creation of incentives that allow individuals to acquire new knowledge and skills, either through formal education or even in the workplace. There should also be incentives to provide these opportunities for the educational system itself. Cieřlik (2017) advocates a holistic model of entrepreneurship policy to address the specific needs of economies, encompassing entrepreneurship policy, favourable institutional environments, and pragmatic principles for implementing selective policy measures.

Stenn (2017) argues that entrepreneurship and, in particular, social entrepreneurship can be used to build sustainability in personal and professional life. The acquisition of entrepreneurial skills is through training or through internships in companies. It allows redefining a social network that integrates and stimulates the individual for a more active participation in companies, in the community and in society in general. The unemployment situation is no longer a stigmatizing situation of social risk, or social isolation and it is now seen as an opportunity to re-evaluate their own situation, to acquire new skills and to stimulate creativity. Thinking about the sustainability of life in society, the challenges that arise in the labour market, and the family tensions generated in the context of the risk society, lead Stenn (2017) to affirm that focusing on sustainability leads to the mitigation of problems, the creation of new ways to imagine and use resources, the sharing of knowledge and the creation of a community that will effect positive changes in people’s lives.

Today, experiencing unemployment is an increasingly recurring scenario for thousands of individuals and their families. Unemployment almost always has a negative impact on people’s lives, forcing more or less intense adjustments in one’s life and going well beyond the economic aspects. For many individuals experiencing the situation of unemployment is experiencing a crisis situation. As such the crisis intervention technique can help individuals improve their ability to cope with their life problems by developing a positive emotional response that allows them to continue functioning normally even though their life has been “interrupted” by an unexpected and sometimes traumatic event (Payne 2002).

The reaction of each individual can be very different and is often related to their personality traits. According to Brandstatter (2010), quoted by Bello (2017),

personality traits comprise abilities, motives, attitudes and temperament characteristics as a comprehensive style of experience and actions of a person. The basic principle of personality is that people have inherent traits that can be identified by the consistency or stability of their behaviour over time and situations. For Sonnenberg (2014) the negative effects of unemployment can be moderated by the importance of work, social norms and people's self-esteem and vary according to gender, level of education and occupational status.

On the other hand, Sonnenberg (2014) cites several authors to defend that at the individual level of social involvement is associated with access and gains in resources beneficial to people's living conditions and their well-being (Coleman 1988; Granovetter 1973; Helliwell and Putnam 2004). Consequently, declines in social involvement were seen as threats to the very foundations of societies (Putnam 2000; Uslander 1999) and as such a threat to social cohesion. Dorsner (2004) and Hill et al. (2002) cited by Kummitha (2017) argue that the difference between exclusion and inclusion is lack of participation. Entrepreneurship facilitates the participation of individuals in the redefinition of their work and social project, opening doors for social inclusion and an increase of individual well-being. The European Commission has defined social inclusion as *"a process that ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and enjoy a standard of living and well-being which is considered normal in the society they live in. This ensures that they enjoy greater participation in decision-making, affecting their lives and their access to fundamental rights"* (European Commission 2004: 10). We see that the social inclusion of the unemployed entails their integration into social networks, considered beneficial for reintegration into the labour market.

All initiatives to promote entrepreneurship, by developing entrepreneurial skills in individuals, by keeping people active in social networks and striving to maintain their level and stability of life, contribute indirectly to stabilizing the lives of the participants. When unemployment "knocks at the door" as an uncertain, unanticipated event, it disturbs the person's balance, causes tension and stress, making the person vulnerable and such a situation can lead to an active crisis and generate social risks. Moor (2009) cites Giddens (2000: 35) to defend the thesis that risk *"should be considered a means of regulating the future, of normalizing it and placing it under our control."*

Mouro (2009) states that when social situations become fragile due to the loss of social support networks, the vulnerability of individuals increases, social problems increase due to exclusion and disaffiliation, and social disqualification is accentuated. Kummitha (2017) argues that social exclusion is a mechanism that alienates people from conventional society, restricting their participation in various ways, a situation that is aggravated when individuals are at risk of poverty when they lack basic skills and opportunities or face discrimination. This context increases social risk due to the weakening of primary and secondary networks. Social risk must be considered as anything that can alter the relation of the individual to the social environment and that has consequences on the contexts of life and lifestyles (Mouro 2009: 358). Reducing risks and reversing this process requires bringing people

closer to the labour market through training, through job opportunities, and through the development of social capital in community networks, which will facilitate social inclusion.

From this perspective, entrepreneurship can be understood as an innovative and creative model to build a life full of meaning while creating social value through the guarantee of opportunities for all and promoting justice and social welfare. Valle (2012) defines ‘social risk’ as the capacity to resist those situations that affect the level of well-being. Entrepreneurship can therefore be understood as a strategy of resistance against unemployment and a positive confrontation of the future. The important thing to keep in mind is that the way the precipitating event interacts with the person’s view of life is what makes the situation critical. However, if the cognitive perception of a potential risk event is positive, this attitude can deal with stress, solve the problem, and avoid the onset of a crisis (Kanel 2012). Another important fact that highlights the importance of entrepreneurship is the fact that research conducted and guided by positive psychology has shown that entrepreneurial activity generates positive emotions and that these are vital for individuals as they adjust and grow throughout their lives (Shepherd and Patzelt 2017).

3 Empirical Study

Based on available knowledge and national and european governance policies, the European Commission (2012) gives entrepreneurship education three distinct objectives: the development of the entrepreneurial spirit, the development of the skills needed to identify and exploit new opportunities and training for the creation and management of the business itself (European Commission 2012). In this way, entrepreneurship education and training programmes should cover three distinct areas: management skills and complementary specific areas as personal skills and technical skills. Its different objectives are operationalized by the approach of three fundamental dimensions: knowledge; attitudes and skills (European Commission 2012, 2016).

However, despite the generally accepted viability of training and the development of entrepreneurial skills, several authors (Dana 2001; Henry et al. 2005a, b; O’Connor 2013) emphasize the difference between education and training for the identification, evaluation and exploitation of opportunities as feasible and highly desirable, as opposed to the personal capacities associated with the creation of opportunities, intrinsic to specific individuals and idiosyncratic in character.

For Snell and Lau (1994), the concept of entrepreneurial competence is only admissible insofar as it contributes to the idea or effective action of the business, in a vision of creating tangible and intangible value for society, from a set of knowledge, skills, personal qualities or characteristics, individual attitudes and motivations.

For Hytti and O’Gorman (2004), education and training for entrepreneurship should contribute to: understanding the phenomenon; acquiring entrepreneurial

skills and learning how to be an entrepreneur. These skills can contribute to the development of the individual's professional career (Kalar and Antoncic 2015).

Considering the centrality placed on the acquisition and/or development of competences, it is fundamental that the concepts and definitions associated with them be clarified, aimed at the operationalization of the intervention.

Generally, competence can be defined as the proven ability to use knowledge, personal, social and technical skills and abilities in work and study contexts, as well as personal and professional development (European Parliament and Council 2008: 4).

In the context of entrepreneurship, there are other classifications that are more appropriate to the programme of education and training, such as the classification of Cheetham and Chivers (1996, 1998), emphasizing the contribution to action, namely:

- Cognitive skills (the knowledge held by the entrepreneur and his ability to mobilize for action);
- Functional competences (tasks and functions associated with a professional context)
- Personal skills (characteristics of the individual that allow superior performance)
- Meta-competences (set of personal characteristics oriented to the ability to solve problems in context).

The work of Mitchelmore and Rowley (2010, 2013) is highly relevant for the adequate operationalization of the potential training of entrepreneurial skills. It is done in the context of the intervention model proposed here, which, from the characterization of successful entrepreneurs evaluated a set of dimensions (background and experience, socioeconomic factors, management skills, qualities and personal profile, behavioural characteristics and patterns of interaction and communication), framing the results obtained into interpersonal skills, business and management skills, entrepreneurial skills, and socialization skills.

3.1 Specific Dimensions of the Model

In view of the adoption of the Mitchelmore and Rowley (2010, 2013) classification of entrepreneurial skills, the conceptual framework of the focus of the intervention programme is clearly defined, although there is a need to specify the rationale behind some of the dimensions, for the best framing of the proposal.

3.1.1 Business and Management Skills

Regarding the dimension of entrepreneurial and management skills, it has long been recognized that entrepreneurs must have the management skills necessary and sufficient for the administration of their project, both at the specific technical level

of the business and those of a recurring nature as planning and implementation (Moore 1986).

For Politis (2005), entrepreneurial learning results in the assimilation and integration into its pre-existing structures of a set of knowledge necessary for the effectiveness in the creation and management of new businesses, highlighting for Gerber (2004) the importance of training, regarding the knowledge of the management, the entrepreneur and its practices.

More broadly, Dornelas (2008) defines technical skills as knowing how to write, knowing how to listen to people, being able to capture information, being a good speaker, being organized, knowing how to lead, working in or with a team and possessing the technical know-how in its area of expertise.

In a more specific and contextualized approach, management skills are usually defined (Katz 2014; Joshi 2012) as those associated with the areas involved in the creation, development, management of a new company, marketing, and financial management. Skills are needed in operational excellence, in decision-making processes, in controlling company actions and in being a good negotiator. Personal traits include: being disciplined, taking risks, being innovative, being change-oriented, being persistent, being a visionary leader, and making a business grow.

In spite of the differentiation established by the Quality Assurance Agency (2012), reflecting a widely shared position, for which education and training programmes for entrepreneurship, although generally associated with the subsequent development of entrepreneurial activities, are distinguished as to their focus on acquisition of skills for the generation of ideas and their capacity to materialize (business education), or their focus on complementary skills of knowledge, attitude and ability to develop and implement a new entrepreneurial enterprise (entrepreneurship education), the model intervention fits in a different way.

Characterizing a “basic education and training” programme for entrepreneurship, it is considered that the emphasis should not be placed on the absolute differentiation of the intervention programmes in business/entrepreneurial education, but rather on the relative weight that each dimension assumes, according to the objectives, the context and the target audiences.

3.1.2 Creativity and Motivation

Although four stages are normally recognized in the process of creating a new enterprise (initiation, preparation, launch and consolidation), the prior realization of the opportunity to undertake is central, based on the process of discovering new opportunities.

Creativity as a new approach to problem-solving strategy (Richards 2007) can lead, in the organizational context, to creative management responses, enhancing adaptability to the environment and to the new challenges to be overcome (Basadur and Basadur 2011).

Regardless of the intrinsic nature of the construct, creativity as a skill to mobilize knowledge can and should be approached in the context of entrepreneurship

education and training, due to its transversal relevance to the creation and development of any and every enterprise. It is argued, in the context of the proposed intervention model, that the objectives and strategies of exploration and recombination of knowledge, focusing on creativity and innovation should be transversal to the whole programme, not reducing to specific moments and themes.

With regard to motivation for action, Souitaris et al. (2007), consider inspiration as one of the greatest benefits of education and training programmes, concluding that they should incorporate an “educational” component, a business modelling component, a phase of practical interaction and a component to support the realization and feasibility of the project.

The authors also affirm that if the knowledge, skills and resources acquired are to enhance the success of the subsequent enterprise, they will only materialize if “inspiration” is stimulated that will mobilize attitudes and intentions to achieve.

In the context of the model proposed here, the conception is even more comprehensive, establishing that beyond the initial component of intervention oriented towards inspiration (the motivation for action) this component should be transversal to the whole programme, assuming forms and different approaches according to the development of the proposed activities, but always underlining their planning and preparation, regardless of the more or less formalized nature of the intervention.

3.2 Provi@: Entrepreneurship and Project Management—Structure

Based on an extensive review of the literature and a series of contemporary regional studies, initiatives and programmes of education and training for entrepreneurship (GHK 2013; Teixeira 2012; Morgado 2012; Pereira et al. 2007; Lopes 2014), the “Provi@—Entrepreneurship and Project Management” programme was structured and implemented, focused on two basic generic objectives:

- Provide trainees with a set of transversal competences, complementary to their qualification and professional experience, which foster subsequent professional integration, as relevant professionals to the development of projects and innovation in organizations and/or developing personal projects for their own employment;
- Support organizations in the development and implementation of innovation projects, boosting their growth, and closing the gap of qualified professionals between implementing change processes and enabling the human resources needed for new projects and challenges.

A specific training framework was structured around the initial objectives, and was integrated into the “Active Life Initiative—Qualified Employment²” training

²<https://www.iefp.pt/medida-vida-ativa>

measure developed by the national public employment service with the support of the european support framework, based on the training frameworks available in the National Qualifications Catalog.³ It entailed a total of 300 h composed of the following short-term training units (STTU):

- 0649—Organizational structure and communication 50 h
- 0594—Administration of organizations 25 h
- 2887—Basic principles of economics and taxation 25 h
- 0571—Computer applications management—commercial area 25 h
- 2894—Investments and profitability 50 h
- 0606—Investment projects 25 h
- 0366—Marketing plan 50 h
- 7855—Business plan 50 h.

Operationally, the technological training component in classroom (STTU development) is organized according to a model in which the first modules focus on the entrepreneurial educational component of trainees and the development of their capacity to analyse and systematize opportunities. Following this, other modules are aimed at acquiring skills directly associated with the development of projects, business models and business plans. In the final phase the skills associated with individual and the proposal developed promotion are present, culminating in a public presentation (pitch). Cutting across the formal objectives of each STTU are the dimensions of creativity and motivation for action, inherent in all the activities developed. In addition to the defined STTU framework, a set of complementary activities and resources were structured and made available to the trainees. These are flexible and customizable according to the interests of each training group, consisting of:

a. Complementary Scientific Training:

- Three thematic seminars, with relevant enterprises and professionals, orientated to the complementary deepening of specific themes;
- Three technical workshops, oriented to the knowledge and mastery of specific tools, including among others: Process Modelling and Business Intelligence, OpenSource ERP, CRM and document management systems and Corporate image and productivity tools.

b. E-Learning—in partnership with Microsoft IT Academy, among others—is made available, through the implementation of e-learning training in areas significantly relevant to success in organizations, namely: Microsoft Office; Visio; Sharepoint; Dynamics CRM 2016; Project.

c. Practical Training in Work Context (PTWC)—To enhance the demonstration and assessment of skills acquired, to facilitate organizational integration and to promote professional reintegration, it is ensured that all trainees indicate in a

³<http://www.catalogo.anqep.gov.pt>

timely manner their intention to attend a maximum of 800 h of practical training in the context of work and/or the implementation of a training component in a complementary job.

The job training component (PTWC), lasting between 3 and 6 months, constitutes the opportunity for integration into an organization and is chosen with the active participation of the trainee. It is oriented towards provision of evidence for, and the concretization of, acquired competences. It is fundamentally aimed at creating matching opportunities between the career development ambitions of the trainee and the needs and potentialities of identified organizations and/or taking advantage of entrepreneurial opportunities conducive to organizational innovation.

In line with the aforementioned, the structuring of the training referential was based on the profile of basic competencies identified as fundamental for the achievement of the proposed objectives, in the different interpersonal, business and management, entrepreneurial and social dimensions.

Since it is very relevant to explain the process of development of the referential, we identify the different phases, distinguishing:

- Assessment of the context and articulation with the different stakeholders;
- Formation of the technical team;
- Operationalization of the objectives and definition of the profile of reference competencies;
- Analysis of the National Qualification Catalogue⁴ and selection of the most suitable STTUs;
- Structuring and operationalizing the intervention proposal.

Currently in its tenth edition, since implementation in June 2014, the programme is subject to a systematic evaluation of its development and implementation, as well as its results, having been dynamically the target of updates leading to its continuous improvement. Maintaining its basic structure and planning, the changes were essentially in the level of adequacy of the STTU and the organization of specific activities such as seminars, schedules and distribution of training hours.

4 Methodology

According to the knowledge acquired, a methodological approach was structured that, in line with the best practices identified, supported not only the pedagogical methods and strategies adopted for the development of the programme, but also constituted the support of the structural axis of action of the whole intervention. Among the pedagogical strategies preferentially identified, Balconi and Centuori (2004) consider as more appropriate: lectures; oriented study, a case study, visits to

⁴<http://www.catalogo.anqep.gov.pt>

companies, and problem solving group work. Caseiro and Alberto (2013), on the other hand, identify that the resolution of real practical cases in a group context is one of the preferred approaches, contributing also to the development of cooperation and communication skills. Other authors (Rae and Carswell 2000) point out that only by engaging in a practical business context, experiencing successes and failures is it possible to develop entrepreneurial skills through intuition, practice and social experience.

If we analyse the programmes implemented for the pragmatic acquisition of entrepreneurial skills, developed by entities involved in the business context and in the communities of practice, there is a preference for the adoption of strategies of greater efficacy proven by learning by doing, such as competitions, integrated performance, problem solving or the development of applied solutions, always actively focused on the individual, personalized, flexible, cooperative and in interaction with real contexts, as opposed to traditional design strategies (Ruskovaara et al. 2011; GHK 2011; Cachia and Ferrari 2010; World Economic Forum 2009; QAA 2012; ET 2020 Working Group 2014).

Regarding the identification of a central axis for the development of the programme, the identified evolution focuses the approach of the models and programmes of education and training for the entrepreneurship around the design and development of the business model, as opposed to the traditional focus in the construction, either more or less participative, of business plans.

The structuring of a training process based on the development of the business model, approaching the Lean Startup system and the benefits identified by Nientied (2015), is reinforced by the increasingly recognized assertion that the time dedicated to the development and maturation of the model is fundamental (Trimi and Berbegal-Mirabent 2012). The relevance of designing the business model against the business plan (Blank 2013) is firmly defended and demonstrated, increasing the importance of using business model operational strategies such as, for example, a Canvas Business Model.

From the methodological point of view, Provi@ is structured around the central conception of the definition of the business model, along which a set of complementary activities are developed, leading to the acquisition of knowledge, skills and attitudes, structuring the development of entrepreneurial skills of individuals.

- In the first phase, oriented to the training of the skills of identification and evaluation of opportunities, in real context, the knowledge of the context and the market is promoted, leading the trainee through a creative process to the identification and validation of a real proposal of value creation, whether integrated into an organization, on its own account or of a social nature;
- The subsequent phase of development of the business model, its operationalization and strategic definition accommodates the acquisition of specific technical skills and knowledge more specifically oriented to relevant areas of management (for example, administration and finance, quality, logistics, marketing, human resources and knowledge management);

- The process is completed by the elaboration of the marketing and business plans, as instruments to materialize the business model, associated with the identification and evaluation of risks, the identification and approach of financing sources, the preparation and realization of exposure and demonstration activities and proposals of viability, the transition to entrepreneurial action.

The expository methodologies are reduced to a minimum expression throughout the whole process, promoting strategies of proximity and contact with the real context surrounding, in which each trainee individually constructs and develops his model, which should support the resolution of problems and identification of alternatives, individually and in groups. Contact with operators and organizations is encouraged in the context of the development of tasks. Regardless of the decision-making process for personal investment, a set of skills and applied knowledge are transversally promoted, which can be easily transferred to other contexts, proposals and projects.

5 Results of the Programme

Considering that the recognition of the potential impact of the development of an entrepreneurial professional profile for innovation and growth in a transversal way, has motivated the shifting of the focus from the entrepreneurial quantity to the entrepreneurial quality (Stam 2015). This has had a great impact in the way the programmes are conceptualized, promoted and evaluated.

It implies that it is gradually assumed that the existence of an entrepreneurial workforce has proved to be of the utmost importance for creating value in the economy, giving rise to the concept of productive entrepreneurship, identifying the availability of an entrepreneurial workforce as the most important element of an entrepreneurial ecosystem.

The European Training Foundation (2013) reinforces the importance of a strategic approach to entrepreneurship education and training insofar as it is important for the development of entrepreneurs and critical to the performance of organizations irrespective of their direct relationship with business objectives and of profit.

Regardless of an individual's ambition to create new business, it is through the development of their entrepreneurial skills and attitudes that they will become more innovative and able to adapt to change, explore new opportunities, and more efficiently use resources that are critical to productivity.

The challenge lies in the programmes' ability to contribute to the development of creative thinking behaviours and attitudes, the ability to solve problems, identify opportunities and assess risks, and contribute to the formation of an entrepreneurial character. Thus, education and training programmes for entrepreneurship should not be confined to the evaluation of immediate outputs (Fayolle et al. 2006; Lee et al. 2006) nor should they be used exclusively for the creation of entrepreneurs, but

rather for the training of entrepreneurial skills, which can be activated at any time (Dutta et al. 2011).

For Rasmussen and Sørheim (2006) in addition to the increase in the number of entrepreneurs, it is essential to increase their quality and real capacity for business development. The market, for Harvey (2015), seeks professionals who are characterized by intellectual knowledge, willingness to learn, self-management ability and good relationship and communication skills.

Provi@, in line with the above, does more than auto-evaluation and evaluation in terms of the number of placements and new businesses created in the immediate future. It adopts an approach much closer to the work of Nasr and Boujelbene (2014), where despite quantifying outputs and impacts, the results of the programme are globally operationalized in terms of their impact on the dimensions: acquisition of basic entrepreneurial skills, entrepreneurial intent, employability and economy and society.

5.1 Quantitative Evaluation (Provi@ in Numbers)

Continuously developed, the programme is structured into watertight editions with durations ranging from 2.5 to 9 months (depending on the integration into subsequent PTWC component). Each edition is composed of several independent but simultaneous training groups, with a minimum of 20 trainees and a maximum of 25, with a critical volume of graduates per edition capable of promoting the development of high level integrated activities. The editions overlap in time, being currently graduates of the seventh and eighth edition integrated in PTWC, while the graduates of the ninth edition are in classroom stage, undertaking the technological training component. The first edition began in 2014/07 and the ninth was concluded this stage in 2017/04, already preparing the beginning of the tenth edition from 2017/06.

To date, the initiative has included 1247 trainees, distributed into 87 training groups, of which 224 trainees were integrated into the PTWC, according to their interest. The expression of interest in the frequency of PTWC has been consistently increasing from edition to edition, with the last edition presenting a direct placement rate of over 60%, not being taken into account for the purposes already committed, but not yet materialized.

With a mean age of 36 years, trainees are mainly female (62%), with a range of qualifications between level 3 and level 8, according with the following figures (Figs. 1 and 2):

During the 87 actions implemented, 14,275 h of technological training were developed (STTU in room), and 10,345 h of PTWC were carried out.

Actions 1–8 show a distinctive completion rate, namely:

From the evaluation of the trainees to the actions the following results stand out:

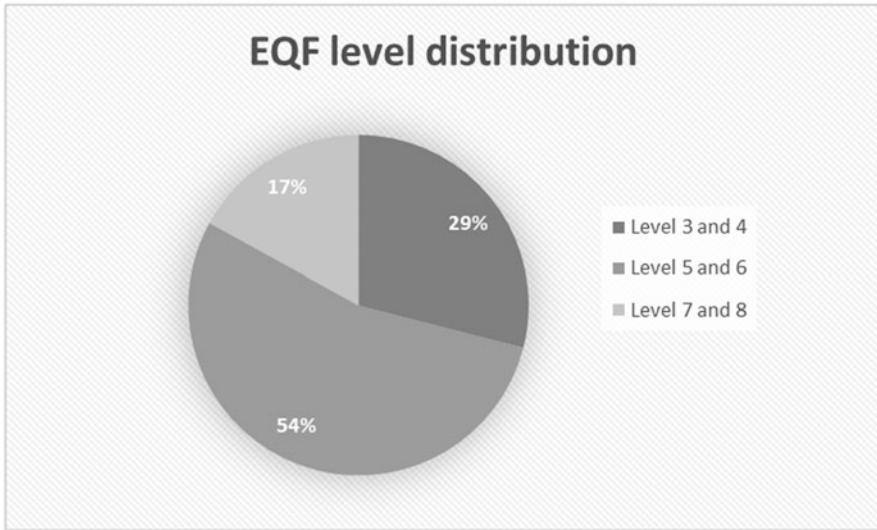


Fig. 1 Trainees qualification. Source: Author’s elaboration based in the public application submitted to “European Enterprise Promotion Awards—2017 Portuguese edition”

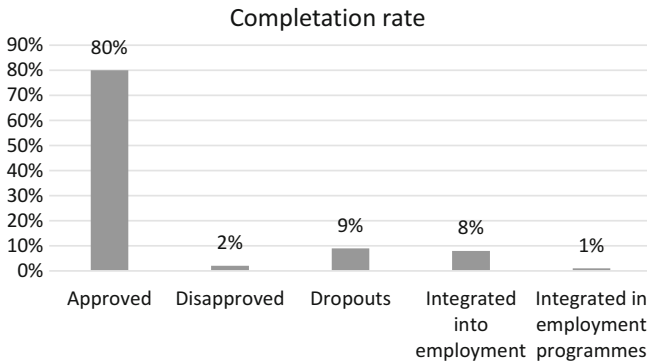


Fig. 2 Provi@ conclusion distribution. Source: Author’s elaboration based in the public application submitted to “European Enterprise Promotion Awards—2017 Portuguese edition”

– **Training Programme**

1. Objectives of action (1—confusing/4—very clear)—3.4
2. Content of the action (1—inadequate/4—very suitable)—3.1
3. Usefulness of themes (1—useless/4—very useful)—3.3
4. Duration (1—insufficient/4—very adequate)—2.9

Table 1 Employment application of the 1115 ex-trainees

	N°	%
<i>No unemployment registration</i>	841	75
Registered as employees	37	4
In employment programmes	79	9
Enrolled in PTWC	56	7
No registration	669	80
<i>With unemployment registration</i>	274	25
Less than 3 months	36	13
From 3 to 6 months	47	17
More than 6 months	191	70

Source: Author's elaboration based in the public application submitted to "European Enterprise Promotion Awards—2017 Portuguese edition"

– Development of the training

1. Motivation and participation of trainees (1—absent | 4—very frequent)—3.3
2. Relationship between trainees (1—negative | 4 very positive)—3.6
3. Practical activities (exercises) (1—insufficient | 4 very adequate)—3.1
4. Documentation (1—inadequate | 4 very suitable)—3.1
5. Audio-visuals media/other resources (1—non-existent | 4 very suitable)—3.0
6. Facilities and equipment (1—inadequate | 4 very suitable)—2.7
7. Technical and administrative support (1—ineffective | 4 very effective)—3.1
8. Support of the pedagogical leader of the action (1—ineffective | 4 very effective)—3.3

– Employability

Because of the difficulties measuring the results in the post-training period of self-employment or deferred placements through one's own efforts or through programmes, a survey, by means of an electronic questionnaire, is being carried out with all the ex-participants focusing on the on-going evaluation of the programme's impacts.

As a measure of quantification of the direct and indirect impact of the maintenance of the unemployment condition, according to the available data of the current application to employment of the 1115 ex-trainees (Table 1). The new unemployment registration (less than 6 months) reflect the cases of the ex-trainees who had new labour experiences but returned to unemployment. Around 30% of the unemployment ex-trainees are developing personal self-employment projects.

5.2 *Qualitative Evaluation*

Being the evaluation component of greater relevance in the context of the proposal, it is at the same time the one that normally presents the greatest difficulty of

operationalization. With a view to its better systematization, it is organized in three specific domains: the direct effects on candidates, trainees and organizations; the subsequent impacts of the model and perceived psychosocial impacts. As regards the impact on applicants, the effect of desirability and perceived quality can be distinguished as far as demand analysis is concerned.

From the very first day onwards it was an absolutely voluntary proposal for formally registered job seekers. The frequency of desirability was quickly found to be higher than any other measure or programme, reaching a record maximum for one edition when there were more than 200 applications in less of 48 h. In spite of the high available training capacity, it has been verified, throughout all the editions, that the demand exceeds the number of places available, resulting in the creation of waiting lists of candidates for the programme at various times.

If in the first editions the candidates knew very little of the new proposal presented, in this phase there is a spontaneous and continuous search, by direct registration or institutional referral, based on the public recognition external to the programme. For many of the candidates, integration into the programme is considered as a strategy for enhancing employability, and likewise enrollment is considered when applying for employment or immediately upon completion of higher studies.

With regard to trainees and former trainees, in addition to evaluations of satisfaction with the frequency and development of training, the indirect measure of conformity of programme objectives with the effect on enabling and facilitating conditions and competences of employability is also used.

In the absence of an institutional mechanism for monitoring and follow-up of post-training placements, allowing for the establishment of direct relations in time with the measures and programme attended, it is verified, however, that in addition to the possible comparison with the direct placement rates of other similar training measures, the programme may be statistically associated with the maintenance effect in employment situations.

Using the criterion of comparison with other similar measures and programmes shows a very high continuous placement rate, measured by the percentage of trainees returning to the registered unemployment situation, at all levels distinctive, only associated with the increase in skills (more than 70% absence of registered unemployment for ex-trainees to date).

In relation to the more than 700 projects presented publicly throughout the different editions the recognition achieved in many prizes and competitions promoted at national level by several of the projects developed by trainees in the context of the programme stands out in addition to their quantity and the recognition of the external entities involved in their appreciation. Subsequent articulation with the support network established in the ecosystem to support the implementation of the businesses developed by new entrepreneurs, has also become more simplified, to the extent of recognition and appreciation of the pre-preparation work of the business and marketing plans carried out by the trainees in the context of Provi@, as well as the demonstrated entrepreneurial skills, enabling a significant acceleration of the entrepreneurial action.

In relation to the organizations involved, business and social, public and private, there are two distinct effects. Firstly, directly there were the number of projects developed within the organizations, resulting from the work developed by the trainees in the context of the PTWC component. In some of the organizations trainees' work represented a relevant contribution to the development and completion of ongoing projects in the context of a shortage of human and technical resources, whilst for others it represented the opportunity to create and implement new innovative projects.

Recognition of the role played by the programme in general and of the potential for contribution and added value represented by the trainees in particular has, over time, translated into a significant increase in the availability of participation in the programme and its availability for the business organizations of the ecosystem and interest in the reception and integration of the trainees; there are currently more opportunities than placement needs.

The indirect effects of the development of Provi@ within the regional ecosystem can also be differentiated into a promotion dimension and another one of facilitating regional entrepreneurship.

Promoting dimensions includes the public disclosure effects associated with the activities developed such as thematic regional seminars associated with each edition, promotion of individual, collective and organizational projects, and dissemination, promotion and access to resources available in the region and in the country. The facilitating dimension is associated here with the contribution of Provi@ to the establishment and consolidation of a broad network of promoters and ecosystem entities, both from the concrete projects and from the promotional activities developed. The demonstrative effect is also significant, facilitating the replication and cloning of the programme in different contexts, as already verified, and also contributing technical support for actions developed by other entities.

Currently, in addition to its replicating effect, it was possible to establish a pattern of cooperation and interconnection with other active stakeholders in the ecosystem, with a schedule of activities interlinked with different programmes and measures, with public and private entities, in public and intra-organizational projects, not only enhancing the benefits for the trainees and organizations involved but also contributing to the greater efficiency and effectiveness of the available regional resources.

6 Discussion and Remarks

Provi@ provided a strong investment in the development of entrepreneurial skills which has developed a learning strategy in which stakeholders (people and organizations) develop their potential through entrepreneurial empowerment—a prerequisite for people to acquire decent employment in the societies in which they live, and for companies to ensure their sustainability through innovation powered by skilled and motivated human assets.

With a wide range of considerations relevant to other initiatives and similar programmes to be developed, only those considered as distinctive and relevant, arising from the Provi @ experience, which could make significant contributions to potential programme developers of education and training for entrepreneurship will be presented. The contributions presented here follow the proposal of Politis (2005) that systematizes the differentiation of studies into three distinct categories according to whether their focus is on the effect on the economy, on the motivations of the entrepreneurial behaviour or on the understanding of the action process:

– **Scale impact**

By characterizing many of the interventions known by a too specific and focused framework with a small number of recipients and incipient early institutional integration, a facilitating scale-up approach at all levels was sought and achieved through Provi@.

The effect of simultaneous mobilization of several training groups by edition, which can be achieved even if in the presence of activities developed by different entities, as long as it is done in a concerted manner, allows for the creation of a critical mass extremely relevant to: the mobilization of institutional agents, associative and external business; the contracting and allocation of public resources and co-financing; the involvement and participation of the most relevant and significant stakeholders in the ecosystem; the quality and size of the activities carried out; the capacity to mobilize ecosystem responses and resources for support and continuity of the projects developed; the perceived impact on the community and the region; the sustainability and continuity of the programme.

More than the traditional conception that “unity is strength”, it highlights the evidenced consideration of the “force of the union” of purposes, objectives and resources for the potentiation of the outputs and impacts of education and training actions for entrepreneurship.

– **Perceived value**

The still common focus of perceiving the value obtained by the different programmes in terms of the number of businesses and/or jobs created directly at the end of the programmes often leads to subversion of the purposes and objectives of the programmes themselves.

It is only reasonable to apply this criterion face economic initiatives and programs of a financial and investment nature, developed by entities that are dedicated to this purpose. When in the presence of programs markedly associated with educational and formative dimensions, this may be an output to be considered only as superlative and complementary.

The qualitative effects and indirect impacts on the ecosystem are much more important and should be systematized, measured and evaluated based on the program’s own conception, which is fundamental for assessing its merit and enhancing its sustainability.

– Effectiveness

The promotion of entrepreneurial intention to overcome barriers and the potential promotion of entrepreneurial action (Gielnik et al. 2014; GEM 2014) is fundamental to combat the gap between entrepreneurial intention and entrepreneurial action (Goethner et al. 2012; Kautonen et al. 2015; Gelderen et al. 2015; Townsend et al. 2010).

Agreeing with the authors (Krueger 2009; Linãn and Fayolle 2015) that all entrepreneurial action is determined by entrepreneurial intent, it becomes fundamental to the subsequent impact of any education and training program for entrepreneurship, that attention and dedication is given to the development of entrepreneurial intentionality, motivation for action and inspiration, as proposed by Souitaris et al. (2007). However, any program, regardless of the area and the objectives it proposes, is highly dependent on its ability to create, promote and stimulate the participants' investment, that is associated with the perception of the effective value of the frequency for them.

When the output objectives of programs are reduced, at least in the perceived notion of value by the participants, to goals such as the definition of a business plan, access to certain funding, obtaining a certificate, etc., the notion of effectiveness becomes very limited. In addition, since they are a transitory component in the context of the professional and life project of the participants, it is not within their reach to effectively control the subsequent phases, such as obtaining the necessary investment to carry out the projects, devaluing the results of the program itself.

One of the most significant contributions of Provi@ will therefore be the awareness of, and the evidence for, the relevance of systematization and valorisation of benefits, outputs and intermediate impacts of education and training programs, contributing to the perception of the effectiveness of the acquisitions for the participants.

There are many examples of this, including the developed business plan, the valorisation of skills acquired for its development, the direct placement at the end of the PTWC, and the formal identification and certification of professional skills acquired and evidenced.

– Formal certification

One of the most distinctive assets of Provi@ lies in its structuring around the STTU of the national qualification system, as opposed to the traditional and more common approach to creating and developing specific curricula and training frameworks.

If the specific nature of the education and training objectives for entrepreneurship does not have abundant resources already structured and formally recognized, there is a recognized need to articulate among the relevant stakeholders of the ecosystem, a need for tailor made formulations. This process involves investment and resource allocation repeatedly from program to program, unnecessary revalidation of stands, a cacophony poorly perceived by the community. By

using already existing and formally recognized resources (STTU of the national qualification system), despite the initial effort of identification, selection, integration, adaptation and articulation thereof, a set of immediate and long-term benefits were achieved, namely:

- The ease of recognizing the formal certification of learning, both for the participants, for the host organizations and for the subsequent professional curriculum;
- Access to formal education and training funding programs, regardless of their specific vocation for entrepreneurship;
- Access to social benefits by the participants due the frequency of actions of education and training formally recognized;
- The acceptance of the community of the educational and formative character of the program, from the association with measures already recognized;
- The possibility of direct accreditation of the learning processes carried out in subsequent professional certification processes requested by the participants;
- The transferability of the program to other entities, contexts and public, to the extent of the direct use of public domain resources, recognized, validated and supported.

– **Organization and programming**

One of the dimensions most valued by the participants was specifically the way in which the scheduling of workloads and activities was structured throughout Provi@. Being an aspect not often analysed and discussed, it was necessarily adjusted and improved throughout the program, evolving its conception as it progressed.

Often determined by the institutional framework or contingencies of integration into a specific measure or program, it is a factor that determines not only the participation and investment of potential participants, but also the success of the program itself.

When in the presence of objectives and activities and pedagogical strategies of a real nature, of an approach to the market, it is necessary to take due account not only of the cadence of learning, adequately considering periods of integration and consolidation, but also the needs of the actual projects themselves. The ideal timing, although determined casuistically and in a personalized way, was established in Provi@, for example, at an average frequency of 3.5 days per week (between 21 and 25 h/week).

More important than the weekly time, it results from the notion of the need to balance the organizational, learning, consolidation needs with the individual characteristics and needs for the development of the projects. There is a need to balance the accomplishment of activities of contact with the market, with the collection of elements and the remaining dimensions of personal and professional life of the participants.

– The PTWC component

Not being one of the initial objectives of the program, the need was rapidly identified not only for the subgroup of participants who did not intend to start self-employment activities but also for potential entrepreneurs. The added value of the PTWC for the first group is easily discernible in that it contributes to the opportunity for the provision of evidence competencies, for organizational recognition and for the potential subsequent professional integration, either directly or indirectly through the consolidation of professional curriculum, as well as the direct added value for host organizations.

The benefit to potential entrepreneurs who would presumably aim to advance self-employment quickly is not so obvious, arising from the need and intention of some entrepreneurs with a view to: recognition and preparation of conditions for the project itself; the acquisition of specific technical skills necessary for their project; the validation of the motivation for the entrepreneurial action in specific professional activities.

The availability of the program for the frequency of a voluntary PTWC component is one of the potential assets of any education and training program that is intended to be broadly encompassed in purposes similar to Provi@.

Through a formative and training process we witnessed that Provi@ went far beyond creating the conditions for the employability of the subjects, functioning as well, as a vector of social inclusion. This aspect is important to highlight because all the individuals covered by this project were unemployed and the opportunity to contact Provi@ allowed for the stabilization of life paths in a context of a complex economic crisis experienced in Portugal especially from 2011 to 2016.

6.1 Limitations and Research Proposals

For future research it is necessary to keep in mind that Provi@ is a project in continuous development, so it is necessary a continuous monitoring, through the use of electronic form and thus overcome the difficulty of collecting information after the end of the program.

In order to have a more accurate knowledge of the impact of the program both on personal and corporate level, it will be necessary to evaluate, at least, the satisfaction with the program 6 months and 1 year after the conclusion of the Provi@ program.

Another question to consider is whether in the case of transferring the program to other regions and operationalized through different promoters, if its effectiveness is maintained when the context is changed.

The evaluation of the program in other contexts is a necessity that will allow in the future to be more certain about the effectiveness and performance of the program to develop entrepreneurship and combat the social exclusion of unemployed people.

References

- Acs, Z., & Armington, C. (2004). Employment growth and entrepreneurial activity in cities. *Regional Studies*, 38, 911–927.
- Acs, Z. J., Autio, E., & Szerb, L. (2014). National systems of entrepreneurship: Measurement issues and policy implications. *Research Policy*, 43(3), 476–494.
- Acs, Z. et al. (2008). *Entrepreneurship and urban success: Toward a policy consensus*. Economics Faculty Scholarship. Paper 61. <http://surface.syr.edu/ecn/61>
- Audretsch, D., & Keilbach, M. (2004). Entrepreneurship capital and economic performance. *Regional Studies*, 38, 949–959.
- Balconi, M., Centuori, A. (2004). On the creation and distribution of knowledge in microelectronics. In *Innovation in the knowledge economy: Implications for education and learning*. Paris: OECD. Retrieved from www.oecd.org/edu/km/mappinginnovation
- Basadur, M. S., & Basadur, T. M. (2011). Attitudes and creativity. In M. A. Runco & S. R. Pritzker (Eds.), *Encyclopedia of creativity* (Vol. 1, 2nd ed., pp. 85–95). San Diego: Academic Press.
- Bergmann, H., & Sternberg, R. (2007). The changing face of entrepreneurship in Germany small business. *Economics*, 28, 205–221.
- Bello, S. M. (2017). Personality trait and innovation performance of micro and small enterprises. In R. Benlamri & M. Sparer (Eds.), *Leadership, innovation and entrepreneurship as driving forces of global economy*. Cham: Springer Nature.
- Blank, S. (2013). Why the lean start-up changes everything. *Harvard Business Review*, May, 1–9.
- Burgelman, R. A. (1983). Corporate entrepreneurship and strategic management: Insights from a process study. *Management Science*, 29(12), 1349–1364.
- Cachia, R., & Ferrari, A. (2010). *Creativity in schools: A survey of teachers in Europe*. European Union. doi:<https://doi.org/10.2791/48818>
- Carrier, C. (1994). Intrapreneurship in large firms and SMEs: A comparative study. *International Small Business Journal*, 12(3), 54–61.
- Caseiro, N., & Alberto, D. (2013). Teaching entrepreneurship at nonbusiness school: A reflexion. In C. Reis, P. Tadeu, & T. Paiva (Eds.), *Proceedings of Conference on Enabling Teachers for Entrepreneurship Education (ENTENP2013)* (pp. 30–37).
- Cheetham, G., & Chivers, G. (1996). Towards a holistic model of professional competence. *Journal of European Industrial Training*, 20(5), 20–30.
- Cheetham, G., & Chivers, G. (1998). The reflective (and competent) practitioner: A model of professional competence which seeks to harmonise the reflective practitioner and competence-based approaches. *Journal of European Industrial Training*, 22(7), 267–276.
- Cieślak, J. (2017). *Entrepreneurship in emerging economies: Enhancing its contribution to socio-economic development*. Switzerland: Palgrave Macmillan.
- Comissão Europeia. (2006). Aplicar o Programa Comunitário de Lisboa: Promover o espírito empreendedor através do ensino e da aprendizagem. In *Comunicação da Comissão ao Conselho, ao parlamento Europeu, ao Comité Económico e Social Europeu e ao Comité das regiões*. Brussels: European Commission.
- Dana, L. P. (2001). The education and training of entrepreneurs in Asia. *Education+Training*, 43(8/9), 405–416.
- Dornelas, J. (2008). *Empreendedorismo* (pp. 7–32). São Paulo: Elsevier.
- Dornelas, J. (2014). *Empreendedorismo: Transformando Ideias em Negócios*. São Paulo: LTC.
- Dutta, D. K., Li, J., & Merenda, M. (2011). Fostering entrepreneurship: Impact of specialization and diversity in education. *International Entrepreneurship Management Journal*, 7, 163–179.
- Elert, N., Henrekson, M., & Stenkula, M. (2017). *Institutional reform for innovation and entrepreneurship: An agenda for Europe*. New York: Springer.
- Erdelyi, P. (2010). The matter of entrepreneurial learning: A literature review. *Icsb*, 1–24.
- ET 2020 Thematic Working Group. (2014, November). Final Report of the Thematic Working Group on Entrepreneurship Education. Ref. Ares(2014)4211601 – 15/12/2014. Retrieved from <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=17016&no=1>

- European Commission. (2004). *Joint report on social inclusion*. Directorate General for Employment and Social Affairs.
- European Commission. (2012). *Rethinking education: Investing in skills for better socio-economic outcomes*. Retrieved from https://www.eqavet.eu/Equavet2017/media/Policy-Documents/Rethinking-education_-_investing-in-skills-for-better-socio-economic-outcomes.pdf?ext=.pdf
- European Commission. (2016). *Entrepreneurship education at school in Europe*. Eurydice report. Luxembourg: Publications Office of the European Union.
- European Parliament and Council. (2008). Recommendation of the European Parliament and of the Council of 23 April 2008 on the establishment of the European Qualification Framework for lifelong learning. Official Journal of the European Union, (2008/C 111).
- European Training Foundation. (2013). Entrepreneurial learning: Keystone to an entrepreneurial culture what is entrepreneurial. *Journal of the European Training Foundation*, issue 16.
- Eurydice. (2016). *Entrepreneurship education at school in Europe, education and training*. Eurydice Report.
- Fayolle, A. (2004). *Entrepreneuriat: Apprendre à Entreprendre*. Paris: Dunod.
- Fayolle, A., Gailly, B., & Lassas-Clerc, N. (2006). Assessing the impact of entrepreneurship education programmes: A new methodology. *Journal of European Industrial Training*, 30(9), 701–720.
- Ferreira, J., Figueiredo, I., & Pereira, M. (2007). *Guião de Promoção do Empreendedorismo na Escola*. Lisboa: Ministério da Educação/Direcção Geral de Inovação e Desenvolvimento Curricular.
- Garavan, T. N., & O’Cinneide, B. (1994). Entrepreneurship education and training programmes: A review and evaluation – Part 1. *Journal of European Industrial Training*, 19(4), 3–13.
- Gelderen, M., Kautonen, T., & Fink, M. (2015). From entrepreneurial intentions to actions: Self-control and action-related doubt, fear, and aversion. *Journal of Business Venturing*, 30(5), 655–673.
- GEM Portugal. (2014). *Global entrepreneurship*. Monitor relativo a Portugal – GEM Portugal. 2004–2013. uma década de empreendedorismo em Portugal, ISCTE-IUL.
- Gerber, M. E. (2004). *Empreender fazendo a diferença*. São Paulo: Editora Fundamento Educacional.
- GHK. (2011). *Mapping of teachers’ preparation for entrepreneurship education*. Final report. Prepared by GHK for the European Commission, Order 129, Framework Contract No EAC 19/06.
- GHK. (2013). *Educação para o empreendedorismo* □ *Guia para educadores*. Direção-Geral das Empresas e da Indústria. Bruxelas, BÉLGICA: Comissão Europeia. Retrieved from http://www.igfse.pt/upload/docs/2015/GuiaparaEducadores_EducacaoparaoEmpreendedorismo.pdf
- Gielnik, M. M., Barabas, S., Frese, M., Namatovu-Dawa, R., Scholz, F. A., Metzger, J. R., & Walter, T. (2014). A temporal analysis of how entrepreneurial goal intentions, positive fantasies, and action planning affect starting a new venture and when the effects wear off. *Journal of Business Venturing*, 29(6), 755–772.
- Goethner, M., Obschonka, M., Silbereisen, R. K., & Cantner, U. (2012). Scientists’ transition to academic entrepreneurship: Economic and psychological determinants. *Journal of Economic Psychology*, 33(3), 628–641.
- Gorman, G., Hanlon, D., & King, W. (1997). Some research perspectives on entrepreneurship education, enterprise education and education for small business management: A ten-year literature review. *International Small Business Journal*, 15(3), 56–77.
- Grimaldi, R., Kenney, M., Siegel, D. S., & Wright, M. (2011). 30 years after Bayh–Dole: Reassessing academic entrepreneurship. *Research Policy*, 40(8), 1045–1057.
- Hackett, S. M., & Dilts, D. M. (2004). A systematic review of business incubation research. *The Journal of Technology Transfer*, 29, 55–82.
- Harvey, D. (2015). *O enigma do capital: e as crises do capitalismo*. Boi tempo Editorial.
- Henry, C., Hill, F., & Leitch, C. (2005a). Entrepreneurship education and training: Can entrepreneurship be taught? Part I. *Education+ Training*, 47(2), 98–111.

- Henry, C., Hill, F., & Leitch, C. (2005b). Entrepreneurship education and training: Can entrepreneurship be taught? Part II. *Education+ Training*, 47(3), 158–169.
- Hisrich, R., & Peters, M. (2002). *Entrepreneurship* (5th ed.). New York: McGraw-Hill, Higher Education. ISBN 0-07-231406-0.
- Hornsby, J. S., Kuratko, D. F., & Zahra, S. A. (2002). Middle managers perception of the internal environment for corporate entrepreneurship: Assessing a measurement scale. *Journal of Business Venturing*, 17(3), 253–273.
- Howell, J. M., & Higgins, C. A. (1990). Champions of change: Identifying, understanding, and supporting champions of technological innovations. *Organizational Dynamics*, 19(1), 40–55.
- Hytti, U., & O’Gorman, C. (2004). What is enterprise education? An analysis of the objectives and methods of enterprise education programmes in four European countries. *Education & Training*, 46(1), 11–23.
- Isenberg, D. (2011). *The entrepreneurship ecosystem strategy as a new paradigm for economic policy: Principles for cultivating entrepreneurship*. The Babson Entrepreneurship Ecosystem Project.
- Jain, R., & Ali, S. W. (2013). A review of facilitators, barriers and gateways to entrepreneurship: Directions for future research. *South Asian Journal of Management*, vol., 20(3), 122–163.
- Jones, G. R., & Butler, J. E. (1992). Managing internal corporate entrepreneurship: An agency theory perspective. *Journal of Management*, 18(4), 733–749.
- Joshi, M. (2012). *Administration skills*. New York: Manmohan Joshi & Ventus Publishing ApS.
- Kalar, B., & Antoncic, B. (2015). The entrepreneurial university, academic activities and technology and knowledge transfer in four European countries. *Technovation*, 36, 1–11.
- Kanel, K. (2012). *A guide to crisis intervention*. Belmont: Brooks/Cole, Cengage Learning.
- Kao, R., Kao, K., & Kao, R. (2002). *Entrepreneurship: A philosophy and sensible alternative for the market economy*. London: Imperial College Press. isbn:1-86094-312-8.
- Katz, R. (2014). Skills of an effective administrator. *Harvard Business Review*, 1–32.
- Kautonen, T., Gelderen, M., & Fink, M. (2015). Robustness of the theory of planned behavior in predicting entrepreneurial intentions and actions. *Entrepreneurship Theory and Practice*, 39(3), 655–674.
- Krueger, N. F. (2009). Entrepreneurial intentions are dead: Long live entrepreneurial intentions. In A. Carsrud & M. Brännback (Eds.), *Understanding the entrepreneurial mind: Opening the black box* (pp. 51–72). New York: Springer.
- Kummitha, R. K. R. (2017). *Social entrepreneurship and social inclusion*. Basingstoke: Palgrave Macmillan.
- Kuratko, D. F. (2011). Entrepreneurship theory, process, and practice in the 21st century. *International Journal of Entrepreneurship and Small Business*, 13(1), 8.
- Lee, S., Lim, S., & Pathank, R. (2006). Influences on students’ attitudes toward entrepreneurship: A multi-country study. *International Entrepreneurship Management Journal*, 2, 351–366.
- Liñán, F., & Fayolle, A. (2015). A systematic literature review on entrepreneurial intentions: Citation, thematic analyses, and research agenda. *International Entrepreneurship and Management Journal*, 11(4), 907–933.
- Lopes, C. (2014). Educação Empreendedora: um estudo do projeto de empreendedorismo 10.0 aplicado aos alunos do curso técnico em informática. *Revista de Empreendedorismo, inovação e tecnologia*, 1(1), 39–44.
- MacMillan, I. C. (1986). Progress in research on corporate venturing. In D. L. Sexton & R. W. Smilor (Eds.), *The art and science of entrepreneurship*. Cambridge, MA: Ballinger Publishing Company.
- Management Systems International (MSI). (1990). *Final Report: Entrepreneurship training and the strengthening of entrepreneurial performance*.
- Mazzei, M. J., Ketchen, D. J., & Shook, C. L. (2016). Understanding strategic entrepreneurship: A “theoretical toolbox” approach. *International Entrepreneurship and Management Journal*, 13, 631–663.

- Minello, I. F. (2014). *Resiliência e Insucesso empresarial: o comportamento do empreendedor diante do fracasso nos negócios* (1st ed.). Curitiba, Paraná: Editora e Livraria Appris Ltda.
- Mitchelmore, S., & Rowley, J. (2010). Entrepreneurial competencies: A literature review and development agenda. *International Journal of Entrepreneurial Behaviour & Research*, 16(2), 92–111.
- Mitchelmore, S., & Rowley, J. (2013). Entrepreneurial competencies of women entrepreneurs pursuing business growth. *Journal of Small Business and Enterprise Development*, 20(1), 125–142.
- Moore, C. F. (1986). Understanding entrepreneurial behavior: A definition and model. *Academy of Management Best Papers Proceedings*, 8(1), 66–70.
- Morgado, S. S. P. (2012). A educação para o empreendedorismo em contexto prisional: Competências, Processos e Desafios. In *Faculdade de Psicologia e Ciências da Educação e à Faculdade de Economia da Universidade de Coimbra* (p. 166). Coimbra: Universidade de Coimbra.
- Mouro, H. (2009). *Modernização do Serviço Social. Da sociedade industrial à sociedade do risco*. Coimbra: Quarteto Editora.
- Nandram, S. S., & Samsom, K. J. (2006). *The spirit of entrepreneurship*. New York: Springer Science & Business Media.
- Nasr, K. B., & Boujelbene, Y. (2014). Assessing the impact of entrepreneurship education. *Procedia – Social and Behavioral Sciences*, 109, 712–715.
- Neck, H. M., & Greene, P. G. (2011). Entrepreneurship education: Known worlds and new frontiers. *Journal of Small Business Management*, 49(1), 55–70.
- Nientied, P. (2015). Polis University as lean start-up innovation. *International Business Research*, 8(5), 19–29.
- O'Connor, A. (2013). A conceptual framework for entrepreneurship education policy: Meeting government and economic purposes. *Journal of Business Venturing*, 28(4), 546–563.
- OECD. (2010). *Cutting red tape – why is administrative simplification so complicated. Looking beyond 2010*. Paris: Organization for Cooperation and Development Publishing.
- OECD. (2012). *Entrepreneurship at a glance*. Report: Quality Assessment of Entrepreneurship Indicators.
- OECD/European Commission. (2013). *The missing entrepreneurs: Policies for inclusive entrepreneurship*. Paris: Organization for Cooperation and Development Publishing.
- OECD-Eurostat Entrepreneurship Indicators Program. (2013). *Entrepreneurial capabilities (business and entrepreneurship education, immigration)*.
- Parker, S. C. (2009). *The economics of entrepreneurship*. London: Cambridge University Press.
- Payne, M. (2002). *Teoria do Trabalho Social Moderno*. Coimbra: Quarteto Editora.
- Pereira, M. M., Ferreira, J. S., & Figueiredo, I. O. (2007). *Guião «Promoção do Empreendedorismo na Escola»*. Ministério da Educação/Direcção-Geral de Inovação e Desenvolvimento Curricular. Editorial do Ministério da Educação. Retrieved from https://juventude.gov.pt/Emprego/InovaJovensCriativos/Documents/Guiao_Promocao_Empreendedorismo_escola_DGE.pdf
- Pinchot, G. (1985). *Intrapreneuring: Why you do not have to leave the corporation to become an entrepreneur* (1st ed.). New York: Harper & Row.
- Pinchot, G., & Pellman, R. (1999). *Intrapreneuring in action: A handbook for business innovation*. San Francisco: Berrett-Koehler Publication.
- Politis, D. (2005). The process of entrepreneurial learning: A conceptual framework. *Entrepreneurship Theory and Practice*, 29, 399–424.
- Portugal, M. N. (2013). Empreendedorismo. In *Gestão e Estratégia, Desafios da Globalização*. Lisboa: Escolar Editora.
- Quality Assurance Agency for Higher Education – QAA. (2012). *Enterprise and entrepreneurship education: Guidance for UK higher education providers*. The Quality Assurance Agency for Higher Education. Retrieved from <http://www.qaa.ac.uk/en/Publications/Documents/enterprise-entrepreneurship-guidance.pdf>

- Rae, D., & Carswell, M. (2000). Towards a conceptual understanding of entrepreneurial learning. *The Journal of Small Business and Enterprise Development*, 8, 150–158.
- Rasmussen, E. A., & Sørheim, R. (2006). Action-based entrepreneurship education. *Technovation*, 26(2), 185–194.
- Ravasi, D., & Turati, C. (2005). Exploring entrepreneurial learning: A comparative study of technology development projects. *Journal of Business Venturing*, 20(1), 137–164. <https://doi.org/10.1016/j.jbusvent.2003.11.002>.
- Richards, R. (2007). Everyday creativity: Our hidden potential. In R. Richards (Ed.), *Everyday creativity and new views of human nature*. Washington, DC: American Psychological Association.
- Ruskovaara, E., Rytkölä, T., Seikkula-Leino, J., & Pihkala, T. (2011). *Entrepreneurship education in a classroom – What's about Entrepreneurship there?* Paper presented at ESU Conference 2011 Seville.
- Sarkar, S. (2007). *Empreendedorismo e Inovação*. Escolar Editora: Lisboa.
- Schollhammer, H. (1982). Internal corporate entrepreneurship. In C. A. Kent, D. L. Sexton, & K. H. Vesper (Eds.), *Encyclopedia of entrepreneurship*. Englewood Cliffs, NJ: Prentice-Hall.
- Shepherd, D., & Patzelt, H. (2017). *Trailblazing in entrepreneurship: Creating new paths for understanding the field*. Cham: Palgrave Macmillan.
- Snell, R., & Lau, A. (1994). Exploring local competences salient for expanding small businesses. *Journal of Management Development*, 13(4), 4–15.
- Sonnenberg, B. (2014). *Dependencies and mechanisms of unemployment and social involvement: Findings from the socio-economic panel study (SOEP)*. Berlin: Springer.
- Souitaris, V., Zerbinati, S., & Al-Laham, A. (2007). Do entrepreneurship programmes raise entrepreneurial intention of science and engineering students? The effect of learning, inspiration and resources. *Journal of Business Venturing*, 22(4), 566–591.
- Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23(9), 1759–1769.
- Stenn, T. (2017). *Social entrepreneurship as sustainable development. Introducing the sustainability lens*. Cham: Springer Nature.
- Stopford, J. M., & Baden-Fuller, C. W. F. (1994). Creating corporate entrepreneurship. *Strategic Management Journal*, 15(7), 521–536.
- Teixeira, C. (2012). *Educação para o Empreendedorismo – Um estudo sobre o Projeto Nacional de Educação para o Empreendedorismo, in Faculdade de Psicologia e de Ciências da Educação e à Faculdade de Economia*. Coimbra: Universidade de Coimbra.
- Terjesen, S., & Wang, N. (2013). Coase on entrepreneurship. *Small Business Economics*, 40(2), 173–184.
- Townsend, D. M., Busenitz, L. W., & Arthurs, J. D. (2010). To start or not to start: Outcome and ability expectations in the decision to start a new venture. *Journal of Business Venturing*, 25(2), 192–202.
- Trimi, S., & Berbegal-Mirabent, J. (2012). Business model innovation in entrepreneurship. *International Entrepreneurship and Management Journal*, 8(4), 449–465.
- Tseng, C. (2012). Linking entrepreneurial infrastructures and new business development: Entrepreneurship development in Taiwan. *The Journal of Entrepreneurship*, 21(1), 117–132.
- Valle, A. (2012). Protección social, acción estatal y estructura de riesgos sociales. *Textos & Contextos (Porto Alegre)*, 11(1), 52–64.
- van Praag, M. C. (2007). What is the value of entrepreneurship? A review of recent research. *Small Business Economics*, 29(4), 351–382.
- Vesper, K. H. (1990). *New venture strategies* (Rev. ed.). Englewood Cliffs, NJ: Prentice-Hall.
- World Economic Forum (WEF). (2009). *Education the next wave of Entrepreneurs: Unlocking entrepreneurial capabilities to meet the global challenges of the 21st century*. A report of the Global Education Initiative. Retrieved from http://www.gvpartners.com/web/pdf/WEF_EE_Full_Report.pdf

- Xavier, S.R., Kelley, D., Kew, J., Herrington, M., & Vorderwülbecke, A. (2013). *The global entrepreneurship monitor 2012*. Global report. Retrived from <http://www.gemconsortium.org/report/48545>
- Zampier, M. A., & Takahashi, A. R. W. (2010). Desenvolvimento de competências empreendedoras e processos de aprendizagem empreendedora, CADERNOS EBAPE.BR, v. 9, Edição Especial, artigo 6, Rio de Janeiro, 564–585.
- Zampier, M. A., & Takahashi, A. (2014). Competências e aprendizagem empreendedora em MPE's educacionais. *Revista Pensamento Contemporâneo em Administração*, 8(3), 1–22.

Part III
Entrepreneurial Experiences

Microcredit: Role of Entrepreneurial Ventures in Development of Cabo Verde



Susana Bernardino, J. Freitas Santos, and Zidyane Vicente

Abstract Microcredit provides small loans to the most deprived populations for whom credit is difficult to obtain from the traditional banking system. These microcredits have no collateral backing and work on the basis of a small group-based borrowing mechanism. The funds are often used for financing productive and educational purposes related to entrepreneurial activities and self-employment. For this reason, microcredit is pointed out as a valuable tool in the economic, social and cultural development of poor countries.

The study analysed the application of the microcredit programs in Cabo Verde and their implications for poverty reduction, income generation, self-employment and equality of gender promotion. The results showed that microcredit is an important financial instrument for poverty alleviation and the improvement of family income in Cabo Verde. The majority of the projects were based on women initiatives and oriented to the creation of micro and small businesses that provide self-employment and jobs for poor people, allowing families to have access to income sources that otherwise they would not have. The revenues generated gave individuals the opportunities to acquire goods and services that improve their quality of life and wellbeing. This is particularly important in Cabo Verde since the welfare state is practically non-existent there.

Keywords Microcredit · Economic development · Cabo Verde · Self-employment · Wellbeing

S. Bernardino (✉) · J. Freitas Santos

P. Porto/ISCAP/CEOS.PP, R. Jaime Lopes Amorim, São Mamede de Infesta, Portugal

e-mail: susanab@iscap.ipp.pt; jfsantos@iscap.ipp.pt

Z. Vicente

P. Porto/ISCAP, R. Jaime Lopes Amorim, São Mamede de Infesta, Portugal

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_13

233

1 Introduction

Providing access of poor people to financial services is one of many ways to help increase their incomes and productivity (Khandker 1998). Microfinance encompasses the provision of a broad range of financial services, such as deposits, loans, payment services, money transfers and insurance to poor people and their micro-enterprises and small businesses, to enable them to raise their income levels and improve their living standards (ADB 2000; Monzoni 2008; Manga 2015). The main agents of microfinance are microfinance institutions (MFIs), which provide financial intermediation services. In this regard, MFIs are understood as the entities specialised in providing these services and are generally constituted in the form of non-governmental organisations (NGOs), credit cooperatives, public and private commercial banks, depending on the legislation of each country (ADB 2000).

The main objective of microcredit programs is to alleviate poverty through the reduction of unemployment and wealth creation. The first problem requires creating jobs often unavailable in countries with low rates of economic growth, high population growth and extremely unequal distribution of resources. To raise wealth, investment in human and physical capital is needed to increase workers' productivity and income (Khandker 1998). To help solve these problems, microcredit provides small loans to the very poor population so that they can become self-employed and generate income for them and their families (Barone and Sader 2008).

Along the years, microcredit has supported and stimulated entrepreneurship in developed economies, where industrial activities are scarce and unemployment rates are very high. The programs of microcredit not only have a direct impact on the individuals that have created their own employment, but also have an indirect effect on the local economy through the creation of additional jobs.

Microcredit was introduced in Cabo Verde, an island country spanning an archipelago of 10 volcanic islands in the central Atlantic Ocean, in the mid-1990s. Despite the vigorous growth of microcredit in Cabo Verde since then, there is a lack of empirical evidence about the contribution of this financial tool to the country's socioeconomic and cultural development. To fill this gap, this study provided an examination of the microcredit operations carried out in the country and an analysis of their impact on Cabo Verde. The objective was to answer the following research questions:

- Did microcredit programs make it possible to reduce poverty in Cabo Verde?
- Have microcredit programs stimulated self-employment in Cabo Verde?
- Did microcredit programs increase the income of Cabo Verde people?
- Is gender associated with microcredit programs in Cabo Verde?

By exploring these issues, the study aimed to enhance the body of knowledge on the assessment of the application of microcredit programs on economic development in developing countries such as Cabo Verde.

This study synopsis begins in Sect. 2 by emphasising the role of microcredit in economic development, briefly reviewing the precise terms of the concept and the

main empirical evidence about the application of microcredit programs. Section 3 contains a description of microcredit in Cabo Verde. Section 4 outlines the methodological approach used in the research. The results obtained are presented and discussed in Sect. 5. The conclusions in Sect. 6 provide a summary of the study, explore policy implications, present the limitations of the study and outline further investigation avenues.

2 Microcredit and Economic, Social and Cultural Development

The first microcredit experience encompassing an approach similar to that often observed nowadays was launched in Latin America by ACCION International, a non-profit non-governmental organisation (Manga 2015). In 1976, Muhammad Yunus was responsible for the popularisation and globalisation of the microcredit concept (Gutiérrez-Nieto 2005). The Yunus' vision for a new financial instrument was triggered by its everyday contact with disadvantaged populations in the small village of Jobra, Bangladesh. This experience led him to face the problem of poor populations that became poorer due to the high interest rates on loans borrowed from "money lenders." As Yunus observed, the system of getting a loan, even in a very small amount, was responsible for an ever-increasing spiral of poverty (Esty 2013; Gutiérrez-Nieto 2005; Rodríguez and Perdomo 2011; Yunus 2010).

The response was to create the "Grameen Bank" or the "Village Bank" that pioneered the emergence of microcredit as a way to finance small projects for the poor in the developing world (Matsui and Tsuboi 2015; Yunus 2010). This credit system has been adopted in more than 60 countries, mostly in developing countries (Matos et al. 2014; Matsui and Tsuboi 2015). In the countries where microcredit have been implemented, it has been an important development tool that helped to fulfill the country's physical and human resources potential. It is also a key element in the process of socio-economic empowerment of the populations that in this way can be brought within the ambit of economic activity (Kamath 2009).

Microcredit comprises a very different methodology compared to traditional credit lending (Monzoni 2008). It is characterised by small loans provided to the most deprived populations (bottom of the pyramid) for whom traditional credit is often refused (Sengupta and Aubuchon 2008). These credits have no collateral, have regular meeting attendance and work on the basis of a small group-based borrowing mechanism (Matsui and Tsuboi 2015). Thus, more than the small amounts of loans, microcredit represents a philosophy based on trust and empowerment of people that contributes to their economic and social integration (Sachet et al. 2001). As claimed by Matsui and Tsuboi (2015, p. 18), microcredit is drawn in accordance with the principle that "the right to get a credit is a human right, and that any human being has the willingness and ability to use the loan to improve their lives if the opportunity for a loan is given".

The core principles of the microcredit were at the heart of social innovation as they have altered the previously existing design of the financial sector. The funds raised through microcredit programs are mostly used for financing productive and educational activities (Siqueira 2014) related to entrepreneurial activities and self-employment. This system allows individuals to create income-generating sources that help support themselves and their families' living expenses (Barone and Sader 2008). Under this scenario, microcredit had a critical role in the reduction of financial and social exclusion of people who were ignored from access to traditional credit systems. Microcredit has been effective for the economic independence of the poor (Matsui and Tsuboi 2015), who otherwise would hardly have access to funding (Caçador 2014). Thus, microcredit has shown impressive results in the democratisation of access to credit and is recognised as a valuable tool for the reduction of poverty (Manga 2015; Tsuboi and Chowdhury 2015; Yunus 2010).

Through microcredit, poor people are becoming able to start activities that create employment and income sources (Caçador 2014), which allow them to have access to better living conditions, health, education and housing, as well as increasing their purchasing power (Araújo 2010). Through the financing provided, microcredit has encouraged and supported the development of self-employment and the creation of new small businesses (Lopes et al. 2011). It has consequently promoted the development of an entrepreneurial ecosystem, even in developing countries. Microcredit is seen as an alternative tool for those people who have an entrepreneurial spirit and want to change their lives (get out of the poverty spiral), even though they may not have business knowledge or capital (Rodrigues, Xavier, Sousa, Nascimento and Bernardes, 2015). Also, microcredit has allowed a greater number of people to contribute to countries' wealth creation and the fiscal budget of each country (Araújo 2010).

Since its inception, microcredit has been portrayed as a key financial instrument for poverty reduction and economic development (Barone et al. 2002). A benchmark study developed by Khandker (1998, 2005), based on panel data from households in Bangladesh, concluded that participants in microcredit programmes were able to lift their families out of poverty. Additionally, the author concluded that "households headed by women were more likely to participate in a microcredit program than were households headed by men, and poorer households were less likely to participate than less poor households" (Khandker 1998, p. 60). This evidence was already provided by a pioneer study undertaken in 1988 indicating that Grameen Bank members' average household income was 43% higher than target non-participants in comparison villages (Hossain 1988; Goldberg 2005). The same study revealed that the increase in revenue of Grameen members' was highest for the landless, followed by marginal landowners.

Reviews of empirical literature from that period (Littlefield et al. 2003; Goldberg 2005) provided a broad range of evidence that microcredit programs can reduce poverty. Without putting in question the original findings of the positive contribution of microcredit to reduce poverty, more recent studies launched some doubts about the precise magnitude of the impacts (Bateman 2011; Osmani 2014). However, after an analysis of data from a panel survey over a 20-year period, Khandker and Samad (2013) confirmed that participants derive a variety of benefits from microcredit that

help poor people to earn income and consume more, accumulate assets, invest in children's schooling and be lifted out of poverty. One year later, the same authors (Khandker and Samad 2014) added that although microcredit programs have continued to benefit the poor by raising household welfare, the beneficial effects have also remained higher for female than male borrowers. Microcredit programs are also an effective policy instrument for improving the skills to become self-employed. For instance, Bangladesh women that are restricted by social custom found their source of income in self-employment and proved to be excellent credit risks, with a rate of default that is less than one-third that of men (Khandker 1998; Khandker and Samad 2013).

3 Microcredit in Cabo Verde

Cabo Verde is a country in the West African Coast. It is an archipelagic country, composed of ten islands of volcanic origin (one of which is uninhabited) and eight islets. The islands are divided into two groups: the Barlavento islands (Santo Antão, São Vicente, Santa Luzia, São Nicolau, Sal and Boavista) and the Sotavento islands (Maio, Santiago, Fogo and Brava). Between 1975 and 1991, Cabo Verde's political regime was a one-party state, after 1992 the political government had evolved into a multi-party system and democracy.

Cabo Verde is a country characterised by having few natural resources, since only 10% of its territory is classified as arable land (ONU 2010). Regarding demography, Cabo Verde was in 2015 composed of 524,833 inhabitants and had a very young population. The proportion of the female population (49.98%) is almost equal to the male (50.02%) (INE 2015). Individuals under 24 years old represent about 59.4% of the total population, and only about 5.4% is over 65 years old (INE 2015). According to national statistics, most of the population has a basic (42.5%) or secondary (35.3%) education level. A significant percentage of the population has never attended the school system (8.5%) and only 7.2% has higher education qualifications (INE 2015). Women have a critical role in Cabo Verdean families (CV gateway 2009). The number of single-parent households headed by women is increasing and in 2007 was about 67.5%. Also, Cabo Verde has a strong emigration tradition that encourages men to pursue additional income outside the country. For these reasons, economic and affective dynamics of the family revolves around women. Moreover, responsibilities for domestic duties and children education impose some barriers to women in entering or remaining in the labour market (CV Gateway 2009).

Since 2004, Cabo Verde is considered a medium development country by the United Nations. Notwithstanding, Cabo Verde has a poorly industrialised economy and the tertiary sector has an enormous impact on the country's socioeconomic conditions, especially tourism that represents about 64.7% of the country's gross domestic product (GDP). One of these consequences is the growing informal economy, which has a strong expression in the country with around 12.1% of the

GDP (Asemama 2016). Despite significant economic improvements in past years, youth unemployment (about 28.6% in 2015) is still one of the major social problems of the country (INE 2015). This problem is aggravated by the high levels of poverty that are often related to other social issues in the country, such as crime, early school leaving or social exclusion. The efforts of the country's government authorities over the last few years suggest a decline in the national poverty index from 37% to 27% between 2003 and 2008. The extreme poverty rate was reduced from 21% to 12% during the same period (Banco Mundial 2015).

According to the Bank of Cabo Verde, microcredit is the main microfinance tool used in the country (BCV 2009). The first activities of microcredit were introduced in the 1990s (Soares 2003), aiming to address some of the country's social problems such as unemployment or social exclusion. The development of this credit system emerged through the action of some Cabo Verdean non-governmental organizations (NGOs), which had the support of international cooperation institutions. Since then, several improvements have been made in the services provided in this area.

Currently, 15 institutions are offering microcredit services in the country and covering all the Cabo Verde Islands (Table 1). A considerable number of the institutions that offer microcredit services in Cabo Verde are non-governmental organisations (13 institutions). In addition to these, two traditional state-owned banks that comprise a microfinance department also provide microcredit loaning.

Existing statistics show a very significant evolution of microcredit in Cabo Verde since its introduction, observed in the number of transactions carried out, as well as the number of microcredit institutions providing this kind of financial service (Serra 2015; Silva 2010). From the early 1990s until the end of 2014, more than 11,000 individuals have benefited from microcredit, and more than 6,025,630,147 Cabo Verde Escudos (ECV) (about 54,646,806 €) were fundraised through this financial mechanism (Silva 2012).

4 Methodology

Based on the analysis of the microcredit programs provided by 6 of the 15 institutions operating in Cabo Verde, the study aim was to analyse the impact that microcredit had on the Cabo Verdean population. To achieve this, the empirical study had the following general objectives:

1. Understand the characteristics of microcredit operations and their contribution to poverty reduction in Cabo Verde;
2. Ascertain if microcredit programs developed self-employment in Cabo Verde;
3. Discern how microcredit have affected the income of beneficiary families;
4. Evaluate the role of microcredit in the female unemployment reduction.

Besides these main goals, several more specific questions were also answered. Specifically: who are the targets of microfinance institutions; what are the main areas that have been financed; what are the maturation, financing costs, default and

Table 1 Organizations that provide microcredit services in Cabo Verde

Institutions/Islands	Santo Antão	São Vicente	São Nicolau	Sal	Boavista	Maio	Santiago	Fogo	Brava
NGO's									
OMCV	X	X	X		X	X	X	X	X
MORABI	X		X	X	X	X	X		
CITI-HABITAT							X		
SOLMI							X	X	
FAMI-PICOS							X		
ADIRV							X		
ASDIS	X	X	X	X	X	X	X	X	X
AMUSA	X								
ORAC			X						
SOLDIFOGO								X	
CRESEBRAVA									X
UNSOCOR								X	
MAIENSE						X			
State-owned organisations									
ECV Microfinance							X		
Novo Banco	X	X		X			X	X	

Source: Author's elaboration

renewal rates of the microcredit programs; and what are the main criteria used by microfinance institutions in funding (or not) individual projects.

To attain this purpose, the investigation used a qualitative approach. This methodology is widely used in the social sciences since it allows the researcher to gain a better understanding of the phenomena under study (Coutinho 2014). Also, case study research is a very useful method of gaining insight about how microcredit financing is used in Cabo Verde, especially since there are scarce empirical studies available to serve as a guide (Eisenhardt 1989; Ghauri et al. 1995; Yin 2013).

The basic lack of knowledge about a phenomenon often warrants explorative research based on case studies (Jonsson and Foss 2011). Also, the use of qualitative methods offers the opportunity to help move the field forward and assist in providing theoretical grounding (Doz 2011). As Dyer and Wilkins (1991) noted, if executed well, case studies can be extremely powerful, particularly when authors are able to describe a general phenomenon so well that others have little difficulty seeing the same phenomenon in their own experience and research. Dyer and Wilkins argued that the ultimate goal of case study research is to provide a rich description of the social scene, to describe the context in which events occur and to reveal the deep structure of social behaviour. The qualitative methodology also gives the researcher great freedom, both in case selection and in the choice of information sources and analytical techniques. Such freedom makes it imperative for the researcher to clarify, from the beginning of the investigation, the main goals and structure of the research to avoid including unsuitable information.

The data for this multiple case study was collected from two different sources: desk research and in-depth, semi-structured interviews. These sources were triangulated to improve the accuracy of judgments and strengthen the validity of the results (Ghauri et al. 1995). Initially, desk research was conducted based on secondary data previously obtained by the authors about the organisations, as well as information displayed on the institutions' websites and documents of the selected organisations. The primary data was collected through face-to-face semi-structured interviews, conducted by the authors with the heads of institutions that provide microfinance services in Cabo Verde at their local facilities. The script for the interviews was developed by the authors, bearing in mind the literature review and the research objectives. As argued by Quivy and Coopenhout (2008), the use of semi-structured interviews ensures the comparability of the data collected.

The script was composed of three parts. The first one aimed to obtain a general characterization of the microfinance institution. Then in the second part, the beneficiaries of the microcredit programs were analysed by exploiting their demographic profiles and the institution's target. Finally, the third part included the description of the microcredit operations, and specifically, the number of beneficiaries attained, the total amount of credit provided, financing conditions, the percentage of credit default and renewal, fundraised activities and criteria used in the credit assignment decision.

During the empirical research, 6 of the 15 institutions that offer microcredit in Cabo Verde were scrutinized. Specifically, five NGOs (MORABI, SOLMI, FAMILICOS, OMCV and CITI-Habitat) and a state-owned organisation (CECV) were selected. The choice of specific institutions to be researched was justified by their

Table 2 Characterization of the organisations

Institution	Morabi	Solmi	OMCV	CITI	FAMI-PICOS	CECV
Beginning of the microcredit programs	1997	1993	1995	1996	1997	1997
Geographical scope	Barlavento Islands: Santo Antão São Nicolau Sal Boavista Sotavento Islands: Maio Santiago	Sotavento Islands: Santiago Fogo	Barlavento Islands: Santo Antão São Vicente São Nicolau Boavista Sotavento Islands: Maio Santiago Fogo Brava	Sotavento Islands: Santiago	Sotavento Islands: Santiago	Sotavento Islands: Santiago
Type of credits offered	Individual and solidary group or family	Individual and solidary	Individual and solidary	Individual and solidary	Individual	Individual and for families

Source: Author's elaboration

remarkable experience in the Cabo Verde market. Also, they were the first organisations offering microcredit in the country and they cover several Cabo Verde islands and municipalities.

The interviews were conducted between May and June 2016, had an average duration of 50 min and were recorded with the interviewees' consent. Afterwards, the interviews' content was transcribed to be analysed in a more objective and systematic way.

The main data about the selected organisations is summarised in Table 2.

5 Results

In this section we proceed to the analysis of the results achieved in the empirical research. The main beneficiaries of the microcredit programs were provided by the credit institutions to the investigation team (Table 3). As shown above, most institutions explicitly mention as the target population for the microcredit programs the women who are the heads of their households. Young people who are looking for their first job or who are unemployed are also considered as targets by many

Table 3 Characterization of microcredit program beneficiaries

Institution	Morabi	Solmi	OMCV	CITI	FAMI-PICOS	CECV
Target	Cabo Verdean residents over 18 years	Women and women heads of households; young people looking for their first job or unemployed; people who already have an income-generating activity aged between 18 and 65 years old	Women and women heads of households; young people looking for their first job or unemployed; people who already have an income-generating activity	Women and women heads of households; young people looking for their first job; people who already have an income-generating activity	Members of FAMI-PICOS	Women and women heads of households
Beneficiaries most common age range	20–40 years	25–40 years	25–45 years	30–40 years	25–40 years	25–45 years
% of funding provided to women	90	88	89	89	58	80
Beneficiaries educational level	Initially people with low educational level; Currently the most common cases are people with secondary education and professional training	Almost all educational levels, from illiteracy to higher education	Very wide, although the most common is primary education	The most common are the secondary education, although beneficiaries have a very varied formation level	Very wide, from illiteracy to higher education	Very wide, from illiteracy to higher education
Most common professional status	Unemployed; In some cases, beneficiaries have some contract with an organisation although the salary received is	Unemployed or self-employed who are looking for increasing the business volume they already have	Unemployed women and young people looking for their first job	Unemployed	People who already have a professional activity and unemployed people	Unemployed or primary sector workers

Level of income before the microcredit program	not enough to cover expenses level. Very low; in some cases, absence of any income source	Often below the poverty line	Low income (usually below the Cabo Verde's national minimum income)	Low income (usually below the Cabo Verde's national minimum income)	Diversified there are some cases of low-income and others of middle-class individuals	Income below the national minimum; Some clients have higher income because they already carry out some income-generating activities
Main impact on beneficiaries	Job creation and generation of income sources; Psychological impact, by improving quality of life	Creation of revenue sources	Job creation; Creation of income sources that allows the beneficiaries to live in dignity	Job creation and source of income generation that allows the beneficiaries to leave the situation of social risk	Job creation and improvement of families' conditions of life	Creation of new jobs and leaving the unemployment situation

Source: Author's elaboration

institutions, even though the microfinance institutions also state that they prefer to work with people who already have an income-generating activity. One of the organisations (Morabi Microfinance) defines its target audience in a wider sense, considering all Cabo Verdeans residents as long as they are over 18 years old. FAMI-PICOS, in a different way and because of its mutualistic nature, only aims to provide microcredit programs to its members.

Gender analysis reveals that women have been the main beneficiaries of the programs offered to the Cabo Verde community. In all institutions analysed, the overwhelming majority of the credit operations have been delivered to women. The only exception is found in the FAMI-PICOS case, where only 58% of the beneficiaries were female. This situation could probably be explained since the organisation only offers credit to its members and only 60% of them are women.

It should be noted that the gender disparity in access to microcredit is justified by demographic issues, since Cabo Verde is composed predominantly of single-parent households headed by women. Similar evidence was found by Khandker (1998) and in more recent studies in Bangladesh (Khandker and Samad 2013, 2014). Additionally, this finding revealed that microfinance institutions are aware of women's greater vulnerability and the enormous potential that the work on this market segment could have on community development. Also, this result is consistent with the reality observed in other underdeveloped countries where the microcredit system has been implemented, namely in Bangladesh, India, Indonesia, Kenya and Latin American countries, among others (Yunus 2010; Manga 2015; Neri 2008; Banerjee and Duflo 2012; Khandker 1998).

The institutions in the analysis provide microcredit programs to all Cabo Verdean people between 18 and 65 years old, but, most beneficiaries are between 25 and 40 years old. This situation was observed in all the organisations under analysis. Asked about the possibility of younger people (under 30 years old) had used microcredit programs differently, the organisations were practically unanimous. In the opinion of the institutions' heads, there are no significant differences on the amount and destination of the financing gathered according to the beneficiaries' age. However, some institutions mentioned a slight trend of younger individuals getting involved in more innovative projects (Morabi, FAMI-PICOS), on an itinerant basis (Solimi) and more related to services provision (CECEV Microfinance and OMVC Microfinance). However, those responsible for the organisations under analysis underestimated the identified pattern. One of the organisations (CITI-microfinance), in a different way, considers that younger people are usually involved in more ambitious projects and therefore require a higher average funding amount. Another organisation (Solmi) considers a tenuous tendency for older people to use slightly higher amounts because they typically explore more mature business ideas.

Regarding the educational level, all organisations admit having beneficiaries with very different academic levels that range from a situation of illiteracy to higher education (although it is not common that the beneficiaries are postgraduate). Notwithstanding, OMVC Microfinance considers that the majority of recipients have a lower education level (lower than the primary school completion) and Morabi Microfinance and CITI-Microfinance mentioned that the majority of beneficiaries

have completed the secondary level. The organisations analysed were not surprised that all of them have beneficiaries with higher education. For the organisations, this situation is justified by the country's high unemployment rate, which forces the population to apply to microcredit programs, even those who are more educated.

The analysis of Table 3 also reveals that most of the individuals who applied to microcredit were unemployed. It is also quite frequent that applicants already had some employment relationship before, although it did not provide them with a sufficient income level to meet their family household expenses (Morabi). In other cases, individuals already had their own businesses but wanted to increase the total revenue (Solmi). The analysis of the data further revealed that some applicants worked in the primary sector (CECV) or were looking for their first job (OMCV).

Thus, the case studies show that most of the microcredit beneficiaries were not involved in an economic activity or were in an unfavourable professional situation that did not provide them with an adequate income level. The same findings were attained when analysing the income level before the microcredit funding. In the vast majority of cases, the beneficiaries were in a situation of low-income level (below the Cabo Verde national minimum income) or even had no sources of revenue and who are at the bottom of the pyramid. Otherwise, one of the institutions (CECV) admitted that a significant part of the beneficiaries already had an income level considered as fairly acceptable. The same was reported in FAMI-PICOS, which considers that a significant proportion of the recipients (and members of the Association) already belonged to the middle class. Hence, the content analysis revealed that a greater proportion of the funding of microfinance institution was delivered to the most disadvantaged segments of the population for whom access to the formal financing system is denied (Manga 2015; Monzoni 2008; Sengupta and Aubuchon 2008). Through the provision of microcredit, supplemented by the provision of technical support and training courses, microfinance institutions intend to contribute to remove these people from a situation of social exclusion and to break the spiral of poverty where they are embedded (Khandker 1998, 2005). For those who already had some income sources, the use of microcredit aims mainly to increase the productivity of economic activities previously developed as argued by Khandker (1998).

When asked about the benefits that the use of microcredit has brought to borrowers, all the organisations referred to job creation and the generation of income sources, critical for improving the beneficiaries living conditions and their access to some goods and services that otherwise they would not have. These findings were corroborated by other studies developed in different countries (Barone and Sader 2008; Caçador 2014; Goldberg 2005; Khandker 1998, 2005; Khandker and Samad 2014; Littlefield et al. 2003; Lopes et al. 2011; Rodrigues et al. 2015; Siqueira 2014). Morabi Microfinance also referred to the psychological impact of the microcredit programs, since they improve the beneficiaries' self-esteem, enable them to have dignity in society and satisfy basic needs that otherwise would not be possible. It should be highlighted that the benefits attained are not limited to the borrower and extend to their family members. Indeed, a significant number of institutions referred that the improvement of beneficiaries' disposable income allowed most of them to invest more in their children's education. In some cases, their children were able to

attend a higher-level education, a situation that was not possible before starting the economic activities supported by the microcredit operations.

Financial institutions also referred to the role of microcredit in combating social exclusion and unemployment. According to the interviewees, funding provided via microcredit made a major contribution regarding job creation. According to the information given by the respondents, each microcredit program on average enabled the creation of one to three new jobs, depending on the institution in the analysis. In addition to the direct employment generated, institutions were aware of the relevance of microcredit in terms of indirect jobs creation. Although many initiatives supported by microcredit programs have been developed within the informal economy, the results attained confirm the relevance of microcredit to the country's wealth creation as claimed by Araújo (2010).

Since they had started microcredit activities, the institutions in the analysis have reached more than 43,000 beneficiaries through the execution of about 53,326 credit operations. These statistics means that these institutions have already covered about 8.19% of the Cabo Verdean resident population. However, microfinance institutions are somewhat heterogeneous since the number of beneficiaries varies between 1,000 (CITI Microfinance) and 20,000 (Morabi-Microfinance) as observed in Table 4.

The average amount of funding per program varies widely among institutions. The minimum average amount was around 354 € and was observed in OMCV. In Morabi and Solmi the average amount was just over 600 € per program, and in CITI-Microfinance was around 1000 €. FAMI-PICOS and CECV-Microfinance, in turn, reported an average financing value of about 1350 €. Thus, the funding provided by the programs was consistent with the concept of microcredit that since its inception advocates the provision of small amount loans to the most disadvantaged people (Matsui and Tsuboi 2015; Yunus 2010).

When analysing the characteristics of microcredit programs, it was observed that most organisations provided funding for less than 1 year, ranging between 10 and 12 months. In the FAMI-PICOS case, the financing programs were often lengthened to 15 months. Typically, interest rate is charged monthly and the payment is also made every month, even though some adjustments are allowed. The average rates charged ranged from 1.4% (Solmi) to 3% (FAMI-PICOS and CECV). Most organisations consider the possibility of charging lower interest rates through a positive discrimination policy, in accordance with cooperation protocols, the projects' activity (Morabi, Solmi and OMCV) or loan amount (CECV Microfinance).

Conversely, one of the organisations (Citi-Microfinance) admitted that the projects carried out in some sectors could have increased financing costs. FAMI-PICOS charges the same interest rate to all its members.

As observed in Table 4, the debt service default rates were very low, as suggested by other microcredit initiatives (Yunus 2010). The highest percentage (18%) was found in CITI-Microfinance. In the other institutions, the repayment rate was greater than 95%. The training programs before the credit and periodic monitoring, both provided by the institutions, had a major contribution to the results. Also, some organisations recognised that in the case of payment failure, the institution attempts to negotiate the debt with the client so that they can repay the debt and interest costs

Table 4 Characterization of the provided microcredit programs

Institution	Morabi	Solmi	OMCV	CITI	FAMI-PICOS	CECV
Number of beneficiaries	20,000	1,514	10,000	1035	4000	6468
Total amount of credit provided ^a	17,639 €	1,528,774 €	3,830,516 €	813,787 €	4,910,722 €	8,407,162 €
Average amount per credit ^a	633 €	666 €	354 €	973 €	1357 €	1357 €
Average duration of programs	10–12 months	10 months	10–12 months	12 months	12–15 months	10 months
Average interest rate (monthly)	2%	1.4–1.5%	2%	2.5%	2–3%	3%
Situations where special rates are applied	Positive discrimination for clients covered by protocols	Positive discrimination due to partnership agreements	Positive discrimination in some programs and sectors (e.g. agricultural)	Interest rate worsening in sectors such as agriculture and livestock	Not applicable	Loans over 1800 € are charged benefit from a rate of 2.5%
Percentage of defaulted credit	5	4–5	0	18	4.5	5
Percentage of credit renewal	90	90	90–95	68	70–80	90
Main activities funded	informal trading (more significant), agriculture, livestock, services, fishing and agribusiness	Commercial activities and services provision	Commercial activities (especially informal activity)	Commercial activities	Rehabilitation of housing and commercial activities	Commercial activities (especially informal economy) and services provision

(continued)

Table 4 (continued)

Institution	Morabi	Solmi	OMCV	CITI	FAMI-PICOS	CECV
Main criteria for the lending decision	Cabo Verdean nationality; To reside in Cabo Verde; Being over 18 years old; Have a legal business idea; To have guarantors (guarantor and his/her income declaration)	To have collateral/guarantees; Business management capacity; Own capital; Conditions; Beneficiaries' character of	To have a business idea or to have started an initiative; To have no debts to similar institutions. To have a guarantor	The investment project feasibility; Guarantees submitted; Number of new jobs to be created; Beneficiaries' family background	Be a member of the institution. Have some savings in the institution; Have a feasible project; Ability to service debt	Minimum business experience of 6 months; Viable business idea; Inspire confidence

Source: Author's elaboration

^aApproximate value in euros, according to ECV exchange rate on 12/04/2017

based on a new plan (Morabi, OMCV). As mentioned by one of the institutions, coercive collection processes are only carried out when all other possibilities are exhausted (Morabi). Even in the case of the institution that had the higher default rate (CITI-Microfinance), the respondent referred that as time goes by, the beneficiaries usually repay their debt, albeit in a partial way. The positive attitude towards credit compliance rates reflects the whole philosophy behind microcredit, which goes far beyond the mere attribution of small loans (Sachet et al. 2001; Matsui and Tsuboi 2015; Yunus 2010).

All institutions consider that within the microcredit program, a continued and close relationship is established between the institution and the beneficiaries, which extends beyond the end of the funding program. Sometimes and whenever necessary, microfinance institutions continue to monitor their clients' investments and provide them with technical assistance, even if the financing has already ended (CECV and CITI Microfinance). It should also be noted that the vast majority of beneficiaries renew their credit after that. This renovation is seen as positive by the institutions because the new loan application is usually made to increase the previous volume of business (CECV and OMCV Microfinance). According to the institutions interviewed, the trust acquired by the beneficiaries and the rapid microcredit procedures have a major impact on the recipients' decision to take out the credit renewal (CECV Microfinance). Thus, the results attained suggest that microcredit leads to a process of financial inclusion, in addition to providing access to financing mechanisms that the individuals otherwise probably would not have. Microcredit programs also contribute to reducing the Cabo Verdean population fear of applying to credit programs, to individuals' capacity building and development of entrepreneurial capabilities (Lopes et al. 2011; Mirelle et al. 2015). As suggested by Kamath (2009), it was observed that microcredit made a major contribution to exploring the potential of Cabo Verdean resources in a more effective and efficient way.

Although the funds attained with the microcredit programmes are used in different activities, the most common were commercial activities (often in the informal economy) and services provision. It should be noted that in the FAMI-PICOS case, beneficiaries very often applied to microcredit for rehabilitating their houses. Siqueira (2014) found that microcredit was usually used for two main purposes: to finance productive and educational activities. The study evidence suggests that in Cabo Verde, microcredit is mainly used to support the development of productive activities directly, even though after that the income generated by economic activities enables the families to have access to a better education.

When analysing the criteria used by the institutions to decide if the credit is granted (or refused), the study observed the relevance of having guarantees, through the provision of collateral or a guarantor, as well as the evaluation made to the business feasibility. The beneficiaries' ability to service debt (FAMI-PICOS) and not having debts to other similar institutions (OMCV) were also mentioned. Individuals' management capacity (Solimi) and a minimum business experience (CECV) were also attributes highlighted by some of the organisations analysed. Some institutions emphasised personal and subjective criteria such as "having a good character" (Solimi) or "inspiring confidence" (CECV Microfinance). One of the institutions

also included in the decision-making process parameters related to the social impact of the project, such as the number of jobs that the business is expected to create and the beneficiaries' family background (CITI Microfinance). It is worth mentioning that although the microcredit approach was built on the idea of no collateral backing, most of the institutions studied mention the existence of guarantees as important lending criteria. Furthermore, despite most of the organisations in the analysis referring that they offer group and solidary credits, they recognised that their microcredit programs are mainly conducted on the basis of individual loans. This is because the Cabo Verdean population is interested in sharing the credit and their responsibilities with other individuals of the credit group.

6 Remarks

The study investigation revealed that microcredit is a critical instrument for the improvement of family income in Cabo Verde. Self-employment, made possible by the funds raised through this financing mechanism, allows families to have access to income sources that otherwise they would not have. The revenue generated allows individuals to acquire goods and services that previously they did not have access to and improve the quality of life and wellbeing. For this reason, microcredit is pointed out as an important tool for poverty reduction, self-employment promotion, income generation and the fight against social exclusion. These issues are of particular importance in Cabo Verde since the welfare state is practically non-existent there. Also, microcredit has contributed to the dynamism of the Cabo Verde entrepreneurial ecosystem and to improving the population's entrepreneurial skills, as well as exploiting the potential of Cabo Verdean human capital.

The research revealed that through the financing provided by microcredit, many citizens, particularly in the bottom of the pyramid, were able to create their own businesses, to become self-employed and to generate new income sources. In addition to the economic benefits of the programs, it was observed that microcredit also provides major social benefits, namely the improvement of individual living conditions due to the increased purchasing power. Further, microcredit has contributed to break the vicious spiral of poverty and to lessen the social exclusion risk. Social benefits attained are not restricted to just the beneficiaries of microcredit programs, but also extends to the family household due to better education, nutrition, health and housing conditions.

The study also showed that most organisations targeted women and younger and lower-income people. The selection of these audiences is justified by the particular vulnerability they are exposed to and by the recognition that working with these segments of the population increases the economic and social impact that the programs can produce. Microcredit institutions also have designed programs specifically for young people. The aim of these programs is to encourage self-employment and to reduce younger unemployment. Financial funds provided by microcredit in Cabo Verde have been applied in different areas. The most common are the

commercial activities (often in the informal sector of the economy) and agriculture, livestock, fisheries and manufacturing.

Even though microcredit is frequently aimed at the most disadvantaged population, the results indicated that the programs have been successful since they have achieved a significant number of beneficiaries and exhibit very low credit default rates. Contracting new microcredit programs is quite frequent and is mainly used to improve businesses created with previous programs. The success of these programs derives from the innovative approach of the microcredit original concept that has been adapted to Cabo Verdean reality. Despite in its genesis that microcredit was built on the principle of small loans provided to the poorest people and based on no collateral and small group borrowing mechanisms, it was observed that actually most of the programs are based on individual credit and the institutions value the existence of guarantees as well as the quality of the business idea.

This research was based on a multiple case study carried out in 6 of the 15 institutions that offer microcredit in Cabo Verde. The findings attained provided valuable insights about the use of microcredit in the country and its contribution to economic, social and cultural development. The knowledge generated by this investigation has important practical implications. First, as the research confirmed the contribution of microcredit to Cabo Verdean economic and social development is positive, this means that public entities can reinforce economic progress by conceiving supportive public policies that favour the use of microcredit. Second, follow-up and monitoring programs are identified as critical for the success of the programs' reimbursement, as well as for encouraging the adoption of entrepreneurial behaviour. As revealed by the investigation the first microcredit program is very often the critical starting point for individuals getting engaged in an entrepreneurial activity and to develop their entrepreneurial competencies and self-confidence that will then be applied to other large-scale activities. In this context, the capacity building actions that could be designed in combination with public entities are essential for stimulating the Cabo Verdean entrepreneurial ecosystem. Third, the investigation also shows that microcredit programs have a very positive impact on economic activity, even though these activities are quite often developed within the informal economy sector. Public authorities should be aware of this problem and conceived policy instruments and an adequate legislative framework that help combat the informal sector in the country.

The beneficiaries of microcredit programs in Cabo Verde are usually low-income people. However, Cabo Verdean institutions attach great importance to guarantees at the lending decision level. Thus, the most severely disadvantaged people could be, once again, excluded from the access to credit and unable to break out of the poverty spiral where they are embedded. Public entities should, therefore, support the creation of special guarantee mechanisms for these people.

Despite the number of cases analysed, the exploratory and qualitative approach used had some limitations that recommend some caution on the generalisation of the results obtained, especially outside the Cabo Verdean context. Another limitation of the research is that it is based on the supply side of the microcredit phenomenon. According to that approach the study was based on data provided by the responsible of microcredit institutions in Cabo Verde and its perceptions about the beneficiaries'

behaviour. Therefore, the point of view of the beneficiaries should be introduced in future studies, for instance by directly questioning (survey) their motivations, obstacles, attitudes and behaviours.

Despite the major relevance of the topic, more empirical research is still needed. In the future, it would be worthwhile to extend the research to other developing and developed countries to ascertain to what extent the results are the same or are context-embedded. Such an investigation would enable confirming if the positive contribution of microcredit is further observed in countries with higher levels of economic development. On a national scale, future research could inquire about the beneficiaries of microcredit programs according to the recipients' perceptions, investigate the main advantages and difficulties in the use of microcredit funding and how this financial instrument changes their lives. In addition, another segment of Cabo Verdeans people that had not used microcredit programs could also be studied, to understand the reasons why they are reluctant to apply to microfinance and why the credit are refused. Although microcredit default rates are very low, it would be worthwhile to identify the reasons why these funding programs have failed.

References

- ADB (Asian Development Bank). (2000). *Finance for the poor: Microfinance development strategy*. Accessed May 23, 2017, from <https://www.adb.org/sites/default/files/institutional-document/32094/financepolicy.pdf>
- Araújo, V. A. (2010). *Microcrédito – novo paradigma de financiamento*. Masters' thesis, Universidade Técnica de Lisboa – Instituto Superior de Ciências Sociais e Políticas.
- Asemama. (2016). *Taxa de desemprego em Cabo Verde baixa 3,4%*. Accessed April 15, 2017, from <http://www.asemana.publ.cv/spip.php?article118420&ak=1>
- Banerjee, A. V., & Duflo, E. (2012). *Repensar la pobreza: un giro radical en la lucha contra la desigualdad global*. Bogotá: Taurus.
- Barone, F., Lima, P. F., Dantas, V., & Resende, V. (2002). *Introdução ao Microcrédito*. Brasília: Conselho da Comunidade Solidária.
- Barone, F., & Sader, E. (2008). Acesso ao crédito no Brasil: evolução e perspectivas. *Revista Administração Pública*, 42(6), 1249–1267.
- Bateman, M. (2011). *Microfinance as a development and poverty reduction policy: Is it everything it's cracked up to be?* London: Overseas Development Institute.
- BCV. (2009). *Regulação e Supervisão das Micro Finanças*. Accessed March 5, 2017, from <http://www.bcv.cv/SiteCollectionDocuments/Supervisao/Relatorio%20Workshop.pdf>
- Caçador, S. (2014). Impactos socioeconómicos do microcrédito – o caso do nosso crédito do Espírito Santo. *Revista Administração Pública*, 48(6), 1475–1502.
- Coutinho, C. P. (2014). *Metodologia de investigação em ciências sociais e humanas* (2ª edição). Coimbra: Almedina.
- CVGateway. (2009). *Família*. Accessed March 30, 2017, from <http://www.gateway-caboverde.org.cv/index.php/familia>
- Doz, Y. (2011). Qualitative research for international business. *Journal of International Business Studies*, 42(5), 582–590.
- Dyer, W. G., & Wilkins, A. L. (1991). Better stories, not better constructs, to generate better theory: A rejoinder to Eisenhardt. *Academy of Management Review*, 16(3), 613–619.

- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550.
- Esty, K. (2013). *Twenty-seven dollars and a dream: How Muhammad Yunus changed the world and what it cost him*. Emerson Books.
- Ghauri, P., Gronhaugh, K., & Kristianslund, I. (1995). *Research methods in business studies*. London: Prentice Hall.
- Goldberg, N. (2005). *Measuring the impact of microfinance: Taking stock of what we know*. Washington, DC: Grameen Foundation USA.
- Gutiérrez-Nieto, B. (2005). Antecedentes del Microcrédito: Leciones del pasado para las experiencias atuais. *Revista de Economía Pública, Social e Cooperativa*, 51, 25–50.
- Hossain, M. (1988). *Credit for the alleviation of rural poverty: The Grameen Bank in Bangladesh*. Washington, DC. IFPRI, Research Report No. 65.
- INE. (2015). *Anuário Estatístico*. Accessed February 20, 2016, from http://www.ine.cv/anuarios/Anuario_CV_2015.pdf
- Jonsson, A., & Foss, N. J. (2011). International expansion through flexible replication: Learning from the internationalization experience of IKEA. *Journal of International Business Studies*, 42(9), 1070–1102.
- Kamath, K. V. (2009). *Microfinance and economic growth – reflections on Indian experience*. In I. Matthäus-Maier & J. D. Pischke (Eds.), *New partnerships for innovation in microfinance* (pp. 85–88). Berlin: Springer.
- Khandker, S. R. (1998). *Fighting poverty with microcredit: Experience in Bangladesh*. Oxford: University Press.
- Khandker, S. R. (2005). Microfinance and poverty: Evidence using panel data from Bangladesh. *World Bank Economic Review*, 19(2), 263–286.
- Khandker, S. R., & Samad, H. A. (2013, April). *Are microfinance participants in Bangladesh trapped in poverty and debt*. Policy Research Working Paper, n° 6404. The World Bank Development Research Group. Agricultural and Rural Development Team.
- Khandker, S. R., & Samad, H. A. (2014, March). *Dynamic effects of microcredit in Bangladesh*. Policy Research Working Paper, n.6821. The World Bank Development Research Group. Agricultural and Rural Development Team.
- Littlefield, E., Morduch, J., & Hashemi, S. (2003). *Is Microfinance an effective strategy to reach the Millennium Development Goals?* CGAP Focus Note, no. 24.
- Lopes, A. C., Schulter, C. B., Binotto, E., Andrade, S. A., & Busanelo, E. C. (2011). Microcrédito e os microempreendimentos: um estudo no Banco de Gente do Mato Grosso do Sul. *Revista FACEF Pesquisa, Desenvolvimento e Gestão*, 4(3), 249–263.
- Manga, M. (2015). *Microfinanças e Sustentabilidade*. Curitiba: Livraria Apris.
- Matos, F., Macambira, J., & Cacciamali, M. C. (2014). *A atividade e a política de microcrédito no Brasil: visões sobre a sua evolução e futuros desafios*. Fortaleza: Instituto do Desenvolvimento do Trabalho.
- Matsui, N., & Tsuboi, H. (2015). Microcredit, inclusive finance and solidarity? In N. Matsui & Y. Ikemoto (Eds.), *Solidarity economy and social business new models for a new society* (pp. 13–26). London: Springer.
- Mirelle, F., Nunes Xavier, Sousa, W., Nascimento, J. C., & Bernardes, J. (2015). O microcrédito como ferramenta de desenvolvimento socioeconómico para os empreendedores e seus pequenos empreendimentos: um estudo de caso sobre o crediamigo em Petrolina. *Revista Eletrónica Gestão e saúde*, 6(2). Retrieved March 30, 2017, from <https://gestaoesaude.unb.br/index.php/gestaoesaude/article/view/1290>
- Monzoni, M. (2008). *Impacto da renda do microcrédito*. São Paulo: GVEE – Centro de Estudo em Sustentabilidade – FGV – EAESP.
- Banco Mundial. (2015). *Relatório Anual*. Accessed April 5, 2017, from <http://documents.worldbank.org/curated/pt/963041467987822424/Relat%C3%B3rio-anual-de-2015-do-Banco-Mundial>
- Neri, M. (2008). *Microcrédito, ministério nordestino e o grameen brasileiro: perfil e performance dos clientes do crediamigo*. Rio de Janeiro: EFV Editora.

- ONU. (2010). *Sobre Cabo Verde: situação geográfica de Cabo Verde*. Accessed August 5, 2017, from <http://www.un.cv/sobrecv.php>
- Osmani, S. R. (2014). *Has microcredit helped the rural poor of Bangladesh? Na analytical review of the evidence so far* (Working paper, no. 23). Dhaka: Institute of Microfinance.
- Quivy, R., & Coopenhout, L. W. (2008). *Manual de investigação em Ciências Sociais* (5ª edição). Lisboa: Gradiva.
- Rodrigues, F., Xavier, J., Sousa, W., Nascimento, J., & Bernardes, J. (2015). O microcrédito como ferramenta de desenvolvimento socioeconómico para os empreendedores e seus pequenos empreendimentos: um estudo de caso sobre o credi amigo em Petrolina. *Revista Eletrónica Gestão e saúde*, 6(2), 1002–1026.
- Rodriguez, F., & Perdomo, Y. (2011). Los microcréditos como herramienta de desarrollo: revisión teórica y propuesta piloto para el África Subsariana. *Economía pública, social y cooperativa*, 51, 101–126.
- Sachet, C., Waterkemper, M., & Sachet, S. (2001). *A vitória do crédito de confiança: o microcrédito em Santa Catarina*. Florianópolis: BADESC.
- Sengupta, R., & Aubuchon, C. P. (2008). The Microfinance evolution: An overview. *Federal Reserve Bank of St. Louis Review*, 90(1), 9–30.
- Serra, J. (2015). *VII Fórum Institucional de Microfinanças*. Accessed March 1, 2017, from <http://www.bcv.cv/vPT/Publicacoes%20e%20Intervencoes/Intervencoes/Documents/Interven%C3%A7%C3%A3o%20no%20acto%20de%20encerramento%20do%20VII%20F%C3%B3rum%20Institucional%20de%20Microfinancas%20-%202011%20de%20Novembro%20de%202015.pdf>
- Silva, M. (2010). Pobreza, direitos humanos e democratização da economia. In A. Teixeira, S. Silva, & P. Teixeira (Eds.), *O que sabemos sobre a pobreza em Portugal*. Porto: Vida Económica.
- Silva, A. S. (2012). *Microcrédito em Cabo Verde: uma análise da sustentabilidade de duas instituições de microfinanças em 2008 e 2009*. Masters' thesis, Instituto Superior de Economia e Gestão.
- Siqueira, L. (2014). *Pobreza e serviço social: diferentes concepções e compromissos políticos*. São Paulo: Cortez Editora.
- Soares, A. (2003). *Estudo de impacto do microcrédito*. 1º Draft, Comité de Pilotagem de Microcrédito – OMIT.
- Tsuboi, H., & Chowdhury, N. (2015). *Grameen-model microcredit in a developed country: Spain*. In N. Matsui & Y. Ikemoto (Eds.), *Solidarity economy and social business new models for a new society* (pp. 27–34). London: Springer.
- Yin, R. K. (2013). *Case study research: Design and methods* (5th ed.). London: Sage.
- Yunus, M. (2010). *Building social business – The new kind of capitalism that serves humanity's most pressing needs*. New York: Public Affairs.

Network Cooperation of Enterprises in Conditions of Polish Developing Economy: Case Study



A. Barcik and P. Dziwiński

Abstract Network co-operation of the enterprises and the structural changes in their functioning determine the development of entrepreneurship in Poland. This cooperation, at the regional level, often takes the form of clusters, whose presence in Polish economy is not only indicative of the level of its development but, above all, of the potential of Polish regions and their development prospects. An example of effective corporate networking is the “Aviation Valley” cluster, which is a case study in this chapter. It has led to the rapid development of the region, increased employment, improved living conditions for the population and thus significantly affected the dynamics of economic development in the country.

Keywords Networking of enterprises · Structural and economic changes · Cluster · Development of regional entrepreneurship

1 Introduction

The close interdependence of national markets on the economic processes taking place in global scale as well as the state of permanent instability have become a characteristic feature of modern economies, especially the economies of developing countries such as Poland. Within the last 10 years, the Polish economy has developed at a relatively fast rate, in particular when compared to the entire EU. However, due to adverse external factors and the exhaustion of simple growth reserves activated in Poland after the economic system transformation (cheap labour, external funds, including from the EU), combined with the lack of new drivers, the economic growth has slowed down in recent years. In consequence, there is a risk of permanent weakening of the economic growth rate due to negative demographic trends, low labour productivity growth rate and the lowest investment

A. Barcik (✉) · P. Dziwiński

Department of Management, University of Bielsko-Biala, Bielsko-Biala, Poland

e-mail: abarcik@ath.bielsko.pl; pdziwinski@ath.bielsko.pl

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_14

255

rate in the region (20.1% in 2015). The new vision of development included in the Plan for Responsible Development adopted on 16 February 2016 by the Council of Ministers is to be a prevention to this situation. The concept of responsible development which is included in it means that economic growth is to be based on solid foundations which are entrepreneurship, hard work, resources and skills of Poles. Innovation and competitiveness as well as resulting from the above increasingly common cooperation of Polish companies are to be determinants of stability and sustainable development of Polish economy. This trend fits indeed the formation and development of so called network society and within its framework the network economy.

At the basis of dynamic changes in the modern economy lies primarily the development of technology and technology, especially information technology, globalization and growing competition. These factors also implicate changes in the way businesses operate and manage in the direction of enhanced co-operation based on network constraints built with other companies or organizations. In the new economic climate, not only single companies but also whole cooperating groups of companies are using the existing technological opportunities in the field of communication. Networking has become an opportunity primarily for small and medium-sized enterprises, for which the achievement of business objectives alone is impeded or even impossible, and through collaboration not only gains a sense of greater market security but also greater resource flexibility to increase competitive potential, thus having the opportunity to compete on global markets. The concept of network enterprise and network co-operation has been the subject of intense scientific research for several years, including in the field of Polish management science. However, due to the fact that it is a relatively new and dynamically developing organizational form of conducting business activity, many aspects remain unresolved which are among others economic practices of network organizational forms of Polish enterprises, possibilities of increasing research and development potential or impact on regional and national economic development. Under Polish conditions of the growing economy, the most popular forms of network cooperation of enterprises are: partner networks, purchasing groups and clusters. When analyzing the aspects of functioning in network Polish enterprises among the positive effects of cooperation, firstly point to: access to new customers, access to resources, access to new customers, transfer of knowledge, increase of innovativeness, reduction of operating costs and increase of bargaining power against buyers. On the other hand, negative aspects of a company's functioning in the network generally include: imposition of co-operation terms, dependence on contractors, less flexibility of operation, "blurred" liability, increased operating costs (Kawa and Pirański 2015).

The aim of the chapter as intended by the authors is to analyze the network cooperation of enterprises, the structural changes in the functioning of enterprises, and the characterization of a particular form of cooperation which are the clusters. The point of reference for the above is the cooperation within clusters in Poland as well as an attempt to assess its impact on economic development in the country and in the region. The above objective was based on two general research theses:

1. Network cooperation is a new, attractive form of conducting business activity by cooperating companies.
2. Network cooperation in the form of clusters is of particular importance for regional development in developing countries such as Poland.

The design of the chapter is based on two main research trends; theoretical referring to network co-operation background as presented in literature and cognitive including analysis and evaluation of network co-operation in the form of the “Aviation Valley” industrial cluster operating in the South-East Poland region. The following research methods were used in the writing of the chapter: critical analysis of subject literature, deductive method and scientific reflection, and case study method.

2 Network Co-operation and Changes in Organizational Structures of Enterprises (and Transformations of Enterprises into Network Enterprises)

The term co-operation has been defined by many authors. However, irrespective of the source of the definition, it is emphasized that co-operation means cooperation between entities that generally operate in a particular area and which participate in the same process. The overview of selected definitions of the term is shown in Table 1 (Stepień 2011).

Table 1 Definitions of economic cooperation

Author	Definition
Random House Unabridged Dictionary	The term of cooperation covers the following aspects: – joint action or work for a shared benefit, common goal, – ability to cooperate, – the relationship of entities, persons for production, supply or distribution purposes for common interests, Division of the scope of activities for mutual benefit
K. G. Smith, S. J. Carroll, S. J. Ashford	A process in which individual, group, or institutional actors work together, interact and interact in a variety of ways in order to achieve a common goal or benefit
J. B. Heine, A. S. Miner	Voluntary, joint action or project where the parties exchange information, act flexibly, solve problems together and limit the use of their own bargaining power
S.S. Andaleeb	The tendency of one side to engage in or participate in joint activities with another partner with a view to achieving one’s own or common goals
G. Balabanis	Cooperation is the opposite of competition and is a coordination activity
J. G. Combs, D. J. Ketchen	Cooperation occurs when two or more sovereign entities act in concert, seeking mutual benefit

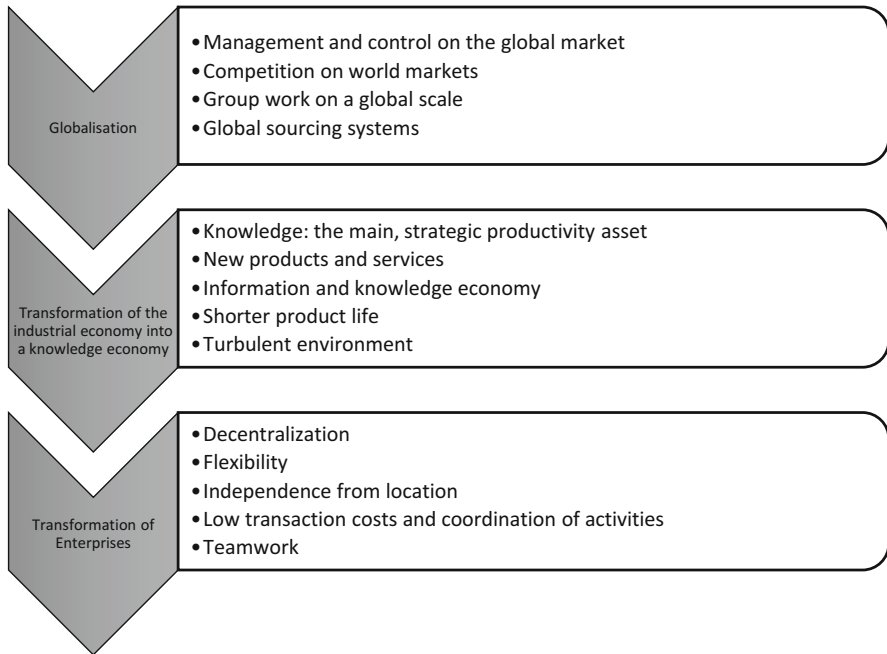


Fig. 1 Changes taking place in the modern economy

Business cooperation has been developing dynamically for a long time, but recently its importance has grown, which is related to the need to function in a global and changing environment. Changing external conditions of the functioning of enterprises, changes in the conditions of the economy, the creation of new relationships in the environment create the necessity of introducing changes in corporate management strategies. At the same time, globalization processes are accompanied by the transformation of the industrial economy into a knowledge-based economy. The knowledge-based economy, which the World Bank describes as providing incentives for effective use of existing and new knowledge, supports an educated and qualified workforce leading to the success of creating and sharing knowledge, providing the infrastructure to accelerate effective communication and dissemination of knowledge, Innovations created by companies, research centers, universities, etc. (World Bank). It is accompanied by such phenomena as: scientific and technical progress related to the development of R&D cooperation, increasing mobility of people and enterprises, factors of production, development of business based on the cooperation of many enterprises. Figure 1 presents in a synthetic way the processes of changes taking place in the modern economy (Laudon and Landon 2000).

The foundation for the development of a knowledge-based economy is primarily the co-operation of enterprises and business environment organizations in the framework of research and development activities aimed at providing innovative products and services (Nahira et al. 2007). Due to the fact that the concepts of the

new economy are usually based on networked digital systems, it is usually referred to as a network-based economy. It is an economy across borders, based on cooperation and competition within network structures. Network co-operation of enterprises has enjoyed a special interest in recent years. The various cognitive perspectives from which networks are studied are rich in empirical material, but they introduce heterogeneous concepts about their architecture, relationships and mechanisms of action. Analysis of network co-operation requires first definition. Based on the many definitions available in Polish and foreign literature, taking into account the most frequently occurring words in them, P. Klimas rightly accepts that “*the web is a system of at least three autonomous and independent organizations linked by each other for cooperation*” (Klimas 2015). The above mentioned author at the same time considers key elements of the network: autonomy and independence of entities forming the network and the realization of common goals, generally long-term ones (Klimas 2015). In turn, W. Czakon, pays particular attention to the strategic aspects of the operation of the network, defines it as a “*relatively stable pattern of interactions that are strategically important for the participating enterprises*”, giving priority to the strategic goals for which the network was created (Czakon 2012). J. Zentes, B. Swoboda and D. Morschett, on the other hand, emphasize that the network is a form of organization functioning in order to build a competitive advantage in which certain relationships exist between legally independent but economically dependent enterprises (Zentes et al. 2005). According to W.W. Powell, the network, next to the market and the hierarchy, should be treated as the third economic form of organization of enterprises, for which the relationship between the actors involved is important. By making a comparison between the above forms of business co-ordination, the author emphasizes that networking is based on the assumption that there is a mutually beneficial relationship between the parties involved. The function of mechanisms that determine the durability and coherence of the network is played by: reputation, reciprocity, long-term nature and is rooted in the context (Powell 1990) (Table 2).

Network members may be not only companies but also non-commercial institutions: scientific, administrative and other. There are no criteria for the number of members or territorial network coverage. It is also not required that the cooperation network has a specific organizational and legal form. In practice, networking can take on various forms of cooperation, such as alliances, joint ventures, clusters, franchise networks, associations, consortia.

The European Commission reports appear to define an innovative co-operation network: “Organized cooperation between companies, reinforced by trust, norms and principles of cooperation that stimulates innovation activities of companies” (European Commission 2002). A synergy effect is a key goal in establishing interorganizational relationships within networking. The main benefits of network collaboration include first of all: reducing uncertainty, increasing flexibility, gaining the right potential, ensuring faster performance, enabling opportunities and market opportunities, and increasing access to resources and information. The essence of network co-operation is based on the generation of additional value resulting from participation in the network. The fundamental link between network collaboration is

Table 2 Comparison of forms of economic activity coordination within the market, hierarchy and network

Features	Form of economic activity coordination		
	Market	Hierarchy	Network
Legal basis	Contract, ownership	Relationships based on employment contract	Complementary potentials, strengths
Ways of communication	Price	Routines	Relations
Conflict resolution methods	Dispute over price: appeal to the court to enforce the terms of the contract	Administrative decrees, supervision	Reciprocity standards and reputation
Degree of flexibility	High	Low	Medium
Degree of involvement between the parties	High	Medium to high	Medium to high
Atmosphere of the relationship	Precision and/or suspicion	Formal, bureaucratic	Openness, focus on bilateral benefits
Preferences or choice of relationships linking the parties	Independence	Dependence	Interdependence
Presence of elements of other transaction types	Recurring commercial transactions	Informal organization	Interdependence
	Contracts as hierarchical documents	Features similar to the market: profit centers, transfer prices	Many partners
			Formal principles

the synergic potential of partners, enabling them to achieve common goals that would not be achievable in individual activities (Lorenzoni and Lipparini 1999). It is worth mentioning that the negatively effect of cooperation in networks, for example the loss of opportunity or the destruction of value for those involved in co-operation or for those not involved in co-operation in the case of deliberate agreement of players, is still poorly developed in the literature. This includes, inter alia, the antitrust risk associated with networked cooperation taking the form of cartel agreements (Barcik 2016).

The network economy and its cooperation between companies give rise to the need to change the approach to the enterprises themselves. To adapt to the dynamic changes in the market and to compete effectively, today's enterprises must have flexible management structures. They are increasingly expanding their borders by including outside parties and seeking to eliminate bureaucratic internal structures. It is emphasized that "companies are moving from hierarchical, object-oriented management to flexible, problem-oriented management" (Kisielnicki and Sroka 2004).

Organizational structures are subject to permanent changes that result primarily from a change in strategy, changes in the environment, stage of development and size of the company and the level of technology used. Evolution in the organizational structures and in the management of an enterprise should be done simultaneously on several levels (Łobejko 2012):

- Structural (virtualization);
- Work systems (towards flexible systems);
- Competence (creating new knowledge);
- Organizational technology and procedures (introduction of ebusiness);
- Value (emphasis on CSR strategies).

A new type of network-based organization is a network enterprise that defines itself as intelligent, self-educated, based on functional, organic and geographical relationships (Łobejko 2012). At present, the most important attributes of a modern networked enterprise are the following characteristics:

- **Flexibility and slimness:** businesses are capable of rapid investments and disinvestments, are less integrated, managed by design and matrix structures;
- **Intelligence:** businesses have extensive intellectual resources and not material ones, invest in employees and research and development;
- **Cooperativity:** companies focus on co-operation rather than competition, enter into contracts with suppliers and buyers as well as alliances with competitors (Hejduk 2006).

Transformation of existing enterprises into network companies depends not only on economic changes, but also on structural and organizational changes within the enterprise. Some companies have more or less so called “network capacity”, and thus the potential for synergy. It is about relational competence, understood as the inclination and ability to cooperate in a changing environment. Relational competence of the company acquires and improves in the process of knowledge-based, innovative use of intangible resources. With respect to the criterion of relational competence, network enterprises can be divided into two groups:

- Companies with a high level of relational competence which actively and consciously enter into network relationships with entities from the business environment,
- Enterprises with a lower level of relational competencies that, despite being passive in their attitudes, were included in networked systems as a result of transactions (of course, the level of relational competence in this case could be increased accordingly).

Apart from the division, there are companies that do not show relational competence and do not participate in networking cores with other entities in their business environment.

3 Clusters as a Special Form of Networking of Enterprises and Their Impact on Regional Development in Poland

Business co-operation is strongly influenced by regional and local characteristics. Each region is characterized by a specific capacity of economic space to meet the needs of enterprises. This value depends mainly on the intensity of the presence of the characteristics that allow you to achieve your business goals. This applies equally to individual companies as well as to their entire co-operation networks. In this aspect the term “lower attractiveness” is used, to describe places of high value for businesses. This value is shaped by the authorities of the region and by the entities located there. In addition, this value consists of three groups of factors:

- The value of demand—the ability to meet the needs of companies for the sale of products, services and information,
- The value of resources—equipment for production factors,
- The values of relationships—ability to create economic connections within the region and relationships with the environment (Żelazko 2012).

This latter feature specifically determines the emergence of clustered structures within specific regions. Clusters are a special form of network co-operation, focused territorially, consisting of entities having a specific market specialization, namely the cluster. According to M.E. Porter “*Cluster is a group of companies and affiliated institutions involved in a geographic area, dealing with a specific field, combining similarities and complementary ones. The geographic scope of a cluster may consist of one city or state, the whole country and even a group of neighboring countries* (Porter 2001). The author emphasizes that the cluster’s characteristic is that it is an original and efficient concept of coordination between inter-organizational activities, and its increased efficiency is revealed as follows (Porter 2001):

- Increasing the productivity of enterprises which belong to it,
- Increasing the ability for innovation of enterprises,
- Encouraging the creation of new business entities.

In addition, the cluster is characterized by the lack of hierarchical links. Although in clusters there are organs responsible for management (in the common sense), their role is coordinated by mutual trust rather than command and control. As a rule, clusters include companies producing final products or services, suppliers of specialized production means, parts of machines and services, financial institutions and companies in related sectors. Clusters operate in a variety of sectors, in larger or smaller areas, and even in some local areas of activity such as restaurants, car dealers, shops. The OECD research has identified the following types of clusters (Temouri 2012):

- **Clusters based on knowledge**—bringing together companies for whom direct access to basic and public research, research institutions and universities is essential (pharmaceuticals, aerospace, chemistry, electronics);

- **Clusters based on economies of scale**—forms associated with technical institutions and universities conducting research on a limited scale (bulk processing, automotive, engineering);
- **Supplier-dependent clusters**—technology-focused companies mainly in the form of capital goods and intermediates, whose innovative activity is determined by their ability to interact both with suppliers and after-sales services (agriculture, forestry, traditional processing industries—textiles, furniture, metal and service);
- **Clusters of specialized suppliers**—R&D intensive companies focused on product innovation, usually located close together, customers, users, companies producing components for complex production systems (hardware and software).

Clusters are present in both the developed economy, where they are generally more developed and stable, as well as in the developing economy, such as Poland, where they evolve dynamically. The significant dependence is to be observed in Polish conditions, as the level of economic development in the country grows, the clusters deepen and become more specialized. Not only clusters in Poland, but also Polish cluster policy itself also has its own specific life cycle. The first phase of Polish clusters policy, which took place in the first years of the twenty-first century, is called creation, i.e. focused primarily on stimulating the emergence of clusters. In general, looking at the effects of different stakeholders' efforts to create the Polish clustering policy, one can assume that the period 2002–2010 was about the analysis and planning phase of cluster policy, 2011–2013—the design phase, and from 2014—the implementation phase. In the context of supporting Polish clusters at national level, the Operational Program “Innovative Economy 2007–2013” was of the most important, under which “Cooperation for cross-regional cooperation” (action 5.1) and “Support for pro-innovative networks of business environment institutions of super regional significance” (action 5.2) were carried out (Program Operacyjny Innowacyjna Gospodarka 2007). Since 2005, the Polish Agency for Enterprise Development (PARP) has played an active role in Polish clustering policy, which not only builds awareness of cluster clustering, disseminates knowledge about clusters in Poland and worldwide but also systematically examines clusters in Poland. Using the benchmarking method. In 2015, PARP conducted an inventory of clusters in Poland, which focused on establishing the actual size of the clusters operating in the country. For this purpose, baseline data on clusters, potential clusters, clustering initiatives and other structures of this type have been collected from various sources. Inventory of clusters operating on the territory of Poland has revealed the total number of 134 clusters, established between 2003 and 2015, most of them being young, i.e. founded between 2011 and 2015 (60%). The oldest clusters are 12 (two clusters) and the average cluster age is slightly more than 4 years (Fig. 2) [The Polish Agency for Enterprise Development (PARP)].

Location of clusters reflects the economic potential of Polish regions as 48% of clusters are located in four most developed regions (according to GDP per capita, 2013): Mazovia (13 clusters), Lower Silesia (11), Upper Poland (12) and Silesia with the highest number of 28 clusters. This suggests that most economically developed regions can offer the best environment for cluster formation and growth. It has to be

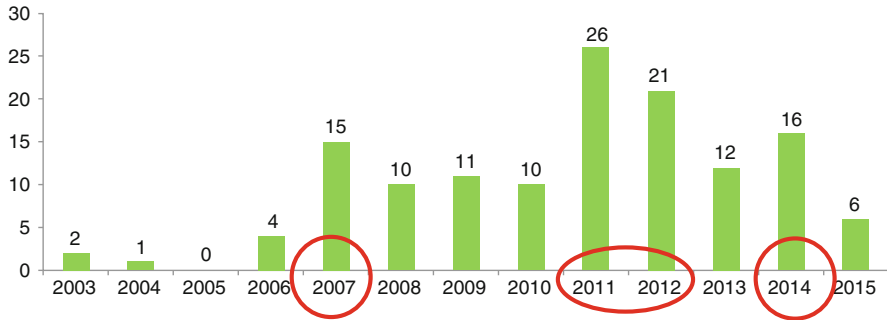


Fig. 2 Period of cluster formation in Poland

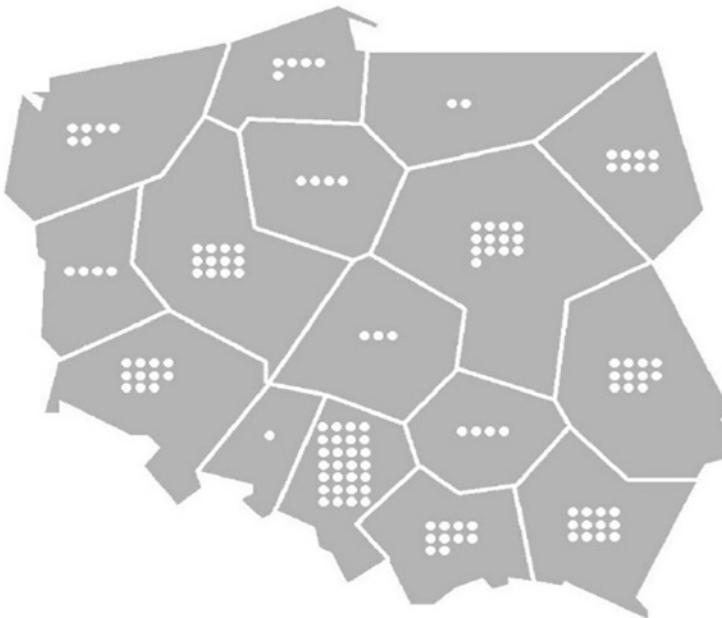


Fig. 3 Geographical distribution of clusters in Poland

noted that substantial number of clusters are located in two underperforming Eastern regions of Poland: Podkarpackie (12 clusters) and Lubelskie (11). However, this bias may result from the support granted on regional level, as well as under the Development of Eastern Poland Operational Programme, 2007–2013. The provinces of Warmia—Masuria in the north and Opolskie in the south have the lowest number of clusters which is two and one clusters respectively. (Figure 3 presents distribution of clusters in Poland among Polish provinces.) [The Polish Agency for Enterprise Development (PARP)].

The total number of cluster participants is 5868 (average 44 per cluster), and the number of enterprises amounts to 4578, out of which 4232 fall under the SME category. There are slightly more than 34 firms in a statistical cluster. Enterprises account for 78% of cluster participants while SME constitute 72%. In 70 clusters which made their employment data available, there were 391,223 employees in total. Clusters represent 27 industries/specializations, according to the classification pre-defined specifically for this purpose to make the data analysis possible as the cluster coordinators originally declared very broad range of business sectors. The largest number of clusters are active in the following sectors: ICT, energy/renewable energy and construction, as well as in healthcare and tourism. Significant number of clusters represent business services, metal industry and production technologies (Buczyńska et al. 2015).

PARP also conducts periodic benchmarking studies on clusters (2010, 2012 and 2014). 35 clusters were invited to the last benchmarking study (2014), including 31 participants taking part in previous editions. This allowed to identify trends in changes in the main areas of clustering, i.e. clusters' resources, processes, results and growth potential. The most important conclusions of the analysis are (Plawgo 2014):

- Entrepreneurs account for over 81% of clusters (44.4% of them are micro entrepreneurs, 49.7% small and medium enterprises and 5.9% large companies), compared to 74% of the surveyed population in 2012 which demonstrates the increase of knowledge and interest of entrepreneurs for the benefits of participation in clusters;
- The members of the surveyed clusters (1917) employ nearly 100,000 people which demonstrates that clusters are an important source of new jobs and centers of economic growth;
- Over the past 2 years there has been a 7% increase in employment (about 6.6 thousand people) in the entities belonging to the cluster of surveyed clusters, which, in comparison with almost unchanged employment in Poland, confirms the importance of clusters in this area;
- the number of cluster members in the period 2012–2014 increased by approximately 41% (560 entities);
- Nearly all the clusters surveyed have a development strategy, and approximately 90%;
- More than 51% of clustered enterprises declared R & D activities, and 58% of clustered enterprises have declared innovation in the past 2 years, confirming the view that clusters are a pro-innovation environment.

By analyzing the results obtained within the research conducted by PARP, a general SWOT analysis of clustering potential in Poland can be performed (Table 3) (Plawgo 2014).

A particular role within the framework of Polish cluster policy is attributed to the so called National Key Clusters, whose development system was worked out by PARP, in cooperation with external experts and with the Ministry of Economy. The concept of selecting Key National Clusters (KKKs) is related to the implementation

Table 3 SWOT analysis of cluster potential in Poland

Strengths	Weaknesses
1. Many cluster initiatives of different potential 2. High activity in the area of obtaining EU funds for the creation and development of clusters 3. The support of the regional authorities to create high product specialization zones, that is clusters 4. Openness of R&D sphere to cooperation with entrepreneurs 5. Great potential of the industries in the region and the country 6. Highly developed small and medium-sized enterprises sector	1. Reliance of clusters only on external funding sources 2. Low cluster expenditures on R&D 3. Low employment within R&D in clusters 4. Lack of attitude to improve the competitiveness and innovation of cluster members 5. Low knowledge of cluster members about the real benefits of cluster membership. Businesses associate clustering initiatives mainly with the possibility of using EU funds for this purpose 6. Small number of research beneficiaries (mismatch of the offer of science to business, lack of interest in research achievements in science and R&D)
Opportunities	Threats
1. Support for the creation and development of cluster initiatives at national and regional level (cluster development included in the 2007–2013 funding period) 2. Increasing importance of cluster development in regional and state development policy 3. Attracting foreign investments 4. Increase of entrepreneurs functioning in cluster structures 5. Development of region and state 6. Cooperation or integration of clusters at supraregional and supranational level	1. Incorrect use of EU funds 2. Occurrence of intermediary institutions absorbing funds allocated to cluster development 3. High internal competition of clusters from other regions of Poland 4. Emigration of capable scientists being a human resource for cluster development 5. Insufficient investments for modernization and development of enterprises 6. Insufficiently strong local market for many cluster specializations

of the Europe 2020 Strategy and the smart European specialization proposed by the European Commission, which focuses efforts and resources on a limited number of priorities or economic specializations. In Poland Key National Clusters are considered of strategic importance to the economy, which:

- Stand out from other clusters in Poland and are the significant potential, i.e. these are the highly efficient business entities operating in the market, high quality scientific units and effectively functioning business environment institutions;
- Stand out by the effects of the actions, i.e. by generating added value for both the cluster stakeholders and the economy of the country. Key cluster contributes to the country's economic development by improving product quality, innovation, quality of education, quality of life, etc.;
- They are recognizable and capable of competing internationally;
- They are linked to the development directions of the country, especially with smart specializations.

At present, in Poland, the status of the National Key Cluster has been granted for 16 clusters, including the industrial cluster Aviation Valley (Krajowe Klastry Kluczowe).

4 Polish Industrial Cluster “Aviation Valley”: Case Study

The Aviation Valley Cluster is located mainly in south-eastern Poland, in the Podkarpackie region, which is well known for its rich aviation history and pilot training centers. At the same time, the region of Podkarpackie is one of the poorest regions in the European Union. In 2016 Podkarpackie Voivodship was included in the Eurostat list of the 20 poorest EU regions (48% of GDP per capita EU in PPS), with an unemployment rate of 11.3% with a population of 2127.7 thousand (as compared to 2010, 7%) (Statystyczne Vademecum Samorządowca 2016). Podkarpackie is an agricultural region, with every third resident of this region employed in the sector. Despite these unfavorable parameters, the Podkarpackie region has considerable potential for clustering. In the Podkarpackie Voivodeship, the dominant industries include aviation, electromechanical, chemical (especially pharmaceutical), food and IT; As of the end of 2015, there were 12 clustering initiatives in the region, with the most of three clusters in the aerospace and IT industries, and two in the tourism and machinery industries. In Podkarpackie there are also clusters and cluster initiatives in the foundry and welding industry, plastics processing, renewable energy and organic food. Developing clusters are very likely to cooperate with other voivodships (e.g. agriculture, health food, information technology) and abroad (aviation and tourism) (Statystyczne Vademecum Samorządowca 2016). The most important features that stimulate investment attractiveness and encourage the creation of clusters in the Podkarpackie region can be identified by the following characteristics (Pławgo 2014):

- Presence of research and academic centers located in the region (15 universities);
- Access to public transport—A4 motorway, international airport;
- Favorable geographical location;
- Occurrence of mineral and mine resources;
- Strong growth in the aerospace, pharmaceutical, IT, food industries;
- Availability of highly qualified workforce;
- Presence of Podkarpackie Science and Technology Park in Rzeszów;
- Dynamic development of the city of Rzeszów;
- Presence of three Special Economic Zones—Mielec, Tarnobrzeg and Cracow.

Moreover, compared to other voivodships, Podkarpackie is better off in terms of expenditures on research and development: per capita—330 PLN/year, compared to Poland’s average of 273 PLN/per capita/year, which is largely due to the functioning

of the region clustered structures. The total value and EU co-financing of projects implemented under the National Strategic Operational Framework 2007–2013 in the voivodship by the end of 2015 amounted to PLN 32848 million (of which PLN 19083 million was financed by the EU) (Statystyczne Vademecum Samorządowca 2016).

The Industrial and Technological Cluster The Aviation Industry Group of Companies “Aviation Valley” was established in 2003 on the initiative of entrepreneurs to support the rapid development of the industry. Initially, the cluster concentrated 18 companies, employing 9000 employees. Its export value is \$260 million. The founders were mainly from Podkarpackie Region, but also entities from Bielsko-Biała, Rzeszów University of Technology, Rzeszów Regional Development Agency and Malopolska Regional Development Agency. Aeronet Aerospace Technology Center is also emerging. The location of the cluster in the south-eastern Polish region, mainly in the Podkarpackie Region was dictated by the following considerations (Aviation Valley):

- a region with 70 years of history in the aviation industry;
- a region concentrating 90% of Polish production in the aerospace industry;
- a region characterized by competitive labor and production costs;
- a region with easy access to highly qualified staff—graduates, among others from the local University of Technology in Rzeszów with a developed Department of Machine Building and Aviation;
- investor-friendly environment—Special Economic Zone with tax relief, EU funding due to low level of GDP;
- International airport located in the region.

The main long-term goal of the Aviation Valley is to transform South-East Poland into one of Europe’s leading aerospace region. This serves to achieve the specific objectives for which it was recognized (Aviation Valley):

- Organizing and developing a cost-effective supply chain,
- Creating favorable conditions for development of aerospace industry companies in the region,
- Further development of research, skills and qualifications in aviation,
- Cooperation and development of the aviation industry and universities that will promote new concepts and develop R&D in the aerospace industry,
- Promotion of the Polish aviation industry,
- Supporting companies from the aviation industry,
- Influencing Polish economic policy of the Government on issues related to industry air.
- Improvement of existing production base,
- Creating a sustainable and reliable network of sub-suppliers and a cost-effective supplier chain,
- Attracting foreign investors,
- Developing cooperation with other aerospace industries in Europe,
- Promoting cooperation between aviation industry and technical universities, research institutes and research institutes.

At present, after almost 14 years, Aviation Valley is the best growing and most innovative cluster in the country and one of the most diversified networks in the world. The Aviation Valley Association (SGPPL) includes the world's recognized aerospace companies. Currently it counts 150 companies in total and employs 25,000 people. employees. The cluster brings together entities that produce about 90% of the domestic aviation industry. Corporations affiliated to the cluster produce: sport, passenger, agricultural, training and business aircraft, helicopters, gliders, engines and engine parts, gears and other aerospace components and accessories. The cluster includes, among others, manufacturers of aircraft engines and drives and their components. These are: WSK Rzeszów, Hispano Suiza Poland, PWK, Avio Poland, MTU Aero Engines Poland, Creuzet Poland and Hamilton Sundstrand Poland, UTC Aerospace Systems. Among cluster members is also a group of manufacturers of final aircraft—aircraft and helicopters—and their structures, eg PZL Mielec and PZL Świdnik. The next group are general aviation manufacturers—light and ultralight aircrafts and gliders: Margański & Mysłowski Aircraft, AERO AT, Aero-Kros, 3Ex-trim and Composite Constructions. Clustering can involve any company or institution affiliated to the industry from southeastern Poland, recommended by at least two of its current members. Funds for membership of the association are the primary source of funding for the activities of the Association. The Association is located in Rzeszów, the capital of the Podkarpackie Voivodeship, which becomes the most dynamic center of the modern aviation industry in the country (Aviation Valley). Distribution of companies in Aviation Valley as well as turnover and number of employees are presented below in Fig. 4 as provided on the Aviation Valley website (Aviation Valley).

The Aviation Valley consistently builds support facilities for further investments in the aviation industry from the very beginning and creates better and better conditions for those already existing in the aviation industry. Over the last few years, the aerospace industry has invested in aerospace companies such as Sikorsky, Agustawestland, Mtu Aero Engines, Hamilton Sundstrand, Goodrich, Ladish, Vac Aero and McBraid. In addition, more and more new members of the cluster are small and medium-sized businesses, often family businesses, from different Western European countries and from North America, who have decided to open their businesses in south-eastern Poland mainly due to the existence of the innovative Aviation Valley cluster here as Remog from Germany, Asquini from France, Iwamet and B/E Aerospace from the USA, Wentworth from Canada and CAV Aerospace from the United Kingdom. They are an extremely important element in the local chain of sub-suppliers of the Aviation Valley. Increasingly, new R&D centers, design offices and technology parks are building the attractiveness of the region for world-class scientists. Effective cooperation with foreign scientists is also developing through the implementation of many R&D projects, primarily within the framework of the 7th Framework Program of the European Union. Investments in laboratories and research and development centers in the companies and institutions of the Aviation Valley cluster are several hundred thousand PLN.

The valley is also an excellent example of a successful co-operation, because its associated forms cooperate and compete at the same time. It mainly concerns small

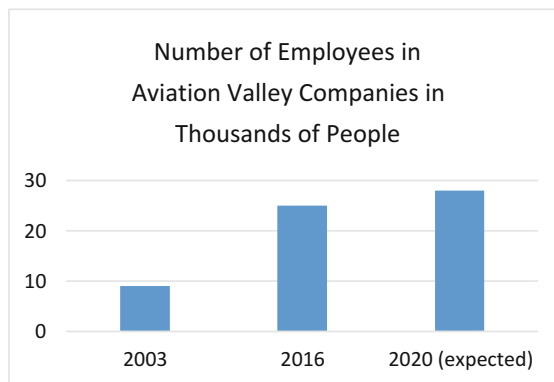
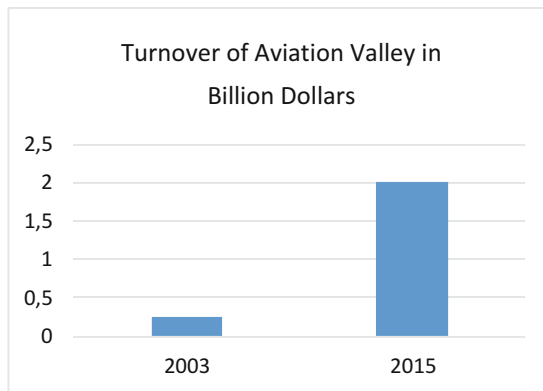


Fig. 4 Aviation Valley—Distribution of companies, turnover and number of employees. Source: Aviation Valley

and medium sized cluster companies that compete on a free-market basis for component and component procurement contracts for large Polish manufacturing companies and for Foreign customers. In practice, almost all member companies have competitors within the cluster. Cluster entities must also compete with each other for the best employees. The existence of many different forms of competition inside the cluster motivates not only members to compete, but also for intensive cooperation in specific areas, which has a positive impact on the development of the entire cluster (Stepaniuk). It is a model cluster also because it has tried from the very beginning to have a strong local identity and involve all interested people from the region (research institutions, business and public circles). As part of the cluster activities, the Aviation Valley has been able to establish and develop model cooperation between industry and science. For several years aviation manufacturers have met with representatives of the best Polish technical universities and research centers. In order to effectively develop these relationships, the Center for Advanced Technologies AERONET—Aviation Valley was established, which currently concentrates several dozen industrial cluster companies and several R&D institutions and institutions. Within the Center, entrepreneurs have a chance to define their technological problems, implement them, etc., and the universities, through appropriate research, help them solve them. At the Rzeszów University of Technology—using state and EU funding—the best material laboratory in Poland was established. It works to improve the materials used in aviation and high temperature resistant coatings. Based on the results of the “Aviation Technology Foresight for the Aviation Valley cluster”, which has identified the most important technologies for the aviation industry in Poland up to 2020, significant funds have been gained for the implementation of the key project CZT AERONET—Aviation Valley. This project is entitled “Modern Material Technologies in the Aerospace Industry” and it is implemented within 1.1.2. Strategic Research and Development Program with budget of 86 million. The main objective of this project is to target national aviation research activities in areas that have or will have a decisive impact on improving the competitive position of the Polish economy and building a knowledge-based economy. In order to optimize cooperation on the implementation of modern technologies, the New Valley Technology Commission has been established, which is composed of the best technologists representing the individual cluster companies (Kierunki rozwojowe technologii materiałowych na potrzeby klastra lotniczego “Dolina lotnicza”).

The further result of the cluster’s efforts to integrate the industry was the signing of an agreement in January 2012 with the National Center for Research and Development to create a national sectoral aviation program entitled InnoLot. The project of 500 million PLN is equivalent to the European Clean Sky program. This is one of two nationwide sectoral research programs next to the medical one. Thus, thanks to the consequences of the cluster’s operations, the aerospace industry has become one of the most innovative and significant sectors in Poland (Aviation Valley).

Cluster consistently implements effective ways to improve the quality of education through the “Comprehensive Educational Support System” sponsored by the “Aviation Valley”. A few years ago, due to high demand for operators of numerically controlled machine tools and other professionals related to the aerospace industry,

cluster initiated the coordination of curricula in technical schools with the real needs of the industry and the training of technicians of the Podkarpackie Region. Thanks to the implementation of these projects, the Podkarpackie Region has established a network of training centers at the highest level in the world, whose individual units will be miniaturized by their Aviation Valley cluster members, and practical training will be conducted in conditions comparable to those of the real aviation industry. The project “Modernization of the vocational training offer in connection with the needs of the regional labor market”, carried out by the Marshal’s Office of the Podkarpackie Voivodship, whose official partner was the Aviation Valley, was a further step in this field. In turn, five cluster members have signed letters of intent to allow them to run a training and traineeship program for teachers and practices for secondary school students in the project. The purpose of these activities was, among others to raise the knowledge and competencies of the training staff and to educate the future staff of the Aviation Valley cluster on modern equipment which was purchased for the educational institution CEKSO in Rzeszów. At the same time, the cluster coordinator, along with its key members, systematically participates in study tours to recognized training centers in the aviation sector in Europe to learn best practices that could also be applied in Poland. The most recent initiative undertaken by the General Assembly of the Association is the creation of the Foundation for the Support of Education at SGPPL Aviation Valley (Aviation Valley). Positions and appreciation for both the cluster and its participants are reflected, among others, in specific decisions of the European Commission and the Secretariat of the Central Europe Program which confer the significant role of the SGPPL Aviation Valley in projects on mentoring and optimization of other European clusters. The Aviation Valley is invited for the most prestigious presentations of key clusters, both for the sake of the global aviation industry and for the European cluster policy. The Aviation Valley was also the initiator and one of the founders of the European Cluster Cooperation Network (EACP) (Aviation Valley).

5 Summary

The discussion in this chapter was aimed at identifying and explaining the role that entrepreneurship plays in the development of business networking. In pursuing the theoretical and cognitive goals set out in this chapter, networking has proven to be the driving force behind the networking of companies, especially those that take the form of clusters. Economic regions and countries.

Business networking is a permanent and necessary part of any developed and developing economy. It is rightly considered to be a simultaneous manifestation of globalization and regionalization. Clusters, constituting a special form of regional network cooperation between enterprises and the business environment, have also permanently integrated themselves into the Polish economy, which proves not only the level of its development but, above all, the potential of the Polish regions and points to their further development prospects. They have become a favorable

stimulus for Poland's economic growth and the reduction of interregional developmental disparities within it.

This chapter demonstrates that on a regional level this kind of business cooperation effectively contributes to:

- the economic development of a given community—stimulates the regional economy by providing basic goods and services,
- development of regional enterprises—high-tech companies operating in the networks stimulate the activity of metropolitan areas,
- local development—by improving infrastructure or increasing the level of wealth in the region.

The Aviation Valley is the most recognizable Polish cluster on the international level and one of the most recognizable aeronautical clusters of the European Union. Poland's example of network cooperation acting as an industrial cluster of the Aviation Valley is an excellent proof that it is an economic form that has the potential to provide greater competitiveness and The innovation of the regions as well as the whole country. The key success factors for the Aviation Valley are the unique involvement and active participation of key industrial, academic and public participants in the country, which despite their day-to-day responsibilities in their businesses and institutions are actively involved in the cluster.

References

- Aviation Valley. Dolina Lotnicza. Retrieved May 25, 2017, from <http://www.dolinalotnicza.pl/en/>, also see: Retrieved January 10, 2018, from <https://polskiprzemysl.com.pl/przemysl-lotniczy/dolina-lotnicza-klastro-lotniczy/>
- Barcik, A. (2016). Zarządzanie ryzykiem antymonopolowym we współczesnym przedsiębiorstwie. *Marketing i Rynek*, 7, 7.
- Buczyńska, G., Frączek, D., & Kryjom, P. (2015). Raport z inwentaryzacji klastrów Polsce 2015, Polish Agency for Enterprise Development (PARP), Warszawa. Retrieved May 25, 2017, from http://www.pi.gov.pl/PARPFiles/media/_multimedia/C1E1B3DE727F45C0990A2F06D8102839/20160314_152947%20RAPORT_inwentaryzacja_klastrow_w_Polsce_2015_v_2_0.pdf
- Czakov, W. (2012). *Sieci w zarządzaniu strategicznym* (p. 44). Warszawa: Oficyna a Wolters Kluwer business.
- European Commission. (2002). *Regional clusters in Europe* (p. 14). Observatory of European SMEs, 2002/No. 3. Raport Komisji Europejskiej. Retrieved from <http://www.competitiveness.org/article/articleview/458/1/50>
- Hejduk, I. (2006). Główne uwarunkowania rozwoju nauk zarządzania w Polsce. *Ekonomika i Organizacja Przedsiębiorstwa*, 3, 27.
- Kawa, A., & Pierański, B. (2015). Świadomość sieciowa we współprac gospodarczej przedsiębiorstw w Polsce – wyniki badań. *Przegląd Organizacji*, 12, 21–27.
- Kierunki rozwojowe technologii materiałowych na potrzeby klastra lotniczego "Dolina lotnicza". Foresight branżowy. Raport końcowy z realizacji projektu. Retrieved May 25, 2017, from <http://www.foresight.pl/projekty-foresight-w-polsce.html>

- Kisielnicki, J. A., & Sroka, S. (2004). Transformacja przedsiębiorstwa jako warunek zaistnienia na globalnym rynku. Zastosowanie podejścia Reengineeringowego i X-engineeringowego w firmie Transsystem S.A. In J. A. Kisielnicki (Ed.), *Informatyka narzędziem współczesnego zarządzania* (p. 89). Warszawa: Polsko-japońska Wyższa Szkoła Technik Komputerowych.
- Klimas, P. (2015). *Sieci innowacji. Implikacje bliskości organizacyjnej* (pp. 22–24). Katowice: Wydawnictwo Uniwersytetu Ekonomicznego w Katowicach.
- Krajowe Klastry Kluczowe. Polish Agency for Enterprise Development (PARP). Retrieved May 25, 2017, from http://www.pi.gov.pl/Klastry/chapter_95922.asp
- Laudon, K. C., & Landon, J. P. (2000). *Management information system*. Upper Saddle River, NJ: Prentice Hall.
- Łobejko, S. (2012). Przedsiębiorstwo sieciowe- teoria i praktyka. In S. Łobejko (Ed.), *Przedsiębiorstwa sieciowe i inne formy współpracy sieciowej* (p. 39). Warszawa: Oficyna Wydawnicza Szkoły Głównej Handlowej.
- Lorenzoni, G., & Lipparini, A. (1999). The leveraging of interorganizational relationships as distinctive organizational capability: A longitudinal study. *Strategic Management Journal*, 20 (4), 317–338.
- Nahira, F., et al. (Eds.). (2007). *Digital business ecosystems* (p. iii). Luxembourg: European Commission Information Society and media.
- Plawgo, B. (2014). Benchmarking klastrów w Polsce-edycja 2014. Raport z badania, Polish Agency for Enterprise Development (PARP), Warszawa. Retrieved May 25, 2017, from http://www.pi.gov.pl/PARPFiles/file/klastry/Benchmarking_klastrow/Benchmarking_2014.pdf
- Porter, M. (2001). *Porter o konkurencji* (p. 246). Warszawa: PWE.
- Powell, W. W. (1990). Neither market nor hierarchy: Network forms of organization. *Research in Organizational Behavior*, 12, 300.
- Program Operacyjny Innowacyjna Gospodarka 2007–2013. Narodowe Strategiczne Ramy Odniesienia 2007–2013. Ministerstwo Rozwoju regionalnego, Warszawa.
- Statystyczne Vademecum Samorządowca 2016. Urząd Statystyczny w Rzeszowie. Retrieved May 25, 2017, from <http://stat.gov.pl/wskazniki-makroekonomiczne/>
- Stepaniuk, W. Dolina Lotnicza- Polski przykład Centrum Biznesu na Światową skalę; „Polski Przemysł”. Portal przemysłowy. Retrieved May 25, 2017, from https://polskiprzemysl.com.pl/wp-content/uploads/dolina_lotnicza_art.pdf
- Stepień, B. (Ed.). (2011). *Międzynarodowa kooperacja gospodarcza z polskiej perspektywy* (p. 17). Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Temouri, Y. (2012). *The Cluster Scoreboard: Measuring the performance of local business clusters in the knowledge economy*. OECD Local Economic and Employment Development (LEED) Working Papers, 2012/13. OECD Publishing. Retrieved May 25, 2017, from <https://doi.org/10.1787/5k94ghq8p5kd-en>
- The Polish Agency for Enterprise Development (PARP). Retrieved May 25, 2017, from <http://en.parp.gov.pl/>
- World Bank. *Framework for a knowledge-based-economy*. Retrieved May 25, 2017, from www.worldbank.org/wbi/knowledgefordevelopment
- Żelazko, B. (2012). Przestrzenne aspekty tworzenia i funkcjonowania przedsiębiorstw sieciowych Polsce. In S. Łobejko (Ed.), *Przedsiębiorstwa sieciowe i inne formy współpracy sieciowej* (p. 94). Warszawa: Oficyna Wydawnicza Szkoły Głównej Handlowej.
- Zentes, J., Swoboda, B., & Morschett, D. (2005). *Kooperationen, Allianzen, Netzwerke. Grundlagen-AnsätzePerspektiven* (2. Auflage, p. 6). Wiesbaden: Gabler Verlag.

Business Incubators, Tenant Firms and New Companies: Evidence from Portugal



Gonçalo Rodrigues Brás and Miguel Torres Preto

Abstract Business incubators (BIs) are important entities in the entrepreneurial ecosystem and, as such, can make a significant contribution to regional development. The aim of this exploratory work is to describe the business incubation activity in Portugal and thus fill the current gap in the literature. Due to the limited data and few institutional sources, we adopt a methodology driven by the challenge of identifying the situation of BIs and new firms within the entrepreneurial setting in Portugal. The study, using data gathered in 2015, reveals the asymmetrical distribution of BIs across Portuguese districts and the mismatch between the number of BIs and the number of new firms. Policy makers can use the district patterns of business incubation activity identified in this research to develop an integrated BI network that addresses the business particularities of Portuguese districts. This framework can lead to new lines of research. These include the study of the wide range of services provided by BIs to tenant firms in Portugal, the analysis of factors influencing the spatial distribution of Portuguese BIs, and the comparative analysis of the performance of specialized and non-specialized BIs in the Portuguese territory.

Keywords Business incubators · Tenant firms · Regional development · Firm dynamics · Business incubation typologies · Portugal

G. R. Brás (✉)

Faculty of Economics, University of Coimbra, Coimbra, Portugal

e-mail: goncalo.bras@uc.pt

M. T. Preto

IN+ – Center for Innovation, Technology and Policy Research, Instituto Superior Técnico, Universidade de Lisboa, Lisbon, Portugal

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_15

275

1 Introduction

It is widely acknowledged that the factors contributing to the economic growth and development of nations are heterogeneous. In the context of endogenous growth theory, the innovation system of a given country has a decisive influence on its economic development (Nelson 1993). Institutions that support entrepreneurship, such as business incubators (BIs) or science parks, are an integral part of the national innovation system; this includes other agents that promote research and development activities, such as universities, research centers, government agencies, policies and other mixed or hybrid structures (Carlsson et al. 2002).

These structures fall into what Mason and Brown (2014) term entrepreneurial ecosystems, which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment. According to the management literature, entrepreneurial ecosystems are a critical tool for creating resilient economies based on entrepreneurial innovation (Spigel 2017). In Portugal, BIs can make a significant contribution to regional development just as they have in south-eastern Spain (Mas-Verdú et al. 2015). Indeed, the role of BIs and science parks should be highlighted due to their increasing relevance in recent years (Barbero et al. 2014).

In 1999, 23 BIs were established in Portugal (European Commission 2002) and, according to Caetano (2012), the number increased to 65 in 2011; it is also known that 91 BIs were certified by the “Compete 2020” Program in 2016. However, the lack of any official source in Portugal to confirm the total number of active BIs in the Portuguese territory is a barrier to knowledge about their dispersion across the country and to an understanding of their regional impact on development. This raises two points:

- (1) To measure BIs’ contribution to regional development is crucial to have the institutional knowledge about the total number and location of Portuguese BIs.
- (2) As the internal and/or external network is one of the assets provided by BIs to tenant firms (Bøllingtoft 2012; Bergek and Norrman 2008), surely it is time for BIs in Portugal to know their own industry so that they can build a macro network system of BIs.

The aim of this exploratory and descriptive study is to act as the starting point for further research into these domains. Indeed, Rubin and Babbie (2010) note that exploratory and descriptive studies do not test hypotheses, and our research seeks to define objectives rather than to establish and confirm specific hypotheses.

Given the lack of any aggregated and institutional data on the business incubation sector in Portugal, the overall objective of this exploratory research is to map the BI activity in all Portuguese districts. In addition, our goals are to: (I) understand the main types of BI in Portugal; (II) identify the prevalence of specialized incubators in each Portuguese district; (III) define the average number of tenant firms per BI in each Portuguese district; (IV) diagnose the sectoral prevalence of tenant firms per

Portuguese district; (V) measure the survival rate of tenant firms in Portugal; and (VI) calculate the average number of employees per tenant firm.

The next step in our research work is to diagnose whether the number of BIs per Portuguese district is suitable for the total number of new firms (data from 2015) and, more specifically, to know the number of new firms in the most representative economic activities. We compare the relative distribution of incubators to that of new companies generally and those in specific industries, in order to determine whether the number of incubators is adjusted to the business dynamics of each Portuguese district.

As regards methodology, we collected a wide range of primary and secondary information about both BIs and tenant firms between January 2016 and June 2016.

The remainder of the paper is structured in the following four sections: literature review, the Portuguese context, empirical study and remarks. The literature review describes the state of the art on BIs. This is followed by an overview of the demography of firms that might justify more in-depth knowledge about the Portuguese BI network. Section 4 describes the methods and then presents and discusses results. The final section sets out the main findings and conclusions, before addressing some limitations and implications for the future.

2 Literature Review

This section describes some of the main characteristics related to BIs. From a theoretical framework, we emphasize their role and concept on the entrepreneurial ecosystem, their internal resources and some services provided to the tenant firms. We present the state of the art of the relationship between BIs and regional development and a theoretical review of BI typologies.

2.1 Role and Concept of BIs

BIs are used as an instrument to promote innovation and entrepreneurship (Aerts et al. 2007), and they can make a significant contribution to regional development (Mas-Verdú et al. 2015). According to Aernoudt (2004), their purpose is to ensure the survival of firms and create conditions for growth during the initial stage of their existence.

BIs are organizations that create value through the provision of spaces and/or utilitarian services for start-ups and companies to assure their sustainable development (Tötterman and Sten 2005). Hughes et al. (2007) define BIs as organizations hosting small and new enterprises with the objective of making them competitive in the market. The more detailed definition given by the Small Business Encyclopedia (2016) states that a BI is “an organization designed to accelerate the growth and

success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.”¹

2.2 Resources of BIs and Services Provided to Tenant Firms

It is important to distinguish the resources used by BIs, i.e. the (limited) means used to achieve their objectives, from the services they provide to tenant firms. According to Somsuk and Laosirihongthong (2014), BIs use the following resources: (i) human resources, made up of the management and operational teams, emphasizing specific knowledge and experience; (ii) technological resources (products, laboratories, capabilities and technological competencies); (iii) financial resources, especially funding; and (iv) organizational resources related to planning, coordination, monitoring, systematization of routines and establishing relationships within the institution.

As the purpose of the incubator is to contribute not only to firm survival, but also to the growth of tenant firms (Allen and Rahman 1985), these resources should be facilitators of the latter’s sustainable development, and the set of services provided should foster their continuous improvement (Schwartz and Göthner 2009). In fact, BIs use their resources to provide tenant firms with three broad groups of services (Bøllingtoft 2012; Bergek and Norrman 2008): (i) infrastructures, (ii) business services, and (iii) networking. When analyzing these groups of services in more detail, Aerts et al. (2007) define 21 specific services. Whether the scope of the services provided by BIs is limited or broad, according to Lai and Lin (2015), they are vital for new companies.

The specificity of the services offered differs greatly from one BI to another. This specificity together with the organization, objectives and activities (Aernoudt 2004), gives the BI its identity and allows us to differentiate and classify different types of incubator.

2.3 Typologies of BIs And Tenant Characteristics

Profit is the most basic premise that distinguishes BIs; quite simply, profit-oriented BIs are distinct from non-profit BIs, also known as public BIs (Grimaldi and Grandi 2005). However, the typologies of incubators described by authors vary. For instance, Grimaldi and Grandi (2005) defined four categories of BIs: (i) Business Innovation Centers (BICs), (ii) University Business Incubators (UBIs), (iii) Independent Private Incubators (IPIs), and (iv) Corporate Private Incubators (CPIs).

¹Accessed on 16 February 2016.

Becker and Gassmann (2006) distinguish between non-profit and for-profit business incubators (fast-profit incubators, market incubators, leveraging incubators, and in-sourcing incubators). In order to obtain a consistent classification of BIs in Portugal, we follow Grimaldi and Grandi (2005) and classify BIs according to the nature of tenant activities they host.

Entrepreneurs in BIs of all typologies face difficult conditions that can lead to tenant failures. Based on the study by Sternberg (1988) of the 133 tenant firms of BIs in Germany, Seeger (1997) reports a failure rate of 29.4% over a 7-year time span (1986–1993), whether or not the firms were incubated; on the other hand, the study by Schwartz (2009) for the years 1990–1993 reports a failure rate of 29.8% in post-incubated firms (or graduated firms). Although these survival rates for Germany were considered high, when Rothaermel and Thursby (2005) examined, over a 6-year period (between 1998 and 2003), 79 start-up firms incubated in the Advanced Technology Development Center at the Georgia Institute of Technology, they presented a 48% survival rate for tenant and post-incubated firms.

Tenant firms in BIs must be incubated within a limited time period. According to Schwartz (2009), the average incubation period for five BIs located in Germany is 44 months, but the European Commission (2002) reports an incubation period of 35 months (on average) and 6.2 jobs per tenant firm.

2.4 BIs and Regional Development

The overall purpose of BIs is to contribute to the sustainable development of tenant firms so that they become successful. Moreover, Phan et al. (2005:179) “argue that science parks and incubators are important links in the entrepreneurial value chain at the national or environmental level of analysis”, while the OECD (1999) confirms that BIs have become a policy instrument to foster innovation and regional development. However, a meta-analysis study by Tamásy (2007) concluded that BIs actually make a very modest contribution to regional economic development.

There are therefore many contradictions in the literature about the impact of BIs on regional development. However, our emphasis goes to the theoretical contributions of Phan et al. (2005) which identified multiple levels of analysis of the impact of BIs on regional development: types of incubated firm, organizational level of incubator, and spatial context in which incubators are embedded. In recent years, Portugal has been tackling the challenge of raising its regional capacities to compete at a global level, whilst also striving to improve its scientific and technological capacity, notably in the areas of Lisbon and Porto (Noronha 2011).

In these particular circumstances, under the framework of the knowledge spillover theory of entrepreneurship (Acs et al. 2009, 2013), BIs are important for the promotion and creation of new technology-based firms (Lindelof and Lofsten 2003), and could therefore also make a relevant contribution to regional development in Portugal.

3 Portuguese Context

It is acknowledged that SMEs are responsible for most of the employment and wealth generated in a country (Wennekers and Thurik 1999; Stokes and Wilson 2010). This is particularly relevant in Portugal due to the weight of SMEs in the corporate sector, which was equivalent to 99.9% of all firms in Portugal (INE 2012). These companies suffer from particular vulnerabilities and difficulties, above all in the first years of life, and as a result many of them are dissolved in this phase (Stokes and Wilson 2010).

According to INE (2012), the survival rate of Portuguese firms fell 10.2 points (p.p.²) between 2006 and 2010. In fact, Portugal has one of the lowest survival rates of younger firms in the European Union. Eurostat and OECD data show that the closure rate of Portuguese firms, between 1998 and 2012, increased in all activity sectors: (i) extractive industry (5.7 p.p.), (ii) manufacture (9.0 p.p.), (iii) construction (13.2 p.p.), (iv) traditional trade (12.5 p.p.), and (v) accommodation and catering (17.2 p.p.).

As a result of the SMEs' recognized impact in the economy and their evident fragility in the first years of life, they have been the focus of increasing attention at the global level, namely, through government incentives, assistance mechanisms, and other policy instruments (Özdemir and Şehitoğlu 2013).

New forms of entrepreneurship support have emerged that have proved more effective than traditional knowledge transfer systems and have a greater effect on society than previous methods (Coenen and López 2010). As entities of knowledge transfer and units that promote resources and services at the individual or company level, BIs establish a close link between entrepreneurs and companies (Porter and Kramer 2011) so can provide significant support for Portuguese start-ups.

4 Empirical Study

4.1 Methods

The purpose of the fieldwork was to map and locate BIs and tenant firms/projects in a national database. The first step was to collect information about the national BIs (designation, full address, district, email, telephone) from the various sources. Secondly, the tenant firms/projects incubated in the abovementioned BIs were identified and, whenever possible, their name, address, email, business start date, telephone number, activity sector and average number of employees per year were incorporated in the database.

In order to fulfill our objective, we first had to gather a wide range of information about the BIs and tenant firms.

²Percentage points.

For the BIs, secondary data were gathered systematically in four stages: first, BIs found in the first collection of data on BIs in Portugal (Caetano 2012) were added to our database; second, BIs belonging to institutional associations per geographical location were also added to our database; third, BIs were identified from a Google search using specific keywords and incorporated in database; and, fourth, harmonization of the BIs gathered in the previous stages in a single database.

The secondary data for the tenant firms were also gathered in four stages: first, tenant firms in the SABI database were added to our database; second, tenant firms referred to in the BI websites were added to our database; third, harmonization of the tenant firms gathered in the first and second stages; and, fourth, BIs for which there was still no information on tenant firms at this stage were contacted to obtain the list of tenants.

In terms of geography, the 20 Portuguese districts³ were considered as units of analysis rather than NUTS 3 due to ease of data collection and comparability.

4.2 Results

4.2.1 BIs

During the fieldwork, 174 active BIs were identified in the national territory, and the locations of three more (one of which is a virtual BI) were not determined. Of the universe of identified BIs, 124 have at least one tenant company or project; in other words, it was not possible to obtain information about the incubation activity of 50 BIs based in Portugal.

It should be noted that some co-working spaces were included in the study. We opted not to remove these units not only because they represent a small portion of BIs, but also because they are similar to some Portuguese BIs, particularly those that provide to tenant firms little or nothing more than physical space. Overall, it was found that a large proportion of BIs in Portugal (almost 40%) are concentrated in the districts of Lisbon and Porto and that the total number of BIs in the districts of Lisbon, Porto and Aveiro together account for 50% of the universe.

Regarding the typology of active BIs in Portugal, we followed the criteria proposed by Grimaldi and Grandi (2005) and classified the typologies of BIs according to the nature of tenant firms or the kind of projects they host. Based on the nature of tenant firms/hosted projects in Portugal, six categories of BIs were formed: (i) biotechnology, (ii) design/creative industries, (iii) energy, (iv) natural resources, (v) technology and (vi) undifferentiated (without specialization).

In accordance with the data collected, roughly two thirds of the BIs operating in Portugal host tenant firms/projects from any activity sector (undifferentiated BIs).

³Archipelago of Madeira and archipelago of Azores are not Portuguese districts but are administered as autonomous districts, corresponding to the districts of the mainland. Therefore, Madeira and Azores were considered like the other 18 Portuguese districts for our analysis.

BIs hosting technology-based firms/projects account for approximately 22% of the total number of BIs operating in Portugal.

The BIs focusing on design/creative industries, biotechnology, natural resources and energy constitute approximately 6%, 3%, 2% and 1% respectively of the universe of incubators in activity in Portugal.

Table 1 provides data on the Portuguese district where incubators are based and their typology.

It can be seen from Table 1 that BIs in Portugal mainly host firms/projects from different areas of activity; in other words, undifferentiated BIs predominate.

The other types of BIs specialize in areas such as biotechnology, energy, technology base, design/creative industries or natural resources and are designated specialized incubators. Table 2 shows the weight of these BIs in the overall business incubation activity by Portuguese district.

Two main aspects stand out from Table 2: (i) Portuguese districts with a high relative and numerical prevalence of specialized incubators in the business incubation activity; and (ii) Portuguese districts without specialized incubators.

On one hand, districts with higher population density and bigger presence of universities exhibit strong weight of the specialized incubators (e.g. Porto, Coimbra and Lisbon). On the other hand, districts more far from the biggest metropolitan areas of Lisbon and Porto and maybe with less specific knowledge typically do not have specialized incubators (e.g. Beja, Guarda, Vila Real, and Viseu).

4.2.2 Tenant Firms

Apart from characterizing the BI universe, conclusions can also be drawn from the hosted firms/project, i.e. tenant firms. Out of the universe of 174 identified BIs in Portugal, it was only possible to gather data on 124 BIs with at least one registered tenant firm.

In aggregate terms, each BI registers a total of approximately 19 tenant firms; however, when the three largest outliers are excluded, the average number goes down to roughly 17 tenant firms. Overall, the number of tenant firms per incubator varies greatly (even excluding districts with data for only one BI), and this is also visible at the district level, from 2 tenant firms in Beja to 26 tenant firms in Braga.

In addition to the incubation activity of companies by district, the nature of some tenant firms could also be identified by consulting the SABI database. In the set of 2359 tenant firms accessed, it was possible to determine the classification of economic activities used by Statistics Portugal (INE, CAE—Rev3) for 648 tenant firms; due to the size of the sample, we grouped the tenant firms in accordance with the economic activity used by Statistics Portugal—Fig. 1.

Figure 1 shows us the clear predominance of tenant firms from section M (professional, scientific and technical activities) and section J (information and communication activities), which are responsible for around 50% of the tenant firms registered. The number of tenant firms in section G (wholesale and retail trade; repair of motor vehicles and motorcycles) also stands out (around 15.4% of

Table 1 BI typologies by Portuguese districts

Districts	Typologies of BIs							
	Undifferentiated BIs	Technology BIs	Biotechnology BIs	Energy BIs	Design/creative industries BIs	Natural resources BIs		
Aveiro	14	3			1			1
Beja	7							
Braga	7	3						
Bragança	1	1						
Castelo Branco	6	1						
Coimbra	5	2	2					
Évora	3	2						
Faro	4	1						
Guarda	2							
Leiria	3	2						
Lisbon	24	10		2	5			1
Portalegre	5		1					
Porto	12	7	2		4			1
Azores	3	1						
Madeira	1	1						
Santarém	2	1						
Setúbal	6	2			1			
Viana do Castelo	2	1						
Vila Real	2							
Viseu	3							
Unknown location	2	1						
Total	114	39	5	2	11			3

Source: Prepared by the authors

Table 2 Relative weight of specialized BIs per Portuguese district

Portuguese districts	Specialized BIs (1)	Total number of BIs (2)	Ratio (1)/(2) (%)
Porto	14	26	54
Bragança	1	2	50
Madeira	1	2	50
Coimbra	4	9	44
Lisbon	18	42	43
Évora	2	5	40
Leiria	2	5	40
Santarém	1	3	33
Setúbal	3	9	33
Viana do Castelo	1	3	33
Braga	3	10	30
Aveiro	5	19	26
Azores	1	4	25
Faro	1	5	20
Portalegre	1	6	17
Castelo Branco	1	7	14
Beja	0	7	0
Guarda	0	2	0
Vila Real	0	2	0
Viseu	0	3	0

Source: Prepared by the authors

the total), although the overwhelming majority of these are in trade and specialized trade.

With regard to the number of workers per tenant firm, the data reveals that each BI employs an average of six workers (including partners). This figure is based on the 576 tenant firms providing information on the average number of employees in 2014 (3259 workers in total) and is in line with the benchmark of 6.2 workers per tenant firm presented by the European Commission (2002) for a set of 14 EU countries (including Portugal).

Although limited by the restriction to the SABI database and the small number of ex-tenant firms (354 companies), conclusions can also be drawn on the average number of years of activity until dissolution, extinction, insolvency or sale. It is impossible to know whether the firm was incubated or ex-incubated when extinguished, but it is estimated that the companies survive on average over 6 years.

The average survival time is influenced by a small number of companies with survival rates significantly higher than average, and it is therefore more meaningful to examine the survival rate of tenant firms (whose last home was the incubator to which they belonged) as this provides a more comprehensive picture of the sustainability of tenant firms or ex-tenant firms.

According to the data, about two-thirds of the tenant firms reach the third year of activity but this goes down to approximately 30% after 7 years—Fig. 2. Moreover,

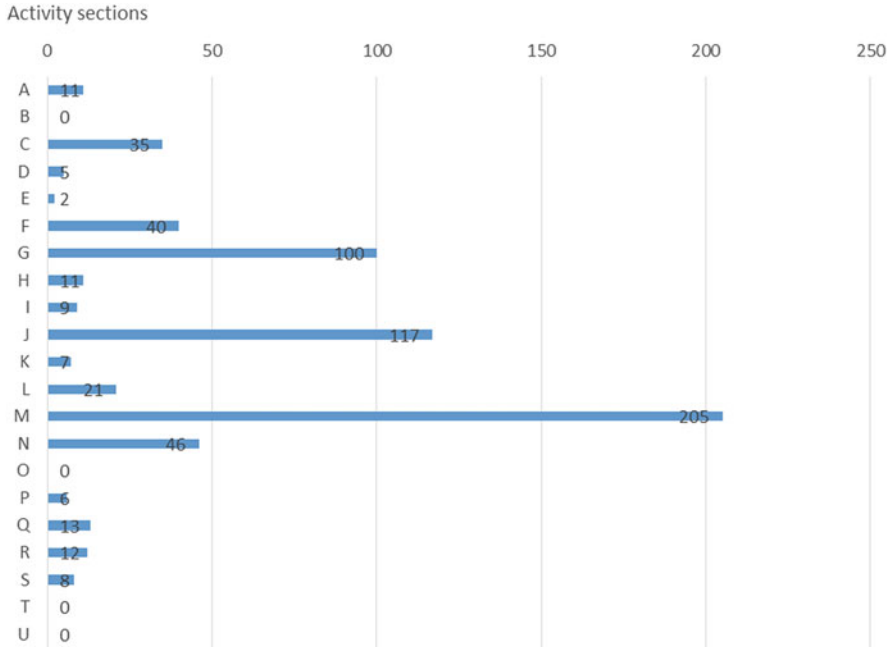


Fig. 1 Number of tenant firms per economic activity section (A—agriculture, forestry and fishing; C—total manufacturing; D—electricity, gas, steam and air conditioning supply; E—water supply; sewerage, waste management and remediation activities; F—construction; G—wholesale and retail trade; repair of motor vehicles and motorcycles; H—transportation and storage; I—accommodation and food service activities; J—information and communication; K—financial and insurance activities; L—real estate activities; M—professional, scientific and technical activities; N—administrative and support service activities; P—education; Q—human health and social work activities; R—arts, entertainment and recreation; S—other service activities). Source: Prepared by the authors

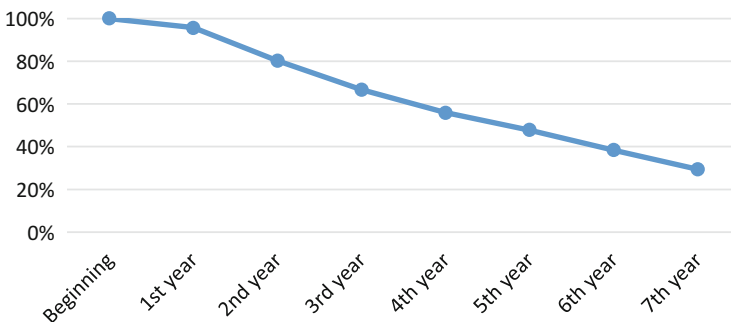


Fig. 2 Tenant firms’ survival rate. Source: Prepared by the authors

84% of all the ex-tenant companies were dissolved, extinguished, declared insolvent or liquidated after the seventh year of activity.

4.2.3 BIs and New Firms

Turning to an analysis of the identified BIs in relation to the flow of new companies in 2015 from a geographical perspective. Portuguese districts are used as the unit of analysis.⁴

In order to understand the suitability of the number of BIs for the new companies established in 2015 per Portuguese district, the following results were obtained: (i) the ratio of new companies (2015) to total number of BIs, (ii) the ratio of new companies from economic activity sections M and J to the total number of BIs, and (iii) the relative distribution of new companies (and of new companies in economic activity sections M and J) to BIs.

The first ratio comprises the number of new companies in a given district (constituted in 2015) to the total number of BIs in that district. We have ordered the ratios in quintiles and Fig. 3 shows the geographical capacity (per Portuguese district) to support new companies in accordance with the available number of BIs in those regions.

The data show that the “white” districts (e.g. Portalegre, Castelo Branco, Beja, and Évora) had an average of one BI for less than 93 companies constituted in 2015. In other words, these districts may have a more effective installed capacity, i.e. fewer new companies per BI. Due to the smaller ratio than in other districts, it may indicate that they have an appropriate number of BIs or even that they have more BIs than can be justified by the small number of new firms.

In contrast, the “red” districts (e.g. Leiria, Faro, Madeira, and Santarém) had an average of just one BI for at least 298 companies. That is, the response of BIs in these districts could be insufficient given the large flow of new companies.

The ratios are ordered by quintiles to show the pattern within the Portuguese territory. Portuguese districts with a hypothetically better fit between the number of BIs and the number of new companies can be seen above the first quintile and below the fourth quintile.

We can also see the relative distribution of each variable at the district level when comparing the number of BIs with that of new companies. In other words, among the number of incubators found, the relative percentage of BIs located in a given district can be compared to the relative percentage of new companies set up in each district. We can determine from the simple comparison of relative distributions (BIs and new companies) which districts have a suitable concentration of BIs for the number of new companies (constituted in 2015) and which do not. That is, it is important to

⁴The data on the constitution of new companies were obtained through the ‘Racius’—Business Information Platform.

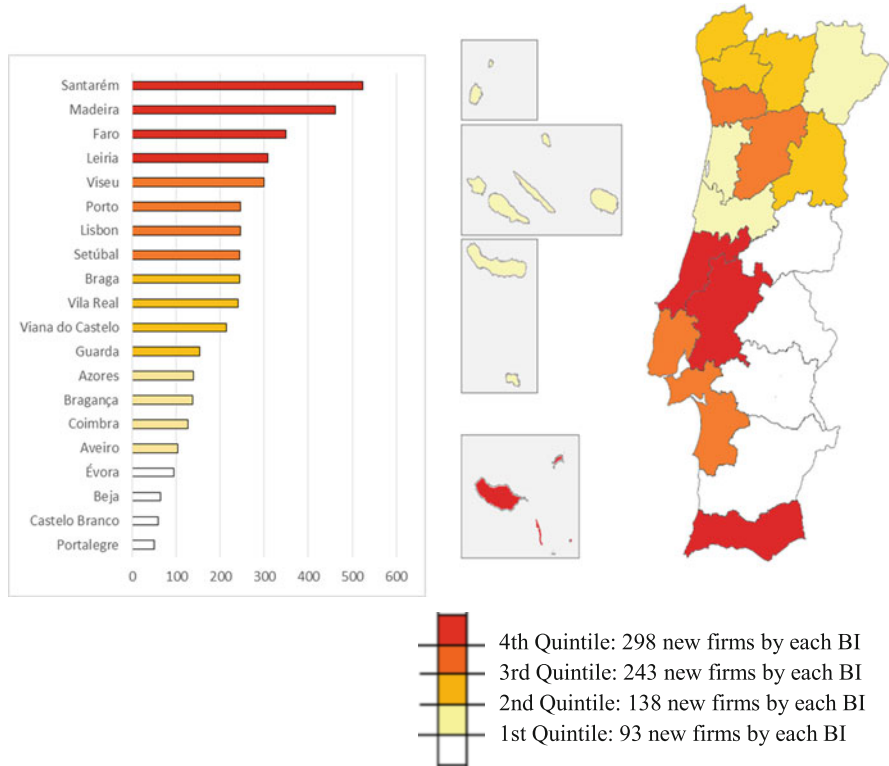


Fig. 3 Ratio of new companies (2015) to total number of BIs (per Portuguese district). Source: Prepared by the authors

realize the extent to which the spatial distribution of incubators across the country is appropriate for the dispersion of new companies (constituted in 2015)—Fig. 4.

Figure 4 shows that the districts of Lisbon and Porto; although they have a large proportion of the BIs in Portugal (approximately 40%), this is still not enough to meet the needs of the new companies in those districts. With this, we are not saying that every new company need to be incubated in order to succeed. Our intention is just to identify those districts where differential between the relative distribution of BIs and the relative distribution of new companies is high. In contrast, the relative concentration of BIs in the remaining Portuguese districts, especially Aveiro, is almost twice that of new companies formed in 2015. Theoretically, the installed capacity of business incubation in districts with a positive differential (the relative distribution of BIs covers or exceeds the relative distribution of new firms) might provide an effective response to the new business needs; on the other hand, this response capacity of districts with a negative differential may be insufficient; however, further analysis is required. To determine the effectiveness of the number of BIs in relation to new companies per Portuguese district, it is necessary to understand whether every new firm is likely to be able to belong to a BI.

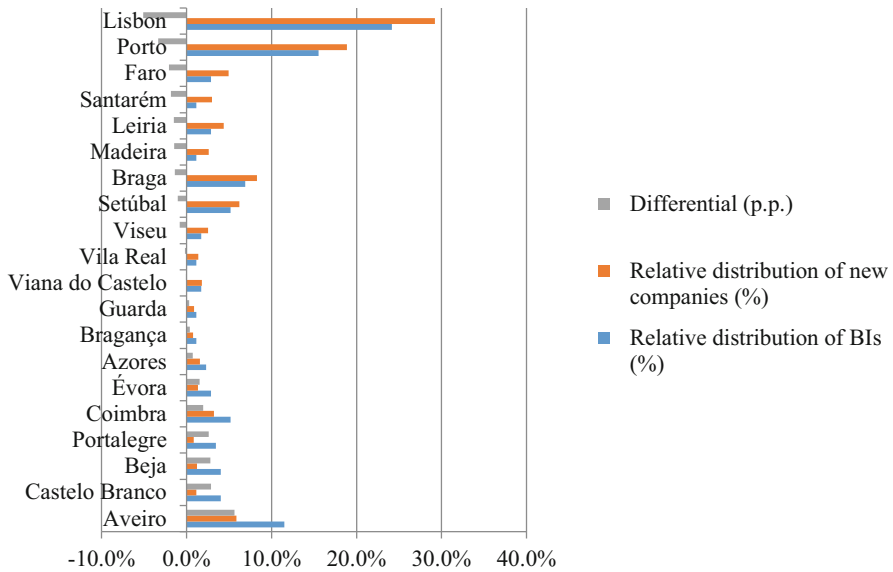


Fig. 4 Relative distribution of new companies (2015) and relative distribution of BIs. Source: Prepared by the authors

As we already know that most of the tenant firms belong to sections M (professional, scientific and technical activities) and J (information and communication activities), we now focus on the new companies in these sections, as these are the ones most likely to be incubated. We analyze the ratio of new companies in M and J sections in each district (constituted in 2015) to the total number of BIs located in that district. The ratios are ordered in quintiles to show the pattern within the Portuguese territory. Theoretically, the number of BIs will be better adjusted to the number of new companies in sections M and J in the Portuguese districts above the first quintile and below the fourth quintile—Fig. 5.

Figure 5 shows that the “white” districts (e.g. Beja, Portalegre, Azores, and Castelo Branco) had an average of one BI for less than 15 new companies in sections M and J. In other words, we can conclude that the ratio of installed capacity of business incubation to the number of companies set up in 2015 in sections M and J in these districts may be appropriate. The adequate or even excessive number of BIs in relation to that of new companies in sections M and J seems to be clear due to the small number of these companies in the districts.

In contrast, the “red” districts (e.g. Santarém, Leiria, Lisbon, and Madeira) had an average of at least one BI for 61 companies in sections M and J. That is, theoretically the response of business incubation in these districts to the high rate of new companies in sections M and J set up in 2015 may be insufficient.

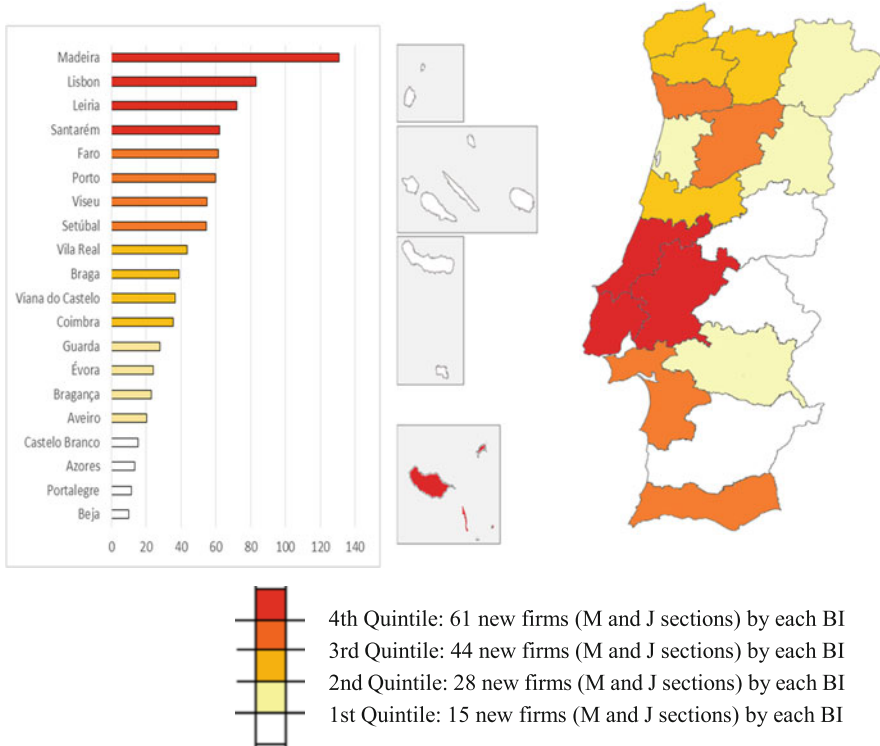


Fig. 5 Ratio of new companies (2015) in sections M and J to total number of BIs (per Portuguese district). Source: Prepared by the authors

A comparison of the relative distributions (BIs and new companies in sections M and J) allows us to conclude which districts have a more “appropriate” concentration of incubators for the number of new enterprises in sections M and J (constituted in 2015) and which do not. It is important to determine whether the spatial distribution of BIs across the country is suitable given the dispersion of new companies that are most likely to be incubated—Fig. 6.

Figure 6 shows that Lisbon has the highest deficit, i.e. the largest difference between the relative distribution of new companies (sections M and J in 2015) and the relative distribution of BIs. This suggests that there are not enough incubators to cope with the large numbers of new companies of this kind. At the other extreme, the relative concentration of BIs in the district of Aveiro is more than double that of new companies with a high probability of being incubated (sections M and J), suggesting an excess of installed capacity of business incubation due to the small number of new enterprises (sections M and J) in that district.

Overall, the results confirm the differential between the relative distribution of the number of BIs and that of new firms in M and J sections (constituted in 2015).

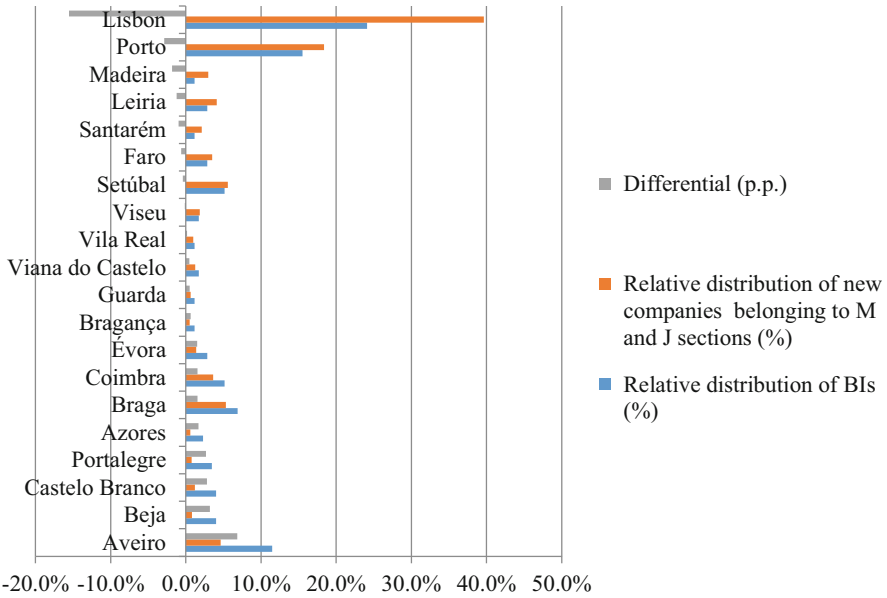


Fig. 6 Relative distribution of new companies (Sections M and J—2015) and relative distribution of BIs. Source: Prepared by the authors

4.3 Discussion

The ratios analyzed above can be used to discuss business incubation’s capacity (number of BIs) to deal with the flow of potentially incubating start-ups. On one hand, the above differential sheds light on the suitability of the relative concentration of BIs in each district to the flow of new firms in sections M and J in that district; on the other hand, the ratios reveal the average number of new firms in sections M and J per incubator per Portuguese district.

Crossing the referred differential with the ratios allows us to identify districts with a potential deficit (or surplus) of BIs due to the flow of new firms that are likely to be incubated (firms in sections M and J), and hence to show some patterns of business incubation activity in Portugal. For instance, a negative differential and a high ratio theoretically leads to the assumption that some districts do not have enough BIs to support the new companies most likely to be incubated (from sections M and J). Conversely, a positive differential and a low ratio leads to the assumption that some Portuguese districts have sufficient, or in some cases, a surplus of BIs to support the flow of start-ups—Fig. 7.

The X and Y axes of Fig. 7 are respectively segmented by reference lines—the mean value for the designated ratio⁵ and the zero value on the differential. The case

⁵44.01 new firms in M and J sections (constituted in 2015) per BI (national average).

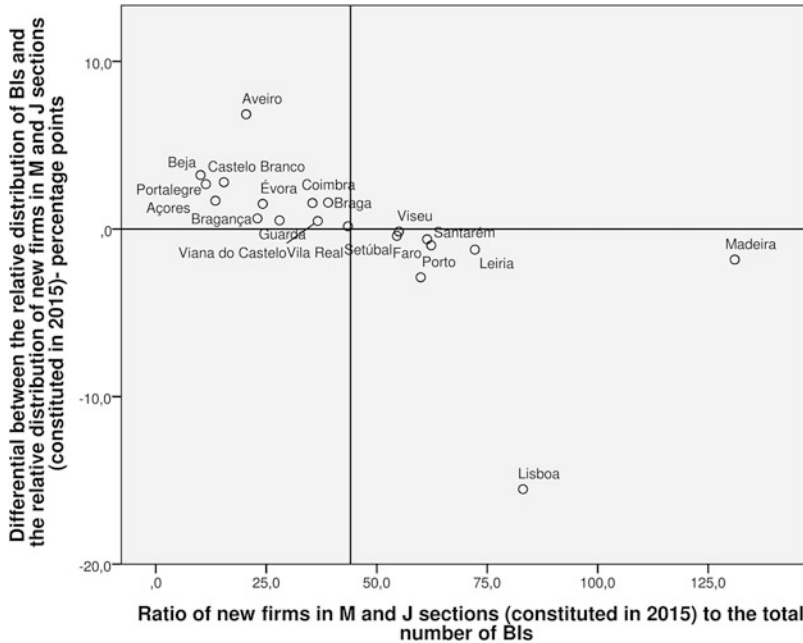


Fig. 7 Adjustment of number of BIs to number of new firms in sections M and J (constituted in 2015). Source: Prepared by the authors

of the aggregated districts in the fourth quadrant hypothetically means there are insufficient BIs to absorb new companies likely to be incubated (new firms in M and J sections). In contrast, the districts in the second quadrant of Fig. 7 are expected to have enough BIs—or even a surplus in some cases—to absorb new companies likely to be incubated (new firms in M and J sections). To complement the dual analysis above, we analyze Portuguese districts using four dimensions (Table 3):

- (I) ratio of new firms (constituted in 2015) to the total number of BIs (Ratio)⁶
- (II) ratio of new firms in M and J sections (constituted in 2015) to the total number of BIs (Ratio M and J)
- (III) differential between the relative distribution of BIs and the relative distribution of new firms (Dif)
- (IV) differential between the relative distribution of BIs and the relative distribution of new firms in M and J sections (constituted in 2015) (Dif M and J)

In addition to this analytical approach, other variables could be related to the adjustment of the number of BIs to the number of new companies per Portuguese district, such as demographical, geographical, cultural variables, but this is not our focus here.

⁶214.58 new firms (constituted in 2015) per BI (national average).

Table 3 Classification of business incubation activity in Portuguese districts using four dimensions (2015)

	(Dif M and J) < 0	(Dif M and J) > 0	
(Dif) < 0; (Ratio M and J) > 44.01; (Ratio) > 214.58	Lisboa; Porto; Madeira; Leiria; Santarém; Faro; Setúbal and Viseu (1st Group)		
(Dif) < 0; (Ratio M and J) < 44.01; (Ratio) > 214.58		Vila Real; Braga	2 nd Group
(Dif) < 0; (Ratio M and J) < 44.01; (Ratio) < 214.58		Viana do Castelo	
(Dif) > 0; (Ratio M and J) < 44.01; (Ratio) < 214.58		Guarda; Bragança; Évora; Coimbra; Açores; Portalegre; Castelo Branco; Beja and Aveiro (3rd Group)	

Source: Prepared by the authors

Based on this analysis of the four dimensions, some conclusions can be drawn on the abovementioned adjustment. The first group contains Portuguese districts where the gap between the relative distribution of the number of BIs and that of new firms is always negative (both for firms generally and firms in sections M and J), and in which the ratios between the new companies and the total number of BIs are always higher than the average values of 44.01 firms in sections M and J per BI, and 214.58 firms per BI. It can be concluded from the negative differentials found and the positioning in relation to the average ratios that the first group of districts may have a lack of BIs given the flow of new companies there.

The Portuguese districts in the second group (Table 3) have differentials close to zero, that is, an adjustment of the relative number of BIs to the relative concentration of new companies in these districts, and simultaneously ratios near to the average values for Portugal (number of new companies per BI). According to these criteria, the relative concentration of the number of BIs in the districts in the second group is a good match for the relative flow of new enterprises, and the average number of new firms per BI in these districts is close to the national average.

The districts in the third group (Table 3) show positive differentials, i.e. the regional concentration of BIs is greater than the relative flow of new companies. Cumulatively, the ratios in these districts are always lower than the national average. This suggests that the number of BIs in these districts is greater than the relative number of new firms. This is complemented by the fact that the average number of new companies per BI in those districts is always lower than the national average: 44.01 new companies in M and J sections per BI, and 214.58 new companies per BI.

5 Remarks

It is important to note some of the constraints of the research work, to outline the main findings, to mention the limitations to the execution of the research work and to highlight future lines of research in the field of business incubation in Portugal.

There was little information about the mapping of BIs in Portugal at the beginning of this work. Furthermore, no recent information was available about business incubation activity in Portugal. In fact, Caetano (2012), identified 65 active BIs in Portugal in 2011. We found that there are over 170 BIs in Portugal and that the actual number may be as high as 200. The lack of institutional information about business incubation activity in Portugal might be problematic. Policy makers should be aware of BIs' role as a specific pillar of entrepreneurial ecosystem (Stam 2015), which network engagement is relevant to promote the creation of social capital for the viability of tenant firms compared to other forms of support (Tötterman and Sten 2005).

Concerning to the data, the figures obtained reveal a huge disparity in the number of BIs operating from district to district. Due to the nature of tenant firms, it was also possible to identify the main typologies of BIs in Portugal, notably that there is a predominance of BIs that do not target specific kinds of firm/project (undifferentiated BIs) and BIs hosting technology-based firms/projects.

It was also found that a significant proportion of tenant firms (about 50% of the total) were from professional, scientific and technical activities) and information and communication activities. In addition to the average number of tenant firms per BI at national and district levels, we also identify a possible latent maladjustment in some Portuguese districts, namely between the number of BIs and the number of new companies (constituted in 2015).

The limitations that arose when conducting this study include the following: limited sources of information, possible outdated sources of information (SABI database and BI websites), the nature of information collected (usually limited and not always consistent) and the impossibility of obtaining data about some identified BIs. The difficulty in acquiring information about business incubation activity in Portugal suggest there is scope for future research in this field.

Although we believe that the actual figures for BIs operating in Portugal do not greatly exceed the ones we have advanced, we are aware that little is known about the extent of activities or services provided by the BIs to the tenant firms/projects. Based only on our observation and knowledge about some BIs, we were able to confirm: first, a great asymmetry of services provided to tenant firms in Portuguese BIs; and, second, some BIs provide a wide range of services to tenant firms while others offer little more than physical space.

There is clearly a real lack of knowledge about this subject and it would therefore be desirable to benchmark the operational capacity of Portuguese BIs. Ideally, this information could form the basis of a potential certification process for BIs at the

national level. Harmonizing the incubation services provided, Portugal would ensure the provision of quality services and foster their ongoing improvement.

It is important to understand the main factors that explain the spatial distribution of BIs in the districts of Portugal. Furthermore, we could ascertain whether greater specialization of BIs would be appropriate in Portugal by comparing the performance of the undifferentiated and specialized BIs and in line with the existing regional clusters.

Acknowledgments Support from Faculty of Economics—University of Coimbra (project FEUC/IE) and financed by FEDER—Fundo Europeu de Desenvolvimento Regional funds through the COMPETE 2020—Operacional Programme for Competitiveness and Internationalisation (POCI), and by Portuguese funds through FCT—Fundação para a Ciência e a Tecnologia in the framework of the project PTDC/IVC-PEC/5514/2014.

References

- Acs, Z. J., Braunerhjelm, P., Audretsch, D. B., & Carlsson, B. (2009). The knowledge spillover theory of entrepreneurship. *Small Business Economics*, 32(1), 15–30.
- Acs, Z. J., Audretsch, D., & Lehmann, E. (2013). The knowledge spillover theory of entrepreneurship. *Small Business Economics*, 41(4), 757–774.
- Aernoudt, R. (2004). Incubators: Tool for entrepreneurship? *Small Business Economics*, 23(2), 127–135.
- Aerts, K., Matthyssens, P., & Vandenbempt, K. (2007). Critical role and screening practices of European business incubators. *Technovation*, 27(5), 254–267.
- Allen, D. N., & Rahman, S. (1985). Small business incubators: A positive environment for entrepreneurship. *Journal of Small Business Management*, 23(3), 12–22.
- Barbero, J. L., Casillas, J. C., Wright, M., & Garcia, A. R. (2014). Do different types of incubators produce different types of innovations? *Journal of Technology Transfer*, 39(2), 151–168.
- Becker, B., & Gassmann, O. (2006). Gaining leverage effects from knowledge modes within corporate incubators. *R & D Management*, 36(1), 1–16.
- Bergek, A., & Norrman, C. (2008). Incubator best practice: A framework. *Technovation*, 28(1/2), 20.
- Bøllingtoft, A. (2012). The bottom-up business incubator: Leverage to networking and cooperation practices in a self-generated, entrepreneurial-enabled environment. *Technovation*, 32(5), 304.
- Caetano, D. (2012) Empreendedorismo e Incubação de Empresas Bnomics, Lisboa
- Carlsson, B., Jacobsson, S., Holmén, M., & Rickne, A. (2002). Innovation systems: Analytical and methodological issues. *Research Policy*, 31(2), 233–245.
- Coenen, L., & López, F. J. (2010). Comparing systems approaches to innovation and technological change for sustainable and competitive economies: An explorative study into conceptual commonalities, differences and complementarities. *Journal of Cleaner Production*, 18(12), 1149–1160.
- European Commission. (2002). *Benchmarking of business incubators*. Kent: Centre for Strategy & Evaluation Services (CSES).
- Grimaldi, R., & Grandi, A. (2005). Business incubators and new venture creation: An assessment of incubating models. *Technovation*, 25(2), 111–121.
- Hughes, M., Ireland, R. D., & Morgan, R. E. (2007). Stimulating dynamic value: social capital and business incubation as a pathway to competitive success. *Long Range Planning*, 40(2), 154–177.
- INE. (2012). *Evolução do setor empresarial em Portugal – Estatísticas das Empresas 2004-2010*. Lisboa: Instituto Nacional de Estatística – Informação à comunicação social.

- Lai, W.-H., & Lin, C.-C. (2015). Constructing business incubation service capabilities for tenants at post-entrepreneurial phase. *Journal of Business Research*, 68(11), 2285.
- Lindelof, P., & Lofsten, H. (2003). Science park location and new technology-based firms in Sweden – Implications for strategy and performance. *Small Business Economics*, 20(3), 245–258.
- Mason C, Brown R (2014) Entrepreneurial ecosystems and growth oriented entrepreneurship. Paper presented at the Workshop organised by the OECD LEED Programme and the Dutch Ministry of Economic Affairs, The Hague, Netherlands
- Mas-Verdú, F., Ribeiro-Soriano, D., & Roig-Tierno, N. (2015). Firm survival: The role of incubators and business characteristics. *Journal of Business Research*, 68(4), 793.
- Nelson, R. R. (1993). *National innovation systems: A comparative analysis*. New York: Oxford University Press.
- Noronha, T. (2011). The impacts of public policies for regional development in Portugal. *Spatial and Organizational Dynamics*, 6, 39–51.
- OECD. (1999). *Business incubation: International case studies*. Paris: OECD.
- Özdemir, Ö. Ç., & Şehitoğlu, Y. (2013). Assessing the impacts of technology business incubators: a framework for technology development centers in Turkey. *Procedia – Social and Behavioral Sciences*, 75, 282–291.
- Phan, P. H., Siegel, D. S., & Wright, M. (2005). Science parks and incubators: Observations, synthesis and future research. *Journal of Business Venturing*, 20(2), 165–182.
- Porter, M., & Kramer, M. (2011). Creating shared value. How to reinvent capitalism and unleash the wave of innovation and growth. *Harvard Business Review*, 89(1/2), 62–77.
- Rothaermel, F. T., & Thursby, M. (2005). Incubator firm failure or graduation? The role of university linkages. *Research Policy*, 34(7), 1076–1090.
- Rubin, A., & Babbie, E. (2010). *Research methods for social work* (7th ed.). Belmont, CA: Cengage Learning.
- Schwartz, M. (2009). Beyond incubation: An analysis of firm survival and exit dynamics in the post-graduation period. *Journal of Technology Transfer*, 34(4), 403–421.
- Schwartz, M., & Göthner, M. (2009). A multidimensional evaluation of the effectiveness of business incubators: An application of the PROMETHEE outranking method. *Environment and Planning C*, 27(6), 1072–1087.
- Seeger H (1997) Ex-Post-Bewertung der Technologie- und Gründerzentren durch die erfolgreich ausgezogenen Unternehmen und Analyse der einzel- und regionalwirtschaftlichen Effekte
- Small Business Encyclopedia. (2016). *Business incubator*. <https://www.entrepreneur.com/encyclopedia/business-incubator>. Accessed 16 Feb 2016
- Somsuk, N., & Laosirihongthong, T. (2014). A fuzzy AHP to prioritize enabling factors for strategic management of university business incubators: resource-based view. *Technological Forecasting and Social Change*, 85, 198–210.
- Spigel, B. (2017). The relational organization of entrepreneurial ecosystems. *Entrepreneurship: Theory & Practice*, 41(1), 49–72.
- Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23(9), 1759–1769.
- Stenberg, R. (1988). *Technologie- und Grunderzentren als Instrument kommunaler Wirtschaftsförderung – Bewertung auf der Grundlage von Erhebungen in 31 Zentren und 177 Unternehmen*. Dortmund: Dortmunder Vertrieb für Planungsliteratur.
- Stokes, D., & Wilson, N. (2010). *Small business management and entrepreneurship*. Mason, OH: South-Western Cengage Learning.
- Tamásy, C. (2007). Rethinking technology-oriented business incubators: Developing a robust policy instrument for entrepreneurship, innovation, and regional development? *Growth and Change*, 38(3), 460–473.
- Tötterman, H., & Sten, J. (2005). Start-ups: Business incubation and social capital. *International Small Business Journal*, 23(5), 487–512.
- Wennekers, S., & Thurik, R. (1999). Linking entrepreneurship and economic growth. *Small Business Economics*, 13(1), 27–55.

The Small Scale Industrial Policy in India and Performance of Unorganised Manufacturing: A Comparative Analysis with East Asian Countries



Shromona Ganguly

Abstract This chapter attempts to understand the key factors that explain the growth of a competitive and dynamic informal industrial sector in the major East Asian countries by looking at the historical developmental context as well as the industrial policy adopted by these countries. The chapter also compares the characteristics of the informal industries in India with that of the East Asian countries to conclude that the contrasting nature of the informal industrial units of these two sets of countries is essentially embedded in the differences in labour market regulation, approaches to financial market liberalization and the overall strategy of industrialization. The concluding observations and reflections stresses upon the crucial role of the state in formulating an industrialization strategy in consonance with the factor abundance of the country, in the absence of which targeted intervention to protect or promote the small scale industrial sector may produce counterproductive results, as we see in the case of India.

Keywords Manufacturing · Industrial policy · Productivity · East Asia · Informal economy

1 Introduction

The role of the informal sector in the economies of the developing countries need not be overemphasised as the informal sector accounts for more than half of total economic activities of most of the developing countries across the world. Despite this well known fact, the contribution of the informal sector in the development process remained contentious, mainly due to the abysmal low productivity of the informal sector observed in many countries along with the tendency of the firms in the informal sector to avoid taxes and regulation. While a number of theories in the

S. Ganguly (✉)

Indian Institute of Management Calcutta, Kolkata, India

e-mail: shromonag13@iimcal.ac.in

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_16

297

development economics provide a veritable cornucopia on the role of informal sector in the economic development, empirical evidences on the same in the context of developing economies often suggest that informal sector firms have very low productivity and they rarely ever make a transition to the formal sector. Based on these empirical evidences, it is often argued that informal firms are parasitic form of organisations which reflects the disguised unemployment resulting from a ill-designed policy induced transition from agrarian to an industrialised economy and hence the state policy should attempt to reduce informality. However, the dynamic and highly productive informal industries in the East Asian countries challenge this widespread notion of informal industries being murky and less productive than the formal industries. The present chapter aims to understand the institutional-developmental-policy context that sets apart the informal industries of the East Asian countries from the rest of the developing world where the informal manufacturing have abysmal low productivity when compared with the formal manufacturing and thus generates pervasive dualism within the manufacturing sector. We explore the above issue by comparing the industrial policies of the East Asian countries with India, another transition economy which is widely known for its idiosyncratic pattern of development characterised by a stagnating manufacturing sector and predominance of services at a rather early stage of development (Kochhar et al. 2006). Comparison between India and East Asian countries provides important insights regarding the industrial policy towards the informal and small scale firms mainly because of the fact that the contrasting experiences of these countries with the small scale industries (SSIs) results from the complex interaction between state policies towards the SSI and the overall developmental agenda pursued by the countries for the last five decades. India stands apart from most of the developing countries in terms of its special support policies towards the SSIs which took the form of reservation of numerous product lines for the SSIs. At the same time, the overall Industrial policy in India remained predominantly inward-oriented with emphasis given on establishing heavy industries in the country for a long time after independence and has shifted its focus towards export promotion only after the country embarked on liberalization following a massive BoP crisis in 1991. On the contrary, several of the East Asian countries did not have such an extensive support mechanism designed specifically for the SSI sector like the case of India yet these countries pursued export orientation industrialization (EOI) which is often based on a densely populated domestic network of Original Equipment Manufacturers (OEMs). While the small firms in India's manufacturing sector remained low productive and mostly segregated both from the formal manufacturing within the country and international production network, the informal firms in the manufacturing industries of most of the East Asian countries are well connected with the global production value chain thorough forward linkages with the MNEs. As this chapter will argue, the dismal performance of the SSI sector in India is largely attributed to the policy of reservation for the SSI as well as the absence of an industrial policy with clear focus not only on the employment generation within the SSIs but also on improving the productivity of the sector. In the absence of such an industrial policy at the macro-level, the various protectionist and promotional measures designed for

the SSI sector in India has thus far resulted in distorting the size structure of firms and inhibiting the organic growth of small firms with India's manufacturing sector. At the same time, the financial sector liberalization in India resulted in a reduced role of the development banks within the country. This is another area where the overall objective of reducing supply side constraints for the small firms has become counter-productive due to the inability of commercial banks to extend loans to the small firms in a profitable and business viable manner. The institutional void created in India after the demise of its major development banks which used to play a very important role in extending finance to infant industries and new entrepreneurs is in sharp contrast with Japan and Korea, where development banks continue to play a significant role in supplying entrepreneurial finance within the country. Thus, size-based industrial policy to protect or promote the small firms may not bear its intended result in the absence of a supporting and well-coordinated strategy of promoting dynamic entrepreneurship within the country.

The remaining part of the chapter unfolds as follows: the next section provides a theoretical framework for understanding the role of informal sector in the developing economies. Section 3 illustrates the historical and present institutional context which largely shapes the operating environment of small firms in the four East Asian countries, *i.e.*, Taiwan, Hong Kong, Singapore and South Korea. It also analyses the intra-regional differences in size structure of the manufacturing industries of these countries. Section 4 illustrates the case of India by analysing the policy environment of the SSI sector and its impact on the size structure, employment and productivity growth in Indian manufacturing. Section 5 presents the concluding reflections that emanate from the analysis in the previous sections and finally, Sect. 6 concludes the chapter with policy implications.

2 Informal Industries and Economic Development: The Contending Perspectives

The extant literature on the role of informal sector in the development process is vast and often forms contending views on the topic. The most popular among these is the dual economy model pioneered by Lewis (1979). In the model, informal industries play a crucial role during the transition phase of the economy by absorbing the excess labours which migrate from agriculture but fail to get a job at the industrial sector. In the dual economy model, the informal industries do not compete with the modern industry; rather it complements the latter by providing ancillary and subcontracting services. Also the informal industry produces the range of products which compete in price and are purchased by industrial workers. Hence the dual economy states that the informal industry coexists with the formal industry in the process of development.

Somewhat similar to the above model, the social marginality approach states that the informal economy mainly represents the problem of urban poverty caused by

large scale migration of labour and imbalanced industrialization. The key difference between the dual economy model in Lewis and the social marginality approach is that while the dual economy model also emphasises on the demand side forces resulting from a vast urban poor section, the social marginality approach mainly focus on the demographic dislocation of the labour class in the process of industrialization and the insufficient level of urban collective consumption in most of the megacities of the developing countries.

Apart from the above two approaches, recent research on informality also hinges on the class politics and industrial restructuring as a cause of informality. As per the state regulation approach, informality results from the attempt of the capitalists to avoid the state regulation on use of labour which mainly takes the form of minimum wages and other social benefits (Castells and Portes 1989). Another relatively new and distinctly different approach of studying informality has emerged during recent times which emphasises on the flexibility of the production process embedded in the value chain dominated by small firms. According to this new approach, which is also known as the small firms approach, informalization of the production process in many economies of Asia is a natural response of changing uncertainty in the demand structure observed in the global market along with tertiarisation and increased subcontracting as a result of new technology infusion in the production process. According to the small firm approach, growing informality is not policy induced; neither does it indicate productivity loss for the economy at the macro-level. Instead, growing informalization of the production process results from the effective resistance of the free market against the state intervention. In this context, the small firm approach elucidated in the next section of the chapter establishes the *raison d'être* of the highly productive small firms network in the East Asian countries which cannot be easily explained by the former approaches.

The recent research on the informal economies in various countries establishes the fact that informality emerges a result of various demand and supply side forces which are specific to the development process of a country. Thus the role of informality in the economy varies with the characteristics of the country and the relative strength of such demand and supply side forces (La Porta and Shleifer 2014). While the growth rate of labour force and GDP of the country influences the extent of poverty which in turn is one of the important demand side force generating informality, the availability of human capital and trained entrepreneurs speeds up the transition from informality to formality on the supply side. From a policy perspective, understanding the dynamics of the informal sector remains important not only for employment generation, but also for devising policy to improve productivity, nurture entrepreneurship and foster equitable distribution of resources as most often employment in the informal sector is characterised by low productivity, gender inequality, and lack of social security (ILO 2014).

Based on the recent literature on informality and development in the context of the developing economies, four facts about the informal sector of these economies can be singled out. (i) the size of the informal sector is huge in such economies (ii) firms in the informal sector are generally small, unproductive and stagnant (iii) informal firms rarely make a transition to the formal sector (iv) there is a negative relation between per capita income and size of the informal sector implying with

development, size of the informal sector shrinks. However, few studies so far attempt to understand the role of various social-institutional-policy contexts of the newly industrialised Asian Tigers which made the informal sector in these countries outlier in terms of its productivity and dynamism when compared with other developing and even some of the developed countries.

3 The Historical-Developmental-Policy Context of Informal Industries in East Asia

This section highlights the social-institutional-developmental context that prevailed in the major East Asian countries during last four decades and which to a great extent explains the peculiarity of the informal economy of these countries. As we will see, all these countries are characterised by some common factors; small geographical territory, export oriented industrialization strategy (EOI), abundant workforce, and relatively weak state regulation towards use of labour in the production process. However, there are also intra-regional differences in degree of state regulation, class politics, and structure of the industry and workforce composition which explains why the informal firms in Hong Cong and Taiwan provide the most compelling cases in the present context. Both these countries share a common colonial background, similar industrial structure with less vertical integration and informal kinship network of entrepreneurs within the country which helped them to develop a dynamic and highly productive informal industrial sector. Singapore and South Korea, on the other hand, present examples of a more vertically integrated industrial structure with centralised state regulation. While the state regulation approach explains to some extent the presence of informal sector in Singapore and South Korea, in the case of Taiwan and Hong Kong it's rather the predominance of OEM production along with the operational flexibility offered by the smaller sized firms which explains the existence of highly productive informal manufacturing industries in these two countries. We now examine the cases of the four countries in more detail below.

3.1 *Taiwan*

During the late 1940s, the economy of Taiwan was crippled with the problem of unemployment and inflation, mainly triggered by the immigration of thousands of people from mainland China to Taiwan following the defeat of the Kuomintang (KMT) party in Mainland China. Along with the unstable political situation that prevailed in Taiwan during the famous 2/28 incident, the country mainly pursued an import substitution policy till the 1960s after which it moved to an export led growth strategy. It is widely believed that like other newly industrialised countries (NICs), the EOI in Taiwan has been pivotal in transforming the country to the global hub of OEM manufacturing. The first export processing zone (EPZ) in Taiwan was

Table 1 Size structure of the manufacturing industry in Taiwan

Firm size measured by employment	2001			2011		
	Number of units	Number of persons engaged	Gross value of production	Number of units	Number of persons engaged	Gross value of production
Less than 5	53.3	6.6	2.6	51.7	6.6	2.8
5–29	37.0	14.0	12.5	40.1	24.4	11.4
30–49	4.2	16.6	5.7	3.3	6.8	3.9
50–199	–	–	–	3.9	19.7	14.4
200–499	–	–	–	0.7	11.4	10.9
500 and above	0.3	25.2	46.7	0.3	31.1	56.7

Numbers in the table are percentages to the respective totals; Source: National Statistics, Republic of Taiwan

established in Kaogsiung in 1966. The most visible consequence of the adoption of the EOI by the country was significant drop in the unemployment rate during the late 1960s.

The small and medium enterprises in Taiwan played a crucial role in boosting the country's export in labour intensive products. Unlike other developing economies, small manufacturing firms in Taiwan are highly productive and since many of these firms are OEMs, they do not face the problem of marketing their products. Further, most of the small Taiwanese manufacturing firms are export-oriented, which also proves the competitiveness of their products.

Table 1 illustrates some of the basic structural characteristics of Taiwanese manufacturing industry in recent years. The very small firms which employ less than 30 people constitute almost half of the total manufacturing entities in Taiwan in 2011 whereas the medium size firms employing labour in the range of 50–200 labour constitutes 4% of total manufacturing entities in the country. The average establishment size in Taiwanese manufacturing is very small. Further, it has been observed that since 1970s, the average firm size in the manufacturing sector in Taiwan has reduced gradually (Fig. 1). Table 1 also shows that the labour productivity in the medium sized firms in the employment range 50–199 is almost 1.7 times higher compared to the tiny establishments. The productivity differential across various size categories of manufacturing firms, though significant, is less pronounced when compared with countries like India, where it was found that the smallest sized establishments have almost zero labour productivity index when compared with larger firms (NSSO 2011).

The geographic-social-institutional setup of Taiwan points to at least four important characteristics which helped the small industrial units of the country to thrive (Cheng and Gereffi 1994). These are (i) rapid infrastructure development under the aegis of state around the major industrial parks of the country (ii) weak state regulation, especially at the local level in the labour market. This was also manifested by the fact that the distinction between the legal and illegal activities were quite blurred in the case of Taiwan and there were plethora of economic activities carried out by immigrants as peddles or vendors in the streets of the

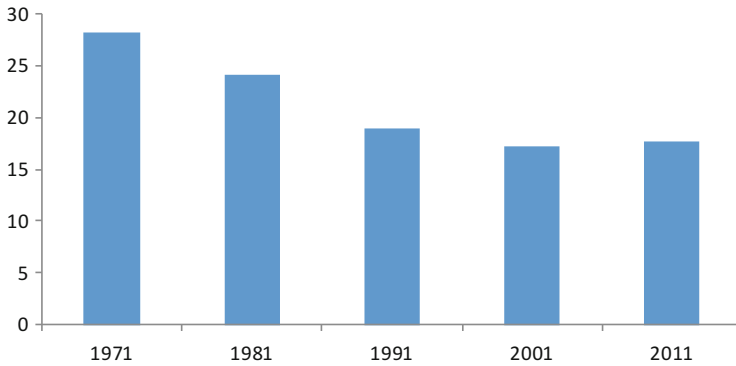


Fig. 1 Person per enterprise in manufacturing industry in Taiwan

major cities in Taiwan (iii) the land reform in Taiwan which took place between 1949 and 1953 and the resulting replacement of landed property by machines as the main family heritage linking the generations (Hu 1986) and finally (iv) the state control over the major upstream industries which effectively created an entry barrier for the small firms to enter those industries (Chu 1994). As a result small manufacturing firms in Taiwan mainly specialize in the labour intensive and light consumer goods manufacturing and exporting. However, the emergence of the class of entrepreneurs following the dismantle of landlord class in Taiwan was made possible through the active intervention of the state in setting up the enabling infrastructure within the country in the form of dispersed industrial parks and transportation systems across the country. Also, the three export processing zones set up in Taiwan during the 1960s facilitated subcontracting arrangement of the small Taiwanese manufacturing firms with the foreign firms.

3.2 *Hong Kong*

The case of Hong Kong provides support of the fact that the existence of a large number of small firms in the manufacturing firm need not necessarily be a sign of manufacturing dualism, rather it represents a flexible and efficient production process which results in an export ratio of as high as 100%. Hong Kong was the first among the four NICs to pursue the strategy of creating a SME-centred production network for EOI, which resulted in quick absorption of unemployed labour force in the country. The massive inflow of labour from mainland China following the civil war helped Hong Kong to create a competitive labour market. Like Taiwan, labour regulation in Hong Kong too is weaker when compared to countries like Latin America or India.

From Table 2, it is clearly visible that while the smallest size family firms account for more than 80% of total manufacturing establishments operating in the country, the medium size manufacturing establishments have strong presence in terms of

Table 2 Size of firms in Hong Kong's manufacturing industry

Firm size (by employment)	1989			2001			2015		
	Number of units	Number of persons engaged	Gross value added	Number of units	Number of persons engaged	Gross value added	Number of units	Number of persons engaged	Gross value added
1-9	71.4	16.0	11.1	81.3	16.9	7.1	84.2	22.7	12.1
10-99	26.3	45.3	41.9	16.8	37.2	31.8	14.4	34.0	35.4
100 and above	2.3	38.8	47.0	1.9	45.9	61.1	1.3	43.3	52.5

Numbers in the table are percentages to the respective totals; Source: Census and Statistics Department, Government of Hong Kong

value added. The labour productivity in the small and medium size firms have increased over the years and resulted in the reduced productivity gap between the small and large firms in the manufacturing sector of Hong Kong. All these indicate the enduring competitiveness of Hong Kong's small firm sector. The same was also reflected in a survey of small and medium enterprises conducted in 1987 which shows that nearly 45% of these small firms were involved in subcontracting activities with the import-export firms (Sit and Wong 1989). Like in the case of Taiwan, small dynamic entrepreneurial firms in Hong Kong are linked through social ties of kinship, friendship, or ethnic communities with a common geographical affinity (Redding 1988). The division of labour in the labour intensive export industries in both the countries have taken the shape of a declining firm size within manufacturing; it is neither a result of state regulation nor an attempt of capitalists to evade taxes. Instead, the small business sector in Hong Kong is provided with facilitating operating environment by the state in the form of infrastructure and subcontracting arrangements with the exporting sector.

3.3 *South Korea*

Unlike Taiwan and Hong Kong, the manufacturing industry in South Korea is characterised by vertical integration and strong presence of large state-owned conglomerates popularly known as Chaebols. Korea's state dominated banking sector helped the Chaebols to raise industrial finance which further facilitated the growth of these big companies. As a result, the industrial sector in South Korea remained largely concentrated in terms of its geographical spread and product mix. At this backdrop, the emergence of the urban informal sector in South Korea was mainly a result of massive rural urban migration within the country. The pattern of industrialization in South Korea, thus, largely resonates with India, where the country adopted a heavy industrialization strategy in its second five year plan after independence. However, the size of the informal sector in South Korea remained relatively small as compared with India in terms employment. While in India, the unorganised manufacturing sector accounted for more than 80% of total manufacturing employment (NCEUS 2009), in the case of South Korea firms with less than 100 workers account for roughly 70% of total manufacturing employment (Table 3).¹ In essence, the informal industry in South Korea is relatively less pervasive which could be due to the active state support provided to the large conglomerates. However, the Chaelbols are connected with the small firms through the subcontracting arrangement in the case of South Korea; the same is largely

¹The exact comparable figures for these two countries are difficult to obtain due to non-uniformity of data reported. In India, firms which use electricity and employ 10 or more workers and firms which do not use electricity but employ 20 or more workers are part of the registered manufacturing sector. From the breakup reported in Table, it can be easily understood the firms with 20 or more workers constitutes less than 70% of total manufacturing employment in Korea.

Table 3 Manufacturing industry structure in South Korea: 2014

Firm size	Number of units	Number of workers
1–4	81.3	28
5–99	18.3	47.6
100–299	0.4	10.6
300 and more	0.1	13.8

Numbers in the table are percent to total; Source: Census of Establishments, Government of Korea

absent in the case of Indian manufacturing. Though in recent times, the incident of subcontracting has increased in Indian manufacturing, it is often found that such subcontracting is in the form the smaller firms supplying raw materials to the larger firms (Mitra and Bhaumik 2013). The possibility of technological knowledge spill-over remains low in such a form of subcontracting in addition to the fact that smaller firms in India often face the issue of delayed repayment and other unfair practices by the large buyers (Sahu 2010).

3.4 Singapore

Singapore is often cited as a glaring example of a country's successful transition from massive unemployment and stagnation during the 1960s to one of the fastest growing and most competitive country of the world. The peculiarity of its informal sector is embedded in the state regulation of industrial relations in an authoritarian corporate institutional set up. The EOI strategy adopted by the People's Action Party (PAP) in Singapore during the late 1960s effectively absorbed the unemployment problem of the country by expanding the labour intensive export sector. Instead, labour shortage emerged as a serious constraint to Singapore's economic development by the 1980s propelling the government to quickly adopt the strategy of importing foreign labour to solve this problem. The foreign workforce in Singapore is mainly engaged in short term unstable jobs and earn significantly less compared with the domestic workers (Bello and Rosenfeld 1990).

Singapore's industrial sector was dominated by the small retail establishments and cottage industries till the 1960s (Garner 1972). However, following the foreign capital led industrialization policy adopted by the country; the foreign owned enterprises started playing a prominent role in the national output as well as export of the country. By the mid 1980s, these foreign owned enterprises accounted for 70% of Singapore's gross manufacturing output, over 50% of total employment and 82% of direct exports (C-Y. Lim 1988).

Table 4 provides the basic size structure of Singapore's manufacturing sector in terms of the share of firms in various size category in number of units, employment and output. What is interesting to note here is that the difference in the labour productivity across various size categories of firms is not so stark like in the case of India. However, it was seen that the productivity of foreign owned firms in

Table 4 Structure of Singapore's manufacturing sector

Size of establishments by employment	Number of units	Workers employed	Manufacturing output	Labour productivity
0–9	51.17	5.05	1.93	0.38
10–19	20.76	6.05	1.24	0.21
20–29	4.97	2.64	0.84	0.32
30–39	4.04	2.98	1.08	0.36
40–49	2.86	2.78	0.98	0.35
50–69	4.08	5.22	4.45	0.85
70–99	3.59	6.52	4.53	0.69
100–149	3.14	8.40	6.84	0.81
150–199	1.58	5.90	2.52	0.43
200–299	1.37	7.22	7.81	1.08
300–499	1.05	8.71	11.70	1.34
500–999	0.82	12.36	26.89	2.18
1000 and over	0.57	26.16	29.20	1.12

Numbers in the table are percentages to their totals; Source: Census on Manufacturing Activities (2015), Department of Statistics, Singapore Government

Singapore is significantly higher as compared to the domestically owned small firm sector (Cheng and Gereffi 1994) which indicates that the manufacturing dualism in the case of Singapore is more prominent if one looks at the productivity differences across ownership categories rather than the size structure.

4 The Small Scale Industries in India: A Comparative Perspective

India stands apart compared to all other developing economies when it comes to devising state policies to promote and protect its SSI sector. Such special emphasis on the SSI sector emanated from the socialist pattern of development adopted by India after independence as well as the Gandhian philosophy which relates village and cottage industries with the notion of self sufficiency of the nation. The operating environment of the SSI sector in India was one of the most unique in the world ever since the country embarked on an import substituting industrialization strategy during its second five year plan. While the industrial policy in India at a macro level aimed for setting up the industrial base within the country by creating large public sector enterprises through a centralised planning system, on a parallel side, there were also a mix of promotional and protectionist policies implemented for the SSI sector. The most unique among such policies were to reserve specific products lines within the manufacturing sector for the SSI firms with the aim of protecting the small firms from the competition. It was believed, that like the infant industries, small firms also require these protectionist measures to overcome the constraint they

face in the factor markets. After the reservation was put in place, no new unit of the medium or large size was allowed to enter the industry under reservation. Although the existing medium and large scale firms were allowed to operate, their further capacity expansion was barred; the exception to this rule being applicable to the exporting firms, *i.e.*, firm exporting a minimum of 50% of their total production. Another curious feature of this reservation policy is that though *prima facie* it appears that the items reserved for the SSI sector was mainly labour intensive in nature, no official document explains the criteria for selecting the product lines for reservation (Mohan 2002). Though initially only 47 items were reserved, the number increased significantly since then to reach as high as 836 items by the end of 1989. As documented in Mohan (2002), the reservation policy has distorted the size structure of firms in Indian manufacturing, provided perverse incentive to the small firms to remain perpetually small in the reserved industries and inhibited the technology up gradation and capacity expansion of firms. While the existing large firms in most labour intensive industries could not expand capacity and upgrade technology due to reservation policy, thus hampering their export potential and growth of employment, at the same time there is limited evidence of the transition of firms from the very small size category to the larger size bins. Additionally, the reservation policy provided protection to the existing large firms in the reserved items as no new large entrant were allowed in the industry. Protection in the domestic market further reduced the incentive for the existing large firms in the reserved industries to upgrade their technology and compete in the world market. Finally, the reduced employment in the labour intensive manufacturing industries in India due to the reservation policy defeated the very purpose of promoting the labour intensive manufacturing in the country. In this context, a recent study by Martin et al. (2017) provides a detailed empirical evidence of enhanced employment growth in districts which were more exposed to de-reservation. The paper also finds that in most cases, the gain in employment was contributed by the new firms which entered the industry after the de-reservation.

The deleterious impact of the reservation policy caught the attention of policymakers in India only in the 1990s (Hussain 1997) and the policy was gradually dismantled by de-reserving the items in a phased manner starting from 1997 onwards. The remaining 20 items were de-reserved in 2015.² During the last decade, a slew of promotional policy gradually replaced the protectionist policy towards the SSI sector in India. At present, such promotional policy mainly takes the form of the state assisting the micro, small and medium enterprise (MSME) sector in various areas of marketing assistance, skill development, and by ensuring adequate and timely formal credit flow to the MSME sector (Ministry of MSME 2015).

Despite putting in place a wide range of protectionist and promotional policies for the SSI sector, it is found that the performance of the small manufacturing firms in

²Details on the same can be found at the official website of the Development Commissioner (DC) MSME, Government of India. <http://www.dcmsme.gov.in/publications/reserveditems/resvex.htm>

Table 5 Size structure of firms in Indian manufacturing

Firm size by employment	Number of units ^a	Total persons engaged ^a	GVA ^a	Labour productivity (GVA per worker, Rs Lakh)
0–14	42.12	3.93	2.09	4.5
15–19	9.11	2.08	1.17	4.7
20–29	10.73	3.49	1.94	4.7
30–49	10.85	5.57	3.18	4.8
50–99	10.38	9.64	6.44	5.6
100–199	7.34	12.65	8.11	5.4
200–499	5.33	18.7	17.51	7.9
500–999	2.15	14.2	17.67	10.4
1000–1999	1.11	11.36	12.77	9.4
2000–4999	0.59	9.3	15.18	13.7
5000 and above	0.27	9.08	13.93	12.9

Source: Annual Survey of Industries, 2014–2015

^aNumbers are in percent to total

India remained quite disappointing in terms of its productivity differentials with the large firms. Table 5 provides some of the key characteristics of firm size distribution within the registered part of Indian manufacturing, *i.e.*, factories which need to register their operation with the state. As is evident, the smallest sized firms in the registered manufacturing account for 42% of total firms and contribute roughly 4% of total manufacturing employment and close to 3% of total GVA (Table 5). Additionally, the larger manufacturing firms have significantly high labour productivity as compared with the small firms. However, the extent of dualism in Indian manufacturing is somewhat understated in the above table as it excludes the large number of unorganised manufacturing entities operating in the country. As per the latest MSME census in India conducted during 2006–2007, almost 86% of the manufacturing MSMEs operating in the country are unregistered. The proportion of unregistered manufacturing in total gross value added of the manufacturing sector in India is close to 30%. Within the various sectors, the presence of small household manufacturing firms is mostly prominent in the food products, textile, apparel, leather, and wood products, and furniture accounting for roughly 20–30% of the output of these industries. In other capital intensive sectors, these firms share in output is in the range of 1–9% (Table 6).

The above statistics on the industrial structure of India indicates that unlike Singapore and Taiwan, the small industrial units in India are still concentrated in certain sectors which are relatively primitive and resource intensive. There are only few sectors like computer electronics and optical products and electronic equipment where the proportion of value added by the household industries has increased in recent years (Table 6). It is also worthwhile to note here that the share of some of the capital intensive sectors like electrical machinery and transport equipment in the total output of the unregistered manufacturing has increased steadily since the 1990s and these two sectors together account for close to 10% of total unregistered manufacturing output in the country during 2013 (NAS 2016). Further, the ratio of

Table 6 Proportion of value added by the household manufacturing sector in India

Industry	2011– 2012	2012– 2013	2013– 2014	2014– 2015
<i>Manufacture of food products, beverages and tobacco</i>	21.8	22.9	23.7	23.5
Production and processing of meat etc	26.8	13.1	8.3	8.1
Dairy products	11.3	6.1	8.2	8.4
Grain mills products, animal feeds	28.6	29.9	29.6	30.1
Other food products	20.8	26.1	30.3	30.0
Beverages	3.9	5.1	5.8	5.5
Tobacco	36.0	39.3	39.2	39.4
<i>Textile, apparel and leather</i>	31.2	29.3	35.7	35.3
Textile+cotton ginning	31.8	29.1	37.7	37.0
Wearing apparel	22.1	22.9	23.4	23.2
Leather and related products	44.0	44.4	44.8	45.0
<i>Metal and metal products</i>	11.4	15.6	9.1	8.5
Basic iron and steel+casting iron and steel	2.9	2.8	1.7	1.8
Basic precious and non-ferrous metals	1.0	3.5	0.8	0.8
Fabricated metal products, except machinery and equipment	30.1	37.4	32.5	30.9
<i>Machinery and equipment</i>	4.5	4.1	6.0	5.6
Computer electronic and optical products	8.0	10.1	16.4	12.8
Electronic component, consumer electronic, magnetic and optical media	9.5	7.9	16.2	15.7
Computer and peripheral equipment	9.2	30.1	32.2	23.1
Communication equipment	8.2	5.6	5.1	1.6
Optical and electronics	3.7	1.6	1.2	1.1
Electrical equipment	8.4	7.1	8.6	9.5
Machinery and equipment nec	4.4	3.6	4.9	4.9
Transport equipment	2.2	2.0	2.3	2.2
<i>Coke, petroleum, rubber, chemical and related</i>	4.3	4.3	3.9	3.8
Coke and refined petroleum products	0.3	0.1	0.1	0.1
Chemical and chemical products except pharmaceutical	0.8	1.0	0.8	0.7
Pharmaceutical, medicine and botanical products	0.8	0.5	0.7	0.6
Rubber and plastic products	5.6	4.7	4.5	4.4
Non-metallic mineral products	14.5	17.0	16.8	16.5
<i>Others</i>	34.8	36.8	36.3	36.0
Wood products except furniture	72.4	72.8	70.7	70.6
Paper and paper products	8.3	7.2	6.3	6.2
Printing and reproduction of recorded media except publishing	11.0	9.3	8.8	9.0
Furniture	74.0	71.4	79.5	79.6
Other manufacturing	8.8	8.2	8.3	8.5
Repair and installation of machinery and equipment	6.6	9.1	8.7	8.9
GVA	12.7	13.3	13.9	13.5

Source: National Account Statistics (2016), Ministry of Statistics and Programme Implementation (MoSPI), Government of India

unregistered to registered segment output in both these industries was higher during the 1990s as compared to its earlier decade. The gradual structural change within the unregistered manufacturing in India in favour of a more diversified product portfolio as well as the higher share of the unregistered segment in output within some of the relatively capital intensive industries indicates greater subcontracting and ancillary arrangement in these industries though the exact reason of such a trend is yet to be explored in the literature. Given India's significant trade deficit in these industries during recent years (Chaudhuri 2013), its rather difficult to link the above trend with productivity improvement in the small unorganised manufacturing in India. On the contrary, several studies have found that during the post-reform period, the productivity differential between the organised and the unorganised manufacturing in India has further exacerbated (Kathuria et al. 2010). Hence, it appears that the increasing subcontracting indicated by a greater proportion of output generated from the unregistered segment in the case of electrical equipment and machinery and transport equipment in the last decade is largely in response to India's stringent labour laws which has made labour almost a quasi-fixed input for Indian industries.

The above discussion indicates the contrasting nature of the informal industries in India as compared to the East Asian countries. Informal industry in India is low productive and mostly concentrated in the labour intensive and subsistence sectors though in more recent times there has been a gradual increase in the share of the informal or unorganised segment in some of the comparatively modern industries like electrical and transport equipment. However, unlike other East Asian countries, there has been no substantial empirical evidence showing productivity convergence between the formal and informal segment of the manufacturing industry. The registered factory segment in Indian manufacturing industry is almost 20 times more capital intensive than the unregistered segment. Also both the capital and labour productivity index for the smallest of the unregistered firms, or the own account establishments (OAEs) which are owned by the family without any outside hired worker is virtually close to zero when compared with the registered segment (Table 7). Thus, the unregistered part of Indian manufacturing remained largely segmented from the registered part in terms of factor intensity and productivity. The case of SSIs in India perhaps provides the strongest empirical support of the fact that when overall industrial policy as well as the institutional arrangement of the country

Table 7 Factor intensity and productivity in Indian manufacturing

	Unregistered manufacturing		Registered manufacturing
	OAEs	Establishments	Factory segment
Labour productivity	0.63	1.32	100
Capital productivity	0.02	0.02	100
Capital intensity	4.72	8.44	100

Numbers in the table are productivity indices assuming factory segment as base (=100); Source: Author's calculation based on NSSO (2011) and ASI (2011)
OAE own account establishments

favours capital intensity, targeted intervention for improving the performance of small firms yields little of its intended result.

5 Firm Size-Based Industrial Policy as Panacea? Review and Implications

The contrasting nature of informal industries in the East Asian countries and India is essentially embedded in the historical-policy-institutional context of these countries. In Taiwan and Hong Kong, the emergence of a dynamic entrepreneurial informal manufacturing sector provides a strong case against the popular view that informality in developing countries are essentially a result of social marginality of urban poor. Both the countries experienced urban migration and rapid unemployment during the 1960s and the informal industries were successful in quickly absorbing the unemployed workforce in these countries. Moreover, in the case of Singapore, the labour shortage became a serious issue hindering the growth of its small-medium enterprises at a later stage due to high growth of the country. The informal workforce in most of the East Asian countries is an explicit result of state policy of ensuring labour supply at a cheaper rate to the small-medium enterprises. India, on the other hand is known for its stringent labour laws which has made labour almost a quasi-fixed output in the production process. Additionally, the labour productivity in the small unorganised manufacturing firms in India is significantly low as compared to the labour productivity in the registered segment, which effectively increases the per unit labour cost for the smaller enterprises in India. The structural change of workforce composition in the four East Asian countries since the 1980s indicates that the gradual transformation from being predominantly agrarian to industrial economy in these countries was accompanied with labour movement from agriculture to industry (except in the case of Singapore, where labour was primarily absorbed in the services sector) whereas in India, employment in the industry stagnated. During the transition phase of the economy, the informal industrial sector plays a crucial role in the gradual transformation of labour force in accordance with the changing structure of the economy. India, despite having a wide range of policies to support the SSI sector, the most unique of which is product reservation, has failed to revive its performance. At least to certain extent, the poor performance of the small industrial units in India is explained by the macro-level industrial policy in India, which favours capital intensity in production by making the labour no cheaper for the small firms.

The intra-regional differences in the nature of the informal industries in the East Asian countries further corroborates the importance of a decentralised industrial structure with firm-level labour controls for the informal industries to thrive. In both South Korea and Singapore, overall industrial policy favours large firms resulting in a relatively smaller informal sector in these two countries. In Hong Kong and Taiwan, on the other hand, the predominance of OEM mode of production explains

the existence of a large informal network of small manufacturing units which are well connected with the global value chain. In these countries, informalization of the labour force has taken place as a natural response to retain the flexibility and competitiveness in the global market, while the state has assumed an important role in creating enabling infrastructure and supply of materials to these small firms.

Finally, the financial market liberalization in the East Asian countries took a different approach towards ensuring entrepreneurial finance to its industry than what was adopted in India. In India, the financial sector reform introduced in the 1990s resulted in the reduced importance of the development banks in the country. These institutions played a crucial role in extending long term finance during the early phase of industrialisation in India. Contrary to the East Asian countries, where financial market reform did not result in the reduced importance of the development finance institutions, India converted most of its development banks into commercial banks based on the argument that the business model of the erstwhile development banks in India was not commercially viable and it resulted in excessive risk concentration in their lending portfolio. In sharp contrast, the development banks in Japan and Korea continued to play significant role by not only extending long term credit to industry and infrastructure but also by taking part in industrial policy formulation of the country through the consultative process with the government. Loan disbursement to industry by these banks in both the countries was based on stringent economic and financial viability conditions, unlike political consideration as was often found in other developing countries. So far, there are no elaborate studies which attempt to understand the institutional void created by the demise of development banks in India in the context of credit disbursement to industry, especially to the new entrants in the manufacturing industry. In India, the directed credit programme, popularly known as the Priority Sector Lending programme, mandated the commercial banks to disburse a certain minimum proportion of their credit portfolio to the micro and small firm sector. Such a programme does not address the core issue of information asymmetry which makes lending by commercial banks to the SSI sector difficult. Rather it incentivises banks to lend the relatively larger firms within the SSI sector in order to meet the administrative target set for them, apart from the fact that overtime, the scope and definition of priority sector lending in India has been broadened to make it easier for the banks to achieve the target. More in-depth study is required to understand the impact of the conversion of development banks into commercial banks on industrial credit growth and entrepreneurship formation, especially given the relatively smaller size and spread of the venture capital industry in India.

6 Conclusion

The chapter analyses some of the contrasting characteristics of the historical-social-institutional framework of East Asian countries and India which explains the stark differences in the performance of the informal industries of these countries. Despite

the intra-regional differences in size and productivity, the informal industries in the East Asian countries remain engine of the export oriented economic growth for these countries due to their competitive and dynamic nature. In the case of Taiwan and Hong Kong, a relatively unregulated labour force and the OEM mode of production has generated a dense network of small and efficient manufacturing plants which have strong forward and backward linkages in the economy. In the case of Singapore and South Korea, the centralised production system has resulted in a smaller size of the informal industry in these two countries. However, the centrally planned development of upstream industries in South Korea and the State policy induced informal workforce in Singapore have helped the informal industrial firms to grow by ensuring abundant supply of factors of production. The wide range of policies to promote and protect the SSI sector in India, on the other hand, has produced counterproductive results of distorting the size structure of firms and hindering the employment growth in its manufacturing industry. The analysis in the present chapter suggests that firm size-based industrial policy alone is not sufficient for the small firms to grow; rather the pre-condition for the small industrial units to thrive is embedded in designing the overall industrial policy of the country in accordance with the factor abundance along with rapid infrastructure development within the country.

References

- ASI. (2011). *Summary results of annual survey of industries*. Accessed from <http://www.csoisw.gov.in/cms/En/1023-annual-survey-of-industries.aspx>
- Bello, W., & Rosenfeld, S. (1990). *Dragons in distress: Asia's miracle economies in crisis*. Institute for Food and Development Policy.
- Castells, M., & Portes, A. (1989). World underneath: The origins, dynamics, and effects of the informal economy. In M. Castells, L. A. Benton, & A. Portes (Eds.), *The informal economy: Studies in advanced and less developed countries* (Vol. 12). Baltimore: Johns Hopkins University Press.
- Census on Manufacturing Activities. (2015). Department of Statistics, Singapore Government.
- Chaudhuri, S. (2013). Manufacturing trade deficit and industrial policy in India. *Economic and Political Weekly*, 48(8), 41.
- Cheng, L. L., & Gereffi, G. (1994). The informal economy in East Asian development. *International Journal of Urban and Regional Research*, 18(2), 194–219.
- Chu, W. W. (1994). Import substitution and export-led growth: A study of Taiwan's petrochemical industry. *World Development*, 22(5), 781–794.
- Gamer, R. E. (1972). *The politics of urban development in Singapore*. Ithaca: Cornell University Press.
- Hu, T.-L. (1986). Characteristics of the development of Taiwanese rural small industries and its economic-cultural base. In H.-Y. Chiu & Y.-H. Chang (Eds.), *Social and cultural change in Taiwan* (Vol. 1). Taipei: Academia Sinica, Institute of Ethnology.
- Hussain, A. (1997) *Report of the expert committee on small enterprises*. Accessed from <http://www.dcmsme.gov.in/publications/comitterep/abid.htm>
- ILO. (2014). Transitioning from the informal to the formal economy. In International Labour Conference, 103rd Session. Accessed from http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_218128.pdf

- Kathuria, V., Rajesh Raj, S. N., & Sen, K. (2010). Organised versus unorganised manufacturing performance in the post-reform period. *Economic and Political Weekly*, 45, 55–64.
- Kochhar, K., Kumar, U., Rajan, R., Subramanian, A., & Tokatlidis, I. (2006). India's pattern of development: What happened, what follows? *Journal of Monetary Economics*, 53(5), 981–1019.
- La Porta, R., & Shleifer, A. (2014). Informality and development. *The Journal of Economic Perspectives*, 28(3), 109–126.
- Lewis, W. A. (1979). The dual economy revisited. *The Manchester School*, 47(3), 211–229.
- Lim, C.-Y. (1988). *Policy options for the Singapore economy*. Singapore: McGraw-Hill.
- Martin, L. A., Nataraj, S., & Harrison, A. E. (2017). In with the big, out with the small: Removing small-scale reservations in India. *The American Economic Review*, 107(2), 354–386.
- Ministry of MSME. (2015). *Report of the committee set up to examine the financial architecture of the MSME sector*. Accessed from http://www.msme.nic.in/WriteReadData/DocumentFile/2015_02_MSME_Committee_report_Feb_2015.pdf
- Mitra, M., & Bhaumik, S. K. (2013). Inter-firm linkage in unorganised manufacturing sector in India. *The Indian Economic Journal*, 60(4), 35–54.
- Mohan, R. (2002). Small-scale industry policy in India. In A. O. Krueger (Ed.), *Economic policy reforms and the Indian economy* (p. 213). Chicago: University of Chicago Press.
- NAS. (2016). *National Account Statistics. Ministry of Statistics and Programme Implementation*. Accessed October 30, 2017, from <http://mospi.nic.in/publication/national-accounts-statistics-2016>
- NCEUS. (2009). *The challenges of employment in India*. Accessed from http://nceuis.nic.in/The_Challenge_of_Employment_in_India.pdf
- NSSO. (2011). *Summary results of the survey of unincorporated non-agricultural enterprises*. Accessed from <https://data.gov.in/resources/survey-unincorporated-non-agricultural-enterprises-excluding-construction-nss-67th-round/download>
- Redding, S. G. (1988). The role of the entrepreneur in the new Asian capitalism. In P. L. Berger & H.-H. M. Hsiao (Eds.), *In search of an east Asian development model* (pp. 99–114). New Brunswick, NJ: Transaction Books.
- Sahu, P. P. (2010). Subcontracting in India's unorganised manufacturing sector: A mode of adoption or exploitation? *Journal of South Asian Development*, 5(1), 53–83.
- Sit, V. F., & Wong, S. L. (1989). *Small and medium industries in an export-oriented economy: The case of Hong Kong* (No. 83). Center of Asian Studies, University of Hong Kong.

Entrepreneurship in Emerging Economies: A Microenterprise Case



Martha Ríos-Manríquez, María Dolores Sánchez-Fernández,
and Elisa Isabel Cano Montero

Abstract Disadvantages of emerging economies include high poverty, a lack of industrialisation, a shortage in digital training, as well as an economic and financial dependency on foreign sources. Such deficiencies influence the future of genuine entrepreneurs. Despite these limitations, and in comparison to the developed countries, these economies are the world's economy-engine. Thus, this research focuses on the analysis of the entrepreneur's spirit and the qualitative indicators that influence their current situation, which include a: (a) stable microenterprise, (b) growing microenterprise and (c) critical or decayed microenterprise. This research involved a non-experimental with a descriptive, correlative and regressive study. Surveys were conducted from September 2016 to January 2017, interviewing owners and/or partners of 80 different microenterprises in Celaya, Guanajuato. The aim of the results was to seek and contribute knowledge to the microentrepreneur and government, so that they may understand the qualitative aspects that influence all current situations of a microentrepreneur. Additionally, the results serve as a source for further support of this vulnerable yet essential sector within the Mexican business environment. In general, this paper shows that even with the country's insecure and uncertain conditions, more than half of the interviewed microenterprises find their business in a stable situation and one third of the surveyed are in growth.

M. Ríos-Manríquez

Department of Finance and Administration, Celaya-Salvatierra Campus, University of Guanajuato, Celaya, Guanajuato, Mexico

e-mail: martha@ugto.mx

M. D. Sánchez-Fernández (✉)

Department of Business, University of Coruña, A Coruña, Galicia, Spain

e-mail: msanchezf@udc.es

E. I. Cano Montero

Department of Business Administration, Faculty of Social Sciences, University of Castilla-La Mancha, Talavera de la Reina, Toledo, Spain

e-mail: elisaisabel.cano@uclm.es

© Springer International Publishing AG, part of Springer Nature 2018

L. C. Carvalho et al. (eds.), *Entrepreneurship and Structural Change in Dynamic Territories*, Studies on Entrepreneurship, Structural Change and Industrial Dynamics, https://doi.org/10.1007/978-3-319-76400-9_17

317

Keywords Microentrepreneur · Microenterprises · Young entrepreneur · Adult entrepreneur · Enterprising adult and elderly entrepreneur · Emerging economies · Mexico

1 Introduction

In their path to success, worldwide enterprises are faced with constant changes in business, causing them much disorientation along the way. Perhaps this is due to economic aspects, a lack of capital and intellectual preparation, technical aspects, or other situations that put at risk even the smallest enterprises. This research focuses on the microentrepreneur's location on the emerging Mexican economy. According to the entrepreneur's spirit and qualitative indicators that influence a current enterprise situation, microenterprises are classified as follows: (a) stable microenterprise, (b) growing microenterprise and (c) critical or decayed microenterprise.

Despite disadvantages such as a high rate of poverty, a lack of industrialisation, deficiency in digital preparation and a financial dependency on international resources, choosing a growing economy is based on the consideration that they are the worldwide pecuniary engine. Such developing countries assure that “*global fiscal will depend everyday more on the dynamism, world trade and South-South investments of emerging economies*” (CEPAL 2011).

As an evolving country, with a strong business attraction, Mexico is the market chosen for the purpose of this research. Located in sixth place amongst emerging economies and ranked as the country with the most Foreign Direct Investment (FDI) (United Nations 2014, 2016), Mexico's investments are expected to rise by 2018, gaining the additional ranking of eighth place to invest (United Nations 2016). Within the country, the State of Guanajuato was chosen because of its investments in 30 countries, and given that its GDP was expected to increase by 7% (Marvella 2015). Although there is uncertainty regarding Mexico's public relations with the United States of America, it is still expected that the GDP growth will increase from 1.2% in 2017 up to 2.6% by 2018 (LaEconomía 2017). Inside this State, enterprises from Celaya City Hall were interviewed as this municipality has an increase in foreign investment due to the implementation of the Honda company. For this year, the city is expected to recover approximately \$500 million from international investments, particularly in the metal-mechanic sector and auto parts, from countries such as Germany, Spain (Vasco Country), Japan and France (Paz 2016).

The objective of this research analyses the influences on the current microentrepreneur situation, within Mexico's emerging economy, considering if such influences are determined by the following indicators: (a) decision to start a business, (b) entrepreneur aspirations, (c) startup obstacles, (d) barriers in the enterprise environment, (e) startup financing, (f) operational hurdles, (g) financing during enterprise operations, and (h) the decision when the company is not working. The results obtained should assist entrepreneurs to become well acquainted with what they may face when opening and operating a microbusiness. It also intends to

establish the basis for additional new results from different research, and to further enhance the present results.

The chapter structure is in five sections. The first part provides a description about microenterprises and the microentrepreneur's role in emerging economies. The second section exposes the hypothesis based on the supporting theoretical information. The third segment outlines the methodology, which indicates the type of study, the sample, formulas and indicators used as variables. The fourth part encompasses the results obtained and the discussion. The fifth section provides the conclusions that reflect the variables used for this research, how they influence the current situation of the microentrepreneur, the study's limitations and further investigation.

2 Literature Review and Hypothesis

This section describes microenterprises, the role that microentrepreneurs play within the emerging economies of Mexico, as well as the qualitative indicators that influence the current situation of microenterprises.

2.1 *Microenterprises in Emerging Economies*

An emerging economy is characterised by a low income, relatively fast growth and economical release. These characteristics encourage free trade, which in turn, reduces business regulations. Public companies become private and thus reduce public spending and company taxes (Hoskisson et al. 2000; Hernández-trillo et al. 2005). Nonetheless, free trade also causes some emerging economies to depend on international investment, which occurs in countries such as Mexico, Brazil and South Africa. On the contrary, in countries such as China and India (Hoskisson et al. 2000; Blitz and Moore 2016), this situation affects and impacts the need for more national companies. In any case, Mexico is regarded as an emerging economy that is trying to establish and improve its economy, based on the creation of national enterprises (Hernández-trillo et al. 2005; Fajnzylber et al. 2006).

According to government criteria, Mexican enterprises are classified by: size—micro, small, medium and large enterprises; sector—commerce, industry and services; number of workers, annual sales and the maximum combination from the number of workers multiplied by 10% plus the annual sales per 90% (Diario Oficial De La Federación 2012).

In Mexico, the antiquity of a company, irrespective of its size, is classified as: newly-created (0–2 years old), young (3–5 years old), adult (6–10 years) and overaged (more than 10 years old). According to the National Institute of Statistics and Geography (INEGI 2014), 30.5% of companies are newly-created, 15.8% are young, 23.5% are adults and 30.2% are overaged.

The total number of companies and establishments in Mexico is 5,032,511, of which 97.6% are microenterprises (INEGI 2017) consisting of 75.4% staff (INEGI 2016). This clearly indicates the high level of importance that this sector has on the Mexican economy. More specifically, Celaya occupies the third place in the economical units of the Guanajuato State, whereby 95.4% corresponds to microenterprises. This means that the city of Celaya greatly influences the Guanajuato State, which is the seventh highest contributor in the national GDP (INEGI 2014).

Moreover, opinions about the importance of these microenterprises on national development vary. Generally, the role of the microenterprise in different countries, especially in emerging economies, includes creating jobs, goods distribution, contribution to human capital development and an increase in innovation and entrepreneurship. In general, microenterprises are considered as catalysts of economic growth in a country (Hernández-trillo et al. 2005; Robles and Zárraga 2015; Adriana 2016; Agyapong 2017).

Microenterprises have contributed significantly to the development of countries within Europe and North America (Vázquez et al. 2014), where business creation is continuously encouraged and backed by the development of programs for their support. Furthermore, emerging economies also benefit from microenterprises as they decrease poverty, increase job creation, improve certain products and generate innovation according to the country's specific needs (Chelekis and Mudambi 2010; Plotnikova et al. 2015; Adriana 2016; Agyapong 2017). Additionally, some argue that micro and small companies have higher productivity than large companies, although financial markets and/or a lack of capital increases their limitations (Plotnikova et al. 2015; Robles and Zárraga 2015; Agyapong 2017).

The focus of microenterprise importance for country development is on the innovation that the microentrepreneur generates when opening a company (Eversole 2003; Zaridis and Mousiolis 2014; Robles and Zárraga 2015). Even though Mexico's microenterprises have a low valued added (25%) and little performance spaces, the country considers microenterprise an important sector since it normally generates between 50% and 70% of the country's industry jobs. Microentrepreneur barriers, aspirations, education and other variables influence the performance and development of the business (Hernández-trillo et al. 2005; Vázquez et al. 2014).

2.2 *Microentrepreneur*

Microenterprises depend on the creative and innovative ideas of microentrepreneurs, who have the responsibility to archive the stabilisation and growth of their business (Eversole 2003; Robles and Zárraga 2015; Agyapong 2017). Different authors classify these entrepreneurs, according to their age:

- a. "First age" entrepreneurs between 20 and 49 years old and "Third age" between 50 and 64 years old (Hart et al. 2004; Kautonen et al. 2008).

- b. “First Group of age”: between 15 and 44 years old; “Second group”: between 45 and 64 years old; Third group: older than 65 (ABACO 2013).
- c. “Young entrepreneur” between 18 and 35 years old and “Adult entrepreneur” older than 35 years old (United Nations 2013)
- d. Enterprise initiative: “Young entrepreneur” (18–24 years old); “Young adult 1” (25–34 years old); “Young adult 2” (35–44 years old) “Adult” (45–64 years old) and “Overaged Adult” (55–64 years old) (GEM GLOBAL 2013).

Classification of the activities of an entrepreneur vary. However, in this paper, the focus is on the Monitor Global classification (GEM GLOBAL 2013), which standardises such classifications into five categories, according to the age and business initiative of the future entrepreneur.

The number of entrepreneurs that decide to create their own enterprise is increasing daily, and this is essential for those undeveloped countries because of the advantages in the creation of a microenterprise (Eversole 2003; Hernández-trillo et al. 2005; Vázquez et al. 2014; Robles and Zárraga 2015; Vial and Hanoteau 2015).

Microentrepreneurs, in comparison to larger companies, have the power to better understand the local market. This helps microentrepreneurs to sell based on their knowledge of the consumer preferences and to also facilitate the necessary procedures according to the local business rules (Eversole 2003; Chelekis and Mudambi 2010).

In general, the opportunity for growth and innovation of microentrepreneurs exists because of the importance of microenterprises in the economic development of an emerging economy, as well as the dynamism of a city such as in Celaya, Guanajuato. This research focuses on the current situation of microentrepreneurs, with an analysis of the indicators that influence such situations and in consideration of the emerging economy in Mexico. These indicators comprise of eight qualitative variables, divided into two sets of influences, that affect a company at various stages. The first group has five variables that influence the company’s creation, which are: (1) decision to start a business, (2) entrepreneur aspirations, (3) startup obstacles, (4) barriers in the enterprise environment and (5) startup financing. The second set consists of three variables that influence the company when in operation, namely: (1) operational hurdles, (2) financing during enterprise operations, and (3) the decision when the company is not working.

2.3 Influential Qualitative Variables on the Current Microentrepreneur Situation, Located in an Emerging Economy

This subsection describes those indicators that affect a microenterprise, beginning with factors that influence the microentrepreneurs when they decide to start a company, followed by the variables that influence the microentrepreneurs when the company is operating.

2.3.1 Starting a Business

A variety of situations influence an entrepreneur's decision to start a business, such as aspirations, startup financing, obstacles, as well as barriers within the enterprise environment.

Decision to Start a Business (DSB)

In Mexico, 0.88 per every 1000 workers are newly registered enterprises (Forbes staff 2015). Starting a business is a decision normally taken as transitory and it definitely affects the entrepreneurs for life. Many people, such as family, friends, role models and even other entrepreneurs, can influence this decision (Auken et al. 2006; Schwarzkopf 2016; Eesley and Wang 2017).

Additional factors that influence the startup decision include the media and the society (Eesley and Wang 2017; Mumi et al. 2017), past experiences, socioeconomic environment, personal as well professional and academic achievements, efforts, responsibilities, leadership abilities and more (Adriana 2016; Morgan and Sisak 2016). Morgan and Sisak (2016) indicate that the entrepreneur needs to have leadership and optimism to make a decision about starting a business.

Considering all the above-described, the following hypothesis is raised: H_1 . *Decision to start a business influences positively and significantly the current situation of the microentrepreneur.*

Startup Obstacle (SO)

According to Adriana (2016), the main obstacles that affect an entrepreneur encompass the lack of financial support, knowledge, efficiency and self-support. These obstacles are magnified when the microentrepreneur is a vulnerable person, such as a woman, immigrant, refugee, old person and/or a disabled individual (Hernández-trillo et al. 2005; Adriana 2016). Gender and age discrimination are additional startup obstacles (Sappleton and Lourenco 2015; Chhabra and Karmarkar 2016; Perez-Quintana et al. 2017). In a "Mexico FORBES" survey, results showed that 10% of entrepreneurs had felt gender discrimination and 7% felt social discrimination (Zuñiga 2017).

Education is also a handicap in Mexico, where training for the self-employed is lacking. According to Forbes, nine out of ten entrepreneurs consider that Mexico does not actively promote enterprise creation (Zuñiga 2017), meaning that this country is deficient in entrepreneur culture attitude. Likewise, short courses given within an enterprise's management focus generally on the creation of the company, but not specifically on important subjects, such as how to be competitive (with knowledge about technical and legal support) and how to improve management

itself (Hernández-trillo et al. 2005; Solleiro and Castan 2005; Sobel et al. 2007; Estrin et al. 2013; Adriana 2016; Lim et al. 2016).

Statistics confirm that Mexican women have a lower educational level than Mexican men and, as a consequence, there are less women in entrepreneurial activities (Hernández-trillo et al. 2005). Another impediment can be the general culture, although in such cases, there are some contradicting theories about how this may or may not affect the creation of a company (Herman and Szabo 2014; Adriana 2016; Lim et al. 2016; Hook et al. 2017). The culture of microentrepreneurs is ligated to a social manifestation. Therefore, in order to encourage improvements and an increase of people in favor of starting up a company, society needs to have enterprise values. Otherwise, most people will decide to search for stability rather than take risks and create a company (Buelna and Ávila n.d.).

A constant obstacle for the future entrepreneur is the lack of investment obtained and the level of market competence. Economical, physical and emotional sacrifice are personal obstacles that limit the decision, although this can be confronted by the aspiration to succeed (Morgan and Sisak 2016).

The obstacles that influence the microentrepreneur to startup a business help to suggest hypothesis H_2 , where it establishes that: *The obstacles to startup a business influence positively or negatively in the current situation of a microentrepreneur.*

Barriers in the Enterprise Environment (BEE)

One of the possible barriers when starting a business is the obtaining of physical, financial and human capital, which may be influenced by factors such as the place where the microentrepreneur is localised (Robles and Zárraga 2015).

In Mexico, most of the microentrepreneurs look for informality, such as starting their company inside their houses or creating an informal family business (Eversole 2003; Hernández-trillo et al. 2005; Solleiro and Castan 2005; Jimenez et al. 2015). Political discretion and corruption impacts on the entrepreneurship formality. In other words, government restrictions (by legal or corruption terms) represent a risk for the entrepreneur's activities, as well as the costs that need to be paid for those who pressure the entrepreneur to fulfill the activities (Jimenez et al. 2015).

Another barrier of the enterprise environment can be factors affecting business competitiveness, such as organizational crime and informal companies (Solleiro and Castan 2005), as well as client-supplier interaction (Corona and Hernández 2000). Otherwise, the individual capabilities of an entrepreneur defines the microentrepreneur's competency to open a business (Ortiz 2013; Robles and Zárraga 2015). However, any required characteristics that the microentrepreneur does not possess can be complemented by team work. Taking note of all the above-mentioned, the following hypothesis is proposed, using the variable H_3 : *The barriers in the enterprise environment influence positively or negatively in the current situation of an enterprise.*

Startup Financing (SF)

Investing, funding, and financing are three elements needed for the microentrepreneur to start a business. The lack of access to economical support affects the development and success of the entrepreneur. In Mexico, the entrepreneur normally pursues funding, such as loans or investments, in a formal manner. That is, by means of banks and financial institutions. Otherwise, an entrepreneur may seek to obtain informal funds, for example, from personal savings, family, friends, acquaintances or other lenders. There is a connection between the use of informal funding versus formal funding and the microentrepreneur's success. It has been found that the entrepreneur has a higher success if the funding comes from a formal sector (Hernández-trillo et al. 2005).

As expected, in emerging economies such as Mexico, where the banking structure is infantile, there are considerable limitations for microentrepreneurs to borrow funds from a formal sector. This is due to economic crisis, a lack of intention to allocate resources to the population, governmental intervention and institutional problems. Banks place a further limitation on entrepreneurs given the demanding requirements associated with their credit lending applications. It makes it difficult for the entrepreneurs to provide all necessary documents or information to support their credit application (Hernández-trillo et al. 2005).

Nevertheless, according to Hernández-Trillo et al. (2005) those businesses that acquire a formal investment have higher chances of success and more productivity within its operations. This is because a formal investor will carefully supervise and strongly analyse the viability of the new project to ensure a successful outcome of the new investment. Impulsively, this obligates the entrepreneur to do all the necessary planning in support of the borrowed finances. Additionally, a formal lender is able to grant 17 times more credit than an informal investor, and over a longer term.

This variable supports hypothesis H₄: *Startup financing for a new enterprise influences in a positive or negative form in the current situation of the company.*

Entrepreneur Aspiration (EA)

Aspiring to success is a factor even more important than the fear of failure (Adriana 2016; Morgan and Sisak 2016). Fear of failure represents an obstacle for entrepreneurs that is related to their aspirations and is pivotal for the creation of a company. According to Morgan et al. (2016), the higher the aspirations of the entrepreneur to succeed, the less they will be affected by the fear of failure. On the contrary, when aspirations are low, then the creation of a company becomes a limitation.

Aspiring to succeed can be related to certain ambitions, such as to obtain more value than when being an employee (Fahazarina et al. 2015), previous experiences (Raposo and Paço 2011; Fahazarina et al. 2015; Adriana 2016), earn more money, a better quality of life, independence (self-employment), use of creativity for innovation, and/or to obtain more equal opportunities (Eversole 2003; Adriana 2016;

Morgan and Sisak 2016). Entrepreneurs' attitudes and decisions will always be about the challenging goals that they want to achieve (Robles and Zárraga 2015).

Creative and innovative ideas of future entrepreneurs normally surface when they are students. Adriana (2016) suggests that students are the most motivated in starting a business since they are young, creative and active. Besides, education strongly influences the entrepreneurial activities of young people, as well as enhances confidence and innovation abilities (Ortiz 2013; Adriana 2016). Moreover, there are few entrepreneurs whose decision is based on the money necessity (poverty) or the lack of available jobs (unemployment) (Eversole 2003; Fabre and Smith 2003; Leed et al. 2013; Fahazarina et al. 2015; Barkhatov et al. 2016).

Therefore, *the microentrepreneur aspirations influence the current situation of the enterprise*, and form the basis of hypothesis H₅.

2.3.2 What Does the Microentrepreneur Face During the Enterprise Operations?

Microentrepreneur decisions, obstacles, barriers, financing and aspirations determine the opening of a new business. However, once the business is created, there are other factors that influence the enterprise's operations. Throughout the operational phase, the microentrepreneur is confronted by certain challenges that influence the current situation of a company, such as operational hurdles, financing during operations and the decision when the company is not working. As explained in the previous section, aspirations may also influence the continuation of the business.

Operational Hurdles (OH)

Personal or operational hurdles may occur during the operations of a newly created enterprise. The most frequent personal hurdle is the microentrepreneur's fear of failure. Where aspirations are lower, the entrepreneur will be guided by the fear of failure and thus stop investing in the company. In contrast, when aspirations are higher, the fear of failure is not a strong hurdle (Morgan and Sisak 2016).

Access to financing is important for the microentrepreneur because if they stop investing, or looking for investment in the microenterprise, the possibility of success decreases. Alternatively, when the investment increases, even in the presence of risk, the increase in profits is much higher (Fabre and Smith 2003; Zaridis and Mousiolis 2014; Morgan and Sisak 2016).

Operational hurdles include activities related to the lack of good management, supervision, market or customer distribution availability, business competence, sales, profit, liquidity, trained staff, innovation, use of technology, investment, resources and lack of access to funding (Eversole 2003; Hernández-trillo et al. 2005; Mel et al. 2011; Zaridis and Mousiolis 2014; Plotnikova et al. 2015). Moreover, independent barriers such as the localisation, competence lower costs or the

higher costs of the materials, also influence the operation of a microenterprise (Eversole 2003).

This section explains whether personal, independent and/or operational hurdles influence the microenterprise and creates hypothesis H₆: *Operational Hurdles influence in positive or negative form the current situation of the microenterprise.*

Financing During Enterprise Operations (FEO)

When microentrepreneurs are within the development stage of their new company, the decision about how to manage money may include two options: firstly, to accumulate those profits earned and reinvest them, by way of personal contributions, back into the enterprise; secondly, to operate at break-even point and spend most of the profits. The second choice is the most common amongst microenterprises since the lack of personal resources leads the microentrepreneur to spend what is earned. Besides, the normal profit margin for a microenterprise is small, even if the business has fast growth. This means that reinvestment of the profits becomes difficult, even if some microentrepreneurs have the intention to do so for the purpose of increasing sales and expanding their business. The lack of profit may also be related to the bad management of the microentrepreneur, who can fall into the trap of mixing personal expenses with those of the company (Eversole 2003).

Another option is to obtain formal or informal financing, externally. This may be economically useful as resources for capital, information, equipment, knowledge, social capital, etc. Depending on the resources attained by the microentrepreneur (as each one will need different types of resources), the advantages will effect in different contexts, such as economic, social, environmental and cultural (Eversole 2003). Otherwise, formal investment may be affected by the resistance to an innovative idea (Hueske et al. 2015; Plotnikova et al. 2015) or by the special restriction of credit availability for microenterprises, even if companies get a higher return on investment, especially in emerging economies such as Mexico (Mel et al. 2011).

The lack of financing formulates the hypothesis H₇ *where the financing during the enterprise operations influence the current situation of the enterprise.*

The Decision When the Company Is Not Working (DCNW)

Indicators such as economic, financial, market and intervention, influence in situations where the company is not working, driven also by internal issues of the company that occur mainly in the areas of marketing, accounting, inventory and cash flow (Börger et al. 2009; Ortiz 2013). The first scenario is one of “failure”, when the return on investment is continuously lower than the company’s capital,

whereby the company cannot cover its fixed costs (Börger et al. 2009; Ortiz 2013; Alonso and Charpentier 2015). The second is a state of “insolvency” which occurs when there is a lack of or low liquidity (Börger et al. 2009; Alonso and Charpentier 2015). Another situation is that of “default”, which refers to an unpaid debt that is accompanied by legal consequences (Börger et al. 2009; Alonso and Charpentier 2015). Finally, there is the position of “bankruptcy” whereat the company cannot fulfill its obligations or continue with its operations (Börger et al. 2009; Alonso and Charpentier 2015).

Once microentrepreneurs identify that their company is in any of those situations, they will most probably consider that the company is not working (Ortiz 2013). Once the decision is made, the entrepreneur may further decide to look for experts to solve the current problematic situation (Fiet et al. 2013), search for a new job (Méndez 2011), or even start a new business (Ucbasaran et al. 2013; Mandl et al. 2016).

Consequently, the microentrepreneurs’ decision leads to hypothesis H₈ *whereby the decision that the company is not working influences positively or negatively on the current situation of the microenterprise.*

2.4 Current Situation of the Microentrepreneur

Aspirations and fear of failure (Börger et al. 2009; Estrin et al. 2013; Sparano 2014; Morgan and Sisak 2016); abilities, education and microentrepreneurial culture (Hernández-trillo et al. 2005; Sobel et al. 2007; Börger et al. 2009; Ortiz 2013; Vázquez et al. 2014; Robles and Zárraga 2015; Adriana 2016; Hook et al. 2017); financing access and opportunity for investment and reinvestment (Hernández-trillo et al. 2005; Solleiro and Castan 2005; Chelekis and Mudambi 2010; Leed et al. 2013; Plotnikova et al. 2015; Vial and Hanoteau 2015); innovation (Eversole 2003; Chelekis and Mudambi 2010; Zaridis and Mousiolis 2014; Plotnikova et al. 2015; Robles and Zárraga 2015; Adriana 2016; Agyapong 2017); appropriate management (Hoskisson et al. 2000; Eversole 2003; Hernández-trillo et al. 2005; Chelekis and Mudambi 2010; Zaridis and Mousiolis 2014); market availability and recognition (Eversole 2003; Börger et al. 2009; Chelekis and Mudambi 2010); company location (Eversole 2003); operational obstacles (Eversole 2003; Börger et al. 2009), among others, are factors that influence the current microentrepreneur situation.

The entire list of variables previously mentioned establish hypothesis H₉ whereby the *current situation of the microentrepreneur (CMS) is determined from the (a) decision to start a business, (b) entrepreneur aspirations, (c) startup obstacles, (d) barriers in the enterprise environment, (e) startup financing, (f) operational hurdles, (g) financing during enterprise operations, and h) the decision when the company is not working.* The current situation could be one of “critical situation and decay”, “stable”, “in growth” or other (Soto 2009).

3 Methodology

Based on the objective of this research, the study design is non-experimental with a descriptive, correlative and regressive focus. In this sense, the current situation of microentrepreneurs, and the factors that influence them to progress forward with their business, is described and supported by an analysis, for which SPSS statistical software (version 21) was used.

3.1 *Spatial and Temporal Scope*

For the purpose of the present research, line transect surveys were conducted. Data was collected from June 2016 to January 2017, in places where owners and partners of different microenterprises were located in Celaya, Guanajuato. Surveys were performed in real time and physical space.

3.2 *Factors That Influence Entrepreneurs to Continue with Their Enterprise*

According to the literature, certain indicators were established as influences in the current situation of the microentrepreneur, who is located in an emerging economy such as Mexico—primarily in Celaya, Guanajuato. Table 1 explains those variables that indicate such current situations.

3.3 *The Proposed Model*

This paper proposes a model based on *the qualitative indicators that influence the current situation of the microentrepreneur*, who is located in an emerging economy such as Mexico, and takes into consideration the following eight variables: (a) decision to start a business, (b) entrepreneur aspirations, (c) startup obstacles, (d) barriers in the enterprise environment, (e) startup financing, (f) operational hurdles, (g) financing during enterprise operations, and (h) the decision when the company is not working. The model suggests the following equation:

Table 1 Operationalisation of the indicators that influence the current situation of the microentrepreneur, located in the Mexican emerging economy, specifically in Celaya, Guanajuato

Variable	Code	Indicators	Code	Description
Current microentrepreneur situation in an emerging economy	SAEee	Decision to start a business	DSB	Family, friends, and role models are the main influence on the microentrepreneur decision. Other factors include experiences, education, economic situation, achievements, responsibilities, aptitudes, innovation ideas and self-confidence
		Startup obstacles	SO	A lack of knowledge, education and financing, cultural and social attitude in entrepreneurship, discrimination, as well as a fear of failure are important obstacles that affect the creation of a company
		Barriers in the enterprise environment	BEE	Financing support, human capital, corruption, insecurity, enterprise formality, client-supplier interaction and the abilities of the microentrepreneur are the main barriers that affect an enterprise environment
		Startup financing	FIE	The lack of available credit or formal financing, in emerging countries as Mexico, affect significantly in the successful opening of a company
		Entrepreneur aspirations	EA	Aspirations such as the obtaining of higher financial effectiveness, innovation of own ideas, seeking self-employment, lack of employment, poverty or wanting new challenges are among some of the decisive factors for a microentrepreneur to start a business and are the driving force behind keeping the company operating
		Operational hurdles	OH	Hurdles such as market opportunities, competitiveness, financing access, production costs, management deficiencies, sales, profits, liquidity, a lack of trained staff, a shortage of technology and innovation usage are factors that influence the operation of the enterprise
		Financing during enterprise operations	FEO	An enterprise will always require resources to sustain its operations. The obtaining of such resources can be by reinvestment of the profits, capital increase or external investment. Although, situations like the lack of profits or personal barriers of the microentrepreneur, such as legal

(continued)

Table 1 (continued)

Variable	Code	Indicators	Code	Description
				problems, can create issues when applying for finance
		The decision when the company is not working	DCNW	The status of an enterprise, such as failure, insolvency, default, or bankruptcy, lead the microentrepreneur to the decision that the company is not working. These statuses make the entrepreneur decide whether to look for experts to solve the situation, search for another job or start a new business

$$CMS_i = \beta_0 + \beta_1 DSB_i + \beta_2 EA_i + \beta_3 SO_i + \beta_4 BEE_i + \beta_5 SF_i + \beta_6 OH_i + \beta_7 FEO_i + \beta_8 DCNW_i + \varepsilon_i \quad (1)$$

where

- CMS_i = Current situation of the microenterprise
- DSB_i = Decision to start a business
- EA_i = Entrepreneur aspirations
- SO_i = Startup obstacles
- BEE_i = Barriers in the enterprise environment
- SF_i = Startup financing
- OH_i = Operational hurdles
- FEO_i = Financing during enterprise operations
- $DCNW_i$ = The decision when the company is not working

3.4 Sample

The National Statistical Directory of Economical Unities of the INEGI (DENUE 2016) was utilised to determine the number of enterprises available to interview for the study. The surveys were applied according to the number of employees and exclusively to the smallest companies in Mexico—the microenterprises. A sample of 379 microenterprises, currently present in the Celaya Municipality, was taken. Taking into consideration a sample error of 5%, with 95% confidence plus simple random sampling, field work was carried out in situ, involving 80 micro-enterprises, corresponding to 21.11% of the total sample. The lack of participation from most of the microentrepreneurs is due to the risk that they confront nowadays given the insecurity of the country (Observatorio Nacional del Emprendedor 2015). Table 2 explains the characterisation of the sample, involving four economic sectors: agriculture (6.3%), industry (1.3%), commerce (67.1%), and services (25.3%).

Table 2 Sample characterisation

Geographical scope	Celaya, Guanajuato
Sample size	80
Sample design	Individual surveys
Size of enterprise	
Micro	100%
Microentrepreneur profile	
Young entrepreneur (18–24 years)	15.4%
Young adult 1(25–34 years)	17.9%
Young adult 2 (35–44 years)	19.2%
Adult (45–54 years)	38.5%
Overaged adult of 55–64 years	9.0%
Type of enterprise	
Owner (O)	50%
Family enterprise (FE)	41.3%
Anonymous society (AS)	3.8%
Society of RL of CV (SRL)	2.5%
Public trust (PT)	1.2%
Society of rural production (SPR)	1.2%
Sector	
Agriculture	6.3%
Industry	1.3%
Commerce	67.1%
Service	25.3%

Table 3 Sample conformation by type of enterprise and economic sector

Type of enterprise	Economic sector				Total (%)
	Agriculture (%)	Industry (%)	Commerce (%)	Service (%)	
Owner (O)	5.1	1.3	36.7	6.3	49.4
Family enterprise (FE)	0.0	0.0	25.3	16.5	41.8
Anonymous society (AS)	1.3	0.0	1.3	1.3	3.8
Society of RL of CV (SRL)	0.0	0.0	2.5	0.0	2.5
Public trust (PT)	0.0	0.0	0.0	1.3	1.3
Society of rural production (SPR)	0.0	0.0	1.3	0.0	1.3
Total	6.3	1.3	67.1	25.3	100.0

Table 3 shows the sample conformation by the type of enterprise and economic sector, highlighting that 49.4% are the property of one Owner, followed by 4.3% of Family Enterprises, 3.8% of Anonymous Societies, and the least are the enterprises of Public Trust as well as the Society of Rural Production (1.3%).

4 Results and Discussion

The statistical analysis presented in this paper evaluates the proposed variables in order to understand which of these determine the current situation of the microentrepreneur. These values are the: decision to start a business, aspirations of the entrepreneur, startup obstacles, barriers within the enterprise environment, startup financing, operational hurdles, financing during enterprise operations, and the decision when the company is not working.

For each variable, different contingency tables were analysed to explain the statistical results. Firstly, the decision to start a business, according to the type of enterprise and the age of the entrepreneur, was analysed (Table 4). The results for this decision show that Family influences the Young Entrepreneur (18–24 years old) by 5%, the Young Adult 1 (25–34 years old), Young Adult 2 (35–44 years old) and the Overaged Adult (55–64 years old) by 7.5%, 12.5% and 7.5% respectively, whereas 11.3% of the Adult Entrepreneur (45–54 years) has zero influence in the decision to start a business.

The next variable was to distinguish the main startup obstacles; results are shown in Table 5. Young microentrepreneurs indicate that the lack of support or financing access is their main obstacle (3.8%), while the young adult, Type 1 and 2, believe that their main obstacle is education (5% and 13.8% respectively). The same is indicated by the Adult (11.3%) whilst the Overaged Adult shows that their principal obstacles are the legal aspects (3.8%). An interesting result in this variable indicates that all entrepreneurs were confronted with discrimination when opening their business; 1.3% of the Young Adults Type 2 felt discrimination by age and 2.5% by gender. A similar situation occurred with 1.3% of the Overaged Adult, although they felt discrimination by age only.

The next question was related to the barriers within the enterprise environment (see Table 6). Without age consideration, the main barrier was access to finance (56.3%), being a barrier that definitely impedes and influences the start of a business. Additionally, 17.5% of the entrepreneurs indicate that the legal aspects are also a significant barrier, as is corruption (8.8%). Finally, uncertainty in security and safety is another hurdle faced by the microentrepreneurs, where, even without opening their facilities, they still suffered from crimes and robbery (6.3%).

After asking about the barriers, entrepreneurs were questioned about the role of their principal source of financing, knowing that having resources to start a business is essential (Table 7). In this sense, entrepreneurs indicated that they mostly use their savings to start an enterprise, and as a secondary source, they ask for help from

Table 4 Decision to start a business, according to the company type and age of the entrepreneur

Entrepreneur's age	Decision to start a business	Type of enterprise						Total
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	None	1.3	0.0	0.0	0.0	0.0	1.3	2.5
	Familiar	3.8	1.3	0.0	0.0	0.0	0.0	5.0
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	None	0.0	1.3	0.0	1.3	0.0	0.0	2.5
	Familiar	2.5	5.0	0.0	0.0	0.0	0.0	7.5
	Friends	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Entrepreneurs	1.3	0.0	1.3	0.0	0.0	0.0	2.5
	Others	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	None	3.8	7.5	0.0	1.3	0.0	0.0	12.5
	Familiar	8.8	3.8	0.0	0.0	0.0	0.0	12.5
	Friends	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Entrepreneurs	1.3	5.0	1.3	0.0	0.0	0.0	7.5
	Others	3.8	1.3	0.0	0.0	0.0	0.0	5.0
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	None	7.5	2.5	0.0	0.0	1.3	0.0	11.3
	Familiar	2.5	2.5	1.3	0.0	0.0	0.0	6.3
	Friends	3.8	2.5	0.0	0.0	0.0	0.0	6.3
	Entrepreneurs	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	None	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Familiar	3.8	3.8	0.0	0.0	0.0	0.0	7.5
	Entrepreneurs	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	None	13.8	11.3	0.0	2.5	1.3	1.3	30.0
	Familiar	21.3	16.3	1.3	0.0	0.0	0.0	38.8
	Friends	7.5	3.8	0.0	0.0	0.0	0.0	11.3
	Entrepreneurs	2.5	6.3	2.5	0.0	0.0	0.0	11.3
	Others	5.0	3.8	0.0	0.0	0.0	0.0	8.8
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

family and friends. The only exception was the Young Entrepreneur, who looks for bank resources (2.5%).

Once entrepreneurs start operating their organisation, they will be confronted by a series of hurdles within their enterprise environment. Table 8 shows the chief impediments encountered by those interviewed were, firstly, to gain clients and secondly, to deal with the competence. Young Entrepreneurs (3.8%) and Young Adults 1 (6.3%) indicate that finding clients and dealing with the competence are their key hurdles. For Overaged Adults, the second main obstacle is access to finance for the purpose of maintaining its operations.

Table 5 Microentrepreneur obstacles in the startup of a business according to the company type and age of the entrepreneur

Entrepreneur's age	Startup obstacles	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years) ^a	Lack financing	2.5	0.0	0.0	0.0	0.0	1.3	3.8
	Legal aspects	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Education	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years) ^b	Lack financing	0.0	2.5	1.3	0.0	0.0	0.0	3.8
	Legal aspects	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Education	2.5	2.5	0.0	0.0	0.0	0.0	5.0
	Social and cultural attitude	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	None	0.0	1.3	0.0	1.3	0.0	0.0	2.5
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Lack financing	2.5	3.8	1.3	0.0	0.0	0.0	7.5
	Legal aspects	5.0	3.8	0.0	0.0	0.0	0.0	8.8
	Education	8.8	5.0	0.0	0.0	0.0	0.0	13.8
	Social and cultural attitude	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Age discrimination	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Gender Discrimination	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	None	0.0	2.5	0.0	1.3	0.0	0.0	3.8
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years) ^c	Lack financing	2.5	2.5	0.0	0.0	0.0	0.0	5.0
	Legal aspects	0.0	1.3	1.3	0.0	0.0	0.0	2.5
	Education	10.0	1.3	0.0	0.0	0.0	0.0	11.3
	Social and cultural attitude	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Age discrimination	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Others	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	None	0.0	2.5	0.0	0.0	1.3	0.0	3.8
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years) ^d	Lack financing	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Legal aspects	0.0	3.8	0.0	0.0	0.0	0.0	3.8
	Education	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Age discrimination	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Gender discrimination	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	None	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0

(continued)

Table 5 (continued)

Entrepreneur’s age	Startup obstacles	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Total	Lack financing	8.8	8.8	2.5	0.0	0.0	1.3	21.3
	Legal aspects	10.0	10.0	1.3	0.0	0.0	0.0	21.3
	Education	22.5	10.0	0.0	0.0	0.0	0.0	32.5
	Social and cultural attitude	3.8	1.3	0.0	0.0	0.0	0.0	5.0
	Age discrimination	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Gender discrimination	1.3	2.5	0.0	0.0	0.0	0.0	3.8
	Others	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	None	1.3	6.3	0.0	2.5	1.3	0.0	11.3
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

^aYoung microentrepreneurs indicate, by 3.8%, the lack of support or financial access is their main obstacle

^bThe young adults ,Type 1 and 2, believe that their main obstacle is education (5% and 13.8% respectively)

^cThe same is indicated by the Adult (11.3%)

^dOveraged Adult (between 55 to 64) shows with a 3.8%, their principal obstacles are the legal aspects (3.8%)

Curiously, is notorious that the entrepreneur in all ages have pointed out that education is perceived as the main barrier (32.5%)

Resources at any business stage are important for its growth. In this sense, entrepreneurs were asked about their experiences regarding financing during enterprise operations—more specifically, about obtaining resources. Results in Table 9 showed that entrepreneurs mainly use personal resources, followed by formal credit.

The Young Adult 2 and Adult Entrepreneurs are also able to seek informal financing (5% and 1.3% respectively). It was further indicated that 1.3% of Young Adult 2 and 3.8% of Adult Entrepreneurs use “other” means to obtain credit, such as from suppliers, partner contribution and the re-investment of their pension.

Otherwise, it is important to consider that any entrepreneur has numerous aims, objectives and aspirations, before and during the business startup. This helps them to manage their enterprise with the intention to achieve their goals. On this note, the interviewed were questioned about their aspirations. In Table 10, Young Entrepreneurs aspire to perform their own ideas, while the Young Entrepreneur 1, Adult and Overaged Adult seek money. The Young Adult 2 mostly aspire to be self-employed. In general, the aspirations of microentrepreneurs are to make money (43.8%), be self-employed (23.8%), and implement their own ideas (16.3%). Another interesting piece of data collected was that half of the companies are owned by one owner and 41.3% are family-owned enterprises.

A relevant aspect to comprehend is if the microentrepreneur is prepared to make a decision when the company is in a compromised situation of decay, such as at a stage

Table 6 Barriers in the enterprise environment to initiate a business according to the type of enterprise and age of entrepreneur

Entrepreneur's age	Barriers in the enterprise environment	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	Financing access	2.5	0.0	0.0	0.0	0.0	1.3	3.8
	Formality for legal aspects	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Corruption	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Financing access	3.8	7.5	1.3	1.3	0.0	0.0	13.8
	Formality for legal aspects	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Financing Access	8.8	11.3	1.3	1.3	0.0	0.0	22.5
	Formality for legal aspects	3.8	3.8	0.0	0.0	0.0	0.0	7.5
	Land access	2.5	2.5	0.0	0.0	0.0	0.0	5.0
	Corruption	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Client-supplier interaction	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Crimes, theft, etc.	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Others	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Financing access	5.0	3.8	0.0	0.0	1.3	0.0	10.0
	Formality for legal aspects	6.3	0.0	0.0	0.0	0.0	0.0	6.3
	Land access	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Corruption	1.3	1.3	1.3	0.0	0.0	0.0	3.8
	Client-supplier interaction	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Crimes, theft, etc.	1.3	2.5	0.0	0.0	0.0	0.0	3.8
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	Financing access	1.3	5.0	0.0	0.0	0.0	0.0	6.3
	Corruption	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Client-supplier interaction	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Crimes, theft, etc.	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Financing access	21.3	27.5	2.5	2.5	1.3	1.3	56.3
	Formality for legal aspects	12.5	5.0	0.0	0.0	0.0	0.0	17.5
	Land access	2.5	3.8	0.0	0.0	0.0	0.0	6.3
	Corruption	6.3	1.3	1.3	0.0	0.0	0.0	8.8
	Client-supplier interaction	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Crimes, theft, etc.	3.8	2.5	0.0	0.0	0.0	0.0	6.3
	Others	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

Table 7 Startup financing according to the type of enterprise and age of entrepreneur

Entrepreneur's age	Startup financing	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	Savings	3.8	1.3	0.0	0.0	0.0	0.0	5.0
	Banks	1.3	0.0	0.0	0.0	0.0	1.3	2.5
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Savings	2.5	5.0	1.3	0.0	0.0	0.0	8.8
	Parents, friends	2.5	2.5	0.0	1.3	0.0	0.0	6.3
	Informal sources	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Savings	7.5	12.5	1.3	0.0	0.0	0.0	21.3
	Parents, friends	8.8	3.8	0.0	0.0	0.0	0.0	12.5
	Informal sources	2.5	2.5	0.0	0.0	0.0	0.0	5.0
	Banks	0.0	0.0	0.0	1.3	0.0	0.0	1.3
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Savings	6.3	6.3	0.0	0.0	0.0	0.0	12.5
	Parents, friends	5.0	0.0	1.3	0.0	0.0	0.0	6.3
	Informal sources	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Banks	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Others	0.0	1.3	0.0	0.0	1.3	0.0	2.5
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	Savings	3.8	3.8	0.0	0.0	0.0	0.0	7.5
	Parents, friends	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Savings	23.8	28.8	2.5	0.0	0.0	0.0	55.0
	Parents, friends	17.5	7.5	1.3	1.3	0.0	0.0	27.5
	Informal sources	6.3	3.8	0.0	0.0	0.0	0.0	10.0
	Banks	2.5	0.0	0.0	1.3	0.0	1.3	5.0
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

Table 8 Operational hurdles according to the type of enterprise and age of entrepreneur

Entrepreneur's age	Operational hurdles	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young entrepreneur (18–24 years)	Find customers	2.5	0.0	0.0	0.0	0.0	1.3	3.8
	Competence	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Find customers	1.3	3.8	1.3	0.0	0.0	0.0	6.3
	Competence	3.8	2.5	0.0	0.0	0.0	0.0	6.3
	Financing access	1.3	1.3	0.0	1.3	0.0	0.0	3.8
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Find customers	10.0	8.8	1.3	0.0	0.0	0.0	20.0
	Competence	7.5	7.5	0.0	1.3	0.0	0.0	16.3
	Financing access	1.3	2.5	0.0	0.0	0.0	0.0	3.8
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Find customers	7.5	6.3	0.0	0.0	0.0	0.0	13.8
	Competence	1.3	2.5	1.3	0.0	0.0	0.0	5.0
	Financing access	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Production costs	3.8	0.0	0.0	0.0	0.0	0.0	3.8
	Others	0.0	0.0	0.0	0.0	1.3	0.0	1.3
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	Find customers	3.8	0.0	0.0	0.0	0.0	0.0	3.8
	Competence	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Financing access	0.0	3.8	0.0	0.0	0.0	0.0	3.8
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Find customers	25.0	18.8	2.5	0.0	0.0	1.3	47.5
	Competence	16.3	15.0	1.3	1.3	0.0	0.0	33.8
	Financing access	5.0	7.5	0.0	1.3	0.0	0.0	13.8
	Production costs	3.8	0.0	0.0	0.0	0.0	0.0	3.8
	Others	0.0	0.0	0.0	0.0	1.3	0.0	1.3
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

Table 9 Financing during enterprise operations, according to the type of enterprise and age of entrepreneur

Entrepreneur's age	Financing during enterprise operations	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	Personal contributions	5.0	0.0	0.0	0.0	0.0	0.0	5.0
	Apply for formal credit	0.0	1.3	0.0	0.0	0.0	1.3	2.5
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Personal contributions	3.8	3.8	0.0	1.3	0.0	0.0	8.8
	Apply for a formal credit	2.5	3.8	1.3	0.0	0.0	0.0	7.5
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Personal contributions	3.8	12.5	1.3	0.0	0.0	0.0	17.5
	Apply for formal credit	10.0	5.0	0.0	1.3	0.0	0.0	16.3
	Apply for informal credit	5.0	0.0	0.0	0.0	0.0	0.0	5.0
	Other	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Personal contributions	6.3	3.8	1.3	0.0	0.0	0.0	11.3
	Apply for formal credit	5.0	3.8	0.0	0.0	1.3	0.0	10.0
	Apply for informal credit	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Other	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	Personal contributions	3.8	2.5	0.0	0.0	0.0	0.0	6.3
	Apply for formal credit	1.3	2.5	0.0	0.0	0.0	0.0	3.8
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Personal contributions	22.5	22.5	2.5	1.3	0.0	0.0	48.8
	Apply for formal credit	18.8	16.3	1.3	1.3	1.3	1.3	40.0
	Apply for informal credit	6.3	0.0	0.0	0.0	0.0	0.0	6.3
	Other	2.5	2.5	0.0	0.0	0.0	0.0	5.0
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

Table 10 Entrepreneur aspirations according to the type of enterprise and age of entrepreneur

Entrepreneur's age	Entrepreneur aspirations	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	Make money	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Implement their own ideas	2.5	0.0	0.0	0.0	0.0	1.3	3.8
	Self-employment	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Make money	6.3	3.8	0.0	1.3	0.0	0.0	11.3
	Self-employment	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Unemployment	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Poverty	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Challenge to prove himself	0.0	0.0	1.3	0.0	0.0	0.0	1.3
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Make money	3.8	7.5	0.0	0.0	0.0	0.0	11.3
	Self-employment	3.8	3.8	0.0	0.0	0.0	0.0	7.5
	Unemployment	7.5	3.8	1.3	0.0	0.0	0.0	12.5
	Poverty	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Challenge to prove himself	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Make money	1.3	2.5	0.0	1.3	0.0	0.0	5.0
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Make money	7.5	3.8	0.0	0.0	1.3	0.0	12.5
	Implement their own ideas	1.3	2.5	0.0	0.0	0.0	0.0	3.8
	Self-employment	5.0	2.5	1.3	0.0	0.0	0.0	8.8
	Poverty	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	Make money	2.5	3.8	0.0	0.0	0.0	0.0	6.3
	Implement their own ideas	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Self-employment	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Poverty	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Make money	22.5	18.8	0.0	1.3	1.3	0.0	43.8
	Implement their own ideas	8.8	6.3	0.0	0.0	0.0	1.3	16.3
	Self-employment	12.5	8.8	2.5	0.0	0.0	0.0	23.8
	Unemployment	1.3	2.5	0.0	0.0	0.0	0.0	3.8
	Poverty	3.8	2.5	0.0	0.0	0.0	0.0	6.3
	Challenge to prove himself	1.3	2.5	1.3	1.3	0.0	0.0	6.3
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

of failure, insolvency, default or bankruptcy. To understand this position, entrepreneurs were questioned about their decision when the company is not working. The Young Entrepreneur would look for experts (2.5%) or seek another job (2.5%). While 6.3% of Young Adults would search for experts to solve their problems or create a new enterprise (See Table 11).

Otherwise, the Young Adult 2, Adult and Overaged Adult, indicated that they would open a new company (15%, 8%, 5% respectively) (refer Table 11). On average, if the business didn't work, 35% of the interviewed would take the decision to open a new one, while 25% would proceed with hiring an expert to help solve their challenging situation. However, if the state of affairs doesn't improve, then they would open a new enterprise.

4.1 Current Situation of the Microentrepreneur in an Emerging Economy, Such as Mexico

After asking for the variables that influence their current situation, microentrepreneurs answered a question related to the condition they found their company in. That is, if the company is in a critical or decayed situation, a stable situation or in growth. Table 12 shows that more than half of the participants (55.5%) consider their enterprise to be stable, 30% in growth, 13.8% in a critical situation and decay, and 1.3% represents another situation—referring mostly to a state of extinction.

After analysing the values that influence the current situation of the microentrepreneur, a correlational analysis was performed to understand if the connection of variables were positive and with significance (Table 13). Observations demonstrate that a positive and significant correlation level of $p < 0.01$ is obtained between the Startup Obstacles and the Operational Hurdles ($r = 0.321$), while there is a negative correlation and a level of significance of $p < 0.05$ between the Operational Hurdles and the Entrepreneur Aspirations ($r = -0.222$). The same occurs between the Decision When the Company is Not Working and the Decision to Start a Business ($r = -0.273$). Moreover, with regards to the financing variables, a positive correlation occurred with the Startup Financing and Financing During Enterprise Operations, with a significance level of $p < 0.05$ and a $r = 0.278$.

With regards to the variable of Current Situation of the Microentrepreneur, it has a strong correlation with Financing During Enterprise Operations ($r = 0.344$ and $p < 0.01$) and with the Entrepreneur Aspirations ($p < 0.05$ and $r = 0.237$).

Subsequently, an analysis with multiple regression was performed to execute and prove the hypothesis: *Current situation of the microentrepreneur_(CMS), is determined from the (a) Decision to Start a Business, (b) Entrepreneur Aspirations, (c) Startup*

Table 11 The decision when the company is not working, according to the type of enterprise and age of entrepreneur

Entrepreneur's age	The decision when the company is not working	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	Take another job	1.3	0.0	0.0	0.0	0.0	1.3	2.5
	Search a new job	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Look for experts	2.5	0.0	0.0	0.0	0.0	0.0	2.5
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Take another job	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Search a new job	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Start a new business	3.8	1.3	1.3	0.0	0.0	0.0	6.3
	Look for experts	1.3	3.8	0.0	1.3	0.0	0.0	6.3
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Take another job	3.8	2.5	1.3	0.0	0.0	0.0	7.5
	Search a new job	3.8	3.8	0.0	0.0	0.0	0.0	7.5
	Start a new business	5.0	10.0	0.0	0.0	0.0	0.0	15.0
	Look for experts	6.3	2.5	0.0	1.3	0.0	0.0	10.0
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Take another job	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Search a new job	2.5	3.8	0.0	0.0	1.3	0.0	7.5
	Start a new business	5.0	3.8	0.0	0.0	0.0	0.0	8.8
	Look for experts	5.0	0.0	1.3	0.0	0.0	0.0	6.3
	Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3
Overaged Adult (55–64 years)	Take another job	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Search a new job	2.5	1.3	0.0	0.0	0.0	0.0	3.8
	Start a new business	2.5	2.5	0.0	0.0	0.0	0.0	5.0
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Take another job	8.8	6.3	1.3	0.0	0.0	1.3	17.5
	Search a new job	10.0	11.3	0.0	0.0	1.3	0.0	22.5
	Start a new business	16.3	17.5	1.3	0.0	0.0	0.0	35.0
	Look for experts	15.0	6.3	1.3	2.5	0.0	0.0	25.0
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

Obstacles, (d) Barriers in the Enterprise Environment, (e) Startup Financing, (f) Operational Hurdles, (g) Financing During Enterprise Operations, and (h) the Decision When the Company is Not Working. In Table 14, independent variables are observed, explaining that 23.8% of the dependent variance of the current situation of the microentrepreneur_(CMS).

The level of significance that is involved in the independent variables of *decision to start a business, entrepreneur aspirations, startup obstacles, barriers in the enterprise environment, startup financing, operational hurdles, financing during enterprise operations, and the decision when the company is not working*, as well as the dependent variable of the current situation of the microentrepreneurs, shows a

Table 12 Current situation of the microentrepreneur, according to the type of enterprise and age of entrepreneur

Entrepreneur's age	Current situation of the microentrepreneur	Type of enterprise						Total (%)
		O (%)	FE (%)	AS (%)	SRL (%)	PT (%)	SPR (%)	
Young Entrepreneur (18–24 years)	Critical situation and decay	1.3	0.0	0.0	0.0	0.0	0.0	1.3
	Stable	3.8	1.3	0.0	0.0	0.0	0.0	5.0
	In growth	0.0	0.0	0.0	0.0	0.0	1.3	1.3
	Total	5.0	1.3	0.0	0.0	0.0	1.3	7.5
Young Adult 1 (25–34 years)	Critical situation and decay	2.5	0.0	0.0	1.3	0.0	0.0	3.8
	Stable	3.8	3.8	0.0	0.0	0.0	0.0	7.5
	In growth	0.0	3.8	1.3	0.0	0.0	0.0	5.0
	Total	6.3	7.5	1.3	1.3	0.0	0.0	16.3
Young Adult 2 (35–45 years)	Critical situation and decay	0.0	5.0	0.0	0.0	0.0	0.0	5.0
	Stable	11.3	8.8	1.3	0.0	0.0	0.0	21.3
	In growth	7.5	5.0	0.0	1.3	0.0	0.0	13.8
	Total	18.8	18.8	1.3	1.3	0.0	0.0	40.0
Adult Entrepreneur (45–54 years)	Critical situation and decay	1.3	1.3	0.0	0.0	0.0	0.0	2.5
	Stable	6.3	6.3	1.3	0.0	0.0	0.0	13.8
	In growth	7.5	1.3	0.0	0.0	0.0	0.0	8.8
	Other	0.0	0.0	0.0	0.0	1.3	0.0	1.3
Total	15.0	8.8	1.3	0.0	1.3	0.0	26.3	
Overaged Adult (55–64 years)	Critical situation and decay	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Stable	5.0	2.5	0.0	0.0	0.0	0.0	7.5
	In growth	0.0	1.3	0.0	0.0	0.0	0.0	1.3
	Total	5.0	5.0	0.0	0.0	0.0	0.0	10.0
Total	Critical situation and decay	5.0	7.5	0.0	1.3	0.0	0.0	13.8
	Stable	30.0	22.5	2.5	0.0	0.0	0.0	55.0
	In growth	15.0	11.3	1.3	1.3	0.0	1.3	30.0
	Other	0.0	0.0	0.0	0.0	1.3	0.0	1.3
	Total	50.0	41.3	3.8	2.5	1.3	1.3	100.0

higher and significant correlation that equals to 0.010, which means that the model shown in this research is significant (Table 15).

$$CMS = 1.500 - 0.057 - 0.010 + 0.029 + 0.030 + 0.131 + 0.141 + 0.271 - 0.101 \tag{2}$$

Dependent variable coefficients are shown in Table 16, in relation with the independent variables studied. By each independent indicator, *the current situation*

Table 13 Variables correlation that influence the current situation of the microentrepreneur

	DSB	SO	BEE	SF	EA	OH	FEO	DCNW	CMS
Decision to start a business (DSB)	1								
Startup obstacles (SO)	-0.169	1							
Barriers in the enterprise environment (BEE)	-0.163	0.041	1						
Startup financing (SF)	-0.014	0.103	-0.014	1					
Entrepreneur aspirations (EA)	0.030	-0.024	-0.089	0.015	1				
Operational hurdles (OH)	-0.009	0.321**	-0.075	0.161	-0.222*	1			
Financing during enterprise operations (FEO)	-0.102	-0.054	0.064	0.278*	0.084	-0.041	1		
The decision when the company is not working (DCNW)	-0.273*	0.014	0.102	0.022	0.217	-0.120	0.144	1	
Current microentrepreneur situation (CMS)	-0.097	0.033	0.017	0.170	0.237*	0.139	0.344**	-0.038	1

*The correlation is significant to the 0.05 level (bilateral); **the correlation is significant to the 0.01 level (bilateral)

Table 14 Linear regression according to the entire aspects that influence the current situation of microentrepreneur

Model	R	R ²	R ² corrected	Typical error on estimation
1	0.487 ^a	0.238	0.152	0.623

^aDependent variable: current microentrepreneur situation

Table 15 ANOVA measurements of predicted variables that influence the microentrepreneurs of Celaya, Guanajuato, Mexico

Model	Sum of squares	gl	Media quadratic	F	Sig.
Regression	8.596	8	1.075	2.765	0.010 ^a
Residual	27.591	71	0.389		
Total	36.188	79			

^aPredictive variables: (constant), the decision when the company is not working, startup obstacles, barriers in the enterprise environment, startup financing, entrepreneur aspirations, financing during enterprise operations, decision to start a business, operational hurdles

Table 16 Dependent variable coefficients^a in the current situation of the microentrepreneurs of Celaya Guanajuato, Mexico versus the independent variables

Model	Non standardised coefficients		Coefficients typified	t	Sig.
	B	Typical error	Beta		
(Constant)	1.500	0.382		3.930	0.000
Decision to start a business	-0.057	0.060	-0.105	-0.944	0.348
Startup obstacles	-0.010	0.035	-0.033	-0.296	0.768
Barriers in the enterprise environment	0.029	0.043	0.072	0.682	0.497
Startup financing	0.030	0.074	0.044	0.400	0.691
Entrepreneur aspirations	0.131	0.049	0.294	2.687	0.009
Operational hurdles	0.141	0.080	0.201	1.762	0.082
Financing during enterprise operations	0.271	0.092	0.323	2.936	0.004
The decision when the company is not working	-0.101	0.073	-0.156	-1.395	0.167

^aDependent variable: current situation of the microentrepreneur

of the microentrepreneur has a rank of significance equal to 0.009 for the *entrepreneur aspirations*, 0.004 for the *financing during enterprise operations* and 0.082 for *operational hurdles*. Finally, it was determined that all the non-standardised coefficients (β_k), together with the independent variables, are relevant to explain the current situation of the microentrepreneur with a significance level of 0.000.

5 Conclusions and Remarks

The main objective of this research was to focus on determining if the different indicators, such as the (1) *decision to start a business*, (2) *entrepreneur aspirations*, (3) *startup obstacles*, (4) *barriers in the enterprise environment*, (5) *startup financing*, (6) *operational hurdles*, (7) *financing during enterprise operations* and the (8) *decision when the company is not working*, influence the current microentrepreneur situation_(CMS).

The first four indicators are related to situations whereby the microentrepreneur is about to start a new business. The indicators numbered (4)–(8) are related to the operations of the company, once it is already created. It is notable that the aspirations of the entrepreneur (indicator 2) affects not only the creation but also the operation of the microenterprise. With the combination of all the variables, nine hypotheses were set, of which eight were for the analysis of how the indicators influence the *current situation of the microentrepreneur*. Results show that some of the variables correlate, such as the operational hurdles (OH) with the startup obstacles (SO); the entrepreneur aspirations (EA) and decision to start a business (DSB) with the decision when the company is not working (DCNW); as well as the correlation between the current microentrepreneur situation (CMS) with the entrepreneur aspirations and the financing during enterprise operations (FEO). The correlation and analysis accepted only hypothesis H₅ and H₇, since the CMS has only a positive and significant correlation with the EA and the FEO indicators, otherwise, rejecting hypotheses H₁, H₂, H₃, H₄, H₆, and H₈.

The last hypothesis was the H₉. *The current microentrepreneur situation (CMS) is determined from indicators (a) decision to start a business, (b) entrepreneur aspirations, (c) startup obstacles, (d) barriers in the enterprise environment, (e) startup financing, (f) operational hurdles, (g) financing during enterprise operations and (h) the decision when the company is not working.* For this, a linear regression was analysed by establishing an equation that indicates which independent variables are relevant to explain the CMS, thus approving the hypothesis.

Considering that the focus of this research is to understand the variables that influence the current microentrepreneur situation, in emerging economies such as Mexico, interestingly results show that the adult entrepreneur is not influenced by someone when starting a business. Further, less than one third of the participants indicated that their main startup obstacle is education, followed by the lack of financing and legal support. Remarkably, none of the entrepreneurs established fear of failure as a main barrier, even if Adriana (2016) establishes such an attitude as an important factor that influences the entrepreneur. This variable is of great interest and consideration for further research.

Further, microentrepreneurs from 35 to 54 years of age specify that another barrier is the age and gender discrimination. Although the literature found international cases, there is not an abundance of information that describes this discrimination as a barrier. Furthermore, we found that authors Sappleton & Lourenco

established that an entrepreneur of an older age (50 years old and above) does not often experience age discrimination (Sappleton and Lourenco 2015).

More than half of the participants pointed out that one of the main barriers in the enterprise environment is the lack of formal financing access, thus motivating the entrepreneurs to finance their business with their own savings or informal resources from friends and parents.

Another fascinating result shows that when the entrepreneur starts and continues his business, the main motivation is to make money, followed by being self-employed and implementing one's own ideas. Likewise, it is worthwhile noting the entrepreneurs' spirit when the company is not working. The surveyed answered that, in this situation, they would ask for expert consultancy to solve the company's problems or, otherwise, they would open another enterprise.

Over half of the participating microentrepreneurs located in Celaya, Guanajuato, enjoy a stable enterprise, and moreover, one third of the interviewed showed to have a company in growth. These are optimistic results considering the present economic insecurity and uncertainty, not only in the state, but in the entire emerging country.

This research needs to improve in many areas that should be continued in further studies. One limitation is the number of enterprises that participated in the study—the sample should be increased to interview companies from all the country's states. Another boundary is that the research only focuses on certain qualitative elements and that other qualitative indicators, such as empowerment or quantitative indicators, should be included as the profits and debts. For further research, it would be interesting to understand how the technology of the information and communication play a role in the development of the microenterprises. Additionally, it would be equally motivating to compare the present study with other international emerging economies.

This model allows to confidently establish the variables, at regional level, that influence the microentrepreneur to open or progress with the company. It also helps as a source of understanding the deficiencies in the region system and how to improve entrepreneurship in such areas.

In conclusion, considering the results obtained from this research, it is determined that the study brings in the knowledge of those qualitative indicators that influence the current or future microentrepreneur situation within emerging economies, such as Mexico. Firstly, this knowledge helps the academic community by enhancing their understanding of the subject when considering variables in an emerging economy and, secondly, assists the microentrepreneurs to better comprehend their sector. Thirdly, this data provides the Mexican government with information pertaining to how different factors, such as age and gender discrimination and a lack of access to finance, influence such an important economic sector. Subsequently, this should encourage the Mexican government to establish public policies and create strategies to help this vulnerable sector that is of extremely high importance to the business environment and on the country's GDP.

References

- ABACO. (2013). *Emprendedores por sector de actividad y edad. Distribución por grupos de edad de los emprendedores en España, 2013*. Observatorio ABACO. Retrieved from http://www.observatorioabaco.es/wp-content/uploads/downloads/2014/02/3_emprendedores_por_sector_de_actividad_p.pdf
- Adriana, G. (2016). Educational barriers for disadvantaged groups in entrepreneurship. *Procedia Economics and Finance*, 39, 791–799. [https://doi.org/10.1016/S2212-5671\(16\)30268-4](https://doi.org/10.1016/S2212-5671(16)30268-4)
- Agyapong, D. (2017). Micro, small and medium enterprises' activities, income level and poverty reduction in Ghana – A synthesis of related literature. *International Journal of Business and Management*, 15(12), 196–205. <https://doi.org/10.5539/ijbm.v5n12p196>
- Alonso, J., & Charpentier, V. (2015). Modelos de Beaver, Ohlson y Altman: ¿son realmente capaces de predecir la bancarota en el sector empresarial costarricense? *Tec Empresarial*, 8(3), 29–40.
- Barkhatov, V., Pletnev, D., & Campa, A. (2016). Key success factors and barriers for small businesses: Comparative analysis. *Procedia- Social and Behavioral Sciences*, 221, 29–38. <https://doi.org/10.1016/j.sbspro.2016.05.087>
- Blitz, R., & Moore, E. (2016). *Los mercados emergentes se preparan para enfrentar una alta volatilidad en 2017..* Retrieved from <http://www.cronista.com/financiamientos/Los-mercados-emergentes-se-preparan-para-enfrentar-una-alta-volatilidad-en-2017-20161221-0040.html>
- Börger, A., Figueroa, R., & Vecchiola, Y. (2009). Éxito Y Fracaso Empresarial. *Revista de la Facultad de Ingeniería, Universidad de Atacama*, 23, 36–45.
- Buelna, M., & Ávila, S. (n.d.). Cultura Emprendedora. Tradición y actualidad. *Tiempo Y Escritura*. Universidad Autónoma de México. Retrieved from http://www.azc.uam.mx/publicaciones/tye/tye15/art_hist_08.html
- CEPAL. (2011). *Panorama de la Inserción Internacional de América Latina y el Caribe 2010-2011: la región en la década de las economías emergentes*. Retrieved from <http://www.cepal.org/es/publicaciones/1180-panorama-la-insercion-internacional-america-latina-caribe-2010-2011-la-region-la>
- Chelekis, J., & Mudambi, S. M. (2010). MNCs and micro-entrepreneurship in emerging economies: The case of Avon in the Amazon. *Journal of International Management*, 16(4), 412–424. <https://doi.org/10.1016/j.intman.2010.09.010>
- Chhabra, M., & Karmarkar, Y. (2016). Effect of gender on inception stage of entrepreneurs: Evidence from small and micro enterprises in indore. *Small Enterprises Development, Management & Extension Journal*, 43(3.) Retrieved from <http://ojs.nimsme.org/index.php/Document1/rt/captureCite/187/0/ApaCitationPlugin>
- Corona, J. M., & Hernández, G. (2000). Relación proveedor-usuario y flujos de información tecnológica en la industria mexicana. *Comercio Exterior*, 50(9), 759–770. Retrieved from <http://revistas.bancomext.gob.mx/rce/magazines/44/1/coro0900.pdf>
- De Mel, S., McKenzie, D., & Woodruff, C. (2011). Getting credit to high return microentrepreneurs: The results of an information intervention. *The World Bank Economic Review*, 25(3), 456–485. <https://doi.org/10.1093/wber/lhr023>
- DENUE. (2016). *Directorio Estadístico Nacional de Unidades Económicas*. INEGI. Retrieved from <http://www.beta.inegi.org.mx/app/mapa/denue/>
- Diario Oficial De La Federación. (2012). *Acuerdo por el que se establece la estratificación de las micro, pequeñas y medianas empresas*. Retrieved from http://dof.gob.mx/nota_detalle_popup.php?codigo=5096849
- Eesley, C., & Wang, Y. (2017). Social influence in career choice: Evidence from a randomized field experiment on entrepreneurial mentorship. *Research Policy*, 46(3), 636–650. <https://doi.org/10.1016/j.respol.2017.01.010>
- Estrin, S., Korosteleva, J., & Mickiewicz, T. (2013). Which institutions encourage entrepreneurial growth aspirations? *Journal of Business Venturing*, 28(4), 564–580. <https://doi.org/10.1016/j.jbusvent.2012.05.001>

- Eversole, R. (2003). My business pays me: Labourers and entrepreneurs among the self-employed poor in Latin America. *Bulletin of Latin American Research*, 22(1), 102–116.
- Fabre, F., & Smith, R. (2003). *Building an entrepreneurial culture in Mexico*. Venture Finance Institute of México. Retrieved from <http://www.capitalprivado.com.mx/wp-content/uploads/downloads/2010/04/Building-an-entrepreneurial-culture-in-mexico.pdf>
- Fahazarina, S., Aidil, M., Awang, R., & Habibah, N. (2015). Discovering small business start up motives, success factors and barriers: A gender analysis. *Procedia Economics and Finance*, 31(15), 436–443. [https://doi.org/10.1016/S2212-5671\(15\)01218-6](https://doi.org/10.1016/S2212-5671(15)01218-6)
- Fajnzylber, P., Maloney, W., & Rojas, G. M. (2006). Microenterprise dynamics in developing countries: How similar are they to those in the industrialized world? Evidence from Mexico. *The World Bank Economic Review*, 20(3), 389–419. <https://doi.org/10.1093/wber/lhl005>
- Fiet, J. O., Norton, W. I., & Clouse, V. G. H. (2013). Search and discovery by repeatedly successful entrepreneurs. *International Small Business Journal*, 31(8), 890–913. <https://doi.org/10.1177/0266242612465690>
- Forbes staff. (2015). *¿Qué tan fácil es abrir un negocio en México?* Retrieved from <https://www.forbes.com.mx/que-tan-facil-es-abrir-un-negocio-en-mexico/>
- GEM GLOBAL. (2013). *Global Entrepreneurship Monitor 2013 Global Report*. BABSON: Universidad de Desarrollo and University TUN ABDUL RAZAK. BABSON.
- Hart, M., Anyadike-Danes, M., & Blackburn, R. A. (2004). *Entrepreneurship and age in the UK: Comparing Third Age and Prime Age new venture creation across the regions*. Copenhagen.
- Herman, E., & Szabo, Z. K. (2014). Considerations on Romania's entrepreneurial profile: Barriers to productive entrepreneurship. *Procedia Economics and Finance*, 15(14), 1740–1750. [https://doi.org/10.1016/S2212-5671\(14\)00649-2](https://doi.org/10.1016/S2212-5671(14)00649-2)
- Hernández-trillo, F., Pagán, J. A., & Paxton, J. (2005). Start-up capital, microenterprises and technical efficiency in Mexico. *Review of Development Economics*, 9(3), 434–447.
- Hook, S., Chang, W., & Singh, N. (2017). Revisiting the finance-innovation nexus: Evidence from a non-linear approach. *Journal of Innovation and Knowledge*, 1–14. <https://doi.org/10.1016/j.jik.2017.02.001>
- Hoskisson, R., Eden, L., Ming, C., & Wright, M. (2000). Strategy in emerging economies. *Academy of Management Journal*, 43(3), 249–267.
- Hueske, A., Endrikat, J., & Guenther, E. (2015). External environment, the innovating organization, and its individuals: A multilevel model for identifying innovation barriers accounting for social uncertainties. *Journal of Engineering and Technology Management*, 35, 45–70. <https://doi.org/10.1016/j.jengtecman.2014.10.001>
- INEGI. (2014). CENSOS ECONÓMICOS 2014. Unidades económicas y personal.. Retrieved from <http://www.cuentame.inegi.org.mx/monografias/informacion/gto/economia/ue.aspx?tema=me&e=11>
- INEGI. (2016). *Se difunden estadísticas detalladas sobre las micro, pequeñas y medinas empresas del país*. Boletín de prensa Núm. 285/16. Retrieved from http://www.inegi.org.mx/saladeprensa/boletines/2016/especiales/especiales2016_07_02.pdf
- INEGI. (2017). *Directorio Estadístico Nacional de Unidades Económicas*. Retrieved from <http://www.beta.inegi.org.mx/app/mapa/denue/>
- Jimenez, A., Puche-Regaliza, J. C., & Jimenez, J. A. (2015). Institutional quality and entrepreneurship: The role of political discretionality and corruption. *Academy of Management Annual Meeting Proceedings*, 1. <https://doi.org/10.5465/AMBPP.2015.15569abstract>
- Kautonen, T., Down, S., & South, L. (2008). Enterprise support for older entrepreneurs: The case of PRIME in the UK. *International Journal of Entrepreneurial Behaviour & Research*, 14(2), 85–101.
- LaEconomía. (2017). *PIB en México*. Retrieved from <http://laeconomia.com.mx/pib-mexico/>
- Leed, D., Papers, W., Potter, J., Marchese, M., Feldman, M., Kemeny, T., & Pike, A. (2013). *The local dimension of SME and entrepreneurship issues and policies in Mexico. OECD Local Economic and Employment Development (LEED)*. Paris: OECD Publishing. <https://doi.org/10.1787/5k3xn24zbgqr4-en>

- Lim, D. S. K., If, T. D., Hoon, C., De Td, D., & Clercq, I. F. (2016). Engagement in entrepreneurship in emerging economies: Interactive effects of individual-level factors and institutional conditions. *International Business Review*, 25(4), 933–945. <https://doi.org/10.1016/j.ibusrev.2015.12.001>
- Mandl, C., Berger, E. S. C., & Kuckertz, A. (2016). Do you plead guilty? Exploring entrepreneurs' sensemaking-behavior link after business failure. *Journal of Business Venturing Insights*, 5, 9–13. <https://doi.org/10.1016/j.jbv.2015.12.002>
- Marvella, C. (2015). Guanajuato y Querétaro, motores de crecimiento económico del país. *El financiero*. Retrieved from <http://www.elfinanciero.com.mx/bajio/guanajuato-y-queretaro-seguiran-como-motores-de-crecimiento-en-2015.html>
- Méndez, Á. (2011, July 24). Se busca emprendedor fracasado. *EL PAÍS*. España. Retrieved from http://elpais.com/diario/2011/07/24/negocio/1311515247_850215.html
- Morgan, J., Orzen, H., Sefton, M., & Sisak, D. (2016). Strategic and natural risk in entrepreneurship: An experimental study. *Journal of Economics & Management Strategy*, 25(2), 420–454. <https://doi.org/10.1111/jems.12140>
- Morgan, J., & Sisak, D. (2016). Aspiring to succeed: A model of entrepreneurship and fear of failure. *Journal of Business Venturing*, 31(1), 1–21. <https://doi.org/10.1016/j.jbusvent.2015.09.002>
- Mumi, A., Ciuchta, M., & Yang, Y. (2017). The influences of social media on entrepreneurial process: The theoretical understanding from effectuation theory. In *United States Association for Small Business and Entrepreneurship* (pp. 309–340). Boca Raton, FL. Retrieved from <http://search.proquest.com/openview/aa1efc64c904af179d11944a78278864/1?pq-origsite=gscholar&cbl=38818>
- Observatorio Nacional del Emprendedor. (2015). *Reporte sobre el efecto de la corrupción en emprendedores y MIPYMES* (Vol. 1). Observatorio Nacional del Emprendedor. Retrieved from <http://www.mx.undp.org/content/dam/mexico/docs/Publicaciones/PublicacionesReduccionPobreza/one/ElefectodelacorrupcionenemprendedoresyMiPyMEs.pdf>
- Ortiz, M. (2013). El fracaso de la microempresa relacionado con las características individuales del propietario: un estudio empírico en República Dominicana. *FIR. Faedpyme International Review*, 2(3), 39–48.
- Paz, M. (2016). Esperan en Celaya inversión “sin precedente” en 2017. *El Financiero*. Retrieved from <http://www.elfinanciero.com.mx/bajio/esperan-en-celaya-inversion-sin-precedente-en-2017.html>
- Perez-Quintana, A., Hormiga, E., Martori, J., & Madariaga, R. (2017). The influence of sex and gender-role orientation in the decision to become an entrepreneur. *International Journal of Gender and Entrepreneurship*, 9(1), 8–30. Retrieved from <http://www.emeraldinsight.com/doi/abs/10.1108/IJGE-12-2015-0047>
- Plotnikova, I., Korneva, O., & Ustuzhanina, A. (2015). Barriers to innovation in the implementation of the investment strategy: An empirical study. *Procedia- Social and Behavioral Sciences*, 166, 369–377. <https://doi.org/10.1016/j.sbspro.2014.12.539>
- Raposo, M., & Paço, A. (2011). Entrepreneurship education: Relationship between education and entrepreneurial activity. *Psicotherma*, 23(2001), 453–457.
- Robles, L., & Zárraga, M. (2015). Key competencies for entrepreneurship. *Procedia Economics and Finance*, 23, 828–832. [https://doi.org/10.1016/S2212-5671\(15\)00389-5](https://doi.org/10.1016/S2212-5671(15)00389-5)
- Sapleton, N., & Lourenco, F. (2015). *Entrepreneurship, self-employment and retirement*. New York: Springer. Retrieved from https://books.google.com.mx/books?id=F-S_CQAAQBAJ&pg=PA52&dq=age+discrimination+entrepreneur&hl=es-419&sa=X&redir_esc=y#v=onepage&q=agediscrimination&f=false
- Schwarzkopf, C. (2016). *Fostering innovation and entrepreneurship: Entrepreneurial ecosystem and entrepreneurial fundamentals in the USA and Germany*. Germany: Springer.
- Sobel, R. S., Clark, J. R., & Lee, D. R. (2007). Freedom, barriers to entry, entrepreneurship, and economic progress. *Review of Austrian Economy*, 20, 221–236. <https://doi.org/10.1007/s11138-007-0023-3>

- Solleiro, L., & Castan, R. (2005). Competitiveness and innovation systems: The challenges for Mexico's insertion in the global context. *Technovation*, 25, 1059–1070. <https://doi.org/10.1016/j.technovation.2004.02.005>
- Soto, R. C. (2009). *Diagnóstico sobre los procesos de transformación de las empresas desde el auto percepción de los empresarios en el sector manufacturero de celaya*. Retrieved from https://www.researchgate.net/publication/46563176_Diagnostico_sobre_los_procesos_de_transformacion_de_las_empresas_desde_el_auto_percepcion_de_los_empresarios_en_el_sector_manufacturero_de_Celaya
- Sparano, H. (2014). Emprendimiento en América Latina y su impacto en la gestión de proyectos. *Revista Dimensión Empresarial*, 12(2), 95–106.
- Ucbasaran, D., Shepherd, D. A., Lockett, A., & Lyon, S. J. (2013). Life after business failure. *Journal of Management*, 39(1), 163–202. <https://doi.org/10.1177/0149206312457823>
- United Nations. (2013). *United nations opportunities and constraints to youth entrepreneurship*. Retrieved from http://www.sz.one.un.org/files/Youth_Entrepreneurship_Report_Jan2013final.pdf
- United Nations. (2014). *Investing in the SDGs: An action plan. United Nations Conference on Trade and Development. World Investment Report*. New York & Geneva. Retrieved from http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf
- United Nations. (2016). *World Investment Report. Investor nationality: Policy challenges*. New York & Geneva. Retrieved from http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf
- Van Auken, H., Stephens, P., Fry, F. L., & Silva, J. (2006). Role model influences on entrepreneurial intentions: A comparison between USA and Mexico. *Entrepreneurship Management*, 2, 325–336. <https://doi.org/10.1007/s11365-006-0004-1>
- Vázquez, M. J., Irimia, A., & Blanco, A. (2014). Factores determinantes de las quiebras en microempresas. *XXII Jornadas ASEPUMA- X Encuentro Internacional*, 22(1505), 1–26.
- Vial, V., & Hanoteau, J. (2015). Returns to micro-entrepreneurship in an emerging economy: A quantile study of entrepreneurial Indonesian households' welfare. *World Development*, 74, 142–157. <https://doi.org/10.1016/j.worlddev.2015.04.008>
- Zaridis, A. D., & Mousiolis, D. T. (2014). Entrepreneurship and SME's organizational structure. Elements of a successful business. *Procedia- Social and Behavioral Sciences*, 148, 463–467. <https://doi.org/10.1016/j.sbspro.2014.07.066>
- Zuñiga, E. (2017). Familia y amigos, principal apoyo financiero para los emprendedores. *FORBES Mexico*. Retrieved from <https://www.forbes.com.mx/familia-y-amigos-principal-apoyo-financiero-para-emprendedores/>