

# Introduction: becoming an entrepreneur and developing entrepreneurial behaviour

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## EVOLVING CONCEPTS AND CONTEXTS OF ENTREPRENEURSHIP

The purpose of this third book in the series ‘European Research in Entrepreneurship’ is to demonstrate the importance of entrepreneurship research at a time of turbulent environments, to present important avenues of research, and to illustrate differences in entrepreneurship between countries and regions. We emphasize the questions of why, what and how to study entrepreneurship. By making links to the two previous books in this series we are able to illuminate some trends in European entrepreneurship research and to illustrate how European research on entrepreneurship has evolved since our first book in 2005. At that time we anticipated that the European entrepreneurship debate would gain in strength and find its own profile by revisiting its European roots in the global landscape. In the second book in 2008, these expectations were identified to gather around three research orientations. First, the European approach contextualizes rather than isolates research settings. Second, more than before it views entrepreneurship as a dynamic learning and developmental process whatever the context, and third, the new ideological dialogue of entrepreneurship has started to expand its scope from business to society.

In 2005 our expectations for the question ‘why study entrepreneurship?’ related to the role and value of entrepreneurial practices in society and economy, which concerns the need to provide new work and wealth for citizens in a complex and changing reality. In this respect our prediction is more than valid today. Social concepts and contexts have disembarked to theories, and complex and changing reality has inspired and strengthened opportunity-driven research. As anticipated, we have moved from the question of the entrepreneur’s role in the economy towards the importance

of entrepreneurial practices and processes in renewing society. This is the mainstreaming theme in this book.

The process approach is embedded in all parts of this book. It underlines various innovative and opportunity-driven processes as a complex interaction between technology, environment and social practices, as indeed was anticipated in our previous books. Also, it became obvious that the individualistic-oriented approach has extended to collective and networking activities and processes integrating theories from management, organization science, marketing and education as well as from philosophy and methodological fields of science. Thus the content of this book represents a multi-disciplinary approach typical of the latest developments in entrepreneurship research. It borrows ideas from sociology, psychology, management, education, organization science and philosophy.

As regards what to study, the research, as anticipated, is enriched with action-bound theories and the theories understanding and modelling holistic complex and non-linear reality and practices. In this field, too, the focus of research has changed to the dynamics and processes of creating new economic activity in different contexts: individuals, small businesses, organizations and networks. Specific to the development of these processes is the opportunity discovery and creation perspective that questions the traditional opportunity recognition approach.

From a methodological perspective, how to study, we highlighted how methodology affects and is dependent on the questions of why and what to study, and how recent developments assume methodological advance to gain access to the dynamic processes of these settings. As expected, the methodological development, as demonstrated in the chapters in this book, proceeds towards methods capturing the complex reality and the interaction between individual and collective human processes. Typically there is an effort to capture non-linear reality through individual experiences and perceptions as well as to find a way to reconceptualize the evolving concepts of entrepreneurship.

Now indeed we can say that these predictions are about to be validated. For this book we have chosen examples of all of these developments. The chapters present how these questions of *why*, *what* and *how* to study entrepreneurship have changed during these years. In Part I we focus on the process of becoming and learning to be an entrepreneur. Part II highlights how entrepreneurship as a social phenomenon and as a social process of becoming entrepreneurial has evolved. Finally Part III demonstrates how the process of creating and developing entrepreneurial organizations is about to take its rightful place in entrepreneurship research. These parts share the process orientation towards becoming an entrepreneur and developing entrepreneurial behaviour.

Together these 26 authors and research groups from ten countries representing applied economics, education, management, marketing, technology, economic and social sciences suggest that the evolving concepts and processes of entrepreneurship are complex, context-bound processes produced by human behaviour. They introduce the most recent developments in entrepreneurship research as process-oriented individual and social learning processes and arenas and provide the empirical contributions from a broad set of European countries.

## **PART I: THE PROCESS OF BECOMING AND LEARNING TO BECOME AN ENTREPRENEUR**

Part I, with four chapters, starts by presenting the need for and challenges entailed in becoming and learning to be an entrepreneur and then demonstrates how processes and different phases of becoming an entrepreneur or entrepreneurial can be studied, and how the concept evolved through process-oriented research. The three last chapters deal with pre-intention, intention and opportunity creation and development phases, underlining the need to understand how individuals experience and perceive reality.

Chapter 1, 'Does education matter? The characteristics and performance of businesses started by recent university graduates', written by UK researchers Colin Mason, Stephen Tagg and Sara Carter, opens the arena to the need to better understand how to enhance entrepreneurship in graduate education. The authors summarize this need by showing that even if entrepreneurship education is a growing activity in universities, the evidence base which might support an emphasis on encouraging graduate entrepreneurship is extremely sketchy and without evidence; it is only an act of faith. By drawing on the largest survey of small businesses in the UK with 19 000 usable responses, they present evidence that graduates are starting businesses more quickly after leaving education than in the past and younger graduates are starting businesses more quickly after leaving education than non-graduates. Businesses of younger graduates have also grown faster than those of older graduates, and graduate business owners are more likely to be women than are non-graduate business owners. They argue that this compressed transition between leaving higher education and starting a business assumes a focus on experiential learning in entrepreneurship education and placements or internships in supporting graduate entrepreneurs to compensate for the lack of employment experience.

Chapter 2 supports these recommendations. 'Temporal stability of entrepreneurial intentions: a longitudinal study', written by the Spanish research group consisting of Francisco Liñán, Juan C. Rodríguez-Cohard

and Joaquín Guzmán from Applied Economics at the University of Seville, analyses the temporal progression in intentions. Entrepreneurship is viewed as a process that occurs over time as the first step in the evolving process of venture creation. The authors argue that the intention to start up is a necessary precursor to performing entrepreneurial behaviours. Their results indicate that, after graduation, changes in intentions are rare and thus greater effort should be invested in enhancing the attractiveness of entrepreneurship at earlier stages in the education system. Developing the skills and values more closely linked to entrepreneurship (such as independence, self-realization, self-confidence, creativity, and so on) in younger students would contribute to more favourable personal attitudes towards this career option. The results also indicate that 'authentic experience' is essential to increase self-efficacy and entrepreneurial intention. According to the authors this calls for entrepreneurial pedagogy in authentic settings, as the UK researchers also recommended.

Chapter 3, 'Meta processes of entrepreneurial and enterprising learning: the dialogue between cognitive, conative and affective constructs', goes deeper into the dynamics of learning these competences. The authors Paula Kyrö, Jaana Seikkula-Leino and Jarkko Mylläri of the Finnish Aalto ENTRE Research Group adopt the tripartite constructs of personality and intelligence (Snow et al., 1996) distinguishing between the cognitive, conative and affective aspects of learning. Following Gibb's ideas, they argue that the affective aspects of values and attitudes should take a more explicit place in learning practices. Thus learning more about affective self-regulation processes, that is, an individual's active participation in his or her own learning process, would empower entrepreneurial and enterprising learning processes. The results indicate that all constructs appeared in entrepreneurship education learning interventions as well as in transitions between them, but the affective meta-process was hardest to identify and learn.

Chapter 4, by Rok Stritar and Mateja Drnovšek from Slovenia, focuses on 'Entrepreneurial opportunity identification: the case of Skype Technologies'. They argue that entrepreneurs do not discover opportunities; rather, they create them by taking advantage of technological change or innovation occurring in the economy. They follow Sarasvathy, who proposes that what are discovered are merely possibilities that have to be developed to become opportunities. The way an opportunity is developed is strongly connected to the individual, which means that two different entrepreneurs would not develop the same opportunity in the same way. They claim that even if the literature makes a notable distinction between the identification and development phase of the entrepreneurship process, it is less clear what the result of both phases is and where the process of

identification ends and that of development starts. The results of their case study indicate that the way entrepreneurs want to develop an opportunity can also strongly influence the opportunity identification itself and emphasize the role of the individual in the identification and development of opportunities. Learning from these findings creates new and more specified demands of entrepreneurship education processes.

## PART II: ENTREPRENEURSHIP AS A SOCIAL PROCESS OF BECOMING ENTREPRENEURIAL

The chapters in Part II demonstrate how social entrepreneurship has disembarked to entrepreneurship research along with its importance in society. This part of the book specifically shows how the new ideological dialogue of entrepreneurship has started to expand its scope from business to society. Belgian authors Bacq and Janssen (Chapter 7, this volume) argue, no doubt the growing interest in social entrepreneurship partly results from its innovativeness in addressing social problems that are becoming increasingly complex.

Chapter 5, by Iris Aaltio, Paula Kyrö and Elisabeth Sundin representing a Swedish–Finnish research team, is entitled ‘Heuristic method: insights into a conceptual understanding of women’s entrepreneurship and social capital’. The authors claim that conceptual work that combines and investigates the multiple results of book compilations is still rare in the jungle of academic publishing. By introducing search and argument heuristics as an example of new openings in this field, they examine how conceptual thinking progresses through and enriches the conceptual understanding of the dialogue between women’s entrepreneurship and social capital. They suggest that the lack of suitable concepts typically marginalizes women’s entrepreneurship, and thus finding a way to enhance conceptualization in this field will advance the research on women’s entrepreneurship and the practices of women entrepreneurs. Instead of ‘marginalizing’, they promote ‘innovating’ as an intrinsic line of women’s entrepreneurship and social capital concepts. Thus a heuristic method explicates how social capital seems to be the field of innovations for women entrepreneurs. It seems to give access to the pursuit of opportunities and the gaining of access to resources needed for these activities. Thus it offers an opportunity to break the boundaries of ‘otherness’, paving the way of women’s entrepreneurship so far. These findings also demonstrate new needs as to how to support women’s entrepreneurship education and graduate entrepreneurs as Mason et al. recommended in the first chapter of this book.

In Chapter 6, ‘Entrepreneurs’ social capital enhancing performance

and venture advancement', the Icelander Hannes Ottósson and the Dane Thomas Schøtt discuss social capital through the process perspective based on social capital at the crossroads of entrepreneurship theory and social network theory. They investigate the effects of networks on entrepreneurial performance and advancement. They claim that there is a need to increase the integration of outcome and process-oriented research and that many studies borrowing from sociology and economics have not succeeded in this. They conclude that by utilizing a dynamic panel research design that covers the whole entrepreneurial process, scholars can stop asking 'whether' questions and start asking 'when' and 'how' questions.

Chapter 7 by Sophie Bacq and Frank Janssen, 'Structuring the field of social entrepreneurship: a transatlantic comparative approach', concludes this part with a conceptual comparative study. The authors claim that the lack of a unifying paradigm in the field of social entrepreneurship has led to a proliferation of definitions. Therefore, there is a need to clarify the concepts of 'social entrepreneurship', 'social entrepreneur' and 'social enterprise', and to identify the different schools and practices. Their in-depth literature review identifies three main directions: in the USA (1) the Social Innovation and (2) the Social Enterprise Schools, and (3) the European School, and their findings indicate that there are no geographical differences between the concepts but, even within the United States, different conceptions exist concurrently.

### **PART III: THE PROCESS OF CREATING AND DEVELOPING ENTREPRENEURIAL ORGANIZATIONS**

The third part of the book contains three chapters, all of which demonstrate how entrepreneurial processes have developed in different organizational contexts. They seek to understand and conceptualize how these processes have evolved and how they could be developed further.

In Chapter 8, 'Mapping internationalization paths of technology-based SMEs: cases of Estonian ICT and biotechnology companies', Kalev Kaarna and Tõnis Mets from Estonia combine international studies with entrepreneurship by modelling the internationalization paths of the firms. They argue that researchers like Shane and Venkataraman, Coviello and Mathews and Zander have tried to add the dynamic process component to the definition of international entrepreneurship, but these attempts have gone unnoticed by most empirical studies. Accordingly they suggest that the internationalization process should be broadened to

emphasize the dynamic nature of the process of recognizing and exploiting entrepreneurial opportunities across national borders.

Finnish researchers Tuija Mainela, Vesa Puhakka and Sakari Sipola, in their chapter 'Exploring firm growth as a process of creation', criticize prior studies on firm growth due to their positivistic, variance-based methods. Instead of explaining and predicting what happens in a social reality by looking for natural laws implying regularities and causality, they suggest that the conceptualization of firm growth should emphasize the multidimensionality, emergent nature and context-dependence of firm growth. They propose a conceptual framework for studying firm growth as a process of creation building on four primary and intertwined elements: (1) types of opportunities; (2) types of growth behaviours; (3) contextual issues of resources, strategizing practices and environment; and (4) the outcome of the process. Thus the growth behaviour of a firm can be expressed in many ways. What is essential for a firm is to recognize different mechanisms such as organizational learning, various information-gathering behaviours and to build an organization where these are catered for. This contributes to a starting point and an environment where growth can take place. Thus it also presents some ideas regarding the need to educate young growth-orientated students.

The book concludes with a chapter by Belgian Olga Belousova, 'The influence of organizational characteristics on intentions of employees towards corporate entrepreneurship'. The author is interested in learning more about the way organizations become more innovative and entrepreneurial and stimulate such behaviours among the employees. Being innovative, risk-taking and ready to pioneer has proved to contribute well to the financial performance and strategic value of big corporations as it has also to small and medium sized enterprises, and individual innovation behaviour is recognized as crucial in fostering continued entrepreneurship. Thus this concluding chapter leaves us with a challenge to improve these competences in education regardless of the context students choose in their careers.

From the methodological perspective these ten chapters share a tendency to overcome the problems of linearity and find a way to reconceptualize the complex processes and evolving concepts of entrepreneurship. This is done by emphasizing a longitudinal approach, conceptual methods and individual experiences and perceptions. The chapters also show the multitude of methodologies applied within the entrepreneurship research field.

A longitudinal approach is chosen, for example, by Liñán, Rodríguez-Cohard and Guzmán in their intention study and Kaarna and Mets in their internationalization research. The first of these adopts a two-wave,

approximately three-year longitudinal analysis through a questionnaire to 336 final-year undergraduate students in three public universities in Andalusia. Kaarna and Mets use a longitudinal case study approach to evaluate the model for mapping internationalization paths over 15–18 years. As they argue, such a longitudinal approach is not common in international entrepreneurship research, but is needed to gain better insight into the processes.

A longitudinal approach is also evident in two Grounded Theory studies. The research of ‘Meta processes of entrepreneurial and enterprising learning’ applies Straussian Grounded Theory with the coding outcomes of open, axial and selective phases followed by the concept map method. It consists of the two-year follow-up reflections of 18 university students who participated in two consecutive study programmes in entrepreneurship education. ‘The case of Skype Technologies’ written by Rok Stritar and Mateja Drnovšek also adopts a Grounded Theory approach by collecting secondary data in the form of written and video interviews with the Skype business founder. The authors systematically coded the data and built a grounded emergent model of opportunity identification and development for the venture.

The conceptual study by Aaltio, Kyrö and Sundin demonstrates how a heuristic method of discovery, a method rarely used in entrepreneurship research, can help to provide new insights on how to conceptualize. After employing a heuristic search, that is finding an analogy and borrowing a heuristic method from sociology, they adopt argument heuristics by problematizing the obvious with the question, ‘What if the social capital for women entrepreneurs represents something other than social capital as it is generally defined?’, then by making a reversal: ‘What if women entrepreneurs are not only constructed by social capital but rather construct it for some purpose?’ New concepts for the interplay between social capital and women’s entrepreneurship were generated.

The comparative conceptualizing study by Sophie Bacq and Frank Janssen provides new insights into social entrepreneurship through an in-depth literature review often needed in the nascent phase of evolving concepts. A similar approach is used by Belousova to generate new hypotheses for studying corporate entrepreneurship. She argues that entrepreneurship – and in particular, corporate entrepreneurship – is a multidimensional and complex phenomenon that cannot be easily described. Hence it is necessary to avoid blind usage of concepts and tools from other domains without properly adapting them to the field. Therefore, to capture this conceptual diversity several approaches towards the intentions of employees to engage in entrepreneurship were needed to reconceptualize corporate entrepreneurship.

Another example of reconceptualizing is Mainela, Puhakka and Sipola's exploration of firm growth as a process of creation. They claim that this kind of processual and cross-disciplinary viewpoint is needed to develop growth as an opportunity-driven behavioural process embedded in a particular, dynamic context. Their in-depth literature review represents a research design that models firm growth as processes of individuals' actions for growth. They argue that there are few studies which aim to build such a comprehensive view of firm growth. They depict firm growth as a process of creation instead of focusing on the relationships between single variables.

Finally, the research by Hannes Ottósson and Thomas Schøtt is an example of a quantitative study of potential entrepreneurs' self-perceived effectiveness in the three stages of the venture process. The original data was collected in 2006 in the Danish participation in the international research project Global Entrepreneurship Monitor (GEM). Ten thousand randomly selected adults were contacted and interviewed over the telephone about their entrepreneurial activities. The authors moreover surveyed a panel of 714 entrepreneurs in Denmark. Through multiple regression modelling they found that social capital positively affects performance in terms of venture emergence and the perceived effectiveness of entrepreneurs.

Together these methodological choices are examples of how to study changes in processes, how to conceptualize, and how the changing and complex non-linear reality can be understood rather through individuals' experiences and perceptions than by studying reality as it is. Thus they present examples of methodological advance in gaining access to the dynamic processes of entrepreneurship as proclaimed in our previous books in this series.

We can now therefore give an answer to our question 'Is there any room for newness and innovation in entrepreneurship research?' in the first book in the 'European Research in Entrepreneurship' series. Even though the chapters in this book only present some examples of the European entrepreneurship research field, they clearly demonstrate how European research seems to follow the path we predicted. There is a clear tendency to proceed further from the linear understanding of entrepreneurial processes, there are promising initiatives for reconceptualizing, and new concepts are developed by adopting both conceptual and methodological views from neighbouring fields of science. We hope that researchers, practitioners and policymakers will recognize this as an opportunity to adopt these new ideas and develop them further in renewing their practices. We further hope that this book will provide educators with some new ideas to be adopted in their teaching in order to help their students to acquire

entrepreneurial competences. For us it has been a privilege to work with so many junior and senior researchers in the European university network on entrepreneurship research in editing this book. These new ideas also give us positive prospects to develop the ESU network further.

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