

Abstracts for Emerging Themes in Entrepreneurship Research

Article title: Falling Forward: “Real options reasoning and entrepreneurial failure”

Publication: The Academy of Management Review, Jan 1999

Author:

Volume: 24. Issue-1, Pages-13-30

Summary: The author uses real options reasoning*, a more balanced theoretical perspective to explain failures in the entrepreneurial process, which explicitly links economic value and uncertainty whereby failure can be reconceptualized. It emphasizes on managing uncertainty by pursuing high-variance outcomes but investing only if conditions are favorable, which can in turn increase profit potential while containing costs. Real options reasoning is a systematic method of linking positive and negative outcomes, from which operationalizable propositions can be derived for creating value through entrepreneurship- without the distortions of obsessive failure avoidance. The author feels that by carefully analyzing failures instead of focusing only on successes, scholars can begin to make systematic progress on better analytical models of entrepreneurial value creation.

**Real options reasoning* are a logical for funding projects that maximizes learning and access to upside opportunities while containing costs and downside risk.

Nature of study: Empirical.

Article title: Beyond Social Capital: How Social Skills Can Enhance
Entrepreneurs’ Success

Publication: The Academy of Management Executive

Authors: Robert A. Baron and Gildeon D. Markman

Volume: 14, Number 1, February 2000. Pg: 106-115

Summary: An entrepreneur’s success depends on several factors both internal and external. This article discusses the role played by social skills--specific internal competencies that enable effective, quality interactions with others--in successfully starting a new venture. In small new businesses where the resources are limited, the entrepreneur’s social capital can be converted into significant, tangible benefits. The relationship between social capital and social skills is analogous, in some respects, to the relationship between resource stock and resource flows in organizations. Thus, social capital is often the result of social skills. The authors discuss four specific social skills that are key to entrepreneur’s success—social perception, impression management, persuasion and influence, and social adaptability. Social perception is the ability to perceive accurately the emotions, traits, motives, and intentions of others. Impression

management is concerned with the tactics designed to induce liking and a favorable first impression by others. Ability to change others' attitudes and/or their behavior in desired directions is persuasion and social influence. Social adaptability is the ability to adapt to, or feel comfortable in, a wide range of social situations. A high level of these social skills broadens social networks, enhances reputation and increases social capital. Also, a high level of these social skills has a positive affective reaction from others which leads to enhanced judgments and decisions about entrepreneurs, improving relations, performance and ability to form successful business alliances. Thus, training in social skills, which is readily available, and included in the curricula of many business schools, can contribute to entrepreneurs' social capital and success.

Article title: The Influence of National Culture on the Formation of Technology Alliances by Entrepreneurial Firms

Publication: Academy of Management Journal, 2000

Authors: H. Kevin Steensma, Louis Marino, Pat H. Dickson

Volume: 43, No 5, Pg- 951-973

Summary: To remain competitive in this rapidly changing global market, some entrepreneurial firms tend to cooperate with larger established firms for technological innovation and adapt themselves to the changing trends. This article discusses the effect that national culture has on the propensity for small, independent manufacturing enterprises to cooperate with other firms for technological innovation and use equity ties to form these alliances. The major finding is that national culture directly and indirectly affects the formation of technological alliances. The influence of perceived technological uncertainty on alliance formation does not appear to be universal, but rather, it appears to be contingent on national culture. Results from the study suggest that a resource dependence explanation for technology alliance formation is strongest for societies that maintain cooperative values and avoid uncertainty, in countries such as Australia, Mexico and Norway. A transaction cost explanation* for the use of equity ties is strongest for societies that value individualism, such as Australia, Indonesia, Norway and some European countries.

Nature of the study: Data were drawn from a larger survey that utilized a randomized selection process to survey small to medium sized firms. SME's from both service and manufacturing industries were used. A two- wave mailing process was used in Australia, Indonesia, Norway, and Sweden. An onsite structured interview methodology was used in Mexico.

Variables: Control variable- Constant, Food processing, Printing, Rubber/ plastics, Chemicals, Transportation eq, industrial eq, electronics, size, entrepreneurship orientation and individualism. Direct effects- technological uncertainty, Uncertainty avoidance and Masculinity. Indirect effects- Technological uncertainty avoidance.

* *Transaction cost theory* was developed within economics and focuses on explaining organizational form in the private sector. It has been used to address issues in public administration, politics, budgeting institutions, budgetary execution, and fiscal policy.

Article: Cross-Cultural Cognitions and the Venture Creation Decision
Publication: Academy of Management Journal, 2000
Authors: Ronald K. Mitchell, Kristie W. Seawright
Volume: 43, No 5, 974-993

Summary: In this article the authors draw on the emerging cognitive perspective on entrepreneurship to argue that entrepreneurs in different cultures do not think differently. They argue that the multitude of apparently heterogeneous phenomena that have, in the past, been thought to affect the venture creation decisions of individuals in various countries may, in reality, form the elements of a coherent cognitive model. If true, this constitutes a global culture of entrepreneurship. Theories of social cognition, information processing, and expertise provided the foundation for a cross-cultural model of venture creation. Individualism and power distance were associated with willingness and ability scripts and with the venture creation decision, through interaction with arrangements scripts. These results provide preliminary evidence of consistency in cognitive scripts across cultures.

Nature of study: The setting chosen for study had to meet three criteria: 1. Recognizable economic coherence and importance, 2. Individuals who both did and did not make venture creation decisions, and 3. Heterogeneity across cultures. Seven countries were chosen and data were collected from 753 respondents (315 were from North America, 179 were from Central and South America, 201 were from Asia, and 58 were from Australia)

Variables: Individualism, power distance, arrangements scripts, willingness scripts, ability scripts and venture creation decision.

Article: Planning Behavior Variables in Small Firms
Publication: Journal of Small Business Management
Authors: Gibson and Cassar
Volume: 40, Number 3, July 2002. Pages: 171-186

Summary: This study confirms many of the expected associations between the incidence of planning and business structure, management structure, and several new variables such as management training, intention to change operations and major decision maker's experience. Using a large Australian-wide multiple-period sample, the authors report that the incidence of business planning varies directly with business size(number of employees), volume(total sales), management training occurring within a firm, intention to change operations, higher education level and proprietary experience of

major decision makers in the small business firms. Also, the incidence of business planning decreases as business age increases. This is based on notion that as the business ages, executives gain knowledge about the business environment and increase interrelationships in the corporate world which help to reduce environmental uncertainty, and the need to plan. This study does not test the benefits of planning and thus it may not be possible to make assertions regarding the influence of business planning on small firms.

Nature of the study: Empirical.

Variables: Business size, volume, age. Type of Industry, Management Training, Intention to change operations, Major decision maker's experience and Education.

Article title: Business Groups in Emerging Economies: A Resource-based View

Publication: The Academy of Management Journal, 2000

Author: Mauro F. Guillen

Volume: 43, No 3, pages-362 to 380

Summary: In this article, the author approached the phenomenon of diversified business groups in emerging economies such as South Korea, Argentina and Spain, from a resource-based perspective. Firms and entrepreneurs create diversified business groups when they can accumulate an inimitable capability to combine domestic and foreign resources to enter industries quickly and cost effectively. The greater the market imperfections, the greater the importance of business groups in an economy. The more vertical the pattern of relationships in a society, the greater the importance of business groups in its economy; the greater the autonomy and size of a state, the greater the importance of business groups in its economy; and the greater the asymmetries in foreign trade and investment, the greater the importance of business groups in an economy. This article discusses the managerial problems and opportunities surrounding the rise and decline of business groups, especially in the context of the current turmoil in emerging economies.

Nature of the study: Cross-sectional data for a sample of 90 groups in nine emerging economies were used to test hypotheses. Comparative longitudinal evidence on the affiliation of the 100 largest firms in each of three countries- South Korea, Argentina, and Spain- in the period between two years, 1975 and 1995, was used to gain evidence on how various organizational forms, including business groups, fare under changing foreign trade and investment asymmetries.

Variables: Stock market capitalization, Power distance index, State autonomy index, State size, Corruption index, Law and order index, Asymmetry in foreign trade, Asymmetry in foreign investment.

Article title: The Relationship between Written Business Plans and the Failure of Small Businesses in the U.S.

Publication: Journal of Small Business Management, July 2001

Author: Stephen C. Perry

Volume: 39, No. 3. Pages-201-208

Summary: Planning is just one of several managerial tasks, and the linkage between planning and success or failure is difficult to establish and even more difficult to quantify. The purpose of this study was to explore the relationship between planning and failure for small businesses in the U.S. Failure of small business firms can be caused by several factors such as competitiveness in the market, managerial capabilities, resources available, human capital, etc. This study shows that businesses that have a definite written business plan are more successful than those that do not have basic planning. A “failure” was defined as a bankruptcy with losses to creditors. Firms with fewer than 500 employees were considered. A paired- sample t-test was used to investigate differences between failed firms and matched non-failed firms. The main conclusion’s from the study were that very little formal planning goes on in U.S. small businesses and non-failed firms do more planning than similar failed firms did prior to failure.

Nature of the study: Questionnaire dealing with the extent of planning was pretested by mailing of the introductory letter followed by telephone interviews. Randomly selected Paired samples of failed and non-failed small businesses in the U.S. Sampling frame was the more than ten million companies listed with Dun and Bradstreet Corporation and recorded in its credit reporting database.

Variables: Average age (in years), maximum number of employees (median), average annual sales, initial investment (mode), predominant legal form (mode), gender of primary leader (male/female ratio).

Article: The Successful Product Pioneer: Maintaining Commitment while Adapting to Change

Publication: Journal of Small Business Management, July 2002

Authors: Simon, Elango, Houghton, and Savelli

Volume: 40, Number 3, Pages: 187-203

Summary: This article explores the role played by two crucial characteristics, commitment (entrepreneurial confidence) and adaptability (corporate entrepreneurship and environmental dynamism), in strengthening the relationship between pioneering and

the new product introduction's success. Of the commitment factors, entrepreneur's confidence helped performance of pioneering products but had little or no effect on performance of non-pioneering products. Entrepreneurial confidence refers to a psychological construct regarding an individual's willingness to take a stand and may reflect the level of commitment to the introduction. Further, it addresses the dispositional tendencies of key managers to exhibit confidence, even in the face of substantial risk and negative feedback. Product championing (product champion is a person in the organization who takes ownership of a new product idea and is willing to fight for the product introduction's success, despite internal obstacles or resistance) and marketing emphasis (refers to the firm's marketing proficiency and willingness to invest marketing resources) commitment factors had the expected direct effect on new product performance but did not have the modifying effect on the relationship between market pioneering and product performance. Corporate entrepreneurship, refers to the degree to which an organization is proactive, risk taking, and innovative, greatly helped the performance of pioneering products and had a positive influence on the non-pioneering products. Environmental dynamism helped the pioneering products but hurt the performance of non-pioneering products. The third adaptability factor, Technological newness did not significantly strengthen pioneering product performance.

Nature of the study: Close-ended survey. Top managers of smaller companies in the computer industry. This study has a very high response rate of 84%.

Variables: Product performance, Market Pioneering, Championing, Entrepreneurial Confidence, Marketing emphasis, Corporate entrepreneurship, Technological Newness and Environmental Dynamism.

Article title: A Cross-national Prediction model for Business Success

Publication: Journal of Small Business Management, July 2001

Authors: Robert N. Lussier and Sanja Pfeifer

Volume: 39, No. 3. Pages 228-239

Summary: In free market economies, new and small businesses have long been recognized as a major source of jobs, technical innovation, economic flexibility, and growth. The survival rate of these firms is an important issue of concern. The objective of this study was to test an existing, tested success-versus-failure prediction model (Lussier Model*) on a sample of firms from Central Eastern Europe. If the same variables predict success and failure in two countries, this could be a starting point for developing a model that applies to many nations. U.S. success predictor factors such as staffing, education level, use of professional advice, and planning were also predictors of success and failure in Central Eastern Europe. These findings should lead to researchers reconsidering their preconceptions of Central Europe regarding small business. As in many countries, it is commonly believed that human resources have little to do with business success and failure. In U.S. human resources has a lot to do with the business success and failure.

Variables: Capital, Record keeping and financial control, Industry experience, Management experience, Planning, Professional advice, Education, Staffing, Product/Service timing, Economic timing, Age of owner, Partners, Parents owned a business, Minority, Marketing.

*Lussier's "Entrepreneurial Strategy Matrix" This model (the "ESM") was developed for the use of entrepreneurs and their advisors in determining the appropriate strategies for new and ongoing ventures. As a situational matrix model it requires the entrepreneur to identify the levels of innovation and risk for the venture, and the model then suggests strategies for that situation most likely to lead to positive venture performance. Using a two-variable matrix with two possible measures for each variable, the venture situation can then be placed in one of four Cells:--High innovation/low risk (I-r), --High innovation/ high risk (I-R), --Low innovation/high risk (i-R), or --Low innovation/ low risk (i-r). Once the cell is identified, the model indicates and suggests possible strategies for the venture. The use of one or some combination of these indicated strategies should lead to positive performance.

Article title: Financing Small Technology- Based Companies: The Relationship Between Familiarity with Capital and Ability to Price and Negotiate Investment

Publication: Journal of Small Business Management, July 2001

Author: Howard E. Van Auken

Volume: 39, No. 3. Pages 240-258

Summary: Acquisition and management of capital is one of the most challenging issues facing the launch, growth, and operations of a start-up company. This is especially important for technology-based firms due to the high costs of product development and the long lead-time required for technology transfer to the market. This study examines how small technology-based firms are financed, specifically investigating the familiarity of owners with alternative forms of capital by stage of development, and in comparison with their ability to price and negotiate external equity and debt investment. Results indicate that owners of small technology-based firms who are more familiar with alternative forms of capital believe that they are better able to negotiate and price external equity and external debt; furthermore those in later stages of business development believe that they are more capable of negotiating and pricing external equity and debt than owner/managers in earlier stages.

Nature of the study: 500 small technology-based firms were obtained from the Small Business Development Center (SBDC). Response rate for the questionnaire was 28%.

Variables: Type of business, Type of Ownership, Amount of capital raised since business started, year business began.

Article title: Supplier Selection Practices among Small Firms in the United States: Testing Three Models

Publication: Journal of Small Business Management, July 2001

Authors: Daewoo Park and Hema A. Krishnan

Volume: 39, No. 3. Pages 259-271

Summary: This study discusses the role of supply chain management in small business firms. In order to grow, many small businesses choose outsourcing, strategically building and maintaining both upstream and downstream portions of their supply chain. Supply chain management in the context of small businesses is of critical importance because it impacts the company's long-term performance. This study builds on existing research in the area of supplier selection practices in small businesses by testing three different models: rational/normative, external control, and strategic choice. Although the results show support for all three models, the rational/normative model emerges as the most significant model for predicting supplier selection practices of small firms. A major finding is that the activities of executives can have considerable influence on the supply chain management of small firms. Results provide practical guidelines for small business executives who want their supply chain to be a source of competitive advantage.

Nature of the Study: Data obtained through a survey instrument mailed to 200 small business executives, chosen randomly from a directory of 6,000 businesses in the Midwestern U.S.

Variables: Selection Evaluation, Consumer goods, Capital goods, Producer goods, Financial services, Professional services, Age, Engineering degree, Business degrees, other degree, Broad experience, Business experience, Technical experience, Size in dollar sales, Size in number of employees.

Article title: Quality Practices for a Competitive Advantage in Smaller Firms

Publication: Journal of Small Business Management, Oct 2001

Authors: Donald F. Kuratko, John C. Goodale, and Jeffrey S. Hornsby

Volume: 39. No. 4. Pages 293-311

Summary: This exploratory study examines the quality practices used in smaller entrepreneurial firms. This study relates the characteristics of quality systems used by small firms, and their value, to the competitive priority of flexibility. Of the quality strategies and tools considered the most used and most useful strategies and tools include ones that promote flexibility in product, process, and volume. In order to facilitate competition with strategies that focus on product and service scope the survey used the classification scheme for quality systems consistent with the Malcolm Baldrige National Quality Award performance criteria.

Nature of Study: 184 owner/managers of small businesses located in the US Midwest.

Variables: Leadership, Strategic planning, Customer and market focus, Information and analysis, Human resource focus, process management, Business results.

Article title: Promises Made, Promises Broken: An Exploration of Employee Attraction and Retention Practices in Small Business

Publication: Journal of Small Business Management, Oct. 2001

Author: Jill Kickul.

Volume: 39. No. 4. Pages 320-335

Summary: The purpose of this study is to explore the role of the psychological contract and the types of promises small businesses have communicated, explicitly or implicitly, to attract and retain skilled employees. Entrepreneurial organizations have undergone substantial workforce changes and transformations during the last two decades in order to compete successfully. The ability to attract and retain reliable, competent employees has become a key component in developing an effective and sustainable competitive advantage. The results of this study demonstrate that perceived unfulfilled promises could have a considerable impact on employee's workplace attitudes, commitment, and intentions to leave the organization. Implications and recommendations for small businesses as well as directions for future research are discussed.

Nature of the study: Participants were 151 full-time employees from a variety of small business organizations.

Variables: Meaningful work, Challenging and interesting work, participation in decision making, freedom to be creative, opportunity to develop new skills, increasing responsibilities, A job that provides autonomy and control, Recognition of my accomplishments, career guidance and mentoring, Health care benefits, Vacation benefits, pay and bonuses tied to performance, job training, job security.etc.

Article title: Organizational Learning: An Empirical Assessment of Process in Small U.K. Manufacturing Firms

Publication: Journal of Small Business Management, April 2001

Authors: Ian Chaston, Beryl Badger, and Eugene Sadler-Smith

Volume: 39, No.2. Pages 139-151

Summary: This study investigates whether organizational learning confers information management advantages and contributes to the upgrading of managerial competencies, thus assisting small firms to survive. The results suggest that entrepreneurial small firms exhibit a higher-order level of organizational learning than their non-entrepreneurial counterparts. They process and synthesize new information more effectively than non-entrepreneurial firms, and process experience at a higher level of management competency than non-entrepreneurial firms. The results also suggest that small firms seeking to achieve growth by implementing an entrepreneurial business

strategy will need to invest in ensuring that their ongoing organizational learning is not based on prior experience, but on acquiring and incorporating new sources of knowledge.

Nature of the study: Survey mailed to 800 managing directors of small U.K. manufacturing firms. Firms were required to have between 10 and 50 employees and be autonomous trading entities.

Article title: Prospecting for Strategic Advantage: The Proactive Entrepreneurial Personality and Small Firm Innovation

Publication: Journal of Small Business Management, April 2002

Authors: Jill Kickul and Lisa K. Gundry

Volume: 40, No 2, Pages 85-97

Summary: This study attempts to determine the link between proactivity and entrepreneurial behaviors. It examines the entrepreneur's disposition toward proactive behavior, known as proactive personality, and its relationship to the firm's strategy and innovative posture. The study proposed that a proactive personality would directly influence a prospector strategic orientation, which would then be a key factor in determining the type of innovations introduced and implemented within the business. Results revealed that the prospector strategy orientation mediated the relationship between proactive personality and three types of innovations: targeting process, organizational systems, and boundary supports.

Nature of the study: 107 small business owners located in the U.S. Midwest. 52% of the businesses were women owned and 26% were minority owned. The businesses surveyed came from a variety of industries: retailing, general services, professional services, manufacturing, construction, finance, insurance and real estate.

Variables: Proactive personality, Innovative targeting processes, Innovative Organizational systems, Innovative boundary supports and Prospector strategy.

Article title: Relationships among Strategic Capabilities and the Performance of Women-Owned Small Ventures

Publication: Journal of Small Business Management, April 2002

Authors: Miri Lerner and Tamar Almor

Volume: 40, No.2 Pages 109-125

Summary: This study of small life-style ventures owned by Israeli women focuses on the strategic, firm-level factors related to business performance. The study examined how the capabilities of owners influenced the ventures performance. The findings support the resource-based view of the firm, which argues that the venture's capabilities are central in explaining the firm's performance. The theoretical model includes strategic capabilities,

management styles, and their relationship to performance of the firm. Results revealed that life-style venture performance is highly correlated with certain aspects of the business owner's skills such as perception of the environment, strategic planning, and management style, as well as the on venture's resources. Paradoxically, the owner/managers rate their skills and their venture's resources as being weak in precisely those areas that correlate positively with business performance. These findings suggest that performance of life-style ventures owned by women depend more on marketing, financial, and managerial skills than on innovation.

Nature of the study: Empirical. 220 Israeli female business owners.

Variables: Perception of environment, Strategic planning, Venture's resources, Business owner's skills, Previous experience, Management style and business performance.

**Resource based view (RBV)* addresses the fundamental question why firms are different and how firms achieve and sustain competitive advantage by deploying their resources. The central proposition of the research-based research is that firms are heterogeneous in terms of the strategic resources they own and control. This heterogeneity is an outcome of resource market imperfections, resource immobility, and firms' inability to alter their accumulated stock of resources over time. Resources, which are the basic unit of analysis of RBV, can be defined as those assets that are tied semi-permanently to the firm. It includes financial, physical, human, commercial, technological, and organizational assets used by firms to develop, manufacture, and deliver products and services to its customers.

Article: Who Are Ethnic Entrepreneurs? A study of Entrepreneurs' Ethnic Involvement and Business Characteristics.

Publication: Journal of Small Business Management, April 2002.

Authors: Patricia G. Greene and Radha Chaganti

Volume: 40, No.2 Pages-126-143.

Summary: This article focuses on the entrepreneurs' ethnic community involvement and business characteristics. The study uses a scale of high versus low personal involvement in their ethnic community instead of reported ethnic grouping to define "ethnic entrepreneur". It hypothesizes that significant differences in personal and business characteristics will surface between the most community-involved and least community involved ethnic entrepreneurs. Results showed several significant differences between the two groups on variables relating to the entrepreneurs' background characteristics, business-related goals, cultural values, business strategies, and business performance.

Nature of the Study: Responses from 112 Asian and Latino entrepreneurs were taken into consideration.

Variables: Personal resources, firm characteristics, ethnic workers, customers, channels, competitors, vendors, experts, board and advisors; Community-oriented goals, personal goals, business-oriented goals, life style goals, work values, differentiation emphasis, low cost emphasis, quality-service emphasis etc.

Article: New Product Development Processes in Small and Medium-Sized Enterprises: Some Australian Evidence.

Publication: Journal of Small Business Management, Jan2002.

Authors: Xueli Hunang, Geoffrey N. Soutar, and Alan brown.

Volume: 40, No. 1. Pages-27-42.

Summary: Small and medium sized firms have different approaches to new product development process than do large, well-established firms due to various constraints such as budget, human capital, resources, and managerial capabilities. This study focuses on the new product development process used in small and medium-sized enterprises (SMEs). Findings suggest that SME's undertake technology-related activities, such as product development, in-house product testing, and preliminary technical analysis, very well. However, they do not perform marketing-related activities, such as market study, marketing testing, and preliminary market analysis as well, even though these factors are important in distinguishing between successful and unsuccessful new products. In addition, resources, skill availability and planning were positively associated with the quality with which New product development activities are executed. Further, the existence of a new product strategy seemed to have a significant positive impact on the quality of these activities.

Nature of the Study: 276 innovative Australian SME's (Chemical and Machinery industries).

Variables: Stages of the NPDP, Resource and Skills, New product Strategy, Planning Formality, New product success.

Article: Gender Comparisons in Strategic Decision-Making: An Empirical Analysis of the Entrepreneurial Strategy Mix.

Publication: Journal of Small Business Management, April 2001.

Authors: Mattew Sonfield, Robert Lussier, Joel Corman, and Mary Mckinney.

Volume: 39, No-2, Pages-165-173.

Summary: This study reports on a gender comparison testing of the Entrepreneurial Strategy Matrix, a situational model that suggests strategies for new and ongoing ventures in response to the identification of different levels of venture innovation and risk. The results suggest that there are no differences in the proportion of men and women entrepreneurs whose ventures fall into each of the ESM's four cells. There are no differences in the ESM strategies used by men and by women and there are no

differences between men and women in their level of satisfaction with their business venture's performance.

Nature of Study: A national sample of 184 small firm owners (59% male /41% female) was used.

Variables: Means (age of business, No of employees, education level, satisfaction) Frequencies (retail industry, service industry, offering product, service and both).

Article: Interfirm Alliances In the Small Business: The Role of Social Networks.

Publication: Journal of Small Business Management.

Authors: BarNir and Smith.

Volume: 40, Number 3, July 2002. Pages: 219-232.

Summary: In recognition of the benefits and implications of Interfirm alliances, such as cost savings, increased flexibility, technology transfer, information sharing and competitive positioning in the corporate world, the ability to establish alliances becomes a critical factor for small businesses especially those with limited resources and market presence. Using the Social Network Theory, this article focuses on the social networks of small firm executives and the establishment of interfirm alliances (technology and manufacturing). Joint ventures, joint manufacturing, or technology transfer agreements are technology and manufacturing alliances, whereas sharing of personnel training, marketing, advertising, or distribution are support alliances. Social networks are defined as a manager's relations and contacts with others, to the extent that they provide the means for identifying opportunities or obtaining resources or to the extent that they facilitate the utilization of other resources, are potential sources of competitive advantage. Results indicate that the number of interfirm alliances is related to the overall propensity of executives to network, to the strength of ties executives have, and the prestige of persons in executives' personal networks. However, the scope of networking activity is negatively associated with support alliances. Propensity to network reflects an individual's inclination to create and maintain social contacts and is often a gauge of the potential resources that he or she has access to. One important inference from this study is that the content aspects of the network and the nature of the contacts are more important than its scope.

Nature of the study: Mail survey of 149 small manufacturing firms (Electronic components industry and medical instruments and supplies industry were selected) in the Northeast United States.

Variables: Control variables- Age of the firm, Size of the firm, Executive's age. Social networks- Propensity to network, Scope of networking activity, Strength of ties, Network prestige. Interfirm alliances, Technology alliances, support alliances.

Article: International Entrepreneurship: The Intersection of two research paths.

Publication: Academy of Management Journal, 2000.

Authors: Patricia Philips McDougall, Benjamin M. Oviatt.
Volume: 43, No 5, Pg- 902-906.

Summary: This special research forum on International entrepreneurship reflects the fusion of the research paths of international business and entrepreneurship and the developing worldwide academic interest in this topic. This article touches upon the importance and the growth of entrepreneurial firms in the multifaceted global economy. The authors state that with the rapid internationalization of the market place and the increasing prominence of entrepreneurial firms in the global economy, international business researchers cannot afford to ignore this growing power of entrepreneurial firms in the international competition nor can they ignore the internationalization of the marketplace. International business researchers have broadened their traditional focus on established multinational corporations to include entrepreneurial firms in their research agendas. The increasing number of scholarly investigations into cross-cultural differences in entrepreneurial activity and into entrepreneurial firms that compete across national borders have enriched and broadened both international business and entrepreneurship research. The work of scholars with experience in multiple countries must be combined with the work of scholars with expertise in multiple disciplines.

Nature of the study: 81 authors from 21 different countries submitted a total of 34 articles to this forum. Reviewers from 11 different countries guided through the review process.

Article: Behaviors of Pre-Venture Entrepreneurs and Perceptions of their Financial Needs.

Publication: Journal of Small Business Management.

Authors: Jones and Tullous.

Volume: 40, Number 3, July 2002. Pages: 233-249.

Summary: This study investigated whether there were any differences in assistance received and the training needs in the areas of finance and accounting between male and female pre-venture entrepreneurs as well as between Hispanic and Anglo pre-venture entrepreneurs. This research is based on the premise that financial, accounting and managerial skills are requisite for starting a new venture and those who lack these skills will seek assistance. Results show that both Hispanic and Anglo females believe that they need more help than Anglo and Hispanic males in the finance area. In the accounting area, only the Hispanic females feel they need more help than Anglo and Hispanic males. Thus the Hispanic females feel they need more help than Anglo and Hispanic males. This gender difference may be due in part to cultures and values. The other factors such as the type of interaction sought (face to face assistance, telephone assistance, direct contact), total contact time, and behavioral differences in assistance seeking also play an important role in determining the differences between pre-venture male and female entrepreneurs.

Nature of the study: 133 pre-venture entrepreneurs were selected from the files of a regional SDBC. Source of variance/ variables: Ethnicity and Gender (Anglo and

Hispanic-females and males), Education, Age. Entrepreneur's and Consultant's perception.

Article: Effects of Age at Entry, Knowledge intensity, and Imitability on International Growth.

Publication: Academy of Management Journal, 2000.

Authors: Erikko Autio, Harry J. Sapienza, James G. Almeida.

Volume: 43, No 5, Pg-909-924.

Summary: This article uses Knowledge-based theory to shed light on international growth in entrepreneurial firms and shows that the age at which a firm internationalized has an effect on entrepreneurial firm growth. Knowledge theory suggests that firms that internationalize after they are established domestically must overcome a domestic orientation, internal domestic political ties, and domestic decision-making inertia in order to enter foreign markets. Firms that internationalize earlier must overcome fewer of these barriers to organizational learning about the international environment. The earlier initiation of internationalization and greater knowledge intensity is associated with faster international growth. The study also found that firms with more imitable technologies also grew faster. This finding questions the current views of the role of imitability in international growth. Without discounting the “liability of newness” the authors propose the existence of a previously unacknowledged “learning advantage of newness” is a potent competitive advantage for entrepreneurial firms in the international environment.

Nature of study: The hypotheses was tested using panel data from the Finnish electronics industry, 59 firms were selected. A two-digit industry definition was used in order to have a large enough sample and focused on a single industry (Electronics) in one country in order to control variations in demand conditions.

Variables: Dependent variables- International sales growth. Independent variables- age at entry, Knowledge intensity, Imitability. Other variables- legal protection, Growth orientation, Firm age, degree of internationalization in 1992 and total sales in 1992.

Article: International Expansion by new venture firms: International diversity, Mode of market entry, Technology learning, and Performance.

Publication: Academy of Management Journal, 2000.

Authors: Shaker A. Zahira, R. Duane Ireland, Michael A. Hitt.

Volume: 43, No 5, Pg- 925-950.

Summary: The number of new venture firms internationalizing their business operations early in their life cycles is increasing. This article examines the effects of international expansion, as measured by international diversity and mode of market entry, on a firm's technological learning and the effects of this learning on the firm's financial performance. The results indicate that greater diversity of national environments is

associated with increased technological learning opportunities even for new ventures, whose internationalization is usually thought to be limited. The breath, depth, and speed of technological learning from varied international environments is significantly enhanced by formal organizational efforts to integrate knowledge throughout a firm through a variety of means such as cross-functional teams and formal analysis of both successful and failed projects. Further, venture performance (growth and ROE) is improved by technological learning gained from international environments.

Nature of study: This study used a combination of a two-wave mail survey, archival data, and phone and e-mail contacts with companies and trade associations to reduce source bias and obtain reliable and valid data. Target population was 1,388 companies. Respondents included CEO's and Presidents, vice presidents for international operations, and senior vice presidents.

Variables: Control variables- firm size, firm age, ownership, International experience, Prior ROE, Prior sales growth. Technological learning variables- breath, depth, and speed. Mode of entry- start-ups, acquisitions, licensing, exporting. International diversity- number of countries, cultural diversity, geographic diversity, and foreign segments.

Article title: A Model of Community-Based Venture Capital Formation to Fund Early-Stage Technology-Based Firms

Publication: Journal of Small Business Management, 2002

Author: Howard Van Auken

Volume: 40, No. 4. Pages 287-301

Summary: This paper proposes a model of capital formation that, if followed, can provide early-stage technology based firms the capital they seek while allowing rural communities opportunities to stimulate local economic development. Both the firm and the community can achieve stronger outcomes by working under a cooperative arrangement that is mutually beneficial. The author proposes the development of a community venture fund. In addition to capital for the new venture, the author argues that a support environment must be in place in order to increase the likelihood of firm success. This environment is comprised of two components, the community environment and the external support environment. The author describes the community environment as one which seeks to support a coordinated effort to proactively pursue equity investments in early-stage technology-based firms and the external support environment as one which seeks to support communities in identifying, screening, and structuring investments in early-stage technology-based firms.

The model and propositions do provide a well thought out argument. However, as noted, community capital formation may not be appropriate for every firm and community, early-stage technology-based firms are high risk investments, and if the plan is undertaken, community leaders will need to be committed to continue the effort.

Nature of the study: Theoretical. Six propositions were offered.

Variables: None.

Article title: Institutional Entrepreneurship in the Sponsorship of Common Technological Standards: The Case of Sun Microsystems and Java

Publication: Academy of Management Journal, 2002

Author: Raghu Garud, Sanjay Jain, and Arun Kumaraswamy

Volume: 45, No. 1. Pages 196-214

Summary: The authors investigate the challenges an individual firm has in sponsoring its own technology as a common standard within network technological fields. This paper deals with Sun Microsystems' effort to sponsor its Java software technology. The authors describe a process in which the technological standard that developed was fraught with battles both political and cognitive. This development is one that at the same time needs to be creative yet maintained, flexible yet controlled. Trying to develop a common standard that is both medium and outcome, while dealing with the private interests and agendas of those involved in the process, is a task which requires a great deal of political and social skill. The authors list, and illustrate in this case, how the process itself can be co-opted by means of impression management, sense making, attempts to change the rules of the game by appeal to authority, competing sources of legitimacy, and loose coupling between institutions and their sponsors.

Nature of the study: The authors describe their research as a naturalistic inquiry. This technique provides insights which are induced through interpretive means. Data concerning events dealing with Java and Sun's sponsorship was collected from publicly available information. The authors, using this data, developed a chronological list of events which was used to explore issues and theoretical implications.

Article title: Entrepreneurial Transitions: Factors Influencing Founder Departure

Publication: Academy of Management Journal, 2002

Author: Warren Boeker and Rushi Karichalil

Volume: 45, No. 3. Pages 818-826

Summary: The authors undertake an empirical study which deals with factors affecting founder departure. The phenomenon of the founder being replaced by a professional manager, at some point in the firm's life cycle, has received support in both

research literature and popular press articles. The authors found that founder departure increases with firm size, as measured by number of employees not firm sales. Founder departure decreases when founders retain a greater share of ownership and when boards have higher proportions of insiders. In addition, both fast growing and slow growing new ventures will have the most founder departures. Lastly, founders who work in research and development or who are chief executives are less likely to leave.

Nature of the study: Empirical. Sample was 78 semiconductor producers founded between 1983 and 1991 and located in Silicon Valley.

Variables: Independent Variable – Founder Departure; Dependent Variables - Firm size, Firm age, Firm growth, Founder ownership, Ownership concentration, Board insiders, Research and development, Industry experience, Chief executive; Control Variables – Public ownership, Top management team size, top management team growth, Industry growth, Board size

Article title: Does Money Matter?: Wealth Attainment as the motive for initiating growth-oriented ventures.

Publication: Journal of Business Venturing, 2001

Author: Raphael Amit, Kenneth R. MacCrimmon, Charlene Zietsma, and John M. Oesch

Volume: 16, Issue 2. Pages 119-143

Summary: The authors examine the role of wealth as the motive for the decision to found a new venture. The authors found, contrary to common perception, that money is not the only, or even the most important, motive for entrepreneurs' decisions to start new ventures. Wealth attainment was significantly less important to entrepreneurs relative to an aggregate of 10 other decision dimensions, and entrepreneurs did not rate wealth as any more important than did non-entrepreneurs. Non-entrepreneurs also rated wealth as no more important than other motives. Wealth attainment was also significantly less salient to entrepreneurs' decisions to venture than were other motives. A very interesting result was found in that non-entrepreneurs rated wealth attainment as significantly more salient to their decision *against* founding than entrepreneurs rated it for their decision to *proceed* with starting a high-technology business. Likewise, a significant number of entrepreneurs started businesses even when they believed that doing so offered them a lower probability of obtaining their most desired level of wealth than did one of their other alternatives.

These findings have real practical implications. Venture capitalists may need to reconsider basing part of their assessment of entrepreneurs on the extent to which they are motivated to make a great deal of money. The research shows evidence of one group of high-technology entrepreneurs who achieved success without placing much decision

weight on attainment of personal wealth. Likewise, nascent entrepreneurs and those who teach entrepreneurship can use this empirical finding to argue two main points: 1) not all entrepreneurs found a business for personal wealth reasons, and 2) one need not be motivated by personal wealth attainment to be a successful entrepreneur.

Nature of the study: In-depth interviews with 51 entrepreneurs and a control group of 28 senior managers who decided not to start ventures in the high technology industry in British Columbia, Canada.

Article title: Determinants and Performance Impacts of External Technology Acquisition

Publication: Journal of Business Venturing, 2001

Author: Gary K. Jones, Aldor Lanctot Jr., and Hildy J. Teegen

Volume: 16, Issue 3. Pages 255-283

Summary: The authors look at determinants and performance impacts on firms deciding to develop technical capabilities internally or acquire them through external means. The study provides an empirical test of relationships between several potential determinants of external technology sourcing, and the differential impacts of external vs. internal sourcing on firm performance. The authors found that, the level of available internal resources did exhibit a direct and negative relationship to external acquisition. Thus, perhaps not surprisingly, firms with greater internal resources are less inclined to source externally. However, in a finding contrary to conventional wisdom, in all cases where a statistically significant relationship between external technology acquisition and firm performance was found, the direction was negative, indicating that acquiring technology externally detracts from firm performance. As expected, a significant negative relationship was found between external product technology acquisition and product performance measures (and not for financial performance measures), and between external process technology acquisition and finance performance measures (and not for product performance measures). Lastly, the availability of technical resources internal to the firm was in all cases positively associated with product, market and financial performance measures. As the authors state, “Clearly, external technology acquisition is not a panacea and great care must be taken to ensure firm success—and our findings suggest that all else equal, firms may want to err on the side of internal development.”

Nature of the study: Empirical. Data was collected from 188 U.S. subsidiaries of both domestic (U.S.) and foreign firms

Variables: DTC-life cycles, intellectual property protection, internally available resources, external technology acquisition, and firm performance.

Article title: The nature of information and overconfidence on venture capitalists' decision making

Publication: Journal of Business Venturing, 2001

Author: Andrew L. Zacharakis and Dean A. Shepherd

Volume: 16, Issue 4. Pages 311-332

Summary: This article investigates whether VCs are overconfident, as well as the factors surrounding the decision that lead to overconfidence. Results of the study indicate that VCs are indeed overconfident (96% of the 51 participating VCs exhibited significant overconfidence) and that overconfidence negatively affects VC decision accuracy (the correlation between overconfidence and accuracy was 0.70). The level of overconfidence depended upon the amount of information, the type of information, and whether the VC strongly believes the venture will succeed or fail. The authors found that, concerning the amount of information, more information creates greater confidence, but it also leads to lower decision accuracy. Concerning the type of information, it was found that, if information surrounding the decision is structured in an unfamiliar way, VCs are forced outside their "comfort zone" of understanding which has a negative effect on their confidence and has an even greater effect (negative) on their accuracy. It was also found that VCs rely on how well the current decision matches past successful or failed investments. VCs are overconfident in their prediction of venture success when they predict a very high level of success and in their prediction of venture failure when they predict a very low likelihood of success. This high level of overconfidence, in success predictions or failure predictions, may encourage the VC to limit information search and fund a lower potential investment or prematurely reject a stronger potential investment.

Article title: Innovation and risk taking in a transitional economy: A comparative study of Chinese managers and entrepreneurs

Publication: Journal of Business Venturing, 2001

Author: Justin Tan

Volume: 16, Issue 4. Pages 359-376

Summary: The author examines characteristics of a regulatory environment and its impact on innovation and risk-taking among Chinese managers and entrepreneurs. Significant differences, dealing with environmental characteristics, strategic orientation, size and firm performance were found, in the emerging transitional economy of China, between managers and entrepreneurs. Managers were not as innovative and were less willing to make risky decisions than entrepreneurs. Being smaller and faster than SOEs, entrepreneurial firms have adopted some strategies that distinguish them from their larger and more established competitors. Speed, stealth, and sound execution allow entrepreneurs to harvest first-mover advantages and thus increase their chances for survival in a turbulent environment.

Nature of the study: Empirical. Data collected from managers of large state-owned enterprises (SOEs) and entrepreneurs from small privately-owned enterprises (POEs), in China, through personal interviews and a survey.

Article title: The ambitious entrepreneur: High growth strategies of women-owned enterprises

Publication: Journal of Business Venturing, 2001

Author: Lisa K. Gundry and Harold P. Welsch

Volume: 16, Number 5. Pages 453-470

Summary: The authors have provided a study which compares high-growth firms with slower-growth firms to better delineate their differences in strategic choices and behaviors. The study shows that high-growth oriented entrepreneurs clearly differ from low-growth entrepreneurs along several dimensions. The study provides empirical results which show that high-growth oriented entrepreneurs, have strategic intentions that emphasize market growth and technological change, a stronger commitment to the success of the business, and a greater willingness to sacrifice on behalf of the business. In addition, they plan earlier for the growth of the business, place more emphasis on team-based organization structures, have a concern for reputation and quality, provide strong leadership, acquire adequate capitalization, and utilize a wider array of financing options for expansion.

Nature of the study: Empirical. 832 women business owners, randomly sampled by industrial sector from Dun's Marketing Database, responded to a survey.

Variables: Strategic growth and expansion intentions, entrepreneurial intensity, opportunity cost, organizational structure, financing sources, sales revenues, industry, years of experience, equity the entrepreneurs held in previous ventures.

Article title: Venture capitalists' expertise: A call for research into decision aids and cognitive feedback

Publication: Journal of Business Venturing, 2002

Author: Dean A. Shepherd and Andrew Zacharakis

Volume: 17, Issue 1. Pages 1-20

Summary: The authors propose a research agenda to investigate decision aids and how these models can be used to enhance learning, thereby, improving VC decision accuracy, and allow VCs to acquire expertise faster. Their study shows that statistical

decision aids, specifically bootstrapping decision models, have the potential to help VCs make better decisions by encouraging the VC to break the information down into manageable pieces and make a series of smaller decisions that are then recombined by the bootstrap model into an overall decision on whether to fund or not. Studies find that failure for VC backed ventures range from 15% to 35 % of all backed ventures. In addition, another 20% fail to provide any return to the VC. Bootstrapping decision models can improve accuracy because they are consistent, not biased by a non-random sample, optimally weight information factors and reduce cognitive load. Despite the benefits, VCs rarely use decision aids and may be missing an important opportunity to improve their performance.

Nature of the study: Empirical. The 1996 Australian Venture Capital Guide and the 1995 Australian Development Capital Directory were used to identify venture capital firms based in Australia with preferred investments in seed, start up, and/or development capital. The senior executives of each firm were targeted for this study. 66 individuals representing 47 venture capital firms completed the survey.

Variables: Dependent variable – Profitability. VCs evaluated a series of hypothetical profiles describing new ventures in terms of eight cues, each rated at two levels (such as high-low, narrow-wide, long-short). The cues were stability of key success factors, timing of entry, lead time, competitive rivalry, industry-related competence, educational capability, mimicry, and scope.

Article title: The consequences of conflict between the venture capitalist and the entrepreneurial team in the United Kingdom from the perspective of the venture capitalist

Publication: Journal of Business Venturing, 2002

Author: Hironori Higashide and Sue Birley

Volume: 17, Issue 1. Pages 59-81

Summary: This article investigates the conflict that can arise, post-investment period, between the venture capitalist and the entrepreneurial team, as perceived by the venture capitalist. The study specifically looks at cognitive or affective conflict and goal or policy conflict between the two parties. Supporting previous research, the authors found that conflict as disagreement can be beneficial for the venture performance, although at the same time conflict as personal friction is negatively associated with performance. Goal conflict has a greater impact on the venture performance versus policy conflict and works independently of policy conflict. Also supporting past research, the findings indicated the competence of the venture management team has the greatest influence on the venture performance, followed by the business risk construct. Getting the right entrepreneurial management team upfront in the investment process leads to greater VC satisfaction with subsequent performance compared with managing the risk after the deal is made. The authors believe the results suggest that VCs should be careful not to interfere in the goals and policies of their investee companies since any resultant disagreement could wipe out any potential positive effects.

Nature of the study: Empirical. The British Venture Capital Association 1996/1997 Directory and The Venture Capital Report 1996, were used to identify 174 VCs in the United Kingdom. In the regression analysis, 57/58 questionnaires are used depending on the model.

Variables: Dependent Variable – Venture Performance as measured by five financial criteria (sales growth rate, market share, cash generation/consumption, return on investment, value of the company) and five non-financial criteria (new product/process development, market development, operating efficiency, personnel development, harvest/exit readiness). The overall weighted average result and a separate overall performance satisfaction score were averaged and used as the performance measure. Independent Variables – Goal conflict, Policy conflict, Cognitive and affective conflict. Control Variables – business risk, management competencies, and VCs perceived effectiveness.

Article title: Entrepreneurial capital: The emerging venture's most important asset and competitive advantage

Publication: Journal of Business Venturing, 2002

Author: Truls Erikson

Volume: 17, Issue 3. Pages 275-290

Summary: In this study, entrepreneurial behavior is conceived as the pursuit of opportunities without regard to resources currently controlled. It is believed the relationship between entrepreneurial competence and commitment is a multiplicative one rather than additive. The perceived capacity to venture is investigated. The results of the analysis indicate that multiplicative function with entrepreneurial competence and commitment is strongly related to entrepreneurial capital. Knowledge and resources over time tend to lead to increased competence as people age. However, commitment tends to decrease with age as people are less interested in becoming independent. The practical implication is that both dimensions must be strongly present.

Nature of the study: Empirical. The study used a structured questionnaire distributed to 65 MBA students in the United Kingdom in the final semester of their program. Average age was 29.1 years with an average of 6.5 years working experience.

Variables: 2 items measuring entrepreneurial capital, 6 items measuring perceived entrepreneurial competence, 2 items measuring goal commitment, and two items measuring entrepreneurial goal setting.

Article title: Determinants of required return in venture capital investments: a five-country study

Publication: Journal of Business Venturing, 2002

Author: Sophie Manigart, Koen De Waele, Mike Wright, Ken Robbie, Philippe Desbrieres, Harry J. Sapienza, Amy Beckman

Volume: 17, Issue 3. Pages 291-312

Summary: The authors develop and test hypotheses regarding the determinants of the return required by venture capitalists. Findings show that early-stage specialists require a significantly higher return than other VCCs when investing in expansion companies. Acquisition/buyout specialists require marginally significant lower return when investing in expansion companies. Highly diversified companies require significantly higher return for early-stage investments and marginally higher ones for acquisitions or management buy-outs/buy-ins. Other findings of note include, required rates of return differed across countries, VCC value-added intensity appears associated with a greater required return rate, and independent VCCs require a higher return than captive or public VCCs. There are some implications that can be drawn from this work. Entrepreneurs could benefit from having guidelines concerning investor expectations to draw from when approaching potential financing sources. Entrepreneurial teams seeking only financing and not VCC expertise may look to find funding from captive or public VCCs since they will accept lower returns versus independent VCCs. However, it should be noted that the study suggests that VCCs expect to be compensated not only for taking risk but also for having greater expertise and exerting additional effort.

Nature of the study: Empirical. Questionnaires were designed and sent to various VCs listed in association directories in five countries, United States, United Kingdom, France, the Netherlands, and Belgium. The number of responses were 73, 66, 32, 24, and 14 and response rates were 24%, 58%, 24%, 41%, and 50% respectively. The VCCs were asked to specify their required rates of return (one of seven categories) for each investment stage. The categories choices of rates of return were, less than 20%, from 21% to 25%, from 26% to 30%, from 31% to 35%, from 36% to 45%, from 45% to 55%, and more than 55%.

Variables: Independent variables – stage diversification, independent VCC, percentage lead investments, number of investments/VCM, early stage investments, expansion investments, acquisition/buyouts. Dependent variables – IRR early stage, IRR expansion, and IRR acquisition/buyout. Control variables – age, number of offices, number of hierarchical layers, percentage of small-size investment, percentage of early-stage investment, UK, France, Belgium, Netherlands.

Article title: Understanding the dynamics of new venture top management teams: Cohesion, conflict, and new venture performance

Publication: Journal of Business Venturing, 2002

Author: Michael D. Ensley, Allison W. Pearson, and Allen C. Amason

Volume: 17, Issue 4. Pages 365-386

Summary: The authors conducted the study using the upper echelon perspective by examining the relation between TMT interaction and firm performance in a new venture

setting. They found that TMT cohesion is negatively related to affective conflict (defined as personally oriented disagreement focusing on interpersonal dislikes and disaffections) and positively related to cognitive conflict (defined as task oriented and focused on judgemental differences about how best to achieve common objectives). TMTs which are more cohesive, will effectively use conflict, and thus improve decision making enough to influence firm performance. Teams which experience affective conflict may be less cohesive which could impact performance through turnover/tenure of TMT members. Understanding the impact of TMTs on new ventures, since new ventures typically do not have other types of institutional forces exerting pressure, is an important step in determining what makes some new ventures successful.

Nature of the study: Empirical. Data was gathered from the TMTs of 70 new ventures which were all members of the 1995 Inc. 500 list. The firms in the Inc. 500 are privately held. Members of TMTs were identified, if at least 2 of 3 conditions were met, if they were founders, currently held an equity stake of at least 10%, or were identified in some way as being actively involved in strategic decision making. In addition, only those executives listed as either CEO, President, or Vice President of a critical function were utilized in the sample. The final usable response rate was 18% which were comprised of 192 managers from 70 new ventures.

Variables: Performance was measured by sales growth and a profitability measure. Control variables were firm size, age, and TMT size. Cohesion was measured by assessing members sense of belonging and feelings of morale. Conflict was measured using six items dealing with both cognitive and affective conflict.

Article title: Executive Forum: University technology transfer to entrepreneurial companies

Publication: Journal of Business Venturing, 2002

Author: Scott Shane

Volume: 17, Issue 6. Pages 537-552

Summary: The article discusses the ways in which university technology interaction with entrepreneurial firms differ from those with large, established organizations. The goal is to provide a better understanding of those differences, and by doing so, offer an opportunity for university officials and entrepreneurs to develop better practices. The author summarizes four dimensions of university-entrepreneurial firm collaboration. These are industry-sponsored contract research, consulting, technology licensing, and technology development and commercialization. The author provides specific examples dealing with each of these dimensions and the interaction differences between universities and entrepreneurial firms on the one hand and universities and large organizations on the other. Entrepreneurs can use the information provided to assist them in discerning which opportunities, at which universities, concerning which dimension of technology transfer may be more productive for them.

Nature of the study: Conceptual

Variables: None

Article title: The effects of business-university alliances on innovative output and financial performance: a study of publicly traded biotechnology companies

Publication: Journal of Business Venturing, 2002

Author: Gerard George, Shaker A. Zahra, and D. Robley Wood

Volume: 17, Issue 6. Pages 577-609

Summary: The authors propose that publicly traded biotechnology firms, not linked to universities, can gain beneficial performance effects, by creating alliances with universities. However, while the study shows companies engaged in such alliances can reduce research and development expenses and increase innovative output, no evidence was found that companies with these alliances achieved higher financial performance versus similar firms with no university alliances. Additional findings: firms with university linkages enter into more business alliances than firms without such links, the number of university linkages is marginally associated with products under development but not with products on the market, and firms with university ties have significantly more patents and significantly lower R&D costs. Universities and companies can benefit from entering and supporting mutually beneficial alliances. However, the authors point out that “given the complex organizational and operational issues that arise in the course of developing and managing university and business alliances, managers should evaluate potential partners and develop the structure that best suits their firm’s situation.”

Nature of the study: Empirical. The sample, 147 firms, included only publicly traded biotechnology firms with a primary business focus in gene therapy, human diagnostics, and therapeutics. Four primary measures were used, university linkages (measured by the sum total of university linkages, the number of Research-I university linkages, and total federal R&D funding), alliance characteristics (measured by number of linkages, type of linkage, content of linkage, and knowledge flow), research and development investment (measured by absolute value of R&D spending and the ratio of a company’s total spending on R&D to the total number of full-time employees), and company performance (measured by number of patents, number of products in the market, number of products underdevelopment and net sales to total assets).

Article title: Technology-based strategic actions in new firms: The influence of founding technology resources

Publication: Entrepreneurship Theory and Practice, 2001

Author: Donna J. Kelley and Mark P. Rice

Volume: 26, Issue 1. Pages 55-73

Summary: The authors propose that the qualities of founding resources can influence subsequent resource-based actions. Specifically, the innovativeness of a firm's founding technology can lead to the ability to leverage that advantage through future technology-based strategic actions. Their findings suggest that the innovativeness of a firm's founding technology resources influences the decision to build patent portfolios, form alliances and the rate of alliance formation. Building on initial technology with superior qualities, like innovativeness, a firm moving beyond the founding stage can position itself to undertake strategic actions in the future which will help sustain a competitive advantage. Technology-based entrepreneurs need to understand the potential advantage for future action that is based on their founding technology. Founding technologies can provide the platform needed for building, accessing, and deploying new technological advantages in the future.

Nature of the study: Empirical. The research sample comprises 67 publicly traded and U.S. based manufacturing firms from the computer and telecommunications industries. All firms were independently founded and incorporated between 1984 and 1988.

Variables: Independent variable – the innovativeness of a firm's technology resources at founding. Dependent variables - Patent portfolios represented two ways: by the presence or absence of patent portfolios and by the importance of these portfolios among the patenting firms. Alliance formation rate, represented by the presence or absence of alliance relationships and by the rate of formation of these relationships among the alliance-forming firms. Control variables – age at the time of the firm's initial public offering, sales during the firm's seventh year, and year of introduction of the firm's first product.

Article title: Speed to initial public offering of VC-backed companies

Publication: Entrepreneurship Theory and Practice, 2001

Author: Dean A. Shepard and Andrew Zacharakis

Volume: 25, Issue 3. Pages 59-69

Summary: The authors investigate macro-level factors that affect speed to IPO. Speed to IPO is an important aspect of new venture success and which influences VC returns. The study shows that the direct effects of geography, industry, and macro-economic trend all influence speed to IPO as well as the interaction effects of trend with region. Specific findings include: ventures located in the West or Midwest were faster to IPO than those from the Northeast; speed to IPO has increased for those from the West more than other regions in recent years; non-high technology companies are faster to IPO than computer and semiconductor companies; and portfolio companies that have gone public more recently have greater speed to IPO, however, those market conditions may have shifted since publication of this article. Further investigation into what makes the West a more dynamic environment could hold implications for nascent entrepreneurs.

Nature of the study: Empirical. ANOVA is used. The sample includes 906 U.S. based portfolio companies that have gone public listed in a database that consists of VC deals from 1984 to June 1999.

Variables: The dependent variable is speed to IPO and is operationalized by the number of days from the companys founding to its IPO. Independent variables – geography (by region), industry group, and the macro economic trend.

Article title: An institutional perspective on the role of culture in shaping strategic actions by technology-focused entrepreneurial firms in China

Publication: Entrepreneurship Theory and Practice, 2002

Author: David Ahlstrom and Garry D. Bruton

Volume: 26, Issue 4. Pages 53-69

Summary: The authors use a grounded study approach to look at the impact of Chinese culture on high technology entrepreneurial firms and how managers take action to offset the often hostile institutional environment. The propositions listed are based on observed managerial behavior effectively conducted to respond to various institutional and cultural forces.

Nature of the study: Grounded research. Six case investigations of high technology entrepreneurial firms and venture capital firms that fund them.

Propositions: As Listed by Authors: (1) Successful high technology entrepreneurs in China seek alliances (of either individuals or organizations) with those who can help to create legitimacy for the industry in which the firm participates.

(2) Successful high technology entrepreneurs in China seek alliances (of either individuals or organizations) with those who can help to create accepted standards and enforcement regimes to help safeguard intellectual property and firm assets.

(3) Successful high technology entrepreneurs in China will locate in those areas where they have already established guanxi.

(4) Successful high technology entrepreneurs in China, in situations where they have no pre-existing connections, will seek to build up trust between themselves and potential customers and suppliers.

(5) Successful high technology entrepreneurs in China, if they cannot locate in areas where they have guanxi, will also seek to build guanxi through favors and gift giving.

(6) Successful high technology entrepreneurs in China energetically use acts of benevolence to aid developing relationships and build up support in their region, often at the governmental level.

Article title: Is extraordinary growth profitable? A study of Inc. 500 high-growth companies

Publication: Entrepreneurship Theory and Practice, 2002

Author: Gideon D. Markman and William B. Gartner

Volume: 27, Issue 1. Pages 65-75

Summary: This study focused uniquely on the link between profitability and very intense growth (i.e., hyper-growth from 559 percent to 31,000 percent) of firms in the Inc. 500 database (a list of the 500 fastest growing privately held companies in the United States, where firms are ranked by sales growth over a five year period, published by Inc. Magazine). The findings showed that neither absolute nor relative growth (in either sales or employment) were related with profit growth. Only company age was a significant predictor of profit growth, in that, younger firms were more likely to have an increase in profitability over time versus older firms. It is important to note that, the regression models, despite the large sample size, explained less than 2 percent of the variance in profitability. Extraordinary high growth in sales or employment may get a firm on the list, but that alone will not tell us much about a company's profitability or success.

Nature of the study: Empirical. Longitudinal data from three separate cohorts of Inc. 500 firms (from, 1992 to 1996; 1993 to 1997; and 1994 to 1998) were used.

Variables: Dependent variable – growth in profits, operationalized as absolute and relative measures of sales, number of employees, and profits. Independent variables – growth in employment, sales growth. Control variables – industry:service, industry:manufacturing, industry:distribution, industry:retail company age and company rank

Article title: Do Banks Price Owner-Manager Agency Costs? An Examination of Small Business Borrowing

Publication: Journal of Small Business Management, 2002

Author: James C. Brau

Volume: 40, Number 4 Pages 273-286

Summary: The author proposes that if potential agency costs are economically important and either reduce firm value or lessen a firm's ability to pay off loans, then banks should price that cost, when loaning firms money, in the form of an interest rate increase or through the requirement of additional collateral. Findings indicate that banks do not require a premium for owner-manager agency costs when lending money to small businesses. More important than agency costs, for bank consideration when lending to small businesses, are areas such as banking relationships, the debt position of the borrowing firm, the size of the firm, and the age of the firm. An important consideration from this article for businesses is the necessity of owner-managers developing and maintaining strong banking relationships and the understanding that practical financial

management in connection with relationships offer a better opportunity for capital infusions when needed.

Nature of the study: Empirical. Data gathered from Federal Reserve Board's National Survey of Small Business Finances 1995 survey whose target population is the population of all for-profit, nonfinancial, nonfarm businesses with fewer than 500 employees in operation as of year-end 1992. The final sample represents approximately 27 percent of the 1708 firm sample, thus 463 firms.

Variables: Firm mgr is a shareholder, one family owns 50+, ownership share of primary owner, number of nonmanager shareholders, length of longest banking relationship, number of banking relationships, debt to asset ratio, annual sales, firm age.

Article title: The Ethical Outlook of Micro Business Operators

Publication: Journal of Small Business Management, 2002

Author: Stuart Dawson, John Breen, and Lata Satyen

Volume: 40, Number 4 Pages 302-313

Summary: This study examined the ethical perspectives of micro business operators in Australia. Micro business for this study was defined as a business that is independently owned or operated and is either nonemploying or employs less than five people. Micro business in Australia is said to comprise almost 85 percent of all Australian nonagricultural small business and produces about one-third of GDP. Findings suggest, that overall, business operators are ethical in the way they conduct their businesses. Personal (nonreligious) beliefs and principles about how to act was rated highest while individual religious or spiritual beliefs were rated the least important influence on the way operators ran their businesses. The authors note this finding was in marked contrast to American small business research which has suggested that religious belief in an important factor in the construction of business values. Of primary concern to micro business operators was the consequences of their actions on their own business and for others.

Nature of the study: Empirical. Final sample of 90 responses from a survey of 500 questionnaires sent to the business database of Micro Business Network in Australia. The questionnaire attempted to gather information on whether there is any recognizably dominant set of values that apply to the entrepreneurial micro business sector in Australia and ascertain micro business operator's views on a range of issues with an ethical focus.

Article title: Craft Retailers' Criteria for Success and Associated Business Strategies

Publication: Journal of Small Business Management, 2002

Author: Rosalind C. Paige and Mary A. Littrell

Volume: 40, Number 4 Pages 341-331

Summary: The study was undertaken to determine how art-related retailers define and achieve success. Craft retailers defined success in terms of profitability, growth, and personal satisfaction as well as the opportunity to preserve the craft tradition and educate consumers on the cultural heritage involving crafts. This study highlights the notion that not all entrepreneurs enter the market for purely financial motives. Successful craft retailers employed strategies which emphasized a focused approach of assorted specialized crafts products, a differentiation approach which emphasized quality, uniqueness, innovation, and high levels of customer service. Effective pricing strategy did not attempt to offer low prices but rather moderate to high prices reflecting higher service and quality levels.

Nature of the study: Empirical. A sample of 1000 craft retailers from the southeastern region of the U.S. was systematically sampled with a final response rate of 38%. A two-phase process was implemented for data collection using both qualitative and quantitative methods.

Article title: Empirical Analysis of Business Growth Factors Using Swedish Data

Publication: Journal of Small Business Management, 2002

Author: Per Davidsson, Bruce Kirchoff, Abdunnasser Hatemi-J, and Helena Gustavsson

Volume: 40, Number 4. Pages 332-349

Summary: This study looks at what factors in business firms underlie the differences in their growth rates. Previous research focused on manufacturing entities while this study investigated this question across industries. Results, in line with previous findings, show that business age (newer firms grow more), business size (smaller firms grow more), industry (firms in growing industry sectors grow more), legal form, and independence of ownership are the most important factors related to growth. These findings are similar to research conducted in the United States, Germany, and Scotland. An additional finding of note involves changes in governance due to merger/acquisition. Acquisitions are followed by greater growth for the acquired firm if it was previously independent. However, acquisition or merger of a parent business by a subsidiary resulted in growth decline as did spinoffs. For entrepreneurs, news that small, owner-managed firms in the early years have better growth opportunities regardless of location should be encouraging. However, location is still important for certain businesses in certain industries.

Nature of the study: Empirical. Data collected from Swedish business database that is a census of all business with 20 or more employees.

Variables: Model: Growth Rate = age, business size, overall enterprise size, industry sector, change in industry sector, legal form, change in legal form, ownership governance, change in governance, international activities, location, and change in location. $R^2 = .23$.

Article title: Culture and Its Consequences for Entrepreneurship

Publication: Entrepreneurship Theory and Practice, 2002

Author: Gerard George and Shaker A. Zahra

Volume: 26, Issue 4. Pages 5-8

Summary: This article is a brief review of the papers included in a special issue of ET&P dealing with culture and its impact on entrepreneurship. Culture is referred to as the enduring set of values of a nation, region, or organization. Entrepreneurship is defined as the act and process by which societies, regions, organizations, or individuals identify and pursue business opportunities to create wealth. The authors provide some comments concerning the future direction of entrepreneurship research. These include: greater need for theory building, exploring alternative measures of both culture and entrepreneurship, consider multiple manifestations of culture, the dynamic relationship between culture and entrepreneurship, and investing sub-regional cultures.

Nature of the study: Conceptual.

Article title: The Focus of Entrepreneurial Research: Contextual and Process Issues

Publication: Entrepreneurship Theory and Practice, 2001

Author: Deniz Ucbasaran, Paul Westhead, and Mike Wright

Volume: 25, Issue 4. Pages 57-80

Summary: The authors review research that has considered the contextual and process issues associated with entrepreneurship research. The paper identifies a set of themes apparent in entrepreneurship research over the past decade and offers several research gaps that need to be addressed. Themes discovered deal with entrepreneurship theory, types of entrepreneurs, the entrepreneurial process, organizational forms selected by entrepreneurs, external environments for entrepreneurship, and outcomes. Ten suggestions for future research are offered. Significantly, the authors feel future scholars should attempt to gain a greater understanding of the differentiation between types of entrepreneurs as well as the different organizational forms they select.

Nature of the study: Conceptual.

Article title: The Adolescence of Entrepreneurship Research: Specification of Purpose
Publication: Entrepreneurship Theory and Practice, 2001
Author: Murray B. Low
Volume: 25, Issue 4. Pages 17-25

Summary: The author offers his perspective on the special challenges faced by the field of entrepreneurship and provides suggestions for future research possibilities. Four current entrepreneurship research strategies are discussed: entrepreneurship research as teaching support, as potpourri, as belongs in the disciplines, and as a distinctive research domain. The authors feels there is value in all of these strategies. However, less desirable outcomes can occur, especially, if one strategy is used to the exclusion of others. A collaborative effort to strengthen each strategy, while maintaining integration between them, when and where needed, could offer a productive path for future research.

Nature of the study: Conceptual.

Article title: Culture, Nation, and Entrepreneurial Strategic Orientations: Implications for an Emerging Economy
Publication: Entrepreneurship Theory & Practice, 2002
Author: Justin Tan
Volume: 26, Issue 4. Pages 95-111

Summary: This study isolated the role of cultural and national differences, between Chinese entrepreneurs, Chinese-American entrepreneurs, and Caucasian-American entrepreneurs, in order to test their relationship to perceptions of environment and strategic orientations. Results indicate that national differences are more significant than cultural differences on entrepreneurial perceptions. Perhaps not surprisingly, a significant difference was found in perceptions of environmental characteristics that confront entrepreneurs in mainland China versus those in the United States. Likewise, strategic orientations were more similar between Chinese-American and Caucasian American entrepreneurs versus Chinese entrepreneurs. Likewise indicating the significance of national rather than cultural differences. However, entrepreneurial traits such as innovativeness, proactiveness, and aggressiveness were shared across national boundaries. Future research which includes both national and cultural effects when investigating entrepreneurial behavior would be highly informative.

Nature of the study: Empirical. A hybrid, quasi-experimental design methodology was used to sample three groups of entrepreneurs, and Chinese (n=53), Caucasian-American (n=85), Chinese-American (n=62).

Variables: Hypotheses tested whether national background or cultural background was the primary influence on work related behavior. External environment factors: competitors, customers, suppliers, technological, regulatory, economic, social-culture. Strategic orientations factors: risk taking, future orientation, innovation, proactiveness, and aggressiveness.

Article title: Gender, Microenterprise Success and Cultural Context: The Case of South Asia

Publication: Entrepreneurship Theory and Practice, 2002

Author: Paula Kantor

Volume: 26, Issue 4. Pages 131-143

Summary: The author argues that the current measures of microenterprise success are insufficient when used to measure the economic success of enterprises led by women. Women often face socio-cultural constraints that effect their ability to maximize economic success and directly benefit from their entrepreneurial activity. Thus, success measurement should include an empowerment component as well as economic dimensions. In addition, both dimensions of success, economic and empowerment, must be sensitive to the influence of social norms on women's ability to achieve these outcomes.

Nature of the study: Case study in South Asia.

Article title: Issues of Research Design and Construct Measurement in Entrepreneurship Research: The Past Decade

Publication: Entrepreneurship Theory and Practice, 2001

Author: Gaylen N. Chandler and Douglas W. Lyon

Volume: 25, Issue 4. Pages 101-113

Summary: The authors review the methodologies used in mainstream entrepreneurship literature in the past decade. Trends indicate a wider use of multivariate statistics and increased rigor concerning reliability and validity issues. The authors suggest that more attention needs to be paid to common method variance, increased sophistication in treatment of reliability and validity issues, greater theoretical development, and more longitudinal research.

Nature of the study: Statistical review of 416 empirical entrepreneurship articles between 1989 and 1999.

Article title: Many are Called, but Few are Chosen: An Evolutionary Perspective for the Study of Entrepreneurship

Publication: Entrepreneurship Theory and Practice, 2001

Author: Howard E. Aldrich and Martha Argelia Martinez

Volume: 25, Issue 4. Pages 41-56

Summary: The authors survey the past decade of entrepreneurship literature to evaluate how well the research has fulfilled the Low and MacMillan (1988) call to integrate process, context, and outcomes, when looking at entrepreneurial success. Specifically, the authors look at how evolutionary theoretical developments, and empirical research using the evolutionary perspective, have increased our knowledge of entrepreneurial activities. Two significant theoretical developments are listed. First, the concepts of the nascent entrepreneur and entrepreneurial cycles provide the understanding that most never succeed in creating organizations. Second, the decoupling of innovation and reproduction concerning entrepreneurial activities. Also listed are several advances in our understanding of the entrepreneurial process. Knowledge stocks and learning capabilities are as important as resources. Social capital for acquiring both knowledge and resources is vital. We have an increased understanding of how environmental forces such as population density, relational density, and societal influences affect organizations. However, there is still work to be done on the interaction of strategic choices and environmental influences.

Nature of the study: Conceptual.

Article title: Is there an Elephant in Entrepreneurship? Blind Assumptions in theory Development.

Publication: Entrepreneurship Theory and Practice, 2001

Author: William B. Gartner

Volume: 25, Issue 4. Pages 27-39

Summary: The author discusses the way assumptions are made in entrepreneurship theory development by reviewing the Shane and Venkataraman (2000) article using the Low and MacMillan (1988) specification decisions as the framework. The six specification decisions are purpose, theoretical perspective, focus, level of analysis, time frame and methodology. The author argues that a comprehensive theory of entrepreneurship that could encompass the diversity of current research efforts and ideas is unlikely to be developed. However, more modest goals could be achieved if a community of scholars, based on similar research interests and understandings, were to work to pursue a strong paradigm. Entrepreneurship scholars, willing to explicitly state their assumptions about what constitutes entrepreneurship, can develop informal,

homogenous, research communities that would assist the formation of theory development.

Nature of the study: Conceptual

Article title: National Culture and Entrepreneurship: A Review of Behavioral Research

Publication: Entrepreneurship Theory and Practice, 2002

Author: James C. Hayton, Gerard George, and Shaker A. Zahra

Volume: 26, Issue 4. Pages 33-52

Summary: A review and synthesis of 21 empirical studies that examine the association between national cultural characteristics and three broad research streams involving various aspects of aggregate, individual, and corporate entrepreneurship is provided. The authors summarize the research findings of the impact of national culture on aggregate measures of entrepreneurship (such as national innovative output and new business created), individual characteristics of entrepreneurs (such as the values, beliefs, motivations, and cognitive processes), and corporate entrepreneurship activity. Some evidence exists that suggest high individualism, low uncertainty avoidance, and high power-distance are associated with national rates of innovation. There is strong evidence to suggest that dimensions of individualism, power-distance, and masculinity are related to entrepreneurial motivation. In addition, entrepreneurs as a group shared characteristics and differed from non-entrepreneurs. However, these results were less robust. Studies that looked at corporate entrepreneurship revealed a link between culture and spin-offs, entry mode, and innovation.

Nature of the study: Literature Review

Article title: Attributions About Entrepreneurship: A Framework and Process for Analyzing Reasons for Starting a Business

Publication: Entrepreneurship Theory and Practice, 2001

Author: Kelly G. Shaver, William B. Gartner, Elizabeth Crosby, Karolina Bakalarova, and Elizabeth J. Gatewood

Volume: 26, Issue 2. Pages 5-32

Summary: In this paper, attribution theory is used as a framework and methodology to examine the choices nascent entrepreneurs make in the business start-up process. Whether or not an entrepreneur's objectives, are internally driven or externally driven, or whether they are unchanged over time (stable) or variable, are important issues to understand when looking at reasons entrepreneurs undertake a start-up process. The paper compares the attributional approach to more traditional qualitative methods and

provides suggestions for future research. The primary purpose of the paper is to provide a theoretical background for attributional coding as well as provide a working example using the PSED data set. Suggestions for future research dealing with the PSED data set are given. Results generated from the framework can be helpful for future research investigating the behaviors and outcomes of nascent entrepreneurs.

Nature of the study: Empirical. Open-ended responses, taken from the Panel Study of Entrepreneurial Dynamics (PSED), which is a longitudinal panel study of individuals who were identified while in the process of starting new businesses, were coded.

Article title: Determinants of Initial Satisfaction with the Succession Process in Family Firms: A Conceptual Model

Publication: Entrepreneurship Theory and Practice, 2001

Author: Pramodita Sharma, James J. Chrisman, Amy L. Pablo, and Jess H. Chua

Volume: 25, Issue 3. Pages 17-35

Summary: The authors propose an integrative model of the factors influencing initial satisfaction with the succession process in family firms. Estimates show that only 30% of family firms survive the transition to the second generation and only 10% make it to the third generation. Success in management succession for a family firm involves family members' satisfaction with the succession process and an evaluation of the impact on firm performance following succession. The authors suggest that there is an interaction effect between these two components of succession. The proposed model posits individuals, family relationships, and organizational attributes are expected to influence initial satisfaction with the succession process, which, in turn, is expected to influence the effectiveness of succession along with factors related to leadership, strategy, industry structure, and other external variables. Future research using the proposed model could help identify factors which influence successful succession in family firms. Thus, enabling families to make better decisions concerning the future of their firm.

Nature of the study: Conceptual.

Article title: A Dynamic Model of Entrepreneurial Learning

Publication: Entrepreneurship Theory and Practice, 2001

Author: Maria Minniti and William Bygrave

Volume: 25, Issue 3. Pages 5-16

Summary: The authors model entrepreneurial learning as a process in which entrepreneurs learn by continually updating their knowledge stock accumulated on the

basis of past experience. They focus on a more general knowledge stock of “how to be entrepreneurial” not specific knowledge concerning the chosen market. Entrepreneurs learn from success and failure and both events comprise their knowledge stock which influence future choices. Entrepreneurs may not always follow optimal strategies because prior experience produces puts decision making on a path dependent process. Entrepreneurs repeat past positive actions which may not always be optimal in different circumstances. Thus, in opposition to the perfectly rational economic agent, entrepreneurs learn from experience, process information, and sometimes, make mistakes. For practioners, a lesson to be gained from this model, is that it is possible to repeat past successful strategies yet achieve less successful outcomes by doing so. History truly rarely repeats itself, though it may occasionally stutter.

Nature of the study: Conceptual.

Article title: The Chances of Financial Success (and Loss) from Small Business Ownership

Publication: Entrepreneurship Theory and Practice, 2001

Author: William J. Dennis, Jr. and Lloyd W. Fernald, Jr.

Volume: 26, Issue 1. Pages 75-83

Summary: This paper looks at the chances of forming a profitable venture and its impact on the entrepreneurs personal financial condition. Responses from 783 entrepreneurs report the following: 43% say their firm was profitable while 56% report break-even or loss. Concerning terminated businesses, 32% of owners said their personal financial condition was better at termination than at formation primarily as a result of the business. 14% were worse off due to the business and the remaining 54% either experienced no change or the change that did occur was not attributable to the business. The chances of financial success are substantially greater than the chance of loss. Although, overall, break-even, modest profit or modest loss was the most frequent outcome. For potential entrepreneurs the news is mixed. Formation of a business is not generally a highly risky endeavor, however, formation of a business likely to produce significant changes in wealth is unlikely.

Nature of the study: Statistical. The data was collected via telephone interviews with 36,000 randomly drawn households via the Wells Fargo/NFIB Series on Business Starts and Stops (Dennis. Series). Interviewers screened each household for businesses formed or terminated during the prior six months. The final sample includes 783 cases from 1996 to 1998.

Article title: Owner-Manager Attitudes to Family and Business Issues: A 16 Country Study

Publication: Entrepreneurship Theory and Practice, 2001

Author: Sue Birley

Volume: 26, Issue 2. Pages 63-76

Summary: This study investigated attitudes of owner-managers, in 16 countries, concerning business and family decisions. Three distinct groups emerged, those who wished to involve their family in the business, those who wished to strike a balance, and those who wished to exclude the family. Thus, one important understanding the paper provides is the notion that all family businesses are not alike. Results indicate differences in attitudes toward family and business concerning the early involvement of the children in the business, the importance of managerial succession, the ongoing involvement of more than one generation, and the transfer of shares to family members. In addition, attitudes of the owner-manager towards the family and the business may be moderated by the educational and work experience and generational position of the owner-manager. Family firms, by using this information, can perhaps gain insight into the dynamics involved in family businesses.

Nature of the study: Statistical. Owner-managers across 16 countries in 1999 were surveyed and asked to respond to 22 statements. Responses were grouped by country via founder, second generation, third or later generation, or not a founding family.

Article title: Employment or Self-Employment: A Dynamic Utility-Maximizing Model

Publication: Journal of Business Venturing, 2002

Author: Moren Levesque, Dean A. Shepherd, and Evan J. Douglas

Volume: 17, Issue 3. Pages 189-210

Summary: The authors present a dynamic utility-maximizing model which helps to explain why, and when, some people choose to be self-employed while others choose employment. They argue that a person's attitudes towards job attributes are not constant and thus, changing attitudes towards income, work, risk, and independence, as well as a recognition of changing abilities to complete tasks, affect career choices. The article recognizes conditions which may lead people to become self-employed or switch back to employment. For practitioners, an increased understanding of attitudes that lead people to chose self-employment versus employment and the notion that these attitudes can change over time is important. This information can lead to better decisions concerning a wide range of entrepreneurial issues such as when to start a business and when to exit.

Nature of the study: Conceptual.

Article title: Is It Worth It? The Rates of Return from Informal Venture Capital Investments.

Publication: Journal of Business Venturing, 2002

Author: Colin M. Mason and Richard T. Harrison

Volume: 17, Issue 3. Pages 211-236

Summary: This paper looks at the returns to informal venture capital investments (business angels) of 127 investors in the United Kingdom. Results show that only 23% had IRR at 50% or above, while 13% was about break-even, and 34% a total loss. The average time to exit for successful ventures was 4 years and mostly harvested through trade sales. The most successful investments were likely to be either large investments, large deal sizes with multiple coinvestors or management buyouts. Significantly for informal capital investors, the paper presents data which suggests, the risks outweigh the rewards. UK tax policy, which had provided a tapered 10 year capital gain tax break for disposal of business assets, was reduced to 4 years. Compared to venture capital fund managers, business angels have a lower proportion of investments that lose money but a significantly higher proportion of investments that either break-even or generate modest results. Both business angels and venture capital fund managers have similar proportions of high performing investments.

Nature of the study: Statistical review. The data was derived from 127 usable responses from a survey of over 1000 business angels who were registered with the business angel networks (BANs) in the U.K. The authors point out the potential problems with a possible unrepresentative sample and the reliability of self-report data.

Article title: Restricted Access to Markets Characterizes Women-Owned Businesses

Publication: Journal of Business Venturing, 2002

Author: Timothy Bates

Volume: 17, Issue 4. Pages 313-324

Summary: Past research has suggested that women business enterprises (WBEs) face barriers, qualitatively different, from those faced by small businesses owned by men. WBEs are successful in traditional niches such as retailing and personal services but face additional barriers when attempting to sell to other businesses or to government entities. The findings of this paper show that when traits such as firm size, age, and industry are controlled for statistically WBEs endure restricted access to business markets. In addition, WBEs are less likely to sell to government markets, but this difference is not statistically significant once firm size, age, and industry are controlled for. Understanding the nature of these markets and the difficulties of entry can help WBEs

make better decisions concerning where to invest efforts and resources. WBEs, on average have lower capacity, reflected by smaller average firms size and underrepresentation in the goods industries and construction. However, it is not always the lower capacity which prevents WBEs from penetrating certain markets.

Nature of the study: Empirical. Data collected from the U.S. Bureau of the Census CBO database which provides large samples of firms analyzed to delineate the traits of those selling to business or government agencies from those that do not.

Variables: Firms that sell or do not sell to other business, firms that sell or do not sell to government. Skilled services, goods, construction, retail, young firm, 1992 sales, owner gender, minority owner.

Article title: Entrepreneurship and Illegality: Insights from the Nigerian Cross-Border Trade

Publication: Journal of Business Venturing, 2002

Author: Akin Fadahunsi and Peter Rosa

Volume: 17, Issue 5. Pages 397-429

Summary: The authors offer a working model exploring relationships between key entrepreneurial factors and illegal activity. Fieldwork data is collected concerning the cross-border trade between Nigeria and Benin. Past research has indicated illegality is more harmful than beneficial for economic development. This study reveals that widespread corruption, involving not only entrepreneurs but officials and institutions as well, impact entrepreneurial activity in interesting ways. Pervasive bribery, needed to complete transactions involving legal or illegal goods, renders the distinction between the two irrelevant. Traders will trade goods that bring the best margins regardless of legal status. Thus, a lot of entrepreneurial activity is undertaken to lessen or circumvent the harassment of corrupt officials. The outcome of bypassing, or bribing, recognized official institutions of governance and control leads to a lessening of their influence. Thus, creating a potential environment in which illegal trading is socially acceptable. In this environment, everyone can enter the market possibly creating even more competition than trading legally. In addition, weaker law enforcement can lead to increased costs for the trader through increased threat of theft, fraud, or extortion.

Nature of the study: Ethnographic study of six cases conducted over eight months in 1994 on the Nigerian/Benin border.

Variables: High reward opportunities, smuggling prohibited good, evading duties, willingness to accept risk, willingness to accept hassle, moral acceptance, ability to minimize risk, ability to minimize hassle, ability to mobilize special resources, learned experience, creative improvisation, efficiency of law enforcement.

Article title: The Entrepreneurial Process and Economic Success in a Constrained Environment

Publication: Journal of Business Venturing, 2002

Author: Sarath S. Kodithuwakku and Peter Rosa

Volume: 17, Issue 5. Pages 431-465

Summary: The authors conduct an ethnographic study of entrepreneurial processes engaged in by successful entrepreneurs operating in a constrained environment. Families with no previous assets were resettled and given two and one half acres of land in Sri Lanka in 1984. Ten years later a small but successful entrepreneurial class had arisen. While unsuccessful entrepreneurs, the village majority, had fallen into debt and were often working as wage laborers, the successful entrepreneurs had organized a variety of ventures. Their success was not as a result of better opportunity recognition, but rather, a result of better social network utilization as well more efficient managing of scarce resources and enterprises. Thus, both the creative mobilization of resources as well as the efficient management of the enterprise resulted in superior outcomes.

Nature of the study: Ethnographic multiple-embedded case study in Sri Lanka.

Article title: The Effects of Embeddedness on the Entrepreneurial Process

Publication: Journal of Business Venturing, 2002

Author: Sarah L. Jack and Alistair R. Anderson

Volume: 17, Issue 5. Pages 467-487

Summary: The authors examine the relationship between entrepreneurship and the social structure surrounding entrepreneurs and entrepreneurial opportunity. Being embedded in the local social structure allows entrepreneurs to not only recognize opportunity but, sometimes, actually create opportunity and then act to realize the benefits. Being embedded within the local social structure provided the entrepreneurs with more specific information and an integrated understanding of available sources of contacts, advice, resources, support and information. Value is both extracted and produced. Local knowledge provided a key factor of profitability. The interaction between entrepreneurial embeddedness and entrepreneurial opportunity created a situation in which local individuals were able to more effectively exploit the economic opportunity. The economic opportunities themselves were unlikely to be available to others not embedded in the local social structure. Thus, this article highlights the importance of the social aspects which may influence entrepreneurial behavior and outcomes. Social embeddedness enables the entrepreneur not only to better understand

the local structure but to become a part of it. Thus, providing a powerful and unique competitive advantage.

Nature of the study: Qualitative. Ethnographic study of seven rural entrepreneurs over three years.

Article title: The Entrepreneur's Character, Life Issues, and Strategy Making: A field Study

Publication: Journal of Business Venturing, 2002

Author: Veronika Kisfalvi

Volume: 17, Issue 5. Pages 489-518

Summary: This in-depth case study examined the relationship between one entrepreneur's character, his strategic priorities, and the strategic orientations of his firm over time. The study was based on the premise that an individual's experiences, early in life, shape their character, and as such will have an influence on their later personal and professional life. Thus, entrepreneurial attributes influence entrepreneurial activities. The paper argues that not only cognitive factors, but also emotional factors, can and do influence strategic priorities which in turn impact the particular strategies that are chosen to pursue or not to pursue. The entrepreneur was a Holocaust survivor that relocated from Europe to the United States in 1956. His experiences, including post-war events, created a character sensitive to issues such as survival, autonomy, success and achievement, recognition, and action. The predisposition towards these ingrained thoughts influenced his strategic priorities such as attention to tight financial controls, hands on involvement, proactive opportunity search, information gathering, and partnership development. These priorities were not simply reactions to the business environment but rooted in emotionally charged life events. Decision making for the firm reflected these priorities already embedded in the decision maker's mind. Entrepreneurs can gain from this article by realizing the degree to which their own experiences may influence their own strategic priorities and thus strategic direction of the firm's they found. Those working closely with entrepreneurs can provide valuable assistance by making them aware of the possible subjective nature of their strategic priorities.

Nature of the study: Field study involving a small founding family firm in the petrochemical industry in the Midwestern United States. The entrepreneur, his two sons, and seven managers were interviewed in depth.

Variables: Survival, Autonomy, Success and Achievement, Recognition, and Action.

Article title: Metaphors and Meaning: A Grounded Cultural Model of U.S. Entrepreneurship

Publication: Journal of Business Venturing, 2002
Author: Sarah Drakopoulou Dodd
Volume: 17, Issue 5. Pages 519-535

Summary: This paper provides a grounded cultural model of entrepreneurship in the United States by analyzing the metaphors that entrepreneurs use to give meaning to their life and business stories. The premise is that metaphors offer insight into the cognitive processes of entrepreneurs. Findings reveal that metaphors for entrepreneurship frequently used were words such as, journey, a race, building, parenting, war, iconoclast, and passion. The authors believe that entrepreneurs create a different model of their activities than is typical of other types of organizations, parallels to Schumpeter's writing is apparent for American entrepreneurs, and Americans share some similar cognitions with North European entrepreneurs.

Nature of the study: Qualitative Study. A final sample of 24 articles from 1996-1998, in various business magazines, such as Forbes, Nations Business, Success, and others were reviewed, in which entrepreneurs presented their stories.

Variables: Journey, Race, Building, Parenting, War, Iconoclast, and Passion

Article title: Multinationality, Product Diversification, and Profitability of Emerging U.S. Small and Medium Sized Enterprises

Publication: Journal of Business Venturing, 2002
Author: Gongming Qian
Volume: 17, Issue 6. Pages 611-633

Summary: This paper looks at the effects of multinationality and product diversification on performance for emerging small and medium sized enterprises. The findings suggest there is an optimal level of expanded markets and products, after which, the effects of profitability declines. In addition, it was found that R&D expenditure and debt level contributed to profitability. Small firms attempting to expand product lines or geographic markets need to be aware that it is possible to expand beyond expertise and managerial ability. High levels of multinationality and product diversification places significant strain on firm performance and profitability. Practitioner must seek growth with balance. However, the study only looks at firm level data, thus, the results do not take into consideration variables outside the firm such as industry performance, economic climate, taxation policy, etc.

Nature of the study: Empirical. Sample from Hoover's Handbook of Emerging Companies, comprising 71 emerging manufacturing SMEs, from 1989-1993, using firm level data only.

Variables: Return on sales; product diversity, multinationality, firm size, R&D intensity, debt ratio, and advertising intensity.

Article title: Resources of the firm, Russian high-technology startups, and firm growth
Publication: Journal of Business Venturing, 2002
Author: Garry D. Bruton and Yuri Rubanik
Volume: 17, Issue 6. Pages 553-576

Summary: This study investigates the impact of founding factors on growth of high technology startups in Russia. The results indicate that the larger the founding team, the greater the financial resources that can be obtained and the easier it is to distribute the workload. Also, results indicate that the greater the technological innovativeness and the later the market is entered the greater the performance. The authors believed the late mover advantage was due to the transitional nature of the overall economy in which first mover resource advantages often disappear.

Nature of the study: Empirical. The principle founder of 45 high technology firms in Russia were interviewed.

Variables: Dependent variable- annual percentage growth in employment for the firm. Independent variables – founding team size, innovativeness, and market entry (first movers, early followers, late followers).

Article title: Growth Intentions of Entrepreneurs in a Transitional Economy: The People's Republic of China
Publication: Entrepreneurship Theory and Practice, 2001
Author: Chung-Ming Lau and Lowell W. Busenitz
Volume: 26, Issue 1. Pages 5-20

Summary: This article investigated the influence of social context, personal factors, and cognition of Chinese entrepreneurs on their growth intentions and method of expansion. Findings indicate that an entrepreneur's commitment, need for achievement, social environment, and cognitive understanding of the environment impact growth intentions. Thus, both individual and social variables influence how the entrepreneur understands the environment. This understanding, or cognitive interpretation, then influences growth intentions.

Nature of the study: Empirical. The study sample included survey of 2878 private enterprise firms in China, employing at least eight individuals with private ownership

Variables: Independent variables – expansion vs unchanged, expansion vs downsizing, unchanged vs cooperation with foreign firms, unchanged vs cooperation

with state firms; Dependent variables - social context (social network, business experience, market conditions (busy and/or convenient), perceived difficulties (in sales, borrowing, operational facilities, competition, uncertain policy changes, labor shortage); individual (age, education, gender, need for achievement, need for monetary reward, commitment); control variables – capital, employees, sales turnover.

Article title: Learning Strategies and Resources for Entrepreneurs and Intrapreneurs

Publication: Entrepreneurship Theory and Practice, 2001

Author: Benson Honig

Volume: 26, Issue 1. Pages 21-35

Summary: This paper investigates the learning strategies of entrepreneurs and intrapreneurs. Results indicate that of the four different learning strategies examined, entrepreneurs and intrapreneurs do use different strategies. It was hypothesized that intrapreneurs normatively utilize learning strategies that favor employing processes dependent on pre-existing organizational structure while entrepreneurs normatively utilize learning strategies that favor flexible non-structured organizational processes. Employing a random strategy (those who agreed with the statement, “the best ideas just come with a need to search for them”) increased the likelihood of being a nascent entrepreneur. Pursuing a continual organizational adjustment strategy (those who agree with the statement, “I spend considerable time making the organizations I belong to function better”) decreased the probability of being a nascent entrepreneur. Being in a team project decreased nascent entrepreneurship while it increased nascent intrapreneurship. Likewise, pursuing a random strategy decreased the likelihood of being a nascent intrapreneur. Both entrepreneurs and intrapreneurs can benefit from this study by utilizing the model and concepts to improve organizational learning.

Nature of the study: Empirical. Data based on two samples of randomly selected individuals living in Sweden. Final sample included mail survey and telephone interviews of 219 entrepreneurs, 35 intrapreneurs, 26 indicating they were purchasing or taking over a firm, and 5 opening a franchise. Missing data reduced the number studied to 283.

Variables: Dependent variables – entrepreneur or intrapreneur; Independent variables – research and development strategy, systematic strategy, continual organizational adjustment, random strategy, years education, ever took business class, previous start-up experience, years of work experience, contact with agency.

Article title: How Do “Resource Bundles” Develop and Change in New Ventures? A Dynamic Model and Longitudinal Exploration

Publication: Entrepreneurship Theory and Practice, 2001

Author: Benyamin M. Bergmann Lichtenstein and Candida G. Brush

Volume: 25, Issue 3. Pages 37-58

Summary: This study investigates the impact of resource identification and acquisition on new venture performance. The findings indicate that for new ventures the most salient resources were technology, (including development, research, capabilities and processes) and sales and service delivery. In addition, when investigating how resource bundles change over time the findings indicate that specific resources remain essentially unchanged or change only moderately. Entrepreneurs need to be aware that tangible resources like financial capital or organizational systems may not always be as salient to firm needs as intangible resources, such sales and service delivery. In fast growing dynamic environments reassessment of firm needs should be a continual process.

Nature of the study: Qualitative. A case study of three different new ventures on the verge of a transition was undertaken. Each company was privately held, less than seven years old, had fewer than thirty employees, and was still run by the founding entrepreneur. The data was collected from interviews with the founders, top managers, line members and staff over a nine to twelve month period. Data analysis involved a three step procedure of category development, identification of resource priorities, and mapping changes in resource bundles.

Article title: Are Entrepreneurial Cognitions Universal? Assessing Entrepreneurial Cognitions Across Cultures

Publication: Entrepreneurship Theory and Practice, 2002

Author: Ronald K. Mitchell, J. Brock Smith, Eric A. Morse, Kristie W. Seawright, Ana Maria Peredo, Brian McKenzie

Volume: 26, Issue 4. Pages 9-32

Summary: The authors investigate three research questions: Do entrepreneurs have a set of cognitions distinct from those of other business people?, To what extent are entrepreneurial cognitions universal?, and To what extent do entrepreneurial cognitions differ by national culture? Findings suggest entrepreneurs indeed have higher cognitive script scores than business non-entrepreneurs. In addition, they find some evidence to support the idea of a universal “entrepreneurship” culture being more powerful than national culture. Lastly, concerning entrepreneurial cognitions differing by national culture they found there are country based differences, as well as some similarities, in arrangements, willingness, and ability cognitive scripts.

Nature of the study: Empirical. An exploratory study using data collected from 990 entrepreneurs and business managers, 418 and 572 respectively, in eleven countries (the G7 countries of the United States, Canada, The United Kingdom, Germany, France, Italy and Japan, in addition to Australia, Chile, Mexico, and China) was conducted.

Variables: Three types of cognitions of entrepreneurs vs business non-entrepreneurs were examined. Ability cognitions (situational knowledge, ability/opportunity fit, venture diagnostic ability, and opportunity recognition); Willingness cognitions (seeking focus, commitment tolerance, opportunity motivation); and Arrangement cognitions (protectable idea, resource access, and venture specific skills).

Article title: Foreign Sales and Small Firm Growth: The Moderating Role of the Management Team

Publication: Entrepreneurship Theory and Practice, 2002

Author: A. Rebecca Reuber and Eileen Fischer

Volume: 27, Issue 1. Pages 29-45

Summary: The authors investigate the premise that greater behavioral integration of the top management team will allow more effective decisions concerning foreign sales growth which in turn leads to greater overall firm growth. Results indicate that behavioral integration does moderate the relationship between foreign sales growth and overall firm growth. Interestingly, the effects were greater for the food processing firms versus the software firms. The authors suggest this is possibly due to the environmental complexity of internationalization from high market barriers and greater liability of foreignness (as in multidomestic industries like food processing) versus the need to sell in multiple markets while managing continuing innovation (as in global industries like software products). The article points out the critical nature of top management team integration. Internationalization can have a negative impact on the firm if top managers do not work together effectively.

Nature of the study: Empirical. Data collected from two different industries, the Canadian software products industry and Canadian food processing industry was analyzed. CEOs or top managers in 187 firms, 90 in software and 97 in food processing, completed a questionnaire given, in person, by trained research assistants.

Variables: Dependent variable – Total sales growth; Independent variable- foreign sales growth; Moderating variable - behavioral integration; Control variable – firm age.

Article title: Competitive Analysis and New Venture Performance: Understanding the Impact of Strategic Uncertainty and Venture Origin

Publication: Entrepreneurship Theory and Practice, 2002

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Volume: 27, Issue 1. Pages 1-28

Summary: New firms may lack the expertise to effectively conduct a competitive analysis. This study finds that formality (formal system and process for conducting competitive analysis), comprehensiveness (thoroughness of the process), and user orientation of competitive analysis activities (information needs of the executives in

design, function, operation, output, and distribution) are positively associated with new venture performance. Corporate ventures benefited more strongly from formal, comprehensive, user-oriented competitive analysis systems than independent ventures. However, when using objective, not subjective measures, independent ventures did benefit from competitive analysis. New ventures, in environments of strategic uncertainty, benefited from comprehensive competitive analysis. However, formalizing these systems for independent firms may cost more than the benefit.

Nature of the study: Empirical. Sample included responses from 228 new venture firms in multiple industries. Surveys were sent to CEOs and the highest ranking managers.

Variables: Data was collected on competitive analysis characteristics, new venture performance, origin, strategic uncertainty, and statistical controls.
