1. Introduction

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INTRODUCING RENT XXIV IN MAASTRICHT

This volume represents a selection of the best papers from the 127 presented at the RENT XXIV Conference, held at the Maastricht University in the Netherlands in November 2010. As such, it provides a window on contemporary European research in the field of entrepreneurship and small business. The selected papers contribute to the overall conference theme of ‘Entrepreneurial processes in a changing economy’, by taking a closer look at what constitutes entrepreneurial processes, how entrepreneurs develop their businesses and access critical resources in times of crisis and which roles knowledge and innovation play in continuous venture development.

INTRODUCING THE CHAPTERS

Chapter 2 represents a revised version of the keynote address presented by Mike Wright at the RENT conference. The author discusses the links between entrepreneurial mobility, resource orchestration and different facets of context. In a world that appears to be struggling to maintain economic growth, where corporate insolvencies increase and access to financial resources are severely constrained, entrepreneurial adaptability and mobility are challenged. While today’s economic conditions might offer opportunities for new types of entrepreneurial mobility, they also pose challenges for assembling the resources required for opportunity exploitation and venture development. It is here that the author draws attention to the context in which entrepreneurship takes place as the changing economy emphasizes the need to understand contexts and their impact on venture survival, success and entrepreneurial processes. Entrepreneurial mobility includes organizational mobility, and the chapter focuses on two types, namely habitual entrepreneurs (that is, entrepreneurs who shift
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from one organization to another) and entrepreneurs involved in management buyouts (MBOs). Furthermore, the author distinguishes four contexts (temporal, social, institutional and spatial). He identifies research themes and challenges for future research, contributing towards an integration of the process and contextual perspectives on entrepreneurship.

Chapters 3 to 6 discuss various facets of venture growth. In Chapter 3, Bart Sleutjes, Frank Van Oort and Veronique Schutjens study the effects of neighbourhoods on firm success. While neighbourhoods are expected to benefit in several ways from the presence of local firms, it is not known whether local firms also benefit from their neighbourhood. The authors draw on unique datasets, including the Dutch Survey of Social Networks of Entrepreneurs and a longitudinal database of firms registered in selected neighbourhoods. They study how neighbourhood cohesiveness and liveability relate to local firms’ chances for survival and growth. Their results show a differentiated picture. Social and physical neighbourhood aspects seem to be especially relevant for employment growth, but not for firm survival, while the market function of the neighbourhood seems to influence firm survival through building density. The authors conclude that more research is needed to study the underlying mechanisms and causality of aspects of neighbourhood and firm survival and growth.

In Chapter 4, Colm O’Gorman looks at the role of the entrepreneur in determining growth, drawing on a longitudinal case study of Cooley Distillery plc, the only Irish-owned distiller of Irish whiskey, which started up in 1986. The case analysis suggests that growth was an objective of the founder right from the beginning, and was one of the reasons why he started the firm, while choice of sector was an outcome of the resources available. Thus, an objective of growing the firm appears to be an intrinsic element of the decision to found the firm, rather than, as much of the current literature assumes, a consequence of the decision to found the firm. Furthermore, the author concludes that studies of venture growth need a longitudinal aspect. His results show that over extended periods of time, chance is not the ‘key’ explanation for growth. Consequently, studying growth over short timeframes may produce conflicting results as in any given time period either markets or resources might account for growth, but it is the interaction of both which explains growth paths over extended periods of time.

Chapter 5, co-authored by Pedro M. García-Villaverde, María J. Ruiz-Ortega and Gloria Parra-Requena, aims to analyse the moderating effect of market intelligence, cross-functional integration and internal commitment on the relationship between pioneering and new product performance. Their empirical study focuses on the Information and Communication Technology (ICT) Industry in Spain. This is a sector
with a strong degree of dynamism and rivalry in which the advantages of a pioneering strategy can be easily eliminated or imitated by competitors; therefore a pioneering strategy might be a high risk strategy for ICT companies. The authors conclude that their study demonstrates a more complex and holistic approach to those internal factors that moderate the relationship between pioneering firms and new product performance.

Chapter 6, authored by Eddy Laveren, David Helleboogh and Nadine Lybaert, takes a look at the use of financial bootstrapping in small and medium-sized ventures and the impact on venture growth. The authors draw on a sample of 368 Belgian small and medium-sized enterprises, created between 2002 and 2003. The chapter contributes to the general knowledge of bootstrap financing among small ventures in two ways. First, the study reveals which human capital characteristics of the owner-manager have an impact on financial bootstrapping use. The empirical results indicate that bootstrapping is a skill which is absorbed from self-employed parents or during the founder’s prior work and management experiences. Second, in line with resource-dependency theory, the authors demonstrate a relationship between financial bootstrapping and venture growth. Specifically, their study shows that joint-utilization bootstrapping is negatively related and owner-related bootstrapping is positively related to employment growth. Thus, small business owners need to be aware that different bootstrapping types do not appear to relate consistently to venture growth in the same way, since some bootstrapping types ameliorate, while others deteriorate their venture’s growth. The authors conclude that such knowledge about non-traditional sources of financing may be especially valuable in times of economic crisis where access to financial resources can be a serious constraint.

Chapters 7 to 10 focus on innovation and knowledge in relation to venture development. In Chapter 7, Maryse Brand, Evelien Croonen and Roger Leenders develop a conceptual model of knowledge acquisition through strategic networks for franchising companies. Extant research has typically looked at franchisors distributing their codified knowledge in the form of a business format to their franchisees. The authors argue that franchisees also need local knowledge to adapt the management of their units to local circumstances. Taking an entrepreneurship perspective, they link the use of local knowledge to entrepreneurial behaviour and firm performance. As local knowledge often is not codified and not possessed by the franchisor, it is of interest to study where and how franchisees acquire the local knowledge needed to achieve a local fit in their specific locations, and how this influences their units’ performance. The chapter adopts a network perspective to develop propositions on how network characteristics such as strength, size and diversity of individual franchisees influence
the performance of their units. The authors conclude with the presentation of specific methodological guidelines for future empirical work.

Chapter 8, co-authored by Einar Rasmussen and Tommy Høyvarde Clausen, deals with the openness and innovativeness within science-based entrepreneurial firms (SBEF), which play a key role in converting scientific knowledge into new breakthrough products and services. Similar to other start-ups, these firms must also assemble resources in order to survive and succeed. In this regard, the authors examine the role of openness, understood as external sourcing of technology, organization building and legitimacy, for the ability of SBEFs to innovate, as reflected in their ability to commercialize basic research. Based on a sample of 84 SBEFs established from public research institutions between 2003 and 2008 in Norway, the authors find empirical support for their conceptualization of openness and also confirm that openness is a positive and significant predictor of the innovativeness of SBEFs. They conclude that it is not only external technology sourcing which is of importance to the innovation process, but, at least in the new venture context, also the sourcing of resources for organizational building and legitimacy are key aspects of open innovation.

In Chapter 9, Olga Belousova and Benoit Gailly explore corporate entrepreneurship (CE) within a large company. Drawing on an in-depth case study, the authors analyse the behavioural component of CE along a process dimension, covering the key elements of CE action (discovery, evaluation, legitimation and exploitation) and a hierarchical dimension including operating, middle and top levels of management. Their case is a business unit with more than 1000 employees of a large, European based industrial company. The case covers the development of various entrepreneurial initiatives within the business unit from 2003 to 2011. Based on their case analysis, which shows interesting facets such as co-creation and co-discovery of opportunities through teams, the authors develop propositions which aim at providing a more in-depth view on the influence that CE activities may have on the organizational environment. Their analysis contributes to a deeper understanding of the very essence of entrepreneurial process – the nature of entrepreneurial behaviour, in particular within established and large organizations.

In Chapter 10, Alejandro Campos and Esther Hormiga look at the state of the art of knowledge research in entrepreneurship. The authors review articles published between 2000 and 2010 in the six major academic journals in the entrepreneurship field in terms of impact. A total of 143 articles were identified and analysed, searching for specific characteristics, amongst them the academic theories used to support the study, indicators, sample used for analysis, size of company, ontological level of learning and main conclusions. Knowledge in entrepreneurship is mainly
understood as the stock of knowledge possessed by the entrepreneur as an individual, and related articles draw on management or entrepreneurship theories. On the other hand, when researchers discuss knowledge creation of entrepreneurs and organizations, they draw on theories from psychology. The authors conclude that there is no agreement as to the way knowledge is conceived and measured, arguing for that the entrepreneurship field needs a specialized theory which explains the knowledge construction process of entrepreneurs.

CONCLUDING REMARKS

The selection of chapters included in this volume gives a flavour of the themes and approaches featuring in contemporary entrepreneurship and small business research in Europe. The collection reflects the methodological diversity that is typical of European research, as well as heterogeneity in terms of topics studied. Despite the fact that RENT is a scientific rather than a policy oriented conference, all chapters included in this volume have potential implications for policy makers as well as entrepreneurs.

Policy and practitioner relevant topics covered in this volume refer to different types of entrepreneurial mobility with implications for resource orchestration, the importance of including business aspects in local neighbourhood policies, growth as intentional entrepreneurial imperative which already drives the start-up, the role of new product development for pioneering strategies, the importance of tailor-made bootstrapping strategies, network-related factors influencing franchisees’ performance, the role of intermediary actors for science-based entrepreneurial firms, the behavioural aspects of corporate entrepreneurship and the effect of knowledge-related practices in companies.

As an applied field of study, it is important that academic researchers maintain a dialogue with policy makers and practitioners. Organizations such as the European Council for Small Business and Entrepreneurship (ECSB), and the International Council for Small Business (ICSB), its global equivalent, provide a forum in which such a dialogue can take place.