



Contents lists available at ScienceDirect

Journal of Business Research



What to avoid to succeed as an entrepreneur☆

Alicia Mas-Tur^{a,*}, Pablo Pinazo^{b,*}, Ana María Tur-Porcar^{c,*}, Manuel Sánchez-Masferrer^d^a Universitat de València, Departamento de Dirección de Empresas, Avenida Tarongers, S/N, 46022, Valencia, Spain^b EISC, Avda. Blasco Ibáñez, 55, 46021, Valencia, Spain^c Universitat de València, Departamento de Psicología Básica, Blasco Ibañez, 46010, Valencia, Spain^d ESEN, carretera al Puerto de La Libertad, calle nueva a Comasagua, Santa Tecla La Libertad, San Salvador, El Salvador

ARTICLE INFO

Article history:

Received 1 September 2014

Received in revised form 1 March 2015

Accepted 1 April 2015

Available online xxxx

Keywords:

Entrepreneurship

Success

Emerging economies

QCA

ABSTRACT

Entrepreneurship is a driver of economic growth and development. This study highlights the importance of entrepreneurship in emerging countries and examines entrepreneurs' characteristics in these countries. In particular, the study explains what entrepreneurs should avoid to succeed in Latin America. An empirical study analyzes factors that relate to businesses and entrepreneurs in El Salvador, one of the Latin American countries with the lowest rates of business success. In the study, business factors consist of the use of formal and informal advisory services and the degree of innovation. Variables that relate to the entrepreneur are educational attainment and the demographic variables sex and age. Results from analysis of 2012 GEM data using csQCA methodology show that degree of innovation, professional advisory services, and educational attainment play key roles in business success.

© 2015 Elsevier Inc. All rights reserved.

1. Introduction

Entrepreneurship contributes to economic growth, productivity, and renewal of productive and social networks (Audretsch & Thurik, 2001; Kantis et al., 2002). This functionality boosts interest in entrepreneurship. Studies show that entrepreneurship helps to revitalize regional identity, which drives the innovation process and creates employment opportunities (Audretsch & Thurik, 2001). Latin America has one of the world's highest rates of entrepreneurial activity (Acs et al., 2008; Weeks & Seiler, 2001). Nevertheless, Latin American economy is much less dynamic than other emerging regions' economy, especially because of the high rates of necessity-based entrepreneurship and the low value added of opportunities in the region (Amorós & Cristi, 2008; Autio, 2005; Kantis et al., 2004; Minniti et al., 2006). The high rate of entrepreneurial failure reflects these features (Sánchez-Masferrer, 2013).

Latin American countries have Latin European cultural influences, but differ culturally, racially, and economically. These differences affect businesses' size and characteristics. Whereas numerous studies address entrepreneurship in Europe and North America, Latin America remains a novel target for entrepreneurship research (de Arruda, 2009). This article fills the research gap by examining the characteristics that entrepreneurs should seek to achieve to succeed in El Salvador, one of the

Latin American countries with the highest rate of business failure (Sánchez-Masferrer, 2013). The study adopts an original approach, establishing guidelines for what entrepreneurs should avoid to succeed.

The study draws on 2012 GEM data for El Salvador. The GEM project provides a tool to study entrepreneurial dynamics in detail, offering information at the regional or national level (Bosma & Levie, 2010). The study employs csQCA methodology, an optimal tool for analyzing complex causal relations in contexts where researchers work with medium-sized samples (Eng & Woodside, 2012).

Section 2 contains a review of the literature on certain characteristic variables of entrepreneurs in emerging countries. Section 3 explains the csQCA methodology and presents results. The final section presents the conclusions, and discusses limitations and opportunities for further research.

2. Theoretical framework

A preliminary review of the literature on entrepreneurial characteristics in emerging countries shows the characteristics that successful or unsuccessful entrepreneurs embody. This review focuses on specific characteristics of Latin America.

Specifically, the following review discusses key findings on: (i) variables that relate to access to advisory services, separating professional from informal services (i.e., advice from family and friends); (ii) the educational attainment of the entrepreneur; (iii) the degree of innovation of the entrepreneur's business; (iv) and sex and age—two of the most common sociodemographic variables that characterize entrepreneurs within a nation or region.

☆ Authors are grateful to contributions from Domingo Ribeiro-Soriano and Norat Roig-Tierno for their assistance with methodology.

* Corresponding authors.

E-mail addresses: alicia.mas@uv.es (A. Mas-Tur), pablo.pinazo@esic.edu (P. Pinazo), ana.tur@uv.es (A.M. Tur-Porcar).

2.1. Professional or informal advisory services

Professional advisory services include services in areas such as strategy, design, engineering, and consulting, as well as technical areas such as IT, advertising, and marketing (Belso-Martinez et al., 2013; Nielsen & Lassen, 2012; Simmie & Strambach, 2006). Thus, professional advisory service creates and transfers knowledge, which is crucial during the entrepreneurial process.

Advisory services act as a source of external knowledge, while contributing to entrepreneurship and innovation. Miles (2005) defines advisory services as the range of services for private enterprises and public institutions. These services help companies to perform complex operations to resolve problems in which the role of human capital is essential. Advisory services accomplish essential tasks for entrepreneurship, incorporating knowledge-intensive activities into the production process of other firms (García-Quevedo et al., 2012).

The literature contains diverse definitions of professional services. Authors equate professional services to knowledge-intensive services necessary to create and develop a business (Audretsch, 2012; Den Hertog et al., 2010; García-Quevedo et al., 2012). Miles (2005) define these services as those with roots in people's knowledge—professional knowledge. Mas-Verdú et al. (2011) assert that professional advisory services encompass a wide variety of services that range from advertising to legal services, whereby providers may be consultants, advisors, engineers, or analysts. Bettencourt et al. (2002) define businesses that provide these services as those whose main activity is accumulating, creating, and disseminating knowledge to develop a service or product to meet customers' needs. Finally, Muller and Zenker (2001) points out that knowledge-intensive services add much intellectual value.

Informal counsel is an important component of entrepreneurial success (Singh et al., 2001). An extensive body of research investigates the influence of parents (Belcourt, 1991; Bowen & Hisrich, 1986; Scherer et al., 1989; Watkins & Watkins, 1983), family, or friends (Akehurst et al., 2012; Cromie & Birley, 1991; Ibarra, 1993). Gatewood et al. (1995) report that 88% of veteran entrepreneurs have a higher performance than new entrepreneurs do. Watkins and Watkins (1983) also state that sons of entrepreneurs are four times more likely than the rest of the population to become an entrepreneur. Ronstadt (1984) shows that entrepreneurs usually come from families in which parents are business owners.

Emerging economies have, in general, institutional frameworks that differ greatly from those of developed economies (Bruton & Ahlstrom, 2003; He et al., 2007). Particularly, emerging economies usually have inadequate regulations and inefficient systems to guarantee conformity to regulations (Peng, 2000). Many emerging countries lack adequate legal frameworks to ensure that parties honor contracts, which often forces companies to rely on alternative and less formal mechanisms such as personal relations, agreements with private security to ensure that counterparties meet their contractual obligations (Ahlstrom et al., 2003; Tung, 2002; Tung & Worm, 2001). Likewise, belonging to a business network is of the utmost importance. In the early stages of entrepreneurship, belonging to a business network allows firms to identify and exploit market opportunities and to access certain resources (information, technology, etc.) and the knowledge necessary to confront business problems or challenges (Kantis et al., 2002).

All Latin American countries, however, display growing interest in entrepreneurship and its implications, and Latin American institutions gradually implement plans to foster entrepreneurial activities. Such plans include encouraging business creation and self-employment because these activities are powerful enhancers of regional development in social and economic terms (Tiffin, 2004).

Consistent with Klapper et al. (2006) and Djankov et al. (2002), recognizing the importance of entrepreneurship and the needs of markets where entrepreneurs operate leads numerous countries to reform their policies. Such actions improve markets by removing barriers to entrepreneurship and market failures. Evidence of this trend also comes

from International Organizations for Development's new approach, which aims to develop the private sector, enhance the business environment, and improve policies for firms.

In short, both formal and informal institutions in Latin American seemingly need to play a prominent role to improve and foster entrepreneurship (Terjesen & Amorós, 2010).

Proposition 1. The success of a new business depends on the professional and informal advisory network that the business uses.

2.2. Educational attainment

In many cases, entrepreneurs prefer self-learning and learning by doing over formal learning after starting a business venture (Martin & Halstead, 2003). Hughes (2001) defines informal learning as any activity involving the quest for understanding, knowledge, and skills, and occurring outside educational institutions, workshops, or taught courses. Thus, business training becomes increasingly important for tomorrow's society (Lee et al., 2006).

Nonetheless, several studies show that the lack of business training constitutes a professional weakness because business training is necessary to perform certain business functions that fundamentally relate to management and modern technologies (Lerner & Almor, 2002).

Amorós et al. (2012) point out that some Latin American regions' economic transformation is less noticeable than other emerging economies such as South Korea, Singapore, Israel, and Ireland, in terms of both economic growth and institutional development. Countries owe this lower economic transformation to regional weaknesses in education and knowledge creation. Acs and Amorós (2008) claim that these weaknesses in education explain the greater difficulty to perform activities such as entrepreneurship or business creation. Despite Latin American countries' efforts over the last 20 years to instill democracy, property rights, and macroeconomic stability, these countries have yet to strengthen areas such as education, knowledge creation, and economic reforms (Acs & Amorós, 2008).

Proposition 2. Entrepreneurial success relates to entrepreneurs' educational attainment.

2.3. Innovation

Innovation is one of the key factors of entrepreneurship (Braunerhjelm, 2011; Cuervo et al., 2007; Sternberg & Wennekers, 2005). Innovation is a component not only of entrepreneurial activity, but also of the capability to discover, evaluate, and exploit opportunities that the market brings within entrepreneurs' reach (Shane & Venkataraman, 2000). Innovation contributes not only specifically to business performance, but also to the economic well-being and wealth creation of a region or country (Braunerhjelm, 2011; Holcombe, 1998; Huang & Ribeiro-Soriano, 2014; Wennekers & Thurik, 1999).

Because of numerous restrictions to create knowledge-based firms, countries in Latin America are not strictly entrepreneurial economies with roots on innovation and competitiveness (Kantis et al., 2004). As per Acs and Amorós (2008), most developed countries and other emerging regions (e.g., The East Asian Miracle) moved from the efficiency-driven stage to the innovation-driven stage of development, whose foundations lie in knowledge spillover, greater competition, and diversity between major firms. This status allows flexibility and innovation in the economy whereby new firms are fundamental to improve technology and innovation.

Latin American countries still experience low technological and innovation development. Only large firms absorb business opportunities that build on technology and innovation. Likewise, only large firms have the sufficient structure to maximize profits through exports, and

Download English Version:

<https://daneshyari.com/en/article/10492681>

Download Persian Version:

<https://daneshyari.com/article/10492681>

[Daneshyari.com](https://daneshyari.com)