



The characteristics and influencing factors of entrepreneurial behaviour: The case of new state-owned firms in the new energy automobile industry in an emerging economy

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ABSTRACT

Although research on entrepreneurial behaviour has drawn a great deal of attention, contextualised studies of entrepreneurial behaviour, such as those conducted in emerging economies, are limited and leave many issues unsolved. In this paper, we analyse the characteristics and influencing factors of entrepreneurial behaviour for new state-owned firms in the new energy automobile industry in the context of China's emerging economy. Using an exploratory case study and the qualitative research software SQL Nvivo 10.0, we show that new state-owned firms in the new energy automobile industry in an emerging economy demonstrate opportunity-resource integrated entrepreneurial behaviour. We propose that entrepreneurial firms can recognise institutional opportunities based on the resources acquired from their initial resource endowments and social networks and then bundle their resources to exploit opportunities and eventually shape the institutional environment. Moreover, we reveal that institutional environment, initial resource endowment and social network are the three major influencing factors of the entrepreneurial behaviour of new state-owned firms in the new energy automobile industry, which has significant theoretical and practical implications for the cultivation and development of emerging industries in emerging economies.

1. Introduction

An increasing body of work has investigated the role of entrepreneurial behaviour in enhancing the performance and competitive advantage of new ventures. These studies have considered entrepreneurial behaviour from three perspectives. Most scholars have suggested that opportunity development is the key to entrepreneurial behaviour (Shane and Venkataraman, 2000), focusing on how firms pursue and exploit entrepreneurial opportunities. Some researchers have explored the entrepreneurial behaviour around the process of resource development (Sirmon et al., 2007), analysing how entrepreneurial firms acquire scarce resources and make full use of their resource advantage. In addition, some scholars have worked from the opportunity-resource integrated viewpoint (Haynie et al., 2009) and proposed that opportunity development and resource development are inseparable, while an effective integration between opportunity and resource is critical to the success of entrepreneurship.

However, contextualised research on entrepreneurship is relatively scarce (Zahra and Wright, 2011), especially research on the entrepreneurial behaviour of new ventures in emerging economies. In the

business environment of an emerging economy such as China, new ventures deal with even greater constraints on resources and face immature markets due to the imperfection of legislation, regulations and capital markets (Lu et al., 2010; Shan et al., 2014; Sheng et al., 2011; Sine et al., 2006; Yang et al., 2015), which leads to particular entrepreneurial behaviour. Furthermore, we focus on new state-owned firms in an emerging industry, which faces opportunities and challenges that are completely different from those of traditional industries. On the one hand, rapid changes in policies result in high uncertainty about entrepreneurial behaviour, and enterprises in emerging industries need a more abundant resource base, while new ventures face a severe scarcity of resources due to their smallness and newness (Duchesneau and Gartner, 1990; Overholm, 2015; York and Lenox, 2014). On the other hand, affected by favourable policies and social status, state-owned enterprises have advantages in capturing institutional and market opportunities and seeking resources (Bruton et al., 2015; Fan et al., 2013; Jiao et al., 2016; Zhu et al., 2016). Based on this contradiction, it is important to investigate the characteristics and influencing factors of the entrepreneurial behaviour of new state-owned firms in emerging industries within emerging economies.

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With an exploratory multi-case study method, we select three new energy automobile firms in China as samples and examine their particular characteristics and the factors that influence them. The study makes the following theoretical contributions. First, a theoretical model of the characteristics of entrepreneurial behaviour in this specific situation is constructed. It presents the opportunity-resource integrated development behaviour of new state-owned firms in an emerging industry, produced by the inseparability of opportunity development and resource development in China's emerging economy. In China, rapid changes in the institutional, market and cultural environments produce higher requirements for new ventures' entrepreneurial behaviour, which means that opportunity development needs to be effectively matched with resource development. Second, this study examines the importance of the institutional environment for entrepreneurial behaviour. It is found that there is an interaction between opportunity development and the institutional environment: policy change generates opportunities; conversely, opportunity exploitation shapes the institutional environment. This finding helps clarify the underexplored question of how entrepreneurial behaviour in emerging economies contributes to policy formulation, so it helps explain the relationship between entrepreneurship and institution in the emerging economy. Third, the importance of initial resource endowments and social networks is examined. We find that because state-owned enterprises have abundant resources and vast relational networks, their entrepreneurial behaviour is driven by resources that are under the influence of their initial resource endowment and social networks, which provides an important way for new ventures in emerging economies to build resource advantages.

2. Literature review

2.1. Entrepreneurial behaviour

Entrepreneurial behaviour generally refers to the behaviour set during the entrepreneurial process (Kuratko et al., 2005). Entrepreneurial research spreads around opportunity development and resource development, in which opportunity is the core of the entrepreneurial process and resources prove its basic security. The research on entrepreneurship theories is divided into two major frames: opportunity- and resource-dominated entrepreneurship. Scholars have conducted abundant research on opportunity development and resource development. For example, Shane and Venkataraman (2000) considered opportunity recognition and exploitation as the most important part of the entrepreneurial process, and opportunity recognition was usually the initial entrepreneurial behaviour. Sirmon et al. (2007) indicated that new ventures should acquire and integrate resources to build capability, improving the adaptability of the external environment to cope with risk and opportunity, which emphasised the important role of resource development.

However, some scholars have held an integrated view of opportunity development and resource development (Haynie et al., 2009; Zampetakis and Moustakis, 2007), believing that entrepreneurial behaviour refers to a series of acts with which entrepreneurial firms develop resources creatively to pursue opportunities and realise opportunity value. Entrepreneurial opportunity development and resource development are difficult to separate; opportunity evaluation can be achieved based on resource recognition (Haynie et al., 2009), while resource acquisition and integration exist throughout the entire opportunity development process and make it possible to exploit opportunities successfully (Haugh, 2005). Entrepreneurial firms face plenty of entrepreneurial opportunities and suffer severe resource constraints in China's emerging economy. Consequently, integrating opportunity development and resource development effectively is the key to successful entrepreneurship. Based on an integrated perspective on the entrepreneurial process, we consider that the relationship between opportunity and resources evolves as a complex and dynamic

interaction process, and thus that entrepreneurial behaviour is a form of systematic 'opportunity-resource integrated development behaviour'.

2.2. The influencing factors of entrepreneurial behaviour

To examine the influencing factors of entrepreneurial behaviour, scholars have conducted studies based on China's emerging economy, focusing mainly on external factors such as policy changes, transformations in market demand and industry changes and internal factors such as prior knowledge, social networks, resource characteristics and organizational culture, which have an important impact on entrepreneurial opportunity development and resource development. The unique institutional and market environment of China's emerging economy leads to abundant entrepreneurial opportunities for opportunity development (Sheng et al., 2011). However, entrepreneurial firms face obstacles in the opportunity development process because of constraints on initial resources (Wiklund and Shepherd, 2008). For resource development, rapid policy changes and the government's control of scarce resources impel entrepreneurial firms to constantly adjust their resource development behaviour (Lau, 2011), and cultural factors such as the utilization of relationships and collectivism also affect firms' resource acquisition and integration (Pinillos and Reyes, 2011).

However, current research analysing the influencing factors of entrepreneurial behaviour from an opportunity-resource integrated perspective is relatively rare and involves only factors such as policy changes and social networks. For example, Overholm (2015) found that in the entrepreneurial process, information and resource flows existed within social networks and were beneficial for new ventures to recognise opportunities, overcome resource constraints and even create opportunities. Li and Garnsey (2014) examined how entrepreneurial firms identified opportunities based on policy changes, mobilised stakeholders to integrate resources and eventually realised successful commercialisation in the pharmaceutical industry. Based on the shortcomings mentioned above, it is imperative to analyse the factors that influence entrepreneurial opportunity-resource integrated development behaviour.

2.3. Research gap

Research has focused mainly on general entrepreneurial behaviour, ignoring the important role of context in entrepreneurship (Robert et al., 2016; Zahra and Wright, 2011). It is therefore essential to pay attention to the particularity of entrepreneurial behaviour in specific contexts. In the business environment of an emerging economy such as China, new ventures deal with even greater constraints on resources and face markets that are immature due to imperfect legislation, regulations and capital markets (Bruton and Chen, 2016; Shan et al., 2014; Sheng et al., 2011), which leads to particular entrepreneurial behaviour. Furthermore, when new ventures are in emerging industries, the technologies are unproven and the market has yet to mature (Wuebker et al., 2015). This amplifies market-related uncertainty, leading to differences in entrepreneurial behaviour compared with behaviour in mature industries. Because research on the entrepreneurial behaviour of new ventures in the new energy automotive industry is even more limited, further analysis is needed. Meanwhile, due to favourable policies and social status, state-owned new ventures have advantages in capturing institutional and market opportunities and seeking resources (Bruton et al., 2015; Fan et al., 2013; Hitt et al., 2002; Zhu et al., 2016), which also leads to the particularity of their entrepreneurial behaviour. It is therefore important to investigate the characteristics and influencing factors of the entrepreneurial behaviour of new state-owned firms in the new energy automobile industry of emerging economies.

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