

DOWNLOAD PDF HANDBOOK OF RESEARCH ON COMPLEX DYNAMIC PROCESS MANAGEMENT

Chapter 1 : SAGE Reference - Handbook of Entrepreneurial Dynamics: The Process of Business Creation

The Handbook of Research on Complex Dynamic Process Management: Techniques for Adaptability in Turbulent Environments investigates the nature and history of dynamic processes essential to understanding the need for flexibility and adaptability as well as the requirements to improve solutions.

More recent assessments, however, have indicated that the original focus was too broad. Entrepreneurial activity provides profound positive benefits across an important set of measures of social and economic well-being, much of them concentrated in new economic sectors such as information technology, when compared to service-producing or goods-producing industries Boden, Although entrepreneurship has been shown to provide many benefits, there has not been a systematic study of the entrepreneurial process. Although entrepreneurs contribute so much to our society, we know little about them as people. We can see the results of entrepreneurial activity in the form of new businesses and innovations, but we have limited information on how these new businesses actually came into existence. We can see the successes of entrepreneurial activity, yet we have few insights into why particular entrepreneurial efforts were successful while other efforts failed. Indeed, we have almost no information on the number and characteristics of the [Page x]nascent entrepreneurs who attempt to start businesses and the likelihood that such attempts will result in the formation of new businesses. The lack of information about this important social and economic phenomenon led to creation of the Panel Study of Entrepreneurial Dynamics PSED , an unprecedented research program involving more than a hundred researchers from 10 countries. Central to the research program was a recognition that to develop a representative portrait of entrepreneurial activity in the United States, individuals actively involved in starting businesses were needed—individuals who could be studied in real time, rather than after the fact. Finding such individuals is no small problem. One has to sort through a lot of hay people who are not attempting to start businesses in order to find the needles that are in the process of business creation. What distinguishes the PSED from other studies of the entrepreneurial process is that it identifies individuals in the process of creating new businesses and develops systematic, reliable, and generalizable data on important features of the new business creation process, including information on the proportion and characteristics of the adult population involved in efforts to start businesses, the activities and characteristics that constitute the nature of the business start-up process, and the proportion and characteristics of those business start-up efforts that actually become new businesses. This handbook reports on the creation of the Entrepreneurship Research Consortium ERC , the organizing group for the PSED; the evolution of the research program; and theories, ideas, and measures for exploring and understanding factors that encompass and influence the creation of new businesses. In addition, inherent in each chapter is the implication that the theories about business creation can be tested using a generalizable sample of both nascent entrepreneurs and a comparison group. The handbook also describes the PSED data collection process, provides documentation of the interview schedules, codebooks, data preparation, and weighting scheme, as well as offers examples of how analyses of PSED data might be conducted. The handbook is an invitation to explore theory on the nature of business creation and to test ideas through analyses of the PSED data sets that are in the public domain. These prior studies indicated that it was technically feasible, as well as financially feasible, to locate and survey individuals from the general population of all U. Conceptually, the entrepreneurial process can be thought of as involving three stages and three transition points, all continually influenced by political, social, and economic factors. As depicted on the left side of the model Figure F. These individuals come from two potential sources: If the new business is intended to be an independent start-up, those involved are referred to as nascent entrepreneurs NE. If the start-up effort is sponsored by an existing business, those involved are considered to be nascent intrapreneurs NI. The primary research questions at conception are two: What is the tendency of individuals to Figure F. What are the features of these individuals or their situation that lead some to enter this transition? There is a great deal of speculation that entrepreneurs are very different from other

individuals in the general population. An important feature of the PSED involves the identification of a comparison group of adults in the general population who are not involved with start-up activities. Because the comparison group can be weighted to mirror the characteristics of the U. Unlike other studies of the entrepreneurial process, the PSED provides a detailed focus on the second stage in the process of business formation: This stage involves factors that affect the efforts of nascent entrepreneurs to bring their businesses into existence as well as the length of time involved in their startup efforts. The PSED describes the entrepreneurs as people, documents their activities, and summarizes the types and amounts of resources invested in the process. The primary question the PSED explores at the start-up processes stage is: How do nascent entrepreneurs go about the process of starting firms? The question at this point is Why are some new firms more likely to grow, persist, or die? A key insight into the PSED research process is an appreciation of the variety and diversity inherent in the phenomenon of business creation Gartner, One can easily grasp this perspective by quickly listing the many kinds of businesses that one might encounter through a cursory scan of the Yellow Pages in the telephone book: How did all of these many different kinds of businesses come into existence? Indeed, how many different kinds of businesses are actually attempted? How similar or different is the process of starting a restaurant compared to starting a biotechnology research firm? How similar or different are the kinds of people who are likely to start a retail store compared to those starting a construction company? The basis for the PSED research effort is this recognition of variety of business creation efforts and the need to portray both the breadth and depth of this phenomenon. The first stage involves large-scale screening of households to create two samples representative of the national population of adults, those 18 years old and older. First, a sample of those involved in attempting to start a new business was identified, either nascent entrepreneurs NE or nascent intrapreneurs NI. Second, a representative sample of typical adults, not involved with a business start-up, was selected to be used as the comparison group CG. Once the screening procedures were completed, the second stage of data collection involved detailed phone interviews followed by completion of self-administered questionnaires mailed to the respondents. The third stage involved the follow-up interviews completed with nascent entrepreneurs 12 and 24 months after the first interview. Details about the research design, data collection process, the composition of the data sets, and examples of how analyses of the data might be undertaken are found in the appendixes. This appendix describes the process for contacting potential respondents, the procedure and criteria for screening respondents to identify nascent entrepreneurs, the phone and mail interview schedules used for the nascent entrepreneurs and the comparison group, and the process of data collection for the follow-up interviews. This appendix also discusses the creation of weights as a way to ensure the generalizability of the detailed data sample to accurately reflect characteristics of the population. Appendix C provides examples of how analyses of both the screening data set and the detailed data sample set might be conducted using the weights. The Entrepreneurship Research Consortium ERC To adequately capture the complex phenomenon of business creation, a social, political, and collaborative process atypical among scholars studying organizations or anything else was put in place. Rather than one major funding source for the PSED, there was a multitude of funding sources. Rather than one group of scholars involved in the development of the PSED, there was a multitude of groups. Rather than one particular research agenda, there was a multitude of research agendas. The fundamental value of those involved in the PSED centered on an attempt to use theory to develop questions that could depict the phenomenon of business creation in as comprehensive a manner as possible. The use of theory in the development of the PSED is therefore less an effort to create a general theory about the nature of business creation and more an effort to depict business creation in a generalizable way. They recognized that a large sample of nascent entrepreneurs would be important for ascertaining differences and similarities among various types of nascent entrepreneurs and their businesses as well as for comparing and contrasting nascent entrepreneurs to those who were not engaged in business creation. The problem was no one particular institution was willing to fund a project that would likely cost hundreds of thousands of dollars to locate individuals in the process of business creation and then follow up on their business creation efforts over a

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number of years. During the early part of , colleagues who we thought might be interested in [Page xv]participating in such a project were contacted. Besides making phone calls, we staged a forum at the Babson Kauffman Entrepreneurship Research Conference in London April to gauge interest, and we began a mail campaign that involved sending letters to all members of the Entrepreneurship Division of the Academy of Management May. The process of organizing the ERC moved very quickly from this point on. More than 50 people from 6 countries attended. Design teams were formed to develop research objectives, discuss hypotheses, identify specific questionnaire items, and scholars representing their institutions made financial commitments e.