

# ECMT+ Literature Review – some case reflections



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ECMT+ Entrepreneurship and Communication in Multicultural Teams  
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# Preamble

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Our strategic partnership project ECMT+ challenged us to meet with many tight timetables, big workloads elsewhere, limited project budget recourses, detailed follow-up processes and reporting – all at the same time with relatively ambitious project goals to work with. In addition, we worked in a very diverse group of experts ending up with a high number of individuals who are all great professionals in their fields. This matrix called for creativity, teamwork, tenacity, initiative and resilience from all of us and provided a great opportunity for our own skills development, too.

In ECMT+ the development of transversal skills was very much in the foci. Still today many higher education students and graduates somewhat lack knowledge and skills to promote businesses and result driven work motivation, employ themselves into the regions and efficiently work in all the time more and more diverse teams. The transversal competences like creativity, initiative, tenacity, teamwork, understanding of risk and responsibility and resilience are more crucial in the future working life than ever. They are said to be the keys at successful working life changing our future in a good way at the times when we are dealing with big challenges like industry 4.0 and the rise of artificial intelligence. We need to support learning and also find more ways to make the learning outcomes visible for the students but also for ourselves.

The need for the transversal competence development is relevant in any field of higher education – it includes much more than business or economics: the need is multi-sectoral and transdisciplinary as the working life itself. All the higher education graduates, no matter what is their major or degree, do need these competences and their related skills. This is one of the main reasons behind our ECMT+ project where we collaboratively worked to reach our goals and learned ourselves as well.

To my mind, transversal competences are closely embedded into humanity and ability to encounter in one way or another. It is much more than business or profit or start-up creation, it is meeting the others equally, constructively and comprehensively and also learning to fail and cover. I see the transversal skills embedded into the intrapreneurship, which is needed everywhere. For me, it is crucial that the competences and skills we especially need to build are all related to humanity or at least human skills in one way or another. I would say our project was at the same time a great living lab for us to learn and develop ourselves as teachers and other professionals.

One of our project outputs is this Literature Review, which provides some insights into the academic discussion in the arena. However, the views here are limited into few whereas our wide selection of articles provides a lot more tips for further readings. Please take a look at the reviews here and also search for more from the project web pages: <http://www.ecmt-plus.eu/>



# Entrepreneurial Failure Management

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The present literature review is intended as a teaching note to inform lectures/workshops on Entrepreneurial Failure.

## Opportunity Identification, Venture Creation and Potential of Failure

Opportunity identification is a start of venture creation process and a key concept of entrepreneurship research. The current state of entrepreneurship research holds fast that venture creation process is fraught with uncertainty (Alvarez and Barney, 2005; McMullen and Shepherd, 2006; Shane and Eckhardt, 2003; Sarasvathy et al., 2003). However, depending on the type of opportunity, not all entrepreneurial settings are equally uncertain, and may, in fact, range from conditions of near-certainty to almost complete (Knightian) uncertainty (Gustafsson, 2006; McKelvie, Haynie and Gustafsson, 2011; Sarasvathy et al., 2003). So, by being inherently fraught with uncertainty and risk, the entrepreneurial process can be predisposed to failure from its very beginning.

While creating a venture, expert entrepreneurs employ different types of thinking, or cognitive modes, such as effectuation and causation, although each of these cognitive modes requires different contexts to bring up adequate decisions (cf. Gustafsson, 2006). Causation, being similar to strategic planning, is most effective under conditions of low uncertainty, which is conducive for rational decision-making and analysis of different kind (Sarasvathy, 2001; cf. Gustafsson, 2006; Brundin and Gustafsson, 2013). On the other hand, effectuation is most effective under conditions of near-Knightian uncertainty (Sarasvathy, 2008) which implies unknowable probabilities of the future outcomes (Knight, 1921; McKelvie et al., 2011). In terms of entrepreneurial process, near-Knightian uncertainty occurs when neither supply nor demand is known (Sarasvathy et al., 2003) and hence, no planning is possible.

Indeed, according to Knight (1921), entrepreneurs might face three types of uncertainty:

- (1) Future distribution exists and is known, which means that risks can be calculated and decisions ought to be made by analysis, as all possible outcomes are equally likely. In other words, entrepreneurs would face condition of near certainty (or very low uncertainty).
- (2) Future distribution exists but is unknown in advance. In other words, probabilities of each outcome scenario exist and could be found out over time, since the environment changes over time (that is, is dynamic). In order to make a decision, entrepreneurs have to implement emergent strategies of trial-and-error. Such a situation exhibits a moderate level of uncertainty.

- (3) The future is both unknown and unknowable, as neither outcomes nor probabilities are known to exist (left alone their distribution). This is the ultimate level of uncertainty, labelled true uncertainty by Knight. He does not elaborate on the actions of the economic agent (entrepreneur) under conditions of true uncertainty, although he mentions that decisions are made through intuitive judgements based on experience.

Taking Knightian classification of uncertainty as a point of departure, Sarasvathy et al. (2003) suggest their own opportunity typology implicitly depending on the uncertainty level:

#### *Opportunity Recognition*

"If both sources of supply and demand exist rather obviously, the opportunity for bringing them together has to be 'recognised' and then the match-up between supply and demand has to be implemented either through an existing firm or a new firm. This notion of opportunity has to do with the exploitation of the existing markets. Examples include arbitrage and franchises." (Sarasvathy et al., 2003, p. 145)

It can be pointed out that opportunity recognition occurs under condition of near certainty, as defined by Knight. The most applicable cognitive mode for opportunity recognition would be causation or other type of strategic planning.

#### *Opportunity Discovery*

"If only one side exists – that is, demand exists, but supply does not, and vice versa – then, the non-existent side has to be 'discovered' before the match-up can be implemented. This notion of opportunity has to do with the exploration of existing and latent markets. Examples include: Cures for diseases (Demand exists; supply has to be discovered); and application for new technologies... (Supply exists; demand has to be discovered)." (Sarasvathy et al., 2003, p. 145). In terms of uncertainty, opportunity discovery occurs then the uncertainty level is medium; under these conditions experienced entrepreneurs might benefit from combining causation and effectuation as preferred cognitive modes.

#### *Opportunity Creation*

"If neither supply nor demand exists in an obvious manner, one or both have to be 'created' and several economic inventions in marketing, financing etc. have to be made, for the opportunity to come into existence. This notion of opportunity has to do with the creation of new markets. Examples include Wedgwood Pottery, Edison's General Electric, U-Haul, AES Corporation, Netscape, Beanie Babies, and the MIR space resort." (Sarasvathy et al., 2003, p. 145). Opportunity creation occurs under condition of "true" (Knight, 1921) or ultimate uncertainty, when effectuation, in expert decision-makers, can lead to superior performance.

## Uncertainty and Failure in Entrepreneurship

(The present subsection is an excerpt from Shepherd and Patzelt, 2017, p. 63-65)

"Due to the highly uncertain nature of pursuing new business opportunities (Knight, 1992; McMullen & Shepherd, 2006), failure is a rather common outcome of entrepreneurial endeavors (Brüderl, Preisendörfer, & Ziegler, 1992; Shane, 2009; Wiklund, Baker, & Shepherd, 2010). Take family businesses as an example. They comprise a significant share of all businesses (up to 90% in the USA [Heck & Trent, 1999; Kets de Vries, 1993]), but

nearly 70% of family businesses fail to make it through the second generation, and roughly 90% fail to survive through the third generation (Kets de Vries, 1993). Similarly, established firms often undertake entrepreneurial projects as part of corporate entrepreneurship initiatives to create new products, enter new markets, explore new technologies, and/ or build new businesses (Zahra, Jennings, & Kuratko, 1999). Like businesses, however, entrepreneurial projects are basically experiments with unknowable outcomes; there is an air of uncertainty (McGrath, 1999). Thus, sporadic or even repeated entrepreneurial project failure is an inevitability in firms practicing corporate entrepreneurship (Burgelman & Välikangas, 2005). In fact, Boulding, Morgan, & Staelin (1997) estimated that 35–45% of all new products fail.

While being able to successfully exploit entrepreneurial opportunities is the primary aim of all entrepreneurship initiatives, failure is not necessarily a completely negative outcome as some failures can lay the foundation for subsequent success. This path from failure to success has been seen in new product development (Maidique & Zirger, 1985), internal corporate venturing (McGrath, 1995), and joint venturing (Peng & Shenkar, 2002). Although some failures lead to positive outcomes, success is by no means a certain consequence of failure. For success to follow failure, it is essential for the entrepreneur or the organization to learn from past mistakes. As such, entrepreneurial failures can actually be potential learning opportunities (Green, Welsh, & Dehler, 2003). By signaling a problem with one's current beliefs or actions (Chuang & Baum, 2003), failure can motivate individuals to look for solutions (McGrath, 2001; Morrison, 2002). Furthermore, failure often triggers sensemaking efforts, thereby serving as a rich source of information for learning. Thus, learning from failure refers to "the sense that one is acquiring, and can apply, knowledge and skills" (Spreitzer, Sutcliffe, Dutton, Sonenshein, & Grant, 2005, p. 538) as a direct result of a failure experience. When entrepreneurs take chances, learn from their failures, and act on the new knowledge they gain from those failures, economies are able to progress (Hoetker & Agarwal, 2007; Mason & Harrison, 2006). Moreover, when entrepreneurs and organizations gain new knowledge from their failures, they are more likely to become involved in future entrepreneurial initiatives (Hayek, 1945). Such initiatives can serve as possible foundations for growth and renewal (McGrath, Tsai, Venkataraman, & MacMillan, 1996), thus increasing individuals' odds of succeeding with a new venture after a failure. In a similar way, those who failed in a corporate setting can aid their organizations in improving their innovation "hit rate" by learning from their failures and emotionally committing to later projects.

Because failure can motivate individuals to gain new knowledge or skills, researchers argue that people tend to learn more from their failures than from their successes (Petroski, 1985; Popper, 1959). Although most organizations and their members believe that learning from failure is important, they generally find doing so to be difficult (Cannon & Edmondson, 2005), as do entrepreneurs who lose their business (Byrne & Shepherd, 2015). More specifically, while failure reveals important information, organizations and individuals are frequently unsuccessful at fully processing that information (Weick & Sutcliffe, 2006). We need to gain a deeper understanding of the costs of failure (project and business) to the entrepreneur (and by extension the organization) and the ways these costs of failure can create obstacles to achieving the benefits of failure—namely, learning from the experience. However, before we delve into the nuances of advancing knowledge on this important topic, it is important to start with what we mean by failure (in its various forms).'

## Why do Entrepreneurs Think Differently from Other People? Cognitive Modes to Counteract Uncertainty and Mitigate Failure

Effectuation was first investigated by Sarasvathy (2001; Sarasvathy et al., 2014) as a leading cognitive process in expert entrepreneurs. Sarasvathy et al. (2014, p.2) define effectuation as a way for entrepreneurs to "...utilize resources within their control in conjunction with commitments and constraints from self-selected stakeholders to fabricate new artefacts such as ventures, products, opportunities and markets." Thus, entrepreneurs strive to attain goals, which would emerge depending on the given set of means based on who entrepreneurs are, whom they know and what they know (Chandler et al., 2011). As a cognitive mode effectuation is based on heuristics which emphasize non-predictive control of an unknown/unknowable future as opposed to predictive tools used for planning (Sarasvathy et al., 2014).

In recent years the concept of effectuation has attracted broad attention within the research community (e.g. Brettel et al., 2012; Chandler et al., 2011; Mainela and Puhakka, 2009; Wiltbank et al., 2009). Research indicates that effectuation is repeatedly exploited in decision-making (Dew et al. 2009; Sarasvathy, 2001; Harms and Schiele, 2012). A meta-analytic review conducted by Read et al. (2009) confirmed effectuation as positively related with new venture performance, especially under conditions of uncertainty. Study by Mthanti and Urban (2014) has achieved similar results, as the researchers found out effectuation to be positively related to entrepreneurial orientation.

Apart from the cognitive mode of effectuation, entrepreneurial process (including creation of a business model) involves its cognitive counterpart, causation (Sarasvathy, 2001). Causation can be compared to strategic planning (Ansoff and McDonnell, 1988; Mintzberg, 1978) and is derived from decision-making approach of the neo-classical economics (Stigler, 1952). This approach is also quite prominent in the extant entrepreneurship literature; it makes grounds for the research stream and textbooks on business planning (e.g. Honig and Karlsson, 2004; Timmons and Spinelli, 2004). Another research area supporting causal logic with its stepwise rational reasoning is the literature on opportunity discovery, which presumes the role of entrepreneur to investigate the objective environment and select the project with highest expected return (Casson and Wadeson, 2007).



In brief, differences between the cognitive modes of effectuation and causation could be summarized as follows (Table 1):

Table 1. Cognitive modes of effectuation and causation (Adapted from Dew et al., 2009, p. 290)

Issue	Causal frame	Effectual frame
View of the future	Predictive. Causal logic frames the future as a continuation of the past. Hence accurate prediction is both necessary and useful.	Creative. Effectual logic frames the future as shaped (at least partially) by willful agents. Prediction is therefore neither easy nor useful.
Basis for taking actions	Goal-oriented. Goals determine actions, including which individuals to bring onboard.	Means-oriented. In the effectual frame, goals emerge by imagining courses of action based on the given means.
Predisposition towards risk and resources	Expected return. The focus here is on the upside potential.	Affordable loss. The focus here is on limiting the downside potential.
Attitude towards unexpected contingencies	Avoiding. Contingencies are seen as obstacles to be avoided.	Leveraging. Contingencies are seen as opportunities for novelty creation – and hence to be leveraged.

If we assume that both effectuation and causation are positively related to a firm's performance, investigating a sample of especially highly performing companies, namely, high-growth firms, will help to place both cognitive modes into empirical context. So far, this issue has not been investigated, although contextualization of entrepreneurship research has been called for by several prominent scholars (Zahra and Wright, 2011; Sarasvathy and Venkataraman, 2011).

## Grief or Relief? Social and Emotional Aspects of Entrepreneurial Failure

(The present subsection is an excerpt from Shepherd and Patzelt, 2017, p. 70-71; p.73) "Although failure can have positive consequences for the individual (e.g., learning and personal growth [Cope, 2011; McGrath, 1999]), others often do not see entrepreneurial failure in such an optimistic light (Semadeni, Cannella, Fraser, and Lee, 2008; Sutton & Callahan, 1987). As noted by March and Shapira (1987, p. 1413), "society values risk taking, but not gambling, and what is meant by gambling is risk taking that turns out badly." Oftentimes, the devastation of a business failure on others (e.g., former employees, suppliers, and other stakeholders) is highly salient and immediate, whereas the learning benefits (for the individual and the economy) are more diffuse and take time to develop.

Indeed, there are many reports of entrepreneurs of failed businesses being judged harshly by others. For example, historically, individuals who went bankrupt were subject to punishments that included "forfeiture of all property, relinquishment of spousal consortium, revocation of citizenship, surrendering children as slaves, prohibition from holding public office, imprisonment, and death"; they were required to "bang their buttocks on a rock before a heckling crowd," "wear distinguishing clothes in public," and

were subject to other means of degradation and humiliation in public (Efrat, 2006, p. 366). Modern-day equivalents of others' responses to failed (or failing) entrepreneurs include rejection, avoidance, disengagement, and denigration (D'Aveni, 1990; Sutton & Callahan, 1987). These harsh judgments place considerable blame (Semadeni, Cannella, Fraser, & Lee, 2008; Sutton & Callahan, 1987) for the failure on the individual, and they suggest that the entrepreneur should be punished (Lee et al., 2007) and feel shame (Probst & Raisch, 2005; Wiesenfeld, Wurthmann, & Hambrick, 2008). To a greater or lesser extent, these judgments on business failure are rejected in countries' bankruptcy laws (Lee et al., 2011; Lee, Peng, & Barney, 2007), and these judgments on project failure are rejected in an organization's culture (Cannon & Edmondson, 2001; Tucker & Edmondson, 2003). Such harsh judgments and the stress they generate can negatively impact the economic (Semadeni et al., 2008; Sutton & Callahan, 1987), psychological (Byrne & Shepherd, 2015; Shepherd, 2003), and physical (Cope, 2011; Whyley, 1998) well-being of the individual who experiences the failure. We believe that the current literature on this topic has only scratched the surface when it comes to exploring the social costs of business failure for entrepreneurs.

While we understand how entrepreneurs tend to handle stigmatizing situations (Sutton & Callahan, 1987), we know less about when and why project and business failure represents a stigmatizing event. Beyond entrepreneurs' impression- management strategies, do particular forms of failure and/or types of entrepreneurs cause greater stigma? For instance, Shepherd and Patzelt (2015) found that entrepreneurs who are homosexual are likely to be stigmatized more from business failure than those who are heterosexual (in one region of Germany) and that those who are trying to preserve the environment are stigmatized less for business failure than those who were not trying to preserve the environment. Perhaps female entrepreneurs in supposed "masculine" industries (or masculine organizations or roles) face more stigmatization from failure compared to women in "feminine" industries (or organizations or roles) or men in "masculine" industries (or organizations or roles). That is, when individuals deviate from the norm and fail, they may face greater social costs compared to more "normal failures." If this is the case, however, there is a societal influence that deters the type of novelty that can be highly transformative. What is the impact of stigma for entrepreneurial failures? Perhaps a high stigma for entrepreneurial failure stops some individuals from engaging in entrepreneurial action (as a type of fear of failure), from engaging in certain types of entrepreneurial projects or businesses (i.e., those for which the stigma from failure is the greatest), from terminating a poorly performing project or business (delaying the social costs of failure but increasing the financial costs of failure when it arrives), and/or jumping ship from a failing business in the hope of avoiding stigma. Each alternative represents a host of considerations and implications. "

## The Financial Implications of Entrepreneurial Failure

(The present subsection is an excerpt from Shepherd and Patzelt, 2017, pp. 66-67; 68-70) The literature captures a long history of scholars focusing on the financial costs of failure. For example, an entrepreneur must often take on personal debt to fund his or her business, which he or she must then bear after business failure (Cope, 2011). However, it appears that the financial costs of failure (project and/or business) for the individual depend on the culture and the broader institutions in which the individual is embedded. For example, bankruptcy laws vary by country, and the "strictness" of these laws has a bearing on the

financial costs borne by the entrepreneur from a failed business (Lee, Peng, & Barney, 2007; Lee, Yamakawa, Peng, & Barney, 2011). Although we have gained a substantial understanding of the financial costs of failure (and, for that matter, the financial costs of persisting despite poor performance [Gimeno, Folta, Cooper, & Woo, 1997; Shepherd, Wiklund, & Haynie, 2009]), there is still much to learn.

#### *Recovering from the financial costs of entrepreneurial failure*

First, we believe it is necessary to gain deeper insights into how and why some entrepreneurs are able to bounce back from the financial consequences of failure more quickly than others. What actions do such individuals take after a bankruptcy, for example, that help them deal with the financial burden? Moreover, the notion of recovery may be too limiting because it could imply that individuals merely “overcome” the financial costs of failure but does not take into account the possible financial benefits of failure over time. For instance, ultimate financial success after business failure may require individuals to take on traditional employment for a period to restore their financial reserves before entering into business ownership again. Further, those who suffer considerable financial loss after business failure are likely to learn significant lessons in how to manage their subsequent venture's financial resources. What lessons are learned in these difficult contexts, and how do they affect the business model and capital structure of subsequent ventures? Future research can investigate these entrepreneurial career paths (i.e., the sequence of entrepreneurs' career decisions) to help elucidate how entrepreneurs recover from the financial consequences of business failure and capitalize on the benefits of failure to attain financial success in the long term.

Even less clear are the financial costs of project failure within an organization. How does project failure impact the career trajectory of a member of a failed team effort? In some organizations, management may view the leaders of a failed project as lacking leadership, competence, and persistence, which likely obstructs a productive career path for the corporate entrepreneur. In response, the entrepreneur is likely to either leave the organization or stay with the organization but limit entrepreneurial activity (and other organizational members are likely to learn the same behavior vicariously). With either response from the (former) corporate entrepreneur, the organization loses because it kills (or substantially diminishes) the entrepreneurial spirit of the firm. In contrast, there are organizations that are more tolerant of failure and even some that celebrate it. How does a project failure impact the career trajectory of a corporate entrepreneur in such an organization (Farson & Keyes, 2006), especially in contrast to organizations that penalize those associated with a project failure? Perhaps the impact of failure on career trajectory depends on what type of failure occurred, whether the individual learned from the failure, and how that learning can be applied to benefit the organization.

#### *Financial losses from entrepreneurial failure and subsequent entrepreneurial action*

In line with research demonstrating the importance of financial slack for funding both the experimentation needed for successful entrepreneurship (see George, 2005) and start-up costs/early-stage growth (Gilbert, McDougall, & Audretsch, 2006), it may seem like the financial costs of business failure would be a significant barrier to later entrepreneurial activity, especially in the short term. However, the resulting resource scarcity after business failure could create an environment that fosters bricolage (i.e., “making do with whatever is at hand” [Baker & Nelson, 2005, p. 330]), particularly for entrepreneurs in more resource-poor contexts and/or corporate entrepreneurs who find it more difficult to garner resources from management after failure. That is, resource scarcity can trigger entrepreneurial activity, thereby transforming an initial financial cost into a different form

of resource advantage (i.e., a valuable resource combination). Are some more able to switch from entrepreneurial activity spurred by slack resources to entrepreneurial activity spurred by resource scarcity? What mechanisms enable people to switch between these two different “sources” of entrepreneurial activity? The answers to these questions likely relate to the mindset triggered (or applied) to the adversity inherent in a resource-scarce environment.

Although we may be first drawn to prospect theory (Kahneman & Tversky, 1979) for answers, there are some other interesting possibilities. For some, this type of adversity likely generates an emphasis on resource protection—a reactive posture that involves consuming some resources to stop further resources from being lost. However, for others, this adversity could lead to an emphasis on resource investment—a proactive posture to replenish and grow resources (Hobfoll, 2001). Williams and Shepherd (2016) showed that those who engage in resource investment in the form of entrepreneurial action (i.e., the creation of a venture to alleviate the suffering of others in the aftermath of a natural disaster) have superior functioning in that adverse environment than those who do not engage in entrepreneurial action (controlling for a host of factors). Therefore, it may not be whether one fails or how much adversity one experiences when he or she fails; the ultimate net costs (or benefits) of failure may be determined by the mindset one develops regarding whether to protect remaining resources (through conservative action) or to invest those resources in entrepreneurial activity. Shepherd and Williams (2017) also proposed that regulatory focus theory is critical in explaining who escapes an adverse situation by constructing a new work identity (i.e., those with a promotion focus) and who languishes (i.e., those with a prevention focus). As we gain a deeper understanding of how different mindsets influence individuals’ reactions, responses, and recovery from failure, attention needs to turn to the antecedents of these mindsets. For example, why do some invest resources under adversity while others protect their remaining resources, and why do some who hit rock bottom after entrepreneurial failure approach the situation with a promotion focus and others with a prevention focus? We need to gain a deeper understanding of the mindsets that respect the different paths and trajectories of recovery and resilience.

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# Entrepreneurial Education: Literature Review

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## Entrepreneurship Education as a Field: History and Contribution

First course in entrepreneurship was taught to Harvard MBA students in 1947. Since then entrepreneurship education gained legitimacy within Higher Education demonstrating continuous rise in courses and programmes on offer and as well as the number of students at all levels (from undergraduate to research)

- More than 180,000 students in the USA in 2003
- 277 endowed positions
- 44 English language journals
- 100 centers in the US

## What is Entrepreneurship Education (EE)?

The field of entrepreneurship provides numerous definitions; and the field of EE can be as difficult to define as entrepreneurship itself. Is entrepreneurship about creating new organisation? Is it the novel use of resources? New value creation? Turning ideas into action?

So, as far as EE is concerned, the definition varies in terms of:

- Objectives
- Organisation
- Content
- Targets

Like entrepreneurship, EE can be seen as a method nurturing an entrepreneurial mind-set.

Scope of Entrepreneurship Education theories (see Figure 1 below):

- Academic theories focusing on content
- Theories focusing on interactions
- Theories focusing on the individual
- Theories focusing on interface with society

*First area of research: Focus on the content (academic theories).*

Here, the value of education is linked to the content taught, which can be specialized (disciplinary expertise) or generalist (development of integrated understanding and transdisciplinary competencies) and approached from a learning paradigm (hands-on approach) or a teaching paradigm.

*Second area of research: Focus on the interface with the society*

This socio-critical vision of education questions the replicability of existing social structures; it investigates economic and sociological perspectives against the relationship between education and society; and education and its organization.

*Third and fourth areas of research: Focus on the individual (personalist and ethical theories)*

Education is devoted to the personal development of the students towards autonomy (such as Roger's humanistic psychology); researchers are interested in directive or nondirective pedagogical approaches. Studies focus on the differences between individuals (particular needs) or emphasize the value of more directed interactions (to foster students' curiosity and creativity).

*Fifth, sixth and seventh areas of research: Focus on the interactions*

Psycho-cognitive processes play a role in individual learning and pedagogical strategies; prior knowledge plays on learning and strategies. Social-cognitive theories place the mental dimension playing a role in education within the sociocultural context. Technological theories are oriented towards at least two areas: teaching model (e. g. planning, implementation, evaluation, content) and multimedia environment (development of entrepreneurship curricula – number of courses and programs, use, contribution in education).

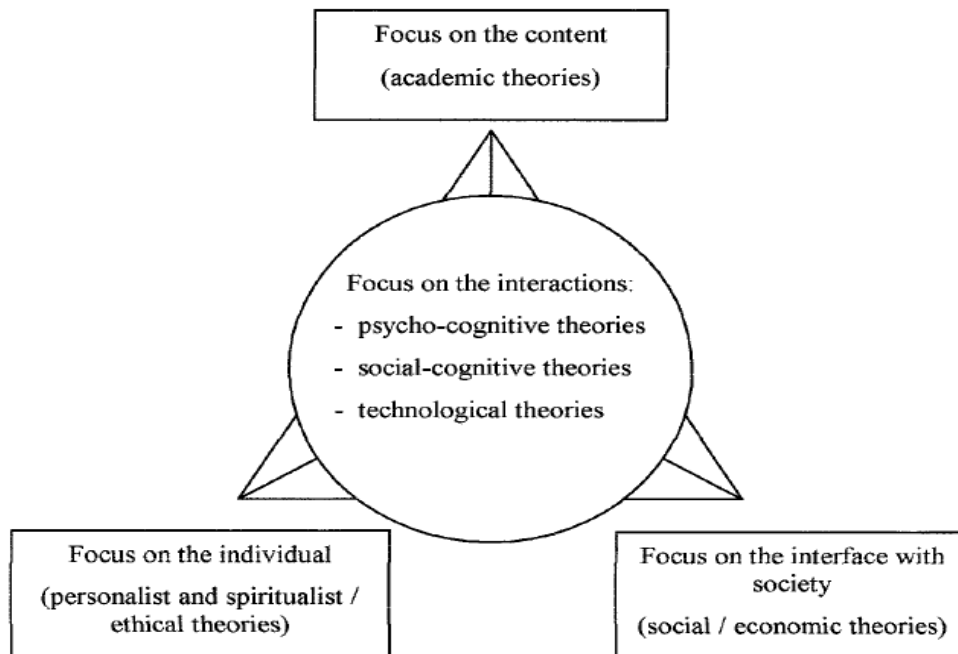


Figure 1. Scope of Entrepreneurship Education theories (Bertrand, 1998).



## Research Problems in Association with EE

- The evolution of the field, its legitimacy and transfer of knowledge.
- Reward system in most institutions drives scholars away from teaching and classroom research.
- Pedagogical expertise of professors can be very fragmented.
- Difficulty of interdisciplinary research with inputs needed in education and entrepreneurship field.

Entrepreneurship Education can be investigated within the following contexts, as shown in the Figure 2 below :

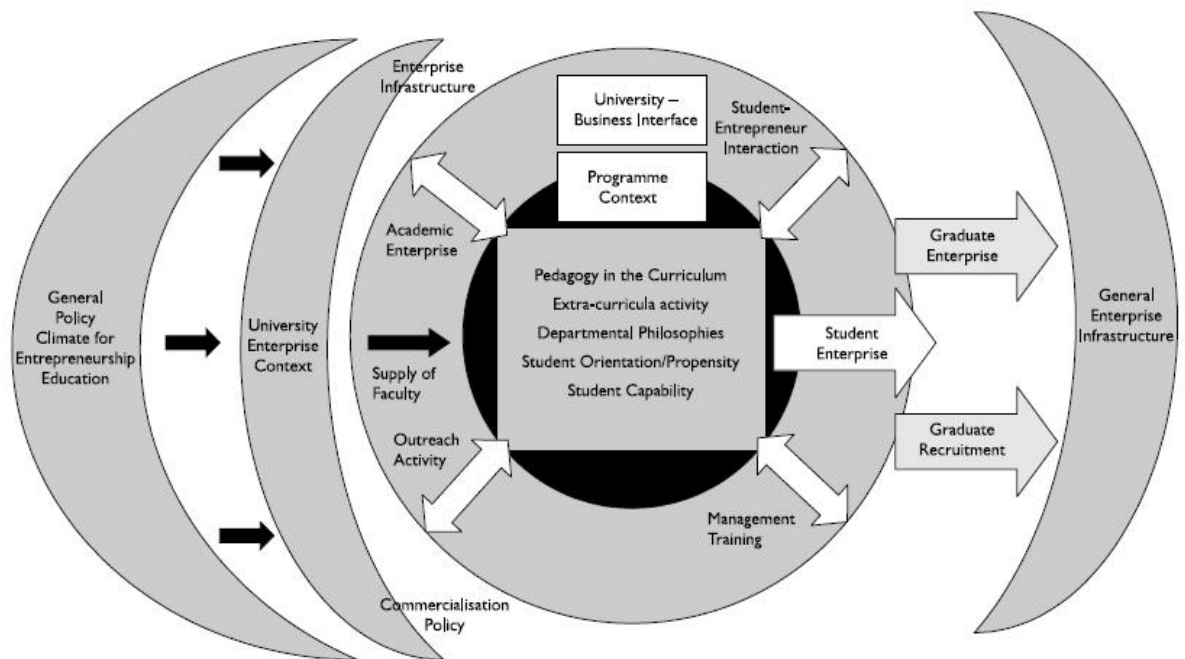


Figure 2. EE in context (Pittaway and Cope, 2007)

Four topics are explored:

- General policy context for entrepreneurship education (within "EE evaluation");
- University enterprise context: context itself, i.e. university governance and leadership, organizational culture, and the university-business interface at student, academic, management levels (within "Interactions between the actors of EE");
- Curricula and program context;
- Graduate entrepreneurship and employability.

## EE and practice-based teaching

Teaching entrepreneurship relies on three different co-existing approaches, as follows:

- Traits approach (depending on the personality of the entrepreneur)
- Analytical approach of teaching (interdisciplinary nature of entrepreneurship in a linear process)
- Cognitive approach adopted from mental model theories: "how to think entrepreneurially?", "who and when is someone is an entrepreneur?"

## EE's impact on students' entrepreneurial intentions

Numerous studies so far provided inconclusive, at times even anecdotal evidence: some studies measured negative correlation between studying entrepreneurship and propensity to start up an own company, some students demonstrated positive correlations; some studies even showed no significant correlations at all.

Context seems to be the key to entrepreneurial intentions

- personality traits
- perceived barriers vs support factors
- business knowledge and perceived risk
- Gender, family experience of entrepreneurship, educational level and age
- programs of EE
- cultural, political and macro-economic factors

## Teaching Interventions Design in Entrepreneurship Education

There are two major areas of investigation

- teaching methods
- ontological debates

Measuring relevance

- relevance relates to the intent on adding value, information, to a domain which is considered important;
- Are activities covered in textbooks relevant to real-life entrepreneurial activities?

Learning by practicing (learning-by-doing) remains an essential part of EE

Evaluation of teaching methods is to a large extent based on Kirkpatrick's model of education evaluation, which includes:

- reactions to education
- learning that has occurred in terms of knowledge and skills
- behavior induced by the education
- results observed according to societal/philosophical objectives
- Assessments are limited to local empirical studies and are bound to the educational framework
- Meta-analysis starts gaining ground as efficient evaluation method of EE

## Suggestions for Further Research and Potential Research Questions

1. Entrepreneurship Education as research field is fragmented, lacks theory, critical approach and legitimacy (Fayolle, 2013: 6)

- 1) Fayolle (2013) suggests building useful typologies and taxonomies;
- 2) Pittaway and Cope (2007) point out to a need of more comparative studies.

2. Future research for EE evaluation needs:

- 1) a strong intellectual and conceptual foundations;
- 2) a deep reflection on practice as educators and researchers (Fayolle, 2013)

3. Three areas within entrepreneurship education are still under-researched: social-cognitive, psycho-cognitive, and spiritualist or ethical preoccupations (Béchar and Grégoire 2005).
4. EE is disconnected from adult learning field (Pittaway and Cope, 2007; Fayolle, 2013)
5. What students "do" (Pittaway and Cope, 2007: 493): is there a link between "action theory" and "teaching model"?
6. The question of coping strategies used by students in an uncertain environment:
  - Which strategies are used?
  - Could students only use the same strategies as an entrepreneur?
7. What are we talking about when we talk about "success" in EE? (Pittaway and Cope, 2007: 487)

## Limitations (curriculum content)

It can be questioned whether a student finds themselves in the real world when they study entrepreneurship? Is it possible to build a total congruence between courses/training and entrepreneurial experience if other courses are held during the same -often short- period? (e.g.F2F lectures to incubators.)

Students have different learning styles and teachers various teaching styles; how does it affect EE?

How to measure the understanding of becoming an entrepreneur?

How can one make sure that the level of students' confidence generated from "doing" experience (success and failure) is increasing? (Neck and Greene, 2011: 63)

What is "to think entrepreneurially"?

What about "error" (cultural perspective) as a source of learning?

Role of inference in practicing entrepreneurship? How can it be linked with "third spaces"?

What about teachers' professional development (peer mentoring, training, etc.); is it something linear? (Neck and Greene, 2011); educators need to understand the key concepts and theories from both entrepreneurship and education (Fayolle, 2013: 8)

What are the best combinations of objectives, contents and teaching methods when addressing the needs and the specificities of each particular audience? How to mix professional and theoretical knowledge in relation to the other components of the didactical setting (Fayolle, 2013: 4)

## New Lens and Framework for Entrepreneurship Education:

Topic	Prior research discussion	Teaching model <i>proposal</i>
Curriculum content linked with "entrepreneurship" (course, training, etc.)	<b>Academic knowledge</b> <b>vs</b> <b>Practice</b> (2 types of EET: training focused educational interventions or academic-focused interventions; Martin, McNally and Kay, 2013). <ul style="list-style-type: none"> <li>➤ EE, between education and management (Béchar and Grégoire, 2005: 40)</li> <li>➤ EE: a system to understand in a holistic approach (Pittaway and Cope, 2007)</li> <li>➤ EE as a method to practice entrepreneurship in action (Neck and Greene, 2011)</li> </ul>	<i>Blended learning</i> <i>Reflective practice</i> } <i>integrative</i> Mentoring <i>education</i> <i>Theory</i> <i>frame</i> <i>Team work linked with self-awareness</i>  <i>Asynchronous lectures</i> (videos/ papers...) – flipped classroom - vs <i>Synchronous activities linked with entrepreneurial action theory</i>  <i>Non linear curriculum</i> Design-based curriculum EE must to be entrepreneurial (Kent, 1990: 284)
NVC in an uncertain environment	<b>Simulation</b> <b>vs</b> <b>Creation in the real environment</b> Contents come alive (incorporate the real world into entrepreneurship curricula) (Neck and Greene, 2011)	<i>Guidance in the real environment</i> <i>(support-based relationship between students –mentees- and coach –mentors vs teacher understood as usual) (e.g. Toutain's PhD thesis)</i>
Entrepreneurial attitudes/traits	<b>Knowledge of the importance of the leadership</b> (find your own style Needs: open and constant communication, shared but challenging goals and the ability to adapt in uncertain environment (Neck and Greene, 2011) <b>Constant need to learn and to adapt</b> (Martin, McNally and Kay, 2013).	<i>Limitation: do they really learn that?</i>  <i>Fostering self-awareness and capacity to cope (coping strategy; Lazarus and Rahe)</i> <i>Transactive memory is needed as a team skill (Wegner, 1985; Woolley, Aggarwal, Malone, 2015).</i>
Intention		Apply the implementation intention theory (Gollwitzer, 1999): an implementation intention is a self-regulatory strategy in the form of if they plan that can help goal attainment (Fayolle, 2013: 8)
Entrepreneurial behavior / Action theory (?)	<b>Activities practiced by nascent entrepreneurs</b> <b>vs</b> <b>Activities covered in textbooks</b> i.e. EE as an input to start-up (Edelman, Manola, Brush, 2008)	Entrepreneurial start-up = central activity in the field of entrepreneurship (Katz and Gartner, 1998; Aldrich, 1999; Shane and Delmar, 2004) Curriculum designed from real entrepreneurial activities (Gartner et al., 2004); see table 1 "entrepreneurial activities and the probability of start-up: evidence from prior research" (Edelman et al. 2008: 59)

<p><b>Entrepreneurial competences and skills</b></p> <p><b>Tools/ methods to develop competences</b></p>	<p><b>Pure" entrepreneurial competences / skills vs managerial competences and soft skills</b></p> <ul style="list-style-type: none"> <li>➤ A need to clarify an activity and a skill that is necessary at a particular stage of development</li> <li>➤ EET, linked with human capital assets, provides 1) entrepreneurial knowledge and skills; 2) positive perceptions of entrepreneurship; 3) intentions to start a business (Martin, McNally and Kay, 2013).</li> <li>➤ Need to examine the relevance and effectiveness of using internet-based and computer-based technologies (Fayolle, 2013: 5)</li> </ul>	<p><i>What is an "entrepreneurial" competence?</i></p> <p><i>Identify "entrepreneurial situations categories" based on entrepreneurial activities to:</i></p> <ul style="list-style-type: none"> <li>- outline activities that are more likely during particular start-up stages (Edelman..., 2008) <i>and</i></li> <li>- describe the various level of competence needed regarding the expected outcomes within the curriculum</li> </ul>
<p><b>Assessment/ evaluation</b></p>	<p>General approaches to educational evaluation (Fayolle, 2013: 7):</p> <ol style="list-style-type: none"> <li>1) Goal-based evaluation (Kirkpatrick's framework, 1959: 4 levels of evaluation: reaction, learning, behavior and results)</li> <li>2) Goal-free evaluation</li> <li>3) Responsive evaluation</li> <li>4) Systems evaluation (several models: Context/Input/ Process/Product model – Worthen and Sanders, 1987-, training validation system model – Fitz-Enz, 1994-, ...</li> <li>5) Professional review and quasi-legal (Eseryel, 2002)</li> </ol>	<p>Research design: <b>incorporate both pre- and post-EET interventions measures and treatment, control group</b> comparisons, correlation tables, moderators –age, gender, ...-, type of course, background of teachers, teaching methods (Martin, McNally and Kay, 2013).</p> <p><b>Need of strong intellectual and conceptual foundations, drawing from the fields of entrepreneurship and education, to strengthen entrepreneurship courses;</b> need of deep reflection on practice as educators and researchers (Fayolle, 2013:1)</p>

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# Social Enterprise: Key Publications that Define and Contribute to Teaching themes

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This abstract literature review introduces the key themes in social enterprise, its origins, range and attributes then goes on to suggest priorities for social entrepreneurial education offering ideas for teaching techniques and further reading. The paper begins with an outline of social enterprise in its many forms to give contextual information from relevant literature. It is not intended to be an exhaustive or prescriptive document on social enterprise and associated phenomena but instead to provide an introduction and discussion relevant to teaching social enterprise within the ECMT+ project.

## Introduction

Social enterprise has become, within a relatively short period of time, a popular concept and practice that appears to offer a solution to intractable issues within society. From being a peripheral concern among academics, the research space has become 'increasingly crowded' (Gonin et al. 2012). It has become a central subject for exploration and development in an on-going neoliberal agenda in developed economies that has seen the fragmentation and erosion of traditional forms of public welfare and development (Chell, 2007). Like any entrepreneurial endeavour, it is debated whether the practice may be learned or is an innate skill fostered through experience. To be sure, it is possible to identify its key attributes and examples by a growing body of research and through the testimony of those working in the field. This review intends to highlight some of the main characteristics in Social Enterprise and note the priorities and opportunities for both practitioners and enterprise educators.

Social enterprise in its broadest sense is a phenomena that may be found in all levels of organisational construct not necessarily just those which we consider have an overt social mission and/ or are not set up for the prime reason of making profit. Charities (we will consider other legal forms of incorporation later) in their most essential form are not necessarily social enterprises: they exist to collect donations and disburse them to beneficiaries. While they may develop operations to become more entrepreneurial in their charitable aims, profit-oriented businesses may well have more established social mission which is essential to their identity and way of carrying on business. Other terms we might consider social are those that are environmental – or green entrepreneurship. These kinds of businesses tend to be of the profit- and technology-oriented type and have a dual aim of promoting environmental wellbeing but doing so on the basis that this reduces costs and increases efficiencies for their customers (Elkington and Hartigan, 2010).

Social entrepreneurship ultimately relies upon people to choose to do it and to what extent. As with traditional forms of entrepreneurship, the supply of entrepreneurs is a concern (Chell et al. 2010). The extent and intention of CSR has been often questioned – do companies mean to do good for the aim of being good or is it done in an attempt to gain favour with stakeholders or limit the effect of its other activities and policies which may cause it to have a bad reputation i.e. McDonalds and obesity or WalMart and the

destruction of small local retailers and sharp employment practice? As there are different models of for-profit enterprise there are different levels or models of social enterprise. Some are simply that a venture with a mission has a level of business-like operation (Brinckerhoff, 2000). The implication being that public or third-sector organisations have not hitherto been organised in this way. Elkington and Hartigan (2010) provide a three-type model based on the revenue model on which the social enterprise works; type one is financed mainly from donations (government or independent; type two is a hybrid model of funding bodies and enterprising activity and finally; type three is revenue obtained purely from revenue-generating activities. Ridley-Duff and Bull (2011) present an overview of where social or third sector organisations fit more nuanced continuum and visual model citing the work of Pearce (2003) that describes the 'Three systems of the economy'. The first is the private, profit-orientated sector; the second, the public sector typified by the non-trading public service of the planned economy; and the third is within the social economy of self-help and social purpose thus transecting the private and public sectors and including a variety of organisational types from formal social businesses to informal family and 'grey economy' activities. Within the third sector, charities and voluntary organisations exist but are separated from the social businesses, mutuals and community enterprises which exist on the border with first- or private sector organisations. This indicates the very specific space within the overall continuum of the whole economy that social business occupies.

## Defining Social Enterprise

Chell et al. (2010) provide the simple definition that social enterprise 'seek[s] business solutions to social problems' (Ibid. p. 493) and that as such, it is important to understand the demand side i.e. what people need (and note that this is very much a consumer or stakeholder driven part of the total economy) against the availability of social entrepreneurs (supply side) coupled with the setting in which the activity takes place. In the context of ECMT+ this is primarily within the European Union even though some of our participants faculty and students do not necessarily permanently resident there and therefore bring extra dimensions to the study and practice of social enterprise. A business solution contrasts sharply with traditional forms of social problem resolution and, broadly speaking, this is with the public- or third-sector solutions to social problems. Seminal work by Rittel and Weber (1973) announces the 'wicked problem' in public sector management and raises questions for managers and leaders in the public sector which have now transferred to the first and third sector. More recently, this idea has been applied in various places including entrepreneur's use of social media (Jones, Forthcoming) and the combination of the realisation of compounded difficulties both internally to the organisation of people and corporations together with the needs of society provide both a powerful argument for – and understanding of – the social enterprise imperative.

The European Union has published helpful policy documents which provide ECMT+ participants and others useful information on definitions and examples of social enterprise activity within Europe (European Union, 2013). This document is written by members of European Research Institute on Cooperative and Social Enterprises (Eurisce) and Commission staff. They define social enterprise as:

an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its

profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities. (Social Business 2011 [European Commission 2011] as cited by Social European Union 2013 p. 32)

This definition extends that of Chell et al. (2010) but holds the same belief that social work is done in a business-like manner and also includes the idea that such work is done in governance structure which is open and democratic. This definition also holds that there is a separate and specific 'social' economy separate to other parts of the economy. While we may not labour this point, it does impart a sense that while social enterprises imitate the operation of private for-profit enterprises, they do so in a separate way hinting that they could not offer competitive or substitute products and services to the private sector. Additionally, there is also the implication that social enterprises differ from their private counterparts in that they require particular governance structures and therefore legal forms that allow them to be operated accordingly. While most may be able to adapt standard incorporation vehicles (e.g. limited company in the UK, société anonyme in France, b.v. in the Netherlands, GmbH in Germany) other legal forms have recently been introduced to try and encourage more growth in the sector, to make it easier for smaller groups to incorporate and to ensure standards of probity are maintained. European Union (2013 pp. 41-43) gives a useful narration on this issue and the new forms or adaptations to companies and cooperatives that different nation states in Europe have adopted in order to promote incorporations of social enterprises. Once the mission of a social enterprise is established, it is important to consider its legal status as this will have various implications for raising capital, appointing staff and carrying on its business in general. At the earliest stages social entrepreneurs need to anticipate future growth strategy and this is an important point to be making in an educational context.

## Sources of Opportunity: Hot Topics

While it may be held that social enterprise spring up as a result of the failure of traditional market structures where demand fails to provide incentive for profit-orientated solutions in the developed world, in the developing world, the 'bottom of the pyramid' concept (Prahalad 2006) holds that a very large number of people able to pay a small amount offers both an attractive social outcome but also the potential for financial sustainability. Such an idea is to be found in popular innovation and entrepreneurship general texts such as Bessant and Tidd (2011) and establishes the link between social need and sustainability as found in very different concepts. However, there are a number of areas for development (problems, sectors, phenomena in general) that have been identified as being rich sources of potential for social entrepreneurs.

To act as an introduction to sources of opportunity, we may take Elkington and Hartingnan's (2010) list of ten loci of opportunities based on 'ten great divides' (Ibid. p. 86). They are: demographic (population growth and age skews), financial (to give access to capital and to tools to manage money), nutritional (being able to eat well, linked to health), resource (particularly energy), environmental (as mentioned earlier), health, education, digital, and security. Social enterprise is already well represented in these great divides and they account for the main areas of social need therefore potential social entrepreneurs have well-established sectors in which to scope for further opportunities. Contributing to one or more of these 'great divides' increases the ability of individuals and groups to enjoy safer, healthier and more prosperous futures. In addition to public (or



second) sector interventions made by governments and public authorities, social enterprise has a valuable role to play in increasing the access to information, learning and the tools of better living for many millions around the globe who currently struggle.

## Issues of Social Enterprise Education

The main issue with social enterprise education is very little literature on the teaching of it, particularly with regard to practice (Certo and Miller 2008) even though this has been recognised as gap in early social enterprise literature (Haugh 2005). While we can accept than many of the established traditional approaches to business education in general, and entrepreneurship education in particular, apply to social enterprise there must be more work to be done and ECMT+ gives an opportunity to explore some of these approaches in its duration. Given that social enterprise has become a large and complex subject for investigation there must be also be a need to teach it at all levels and there are already examples that this is happening informally at higher education level including ECMT+

The priorities that this author feels are necessary to begin with are for students to understand some of the definitions of social enterprise from a wider perspective e.g. using the work of Chell (2007) and Pearce (2003) using materials from Ridley-Duff and Bull (2011). It must be emphasised that there are specific ideological and legal prerequisites for social enterprise and that the theory and practice is marked by conflict and complexity (Gonin et al. 2012). Financial matters too should be noted as being specific to the sector and aside from the profit motive and sources of finance, potential social entrepreneurs need to be trained in understanding the particular needs of raising capital for social enterprise and the mechanisms by which the resultant organisations and activities may be scaled in order to provide the most social benefit. Narrative techniques such as storytelling, scenario predication may be useful techniques to both teach the key concepts of social enterprise as well as a powerful way of encouraging nascent social entrepreneurs to tell their own narrative and imagine their new social venture in order to convince others (Thompson and Doherty, 2006). Otherwise, social enterprise education may be treated much like other forms of entrepreneurship education and the need to organise resources, innovate and create value remain constant and relevant.

## Key Further Reading

NB With the exception of Ridley-Duff and Bull (2011) the other references may be found freely available online. Chell (2007) covers key ideas in entrepreneurial process theory for the social economy. EU (2013) provides a comprehensive report covering definitions, examples and lots of sources of current information and access to networks. Ridley-Duff and Bull (2011) is the first textbook of its kind and includes a wealth of information on social enterprise theory and practice aimed at students of social enterprise and entrepreneurship or any reader with an interest in business ethics and Corporate Social Responsibility (CSR) and the Third Sector. Finally, the Schwab Foundation in conjunction with academics from the Technische Universität München provide a helpful guide and overview of social entrepreneurial finance which is noted by Elkington and Hartigan (2010) as a key challenge for social entrepreneurs and therefore a teaching priority for those engaged in entrepreneurship education.

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