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# TRANSFORMING ORGANISATIONS INTO ENTREPRENEURIAL COMMUNITIES: HOW CAN UNDERSTANDING THE CONSTRUCTIONS OF ORGANISATIONAL AGENTS AND THEIR EXPERIENCES OF HUMAN RESOURCE MANAGEMENT ENABLE SMES TO SUSTAIN STRATEGIC ENTREPRENEURSHIP?

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University of Plymouth

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**UNIVERSITY OF  
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**TRANSFORMING ORGANISATIONS INTO ENTREPRENEURIAL  
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ORGANISATIONAL AGENTS AND THEIR EXPERIENCES OF HUMAN  
RESOURCE MANAGEMENT ENABLE SMES TO SUSTAIN STRATEGIC  
ENTREPRENEURSHIP?**

by

**JAMES TAYLOR SMITH**

A thesis submitted to the University of Plymouth

in partial fulfilment for the degree of

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### **Author's declaration**

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Doctoral College Quality Sub-Committee.

Work submitted for this research degree at the University of Plymouth has not formed part of any other degree either at the University of Plymouth or at another establishment.

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A programme of advanced study was undertaken, which included the qualification of PgCert Research Methodology comprising three modules, Induction and Introduction to Doctoral Study, Understanding Paradigms and Inquiry, and Developing Methodological Approaches and Dealing with Methods. It also included the qualification of PgCert in Academic Practice comprising three modules as follows, Introduction to Teaching and Learning, Developing Professional Practice, and a Negotiated Study Module. A broad range of relevant informal short courses were attended aimed at developing broader research skills, including the use of Nvivo. Relevant academic conferences were regularly attended, including the British Academy of Management doctoral symposium, Institute of Small Business and Entrepreneurship annual conference and Plymouth Doctoral Conference, at which work was often presented.

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A handwritten signature in black ink, appearing to read 'J. T. Smith', written in a cursive style.

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ENTREPRENEURSHIP?**

**James Taylor Smith**

**Abstract**

It has been recognised that where entrepreneurship is adopted at a strategic level it can lead to continuous improvements in organisational performance. The United Kingdom (UK) is currently leaving the European Union, which it is anticipated will result in economic decline. Small to Medium-sized Enterprises (SMEs) comprise 99.9% of private sector organisations within the UK and so have significant potential to mitigate or reverse any such decline. However, in recent years varying proportions of such organisations have reported that they lack people management skills. Yet organisations' Human Resources (HR) provide the main source of entrepreneurship within existing organisations. Growing bodies of research have developed that seek to explain what entrepreneurship is and the relationships between Human Resource Management (HRM) architecture and levels of entrepreneurial activity. However, various criticisms have been levied against these.

Against this background, the aim of this study is to examine how strategic entrepreneurship within SMEs is influenced by the perceptions and behaviours of organisational agents, specifically in relation to their construction of the meaning of entrepreneurship and reactions to the HRM architecture. An ethnographically influenced

multiple embedded case study methodology was adopted. Data was collected from owner-managers, line managers and non-managerial employees within five UK-based SMEs through semi-structured interviews and observations, supplemented with secondary documents.

A thematic analysis of the data revealed several notable findings. Firstly, the points of reference used to construct the meaning of entrepreneurship limit the extent to which the shared vision necessary for strategic entrepreneurship can be achieved. Secondly, entrepreneurship was represented by individuals displaying certain characteristics and a cyclical, system of events driven by emotional states influenced at key points by the HRM architecture. Thirdly, it was not just the characteristics of the HRM architecture but the association of those characteristics with specific elements of the architecture that affected levels of entrepreneurship. Some combinations could universally enable or inhibit entrepreneurship, whilst the effects of others were contingent on contextual factors.

These findings have implications for both theory and practice. Five new conceptual frameworks or event-state networks derived directly from empirical data are presented that more precisely demonstrate how the external and internal environments of organisations, individual characteristics, emotion and/or HRM interventions influence the development of strategic entrepreneurship within SMEs. These may assist government decision-makers and those involved in the management of SMEs to make more informed judgements with regards to how they stimulate or control entrepreneurial activity.

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## **List of Acronyms**

<b>Acronym</b>	<b>Description</b>
CE	Corporate Entrepreneurship
CEO	Chief Executive Officer
CIPD	Chartered Institute of Personnel and Development
EC	European Commission
EU	European Union
HR	Human Resource(s)
HRM	Human Resource Management
LMX	Leader-member exchange
OCB	Organisational citizenship behaviours
POS	Perceived organisational support
PSS	Perceived supervisor support
RBV	Resource-based view
SE	Strategic Entrepreneurship
SET	Social exchange theory
SHRM	Strategic Human Resource Management
SME	Small and Medium-sized Enterprises
TCE	Transaction cost economics
UK	United Kingdom
USA	United States of America

## CHAPTER ONE: INTRODUCTION

### 1.0 Introduction

This chapter will introduce the research by firstly outlining the significance of this research and explaining the motivations of the author and how these have led to the development of the aim, objectives and questions. It will then identify the gaps in the existing literature that this research will seek to address. Finally, the context of this research will be discussed, and the structure of the thesis will be outlined.

### 1.1 Significance of the research

Within the business environment levels of change, customer expectation and competition have all increased over the last 30 years (Sathe, 1988; Carrier, 1996; Shipton et al, 2005; Zhang et al, 2008; Beattie, 2010; Kew and Stredwick, 2010; Rozhnov, 2010; Hawksworth and Tiwari, 2011; Roberts, 2011; Jones et al, 2013; Zeng, 2013; Fay et al, 2015; Shipton et al, 2017a). This has prompted researchers to propose that moving forwards entrepreneurship will be the main source of competitive advantage, organisational development, and economic growth (Lumpkin and Dess, 1996; Carrier, 1996; Hayton, 2005; Shipton et al, 2005; Beugelsdijk, 2008; Castrogiovanni et al, 2011; Fay et al, 2015; Crowley and Bourke, 2016; Shipton et al, 2017a). Sharma and Chrisman (1999: 17) define entrepreneurship as follows:

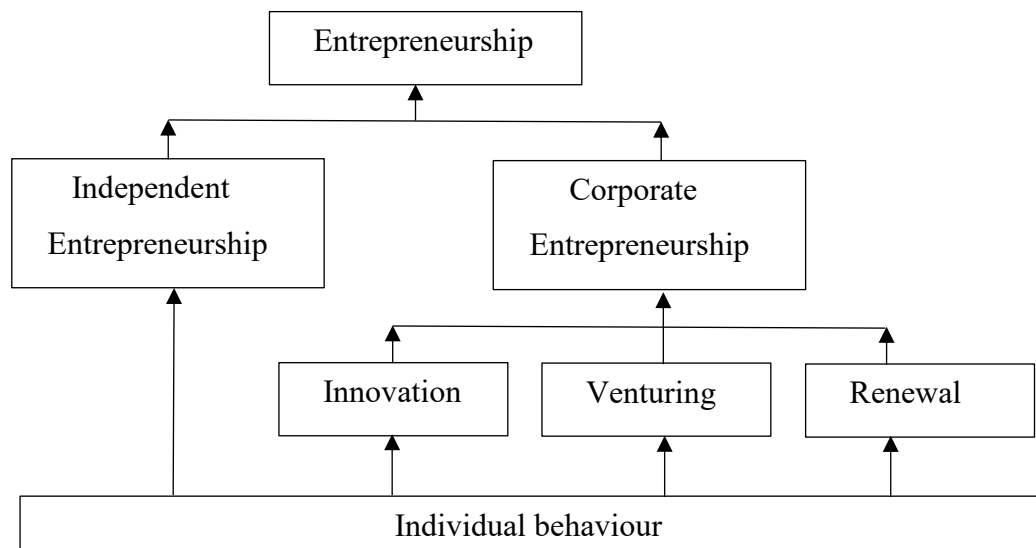
*“Independent entrepreneurship is the process whereby an individual or group of individuals, acting independently of any association with an existing organization, create a new organization... Corporate entrepreneurship is the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization.”* (Sharma and Chrisman, 1999: 18)

Whilst entrepreneurs are defined as:

*“Entrepreneurs are individuals or groups of individuals, acting independently or as part of a corporate system, who create new organizations, or instigate renewal or innovation within an existing organization”* (Sharma and Chrisman, 1999: 17).

Crucially, the above definitions and the wider literature (See for example: Guth and Ginsberg, 1990) identify that entrepreneurship represents a broad category of activities, which may be divided into subcategories based upon whether the activity occurs within or outside existing organisations and the outcome or output of the activity (Figure 1).

**Figure 1: Conceptualisation of entrepreneurship based upon Guth and Ginsberg (1990) and Sharma and Chrisman (1999)**



Consequently, innovation, venturing and renewal may all be classed as entrepreneurial activities that occur within existing organisations (Guth and Ginsberg, 1990; Sharma and Chrisman, 1999; Hayton, 2005; Ireland et al, 2009; Kuratko, 2009; Zhang and Jia, 2010;

Montoro-Sánchez and Soriano, 2011). This subdivision of CE is illustrated by Fay et al (2015: 262) who define innovation as:

*“... the development (or the adaptation) and implementation of an idea, which is useful and new to the organization at the time of adoption... Innovation relates to new products and services, production methods and procedures, production technologies, and to administrative changes.”*

CE may or may not be implemented strategically, however, where CE is implemented strategically it is referred to as strategic entrepreneurship, which may be defined as:

*“... a vision-directed, organization-wide reliance on entrepreneurial behavior that purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity.”* (Ireland et al, 2009: 21)

Returning to the definitions of Sharma and Chrisman (1999), it is notable that they identify that all entrepreneurial activities originate from the behaviour of individuals acting alone or in groups. Fay et al (2015) illustrate how individual behaviour forms the components of those activities involved in CE where they discuss the relationship between creativity and innovation:

*“Creativity is at the very heart of any innovation. It is a new idea – generated within the organization or imported from outside – that stands at the beginning of the innovation process and, furthermore, creativity is important while turning the idea into a new product, service, procedure or working method.”* (Fay et al, 2015: 262)

This is expanded upon further by Shipton et al (2017a: 248) who state that:

*“While creativity is argued to be primarily an individual attribute encompassing a series of stages (e.g. problem definition, preparation/information gathering, idea generation and idea evaluation) (Montag et al., 2012), innovation is generally viewed as an organisation-wide activity that represents the (collective-level) outcome of creative endeavour.”*

Entrepreneurship, independent entrepreneurship and CE therefore comprise categories or subcategories of activities that individuals or groups engage in and of individual behaviours that form the components of those activities (Guth and Ginsberg, 1990; Sharma and Chrisman, 1999; Fay et al, 2015; Shipton et al, 2017a). Consequently, in this study the author uses the terms entrepreneurship and CE as being synonymous with those activities, such as innovation or venturing, and behaviours, such as creativity, that comprise these wider categories or subcategories as illustrated in Figure 1.

HR have been identified as providing one of the most important and sustainable sources of CE. HR may be defined as,

*“... the pool of [individuals] under the firm’s control in a direct employment relationship”* (Wright et al, 1994: 304).

Whilst still something of a niche, entrepreneurship is increasingly being studied from a Human Resource Management (HRM) perspective (Hayton, 2005; Castrogiovanni et al, 2011; Hayton et al, 2013; Arvanitis et al, 2016; Crowley and Bourke, 2016; Elia et al, 2017; Shipton et al, 2017a; 2017b; Curado, 2018; Haneda and Ito, 2018). Marchington and Wilkinson (2008: 40) define HRM as:

*“... the management of employment, so incorporating individual and collective relations, the whole range of HR practices and processes, line management activities and those of HR specialists, managerial and non-managerial actors”* (Marchington and Wilkinson, 2008: 40).

The link between the activities and behaviours that comprise CE and HRM is important as HRM is a mechanism that can be used to influence the performance of individuals which then contributes to improved organisational performance as outlined by Huselid (1995: 638):



*“...the behaviour of employees within firms has important implications for organizational performance and... human resource management practices can affect individual employee performance through their influence over employees’ skills and motivation through organizational structures that allow employees to improve how their jobs are performed.”*

Furthermore, HRM plays an important role in the realisation of organisational strategy:

*“... HRM processes help managers translate their vision and strategy into a working plan, thus enabling a strategic alignment via a reinforcing set of practices...”* (Binyamin and Carmeli, 2010: 1002)

Therefore, HRM has a key role to play in the development and sustenance of strategic entrepreneurship through its effects on employee behaviour and subsequently organisational performance.

HR are particularly important within SMEs whose ability to grow and adapt is reliant upon managers and employees engagement in CE (Burgelman, 1983; Miller, 1983; Hurst et al, 1989; Appleby and Mavin, 2000; Zahra et al, 2004; Hellmann, 2007; Zahra et al, 2009; Hayton et al, 2013; Shipton et al, 2017a). Currently small to medium-sized enterprises (SMEs) comprise 99.9% of all private sector enterprises in the United Kingdom (UK), whilst almost identical figures are found in Europe and the United States of America (USA), and it has been estimated that SMEs account for 80% of all economic growth across the globe (Hayton, 2003; Jones et al, 2013; Department for Business, Energy and Industrial Strategy, 2018). Yet according to the Small Business Survey 2012 (BMG Research, 2013) only 57% of UK SMEs rated themselves as strong in relation to their people management ability, whilst 25% and 15%, respectively, stated that recruiting staff and a lack of management expertise was an obstacle to success. This may be symptomatic of the fact that, *“... employment practices have been found to be low on the*

*priority list of smaller firms*” (Sheehan, 2013: 4). Therefore, with the UK’s departure from the European Union (EU) approaching (UK Government, 2018), improving the ability of SMEs to understand and manage their employees’ engagement in the behaviours and activities that comprise CE is of vital importance. This is because doing so may provide the UK with a means of mitigating the risk of a 9.3% reduction in the size of the economy associated with a no deal exit from the EU (UK Government, 2018).

## 1.2 Research gap

The existing literature has focused predominantly on how the content of intended HRM policies and practices, either individually or in bundles, might encourage those activities or behaviours that comprise CE (see for example: Schuler and Jackson, 1987; Morris and Jones, 1993; Delery and Doty, 1996; Youndt et al, 1996; Jiménez-Jiménez and Sanz-Valle, 2005; Wang and Zang, 2005; Beugelsdijk, 2008; Schmelter et al, 2010; Zhou et al, 2013; Crowley and Bourke, 2016). However, whilst HRM policy and practice is important, CE is reliant on complex interactions involving the whole HRM architecture including leadership, organisational culture, and organisational structure (Hayton, 2005; Hayton et al, 2013; Elia et al, 2017) and wider organisational characteristics, such as the size of the organisation (Beugelsdijk, 2008; Schmelter et al, 2010; Curado, 2018) or industry sector that it operates within (Laursen and Foss, 2003; Crowley and Bourke, 2016). Furthermore, CE involves multiple organisational actors, including business owner-managers, executives, line managers and non-managerial employees (Miller, 1983; Hurst et al, 1989; Carrier, 1996; Hellmann, 2007; Ireland et al, 2009; Zahra et al, 2009; Castrogiovanni et al, 2011). There is evidence to suggest that these groups may perceive situations or conditions differently (Atkinson, 2008; Verreynne et al, 2011), which may be detrimental to the development of CE (Kulkarni, 2016). Such differences

in perception may also result in the HRM policy devised by HRM specialists or managers having unintended and unanticipated effects upon the behaviour of those individuals subject to them (Legge, 1995; Hayton, 2005; Purcell and Hutchinson, 2007; Wright and Nishii, 2007; Gould-Williams, 2007; Katou et al, 2014; Piening et al, 2014). The relationship between HRM and CE may also be driven from the top down, where organisational strategy or HRM influences how individuals engage in CE, and from the bottom up, where individuals influence HRM and the collective engagement in CE at an organisational level (Burgelman, 1983; Kuratko et al, 1990; Zahra, 1996; Zahra et al, 1999; Hayton, 2005; Sambrook and Roberts, 2005; Hellmann, 2007; Kuratko, 2009; Shipton et al, 2017a). Therefore, to understand the relationship between HRM and CE it is necessary to examine the content of HRM policy, the process of its implementation, the wider HRM architecture and organisational environment, and the characteristics, perceptions, and behaviours of those individuals responsible for implementing HRM policy and those subject to it (Legge, 1995; Hayton, 2005; Purcell and Hutchinson, 2007; Wright and Nishii, 2007; Castrogiovanni et al, 2011; Hayton et al, 2013; Elia et al, 2017; Shipton et al, 2017a).

Yet to date, positivist, quantitative, and deductive research designs, often focused solely at an organisational level of analysis and on the content of intended HRM policy, that examine only a small number of elements of the HRM architecture are dominant (see for example: Morris and Jones, 1993; Laursen and Foss, 2003; Jiménez-Jiménez and Sanz-Valle, 2005; Shipton et al, 2005; Zhang et al, 2008; Schmelter et al, 2010; Fay et al, 2015; Arvanitis et al, 2016; Crowley and Bourke, 2016; Haneda and Ito, 2018). Such studies that focus on a unitary level of analysis can produce misleading findings whereby it is not the variables being examined that are responsible for the causal relationships identified but rather some other, deeper, hidden factor (Shipton et al, 2017a; Hughes et al, 2018).

For example, Kinnie et al (2005a) found that line managers, professionals, and workers react differently to HRM practices. Yet Allen et al (2015) combined the experiences of frontline employees with those of managers and Crowley and Bourke (2016) only collected data from employers. Whilst Fay et al (2015) examined the impact of teamwork and HRM systems on innovation by gathering data on teamwork from production managers and data about HRM systems from HRM specialists, thereby neglecting the team members who were central to the relationship. It is also notable that such studies treat the relationship between HRM and CE as being identical within all organisations (see for example: Morris and Jones, 1993; Jiménez-Jiménez and Sanz-Valle, 2005; Zhou et al, 2013), and consistently impose uniform definitions of CE upon their participants, or fail to adequately identify what definition was adopted (see for example: Schmelter et al, 2010; Allen et al, 2015; Fay et al, 2015; Arvanitis et al, 2016; Curado, 2018; Haneda and Ito, 2018; Hughes et al, 2018). Yet variations in organisational, group and individual characteristics have all been identified as influencing the relationship between HRM and individual or organisational performance, including CE (Youndt et al, 1996; Kinnie et al, 2005; Purcell and Hutchinson, 2007; Gilbert et al, 2011; Shipton et al, 2017a; Jiang and Messersmith, 2018). Furthermore, such studies take a top down approach and in doing so neglect or ignore the heterogeneity of individuals even though this is critical to the existence of entrepreneurship (Shane, 2004; Shipton et al, 2017a). Therefore, whilst they may facilitate generalisation, such studies oversimplify or inaccurately represent the rich variety of individuals' experiences of CE and HRM within organisations by ignoring ecological validity (Hughes et al, 2018) and the subjective nature of both entrepreneurship (Shane and Venkataraman, 2004; Baron, 2008; Cardon et al, 2012; Cacciotti and Hayton, 2015) and HRM (Legge, 1995; Purcell and Hutchinson, 2007).

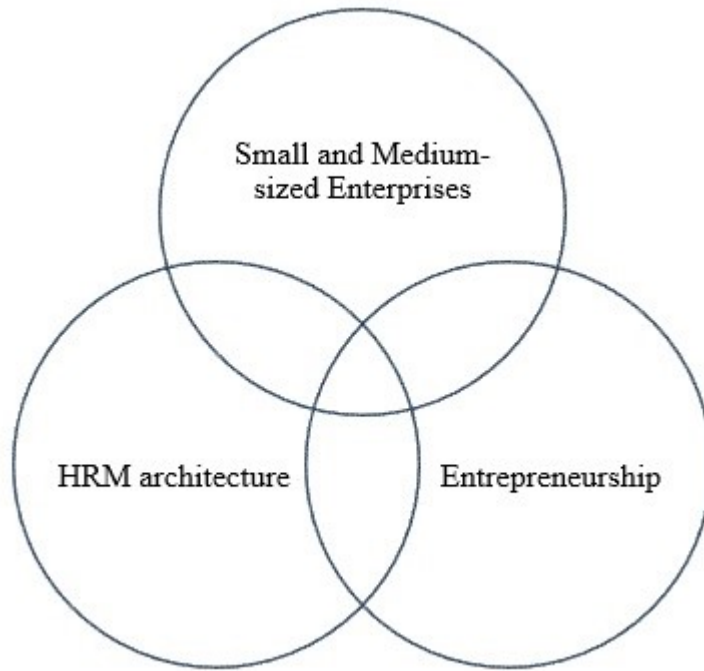
Few studies of the relationship between HRM and CE have adopted a qualitative, case study methodology (see for example: Hope-Hailey, 2001; Castrogiovanni et al, 2011; Lee et al, 2011; Satsomboon and Pruetipibultham, 2013). Of these, only Hope-Hailey (2001) was conducted in the UK and this study focused solely on large organisations, therefore, it neglected SMEs and the role of owner-managers. Lee et al (2011) focused only upon HRM practices. Whilst Satsomboon and Pruetipibultham (2013) was the only such study to ask participants to define a form of entrepreneurial activity, however, these findings were not published. This study also treated organisations and individuals as homogenous. The existing qualitative studies are also predominantly focused on the relationship between HRM and CE from a top down perspective. Yet qualitative studies and those that consider multiple levels of analysis have the potential to add insight into the relationship between the HRM architecture and CE (Wright and Haggerty, 2005; Gonzalez-Loureiro et al, 2017; Seeck and Diehl, 2017; Shipton et al, 2017a).

Until recently, the study of HRM within SMEs has been largely neglected and remains limited compared to that involving large organisations (Bacon et al, 1996; Wagar, 1998; Hornsby and Kuratko, 2003; Nguyen and Bryant, 2004; De Grip and Sieben, 2009; Schmelter et al, 2010; Castrogiovanni et al, 2011; Razouk, 2011; Allen et al, 2013; Lai et al, 2017). Within the extant literature, the varied perspectives, perceptions, experiences and behaviours of different groups of individuals comprising the HR of SMEs, most notably non-managerial employees, are often ignored. This leaves a gap in our understanding of the factors that contribute to the performance of SMEs (Atkinson, 2008; Verreynne et al, 2011). Similarly, the relationship between HRM and CE within SMEs has received relatively little attention, as highlighted by Schmelter (2010: 716) who stated that, “... *SMEs have rarely been the center of attention in this discussion*”. Yet studying this relationship within SMEs is recognised as being of significant economic importance

as 99% of organisations in the Organisation for Economic Co-operation and Development (OECD) are SMEs (Curado, 2018) and it can be difficult for them to identify practices that will help them develop CE (Schmelter et al, 2010).

These limitations of the existing research mean that so far it has failed to comprehensively explain how the different groups and individuals who comprise organisational communities translate the environmental contexts within which they exist into the behaviours or activities comprising CE. Instead the experiences of these groups or individuals are often fragmented, conflated, or excluded (Shipton et al, 2017a), and research in this field has been criticised for being scarce, piecemeal, and contradictory (Brettel et al, 2015; Seeck and Diehl, 2017; Shipton et al, 2017a; Hughes et al, 2018). This has resulted in calls for more research that embraces the breadth and complexity of the relationship between HRM and CE, considers both hard and soft elements of the organisational environment, considers contingency factors, and adopts qualitative methodologies and multiple levels of analysis (Barratt and Mayson, 2006; Elia et al, 2017; Seeck and Diehl, 2017; Shipton et al, 2017a; Hughes et al, 2018). Therefore, it is the intersection between the HRM architecture, entrepreneurship and SMEs that provides the theoretical domain of this study (Figure 2), and this domain will be examined through the perceptions, sensemaking processes and experiences of the groups and individuals within it.

**Figure 2: Theoretical domain of research**



1.3 Research aim, objectives and questions

I, the author, have held a range of roles within recruitment and Human Resources (HR), both within large organisations and small to medium-sized enterprises (SMEs). Within each role, I have always sought out opportunities to engage in CE by attempting to change and improve how my employer organisation worked. However, to varying extents I found my efforts were restricted by different elements of the organisational environment, including managers and colleagues. These restrictions did not seem logical or rational. Often changes would be suggested but not acted upon or they would be actively resisted, even though a case was made for how they might improve either organisational performance or the working lives of colleagues. Reflecting upon these events it became clear to me that underlying them were the differing characteristics and perceptions of the individuals involved. Even so, I found these situations extremely frustrating and it is these feelings and experiences that provided the motivation that drove this research.

Therefore, based upon these experiences and the issues identified in the existing literature, the aim of this research is to examine how strategic entrepreneurship within SMEs is influenced by the perceptions and behaviours of communities of organisational agents, and the interactions of different groups and individuals within those communities. To ensure this aim is achieved the following objectives and research questions have been identified to guide this research:

1. To explain how the meaning of entrepreneurship can influence the development of strategic entrepreneurship within SMEs.
  - How do SME communities construct the meaning of entrepreneurship?
  - What does entrepreneurship mean within SME communities?
  
2. To evaluate how the HRM architecture of SMEs can influence the development of strategic entrepreneurship.
  - To what extent do the different elements of the HRM architecture of SMEs have the potential to influence organisational agents' engagement in corporate entrepreneurship?
  - How do the features of the different elements of the HRM architecture of SMEs influence organisational agents' engagement in corporate entrepreneurship?

These objectives and questions allow for the relationship between HRM and CE to be examined from both a top down and bottom up perspective.



It is important to highlight at this early stage that this research has both an exploratory and an explanatory element. Therefore, given the ongoing debates around entrepreneurship and the characteristics of entrepreneurs identified in chapter 2, this study seeks to examine CE within the wider context of the entrepreneurship literature. The author recognises that it is important to acknowledge the range of activities that comprise CE and that other researchers may legitimately choose to differentiate the subcategories of CE identified in Figure 1 from each other, thereby choosing to focus upon examining a specific component of CE, such as innovation (see for example: Laursen and Foss, 2003; Beugelsdijk, 2008; Satsomboon and Pruetipibultham, 2013; Fay et al, 2015; Shipton et al, 2017a) or creativity (see for example: Binyamin and Carmeli, 2010; Ehrnrooth and Bjorkman, 2012). However, this study is focused upon how individuals engage in CE as members of organisational communities and so it is concerned with CE at both the individual and collective level. Therefore, this study examines CE as a phenomenon that comprises all forms of entrepreneurial activity (see for example: Miller, 1983; Morris and Jones 1993; Hornsby et al, 2002; Hayton, 2005; Schmelter, 2010; Castrogiovanni et al, 2011; Lee et al, 2011b; Hayton et al, 2013; Elia et al, 2017), and behaviour that occur within existing organisations (see for example: Sharma and Chrisman, 1999; Hornsby et al, 2002; Kuratko et al, 2004).

The importance of addressing the objectives outlined above will be further demonstrated through an examination of the existing literature. This begins with the literature which is focused upon SMEs as these organisations provide the context within which CE and the relationship between HRM and CE will be examined.

#### 1.4 Research context

As previously stated in section 1.1, SMEs currently comprise 99.9% of all private sector enterprises within the UK (Department for Business, Energy and Industrial Strategy, 2018). In recognition of the economic importance of the SME sector to the UK the Bolton Committee published the Bolton Report (Bolton et al, 1971), which made the first official attempt to define the parameters and nature of the SME sector. However, to date there is no single, internationally agreed definition of what it means for an organisation to be an SME (Storey, 1994; Blackburn and Curran, 2001; United States International Trade Commission, 2010; 2014; Williams and Snow, 2012; Buculescu, 2013; Centre for Entrepreneurship, SMEs and Local Development, 2013; 2018). This is because the scale and characteristics of organisations that different governments consider to be SMEs are influenced by political, economic, social and cultural factors that differ between countries (Storey, 1994; Blackburn and Curran, 2001; Trewin, 2002; Lindner, 2005; United States International Trade Commission, 2010; Small Business Advisory Group, 2011; Buculescu, 2013; EU, 2015; Centre for Entrepreneurship, SMEs and Local Development, 2018), whilst academic definitions may be influenced by the aims of the research and the geographic location of the study (Storey, 1994; Blackburn and Curran, 2001; Hayton, 2003; Jones et al, 2013; Sheehan, 2013).

The term SME may itself be substituted with small business concern (Small Business Administration, 2013), Micro, Small and Medium Enterprise (Ministry of Law and Justice, 2006; Ministry of Industrialization and Enterprise Development, 2013; Reserve Bank of India, 2013), Mittelstand (Gunterberg and Kayser, 2004), or small firm (Storey 1994; Curran and Blackburn 2001). Despite such differences these terms share a common intention to represent those businesses that are not yet considered to be large or dominant

within their host economy (Storey, 1994; Curran and Blackburn, 2001; Trewin, 2002; Gunterberg and Kayser, 2004; Lindner, 2005; United States International Trade Commission, 2010; Leung et al, 2011; Department of Industry, Innovation, Science, Research and Tertiary Education, 2012; BMG Research, 2013; Industry Canada, 2013; Office for National Statistics, 2013; EU, 2015; Centre for Entrepreneurship, SMEs and Local Development, 2018; Small Business Administration, 2018). However, the lack of consensus regarding the parameters and characteristics by which this is judged means that it is important to clearly define what is meant by the term SME and recognise how SMEs differ from large organisations, and so this is the aim of the following sections.

#### 1.4.1 Recognition of the distinctive nature of SMEs

Research focused upon SMEs has increased significantly over the last thirty years (Blackburn and Smallbone, 2008; Blackburn and Kovalainen, 2009). Prior to the early 1970s, minimal research was conducted in this area within the UK, however, significant research began to emerge over ten years earlier in the USA (Blackburn and Smallbone, 2008). Amongst the first to identify the importance and conceptual distinctiveness of the SME sector was Penrose (1959) who proposed that small firms are not simply smaller versions of large firms but that they are as different in character to large companies as caterpillars are to butterflies (Storey, 1994; Curran and Blackburn, 2001). This traditional conceptualisation suggests that, unlike large firms, small firms possess characteristics such as centralised management, intuitive and short-term strategy, and operations focused upon local markets (Torrès and Julien, 2005).

A range of evidence has subsequently been identified that supports the idea that small firms are distinct from large beyond simple measures of scale (Penrose, 1959; Storey,

1989; Brammer et al, 2012; Hulbert et al, 2012; Lai et al, 2017). Storey (1989) notes that small firms are likely to measure performance in terms of firm age and ownership change, whereas large firms are likely to focus on growth in financial and employment figures. Kitching and Blackburn (1998) found that SMEs were more likely to use informal rather than formal methods of intellectual property management. Whilst Rutherford et al (2000) identified that SMEs in the UK were less likely to be concerned with environmental management than larger firms.

One of the most significant areas in which SMEs are considered to differ from large organisations is the nature of their HRM architecture. HRM in small firms is often considered to be poor (Renwick, 2003) and unsophisticated (Allen et al, 2013), to the extent that Bacon et al (1996: 82) refer to SMEs as being perceived to operate, “... *bleak house*...” HRM practices. Yet HRM has been identified as a potential source of competitive advantage and improved performance for SMEs (Tocher and Rutherford, 2009; Marlow et al, 2010; Razouk, 2011; Sheehan, 2013; Lai et al, 2017; Bryson and White, 2019).

HRM may be formal where it involves the development and routine implementation of various written HRM policies and procedures that are enacted or overseen by qualified HRM professionals. Alternatively, HRM may be informal where policies and procedures are unwritten, based upon tacit understanding, relatively rudimentary and implemented on an ad hoc basis by non-specialists, such as owner-managers (Baird and Meshoulam, 1988; Bacon et al, 1996; Boxall and Purcell, 2000; Rutherford et al, 2003; Nguyen and Bryant, 2004; Sheehan et al, 2013; Lai et al, 2017). However, the formality or informality of HRM should be viewed as a continuum rather than a dichotomy (Sheehan, 2013), in which, “... *degrees of informality and formality coexist*...” (Marlow et al, 2010: 956).

Larger organisations are more likely to adopt a formal approach to HRM and use dedicated HRM specialists more extensively (Baird and Meshoulam, 1988; Hornsby and Kuratko, 1990; Poole and Jenkins, 1997; Boxall and Purcell, 2000; Kaman et al, 2001; Hornsby and Kuratko, 2003; Department for Business, Innovation and Skills, 2013; Allen et al, 2013; Sheehan, 2013). Whereas SMEs are less likely to adopt best-practice approaches to HRM and more likely to devolve HRM responsibilities to line managers or owner-managers and apply HRM informally and idiosyncratically (Hornsby and Kuratko, 1990; Poole and Jenkins, 1997; Thornhill and Saunders, 1998; Wagar, 1998; De Kok and Uhlaner, 2001; Hornsby and Kuratko, 2003; Nguyen and Bryant, 2004; Marlow et al, 2010; Tsai et al, 2010; Department for Business, Innovation and Skills, 2013; Allen et al, 2013; Sheehan, 2013; Mallett and Wapshott, 2014). One reason for this is that owner-managers of SMEs prefer supervising employees personally and are reluctant to delegate this responsibility to specialists (Marlow et al, 2010).

Numerous studies have identified that within large organisations a greater number of formal HRM practices contributes to improved performance (Sheehan, 2013). Whilst informality exists in larger organisations it may be viewed as subversive and discretionary, whereas informality is much more dominant within the HRM architecture of smaller organisations (Marlow et al, 2010). For example, Allen et al (2013) found that HRM architectures where attachment was based upon relationships, coordination was based upon informality and informal control, and selection was based upon values and cultural fit were linked to improved performance in SMEs. The greater informality of HRM in SMEs is seen as a significant source of competitive advantage as it can facilitate flexibility, generate increased employee motivation or commitment, produce higher levels of teamwork, and enable mutual problem solving (Kaman et al, 2001; Hornsby and

Kuratko, 2003; Nguyen and Bryant, 2004; Kotey and Slade, 2005; Marlow et al, 2010; Bryson and White, 2019). Furthermore, where responsibility for administering HRM lies with individual executives or managers there is greater potential for vertical alignment between organisational strategy and HRM practices. Yet this greater informality may also be a liability as owner-managers may lack the time and experience to fulfil their HRM responsibilities effectively (Sheehan, 2013). Such informality may therefore lead to employees feeling that they are unfairly treated due to the arbitrary nature of how policy is applied (Kaman et al, 2001; Nguyen and Bryant, 2004), result in role stress (Kotey and Slade, 2005), and reflect managerial incompetence (Hornsby and Kuratko, 2003).

Where SMEs have adopted formal HRM practices this has also been linked to improved organisational and individual performance (Nguyen and Bryant, 2004; Marlow et al, 2010; Razouk, 2011; Lai et al, 2017). In SMEs, where employee job satisfaction is low introducing greater formality may, “... *create a greater sense of substantive fairness, procedural justice and involvement...*” (Saridakis et al, 2013: 454). However, increasing the formality of HRM within SMEs may be unnecessary or even detrimental where employees are already experiencing high levels of job satisfaction (Saridakis et al, 2013; Lai et al, 2017). The detrimental impact of increased formality may be overcome where SMEs pursue formality to the point at which a relatively high degree of integration and intensity of HRM is achieved (Bryson and White, 2019). Yet many SMEs lack the resources necessary to maintain a formal HRM architecture and so are likely to outsource their HRM functions (Klaas, 2003; Allen et al, 2013). Therefore, one of the key challenges for SMEs is balancing the need for formal HRM practice with maintaining an informal organisational culture, particularly as they experience growth (Hornsby and Kuratko, 1990; Bacon et al, 1996; Wagar, 1998; Barber et al, 1999; De Kok and Uhlener, 2001; Kaman et al, 2001; Nguyen and Bryant, 2004; Kotey and Slade, 2005; Pearson et

al, 2006; Marlow et al, 2010; Van de Woestyne et al, 2010; Verreynne et al, 2011; Saridakis et al, 2013; Lai et al, 2017). Whilst for researchers it is important to understand the tension between informality and formality (Marlow et al, 2010) and the extent to which the formality of HRM influences the performance of SMEs (Sheehan, 2013). This presents a significant challenge as SMEs may have formal written HRM policies and yet not apply them in practice (Sheehan, 2013), and the degree of informality/formality may change over time (Marlow et al, 2010). Where formality is measured in terms of the number of employment policies or practices then there is the risk that respondents may exaggerate the formality of HRM within their organisations, or that the researcher may over-estimate the degree of formality that actually exists (Marlow et al, 2010; Sheehan, 2013). For example, Marlow et al (2010) found that employers presented an image of their organisations as operating more formally than what was experienced and reported by employees. Beyond the formality of HRM, Atkinson (2008) found evidence of divergence in the views of owner-managers and employees with regards to their perceptions of the obligations that their organisations had to employees as part of the psychological contract. This further highlights the importance of considering multiple perspectives when examining the employment relationship within SMEs as, “*The voice of the owner-manager or CEO is one of many...*” (Verreynne et al, 2011: 407), and yet, as identified in section 1.3, the employee perspective remains under researched (Atkinson, 2008).

Employees in SMEs are not, “... *passive recipients of management control...*”, they may be, “... *active in negotiations around recruitment, work allocation and pay determination...*” (Ram and Edwards, 2003: 722), and so SMEs must balance the need for efficiency with the need to gain the consent of employees. Yet relatively little is known about the way employees perceive and respond to HRM practices (Lai et al, 2017). There

is evidence that employees in smaller firms experience higher levels of commitment and job satisfaction, greater flexibility or autonomy, more opportunities for participation, and tend to view management more favourably than those in large firms (Tsai et al, 2010; Lai et al, 2017; Bryson and White, 2019). Furthermore, Verreynne et al (2011: 421) found that within small firms exhibiting higher levels of performance employees commented on the presence of:

*“... flexible work practices, viable career paths, clear requirements, constructive feedback, positive rewards and recognition, access to training and development, a supportive culture, perception of organizational support, high involvement and good communication.”*

Whereas in small firms exhibiting lower levels of performance employees identified:

*“... inflexible work practices, lack of career paths, poor or non-existent feedback, limited recognition, little opportunity for training and development, a culture of fear, lack of support (organizational or supervisory), no or low level of involvement and poor communication.”* (Verreynne et al, 2011: 421)

However, smaller firms are less likely to provide managers or employees with formal training (Kitching and Blackburn, 2002; Storey, 2004; Jones et al, 2013), even though this may lead to higher levels of financial and innovation, and lower labour turnover (Sheehan, 2013). They are also more likely to offer lower levels of pay and have been associated with the use of coercive forms of management (Bryson and White, 2019), and applying HRM in a reactive, piecemeal, and short-term manner (Cassell et al, 2002; Lai et al, 2017).

Torrès and Julien (2005) argue that the dominance of the perspective that small firms are distinctive in character from large has led to them being treated as homogenous with regards to their management structures and systems. Yet Marlow et al (2010) suggest



that the employment relationship within micro and small organisations differs from that in medium-sized organisations. Within the former the employment relationship involves negotiation between employer and employees whilst within the latter the relationship is more complex, involving negotiation between multiple groups. Whilst Lai et al (2017) identify that employees' organisational commitment may play a more important role in linking formal HR practice to organisational performance within medium-sized organisations than small organisations. Whereas, Wu et al (2015) found that high performance work systems were related to improved performance in both large and small organisations but not medium-sized organisations.

Therefore, whilst the nature of HRM within SMEs clearly warrants further examination, it is important for researchers examining SMEs to recognise both differences in their management structures or systems, and variations in how these might be perceived or experienced by different individuals or groups. There have also been calls for more studies to examine the experiences, processes and realities of informal and formal HRM in SMEs through qualitative investigation as a means of gaining more indepth insights (Saridakis et al, 2013; Lai et al, 2017). Consequently, these considerations are reflected in the research design of this study presented in chapter 4.

#### 1.4.2 The classification of organisations as SMEs

The definitions and criterion used to identify SMEs may be quantitative, qualitative, or a combination of the two (Bolton et al, 1971; Wynarczyk et al, 1993; Storey, 1994; Curran and Blackburn, 2001; Gunterberg and Kayser, 2004; Hauser, 2005; Buculescu, 2013; EU, 2015).

Quantitative definitions of SMEs, such as those shown in Table 1, often include measures such as number of employees, vehicles or sites, the value of the organisation's balance sheet, or its annual turnover (Bolton et al, 1971; Storey, 1994; Curran and Blackburn, 2001; Gunterberg and Kayser, 2004; Brammer et al, 2012; Buculescu, 2013; D'Angelo, 2013; Sheehan, 2013). The advantages of such criteria are that they are simple and therefore cost effective to apply, easily manipulated, produce data that is easily comparable, and give the appearance of transparency and objectivity (Storey, 1994; Curran and Blackburn, 2001). Consequently, such definitions and criteria are widely adopted by governments and financial institutions across the world (See for example: Trewin, 2002; EC, 2003; Gunterberg and Kayser, 2004; Lindner, 2005; Companies Act, 2006; United States International Trade Commission, 2010; Charities Act, 2011; Leung et al, 2011; Department of Industry, Innovation, Science, Research and Tertiary Education, 2012; BMG Research, 2013; Centre for Entrepreneurship, SMEs and Local Development, 2013; Companies House, 2013; Industry Canada, 2013; Office for National Statistics, 2013; EU, 2015; Centre for Entrepreneurship, SMEs and Local Development, 2018; Small Business Administration, 2018). However, quantitative definitions and criteria have been criticised for being arbitrary, ignoring differences between industry sectors and the dynamic nature of organisations, and producing data that is difficult to compare over time and between locations (Storey, 1994; Curran and Blackburn, 2001; Torrès and Julien, 2005; Buculescu, 2013). Furthermore, such definitions tend to treat all organisations as being homogenous in terms of ownership structure and operation, and so treat SMEs simply as smaller versions of large enterprises (Bolton et al, 1971; Storey, 1994; Curran and Blackburn, 2001; Gunterberg and Kayser, 2004; Hauser, 2005).

**Table 1: Examples of quantitative definitions of SME used internationally**

Country	Criteria for classification of organisations as SMEs
Australia	<200 employees
Canada	1 to 499 employees
Israel	<100 employees and annual turnover of up to NIS 100m
Thailand	<200 employees and fixed capital less than THB 200m
United States	<500 employees

Adapted from Centre for Entrepreneurship, SMEs and Local Development (2018)

Qualitative definitions and criteria treat SMEs as distinct not simply in terms of their scale but as being organisations that fundamentally differ in character or culture from large enterprises (Penrose, 1959; Bolton et al, 1971; Wynarczyk et al, 1993; Storey, 1994; Curran and Blackburn, 2001; Gunterberg and Kayser, 2004; Hauser, 2005; Torrès and Julie, 2005). For example, Bolton et al (1971: 1) define SMEs as follows,

*"Firstly, in economic terms, a small firm is one that has a relatively small share of its market. Secondly, an essential characteristic of a small firm is that it is managed by its owners or part-owners in a personalised way, and not through the medium of a formalised management structure. Thirdly, it is also independent in the sense that it does not form part of a larger enterprise and that the owner-managers should be free from outside control in taking their principal decisions."*

The advantage of using qualitative definitions is that they address many of the limitations of quantitative definitions outlined above, as they are able to capture complex issues of ownership and operation with greater subtlety (Bolton et al, 1971; Wynarczyk et al, 1993; Storey, 1994; Curran and Blackburn, 2001; Gunterberg and Kayser, 2004; Hauser, 2005). However, qualitative definitions and criteria have been criticised for being too complex and vague, costly and time consuming to put into practice, producing data that is difficult or impossible to compare, and measuring characteristics that may not be unique to

organisations of a particular size (Bolton et al, 1971; Storey, 1994; Curran and Blackburn, 2001).

Despite this ongoing contention, the SME sector is generally considered to be comprised of private sector enterprises to the exclusion of government and public sector bodies (Bolton et al, 1971; Gunterberg and Kayser, 2004; United States International Trade Commission, 2010; Leung et al, 2011; BMG Research, 2103; Centre for Entrepreneurship, SMEs and Local Development, 2013; Office for National Statistics, 2013; EU, 2015). Not for profit organisations are included in some definitions of SME (EU, 2015) and excluded from others (Bolton et al, 1971; Leung et al, 2011; BMG Research, 2013; Office for National Statistics, 2013). It is also widely considered that SMEs should be fundamentally autonomous and not part of a larger group in which they are led or unduly influenced by a parent organisation, unless they themselves are the parent organisation (Bolton et al, 1971; Trewin, 2002; Companies Act, 2006; United States International Trade Commission, 2010; Leung et al, 2011; Buculescu, 2013; EU, 2015; Centre for Entrepreneurship, SMEs and Local Development, 2018). However, the extent to which the presence of minority external shareholders influences the nature of SMEs is a matter of debate (Hauser, 2005; EU, 2015).

#### 1.4.3 Contemporary EU and UK definitions of SME

In 1996 the European Commission (EC) first proposed its own SME definition for use across the EU, this has since been updated and the current core criteria are shown in Table 2 below (EC, 2003; EU, 2015). The EU definition attempts to take into account issues of ownership and autonomy by placing limits on the equity that can be held by external shareholders, and so preventing SMEs from being subject to the influence of a single dominant parent organisation (EU, 2015).

**Table 2: The EU definition of SME**

<b>Enterprise category</b>	<b>Headcount criteria</b>	<b>Financial criteria</b>
Medium-sized	<250	Annual turnover $\leq$ €50m or balance sheet $\leq$ €43m
Small	<50	Annual turnover $\leq$ €10m or balance sheet $\leq$ €10m
Micro	<10	Annual turnover $\leq$ €2m or balance sheet $\leq$ €2m

Adapted from EU (2015)

The use of this definition is not compulsory and so some EU member states have yet to adopt it or have only partially done so (Linder, 2005; United States International Trade Commission, 2010; EU, 2015; Centre for Entrepreneurship, SMEs and Local Development, 2018). The UK government has broadly aligned with the EU definition but continues to operate multiple variations of this, these are shown in Table 3 (Companies Act, 2006; Charities Act, 2011; Companies House, 2013; HMRC, 2013a; 2013b; 2013c; HMRC, 2016; Department for Business, Energy and Industrial Strategy, 2018; Office for National Statistics, 2018).

#### 1.4.4 Defining SME for the purposes of this research

The wide variations that have been identified in the definition and categorisation of organisations as SMEs mean that it is vital that any research study examining SMEs explicitly states what definitions or criteria have been used for this purpose. In this research a two tier, hybrid approach will be taken to the definition of SMEs. The EU definition (EU, 2015) will be used as the primary definition from which the target population of organisations and any subsequent sample will be identified. This is because

this research is located within the UK and an examination of recent research suggests that the EU definition of SMEs (EU, 2015) is increasingly being adopted either in part or in full by both academic researchers (Kontinen and Ojala, 2011; Mitchell et al, 2011; Georgiadis and Pitelis, 2012; Williams and Snow, 2012; D'Angelo, 2013; Hulbert et al, 2013; Jones et al, 2013; Sheehan, 2013; Curado, 2018), and governments within the EU (United States International Trade Commission, 2010; Centre for Entrepreneurship, SMEs and Local Development, 2013; 2018). The EU definition (EU, 2015) also shares significant similarities with those SME definitions currently used by the UK government (Table 3). Therefore, it is hoped that using the EU definition (EU, 2015) will maximise the comparability of the data that is collected and subsequent findings. An additional advantage of the EU definition (EU, 2015) is that it eliminates subsidiary organisations which may be subject to policies that originate from parent organisations (Bacon et al, 1996).

In order to address a limitation of the EU definition with regards to its consideration of ownership (EU, 2015), the qualitative typology of SMEs proposed by Hauser (2005) will also be partially adopted (Table 4). However, Type 3 Enterprises are excluded so as to conform with the EU definition (EU, 2015).

**Table 3: Definitions of SME currently in use by the UK government**

<b>Publisher or legislation</b>	<b>Definition</b>
Department for Business, Energy and Industrial Strategy	SME: Between 1 and 249 employees
The Companies Act (2006) and The Companies Act 2006 (Amendment) Regulations 2008	Small company: Turnover not more than £6.5m, balance sheet not more than £3.26m, no more than 50 employees (Must meet two out of three of these criteria)
	Medium-sized company: Turnover not more than £25.9m, balance sheet not more than £12.9m, and no more than 250 employees (Must meet two out of three of these criteria)
HMRC	SME: <500 employees, turnover <€100m, and balance sheet <€86m
HMRC	Small company: Turnover not more than £5.6m, balance sheet not more than £2.8m, no more than 50 employees (Must meet two out of three of these criteria)
	Medium-sized company: Turnover not more than £22.8m, balance sheet not more than £11.4m, and no more than 250 employees (Must meet two out of three of these criteria)

Sources: Companies Act (2006), The Companies Act 2006 (Amendment) Regulations (2008), HMRC (2013a), HMRC (2013b); HMRC, 2016; Department for Business, Energy and Industrial Strategy (2018).

This combined use of quantitative and qualitative definitions, which consider characteristics other than scale, is supported by a number of researchers who suggest that this is necessary in order to adequately differentiate small firms from large (Penrose, 1959; Bolton et al, 1971; Storey, 1994; Blackburn and Curran, 2001).

**Table 4: A qualitative definition of SMEs**

<b>SME type</b>	<b>Characteristics</b>
Type 1 Enterprise	The most senior manager is the majority shareholder or sole owner, or a member of the owner family and is responsible for short and long-term decision-making. Decisions are taken in the interests of the organisation.
Type 2 Enterprise	The most senior manager, who may be a minority shareholder or have no ownership stake, takes short-term strategic decisions but presents long-term decisions to a board of owners who take decisions in their interests.
Type 3 Enterprise	The organisation is part of a group and decisions are made in the interests of the group.

Adapted from Hauser (2005)

### 1.5 Thesis structure

This thesis is comprised of seven chapters, the structure of which is outlined below.

Chapter One provides an overview of this research study. In particular, it demonstrates the significance of the study, highlights the research gaps that it seeks to address, identifies the aim and objectives of the research, explores the research context by examining SMEs and the nature of the employment relationship within such organisations, and it outlines the structure of the thesis. This chapter identifies that SMEs are distinct from large organisations, that how different organisational agents perceive the employment relationship within SMEs varies, and that further research is required that focuses upon HRM and the employment relationship within SMEs.



Chapter Two reviews the entrepreneurship literature. It provides a brief explanation of the development of the field of entrepreneurship and identifies the range of ways in which entrepreneurship has been conceptualised. It then focuses upon entrepreneurial activity or behaviour that occurs within the context of existing organisations, CE, and the individuals who engage in entrepreneurial activity or behaviour. Finally, the organisational context and the individual are brought together through an examination of the literature relating to the process of CE. This chapter demonstrates that research that seeks to understand entrepreneurship or CE must examine the individuals who engage in such activities or behaviours within the context that they do so, as the activity or behaviour, the individual and the context are inextricably linked.

Chapter Three reviews literature that focuses on how the conditions within an organisation can influence the development of the activities or behaviours that comprise CE. The first two sections explore strategic entrepreneurship and identify the roles that different organisational agents play in CE. The third section of the chapter examines theoretical frameworks that underpin HRM, how the HRM architecture relates to strategic entrepreneurship and the processes through which the content of HRM policy is translated into practice and individual and organisational performance. As part of this it identifies how HRM can influence individuals' perceptions and how individuals' perceptions can influence both HRM and the development of CE or strategic entrepreneurship. The final section then provides a detailed examination of the literature that is focused upon the relationships between the different elements of the HRM architecture and the activities or behaviours that comprise CE. This chapter establishes that strategic entrepreneurship requires a strategic approach to HRM, but that such an approach must go beyond the content of HRM policy or practice and include wider aspects of the HRM architecture such as leadership and organisational culture. It identifies that the relationship between

the HRM architecture and the entrepreneurial activities or behaviours that comprise CE differs according to the wider characteristics of the organisation and the perceptions of the individuals and groups who exist within it. Therefore, for example, not only may SMEs may need to take a different approach to using the HRM architecture to manage CE than large organisations, but different SMEs may need to take different approaches to each other.

Chapter Four presents the philosophical paradigm that underpins this research and justifies this through reference to the phenomena that are the focus of the research and existing studies. It demonstrates how both the paradigm and the research aim, objectives and questions have influenced the design of this study with regards to the choice of methodology and data collection methods. The provision of a case study protocol operationalises these by outlining how cases were selected, the field procedures that were followed during data collection, and the research instruments that were employed. Finally, the procedures used to analyse the data are presented and ethical considerations addressed. The purpose of this is to illustrate the validity, reliability and generalisability of the study.

Chapter Five presents the findings of this study in the form of the data collected from the case organisations and participants identified in the previous chapter, and the themes or patterns identified within this following the application of the analytical procedures. This provides an initial response to the research questions. Due to the constructionist stance underpinning this study and the nature of the research aims, objectives and questions this focuses primarily on the data collected from individuals with each case organisation through semi-structured interviews. Data from observations and documentary evidence is used to complement this through triangulation.

Chapter Six discusses the findings of this study by referring back to the main findings of the study and linking these to the existing literature. At this point the research questions proposed in the thesis are comprehensively addressed. Contradictions between the findings of this study and the existing literature are identified and justified.

Finally, Chapter Seven provides a conclusion to the thesis. The research aim, objectives, questions and design are linked to the findings derived from the analysis of the data collected within the study. The contributions that the findings of this study make to theory and practice are discussed. Then the limitations of this research are acknowledged and avenues for future research are identified.

## 1.6 Summary

This chapter introduced the research study by outlining its significance, highlighting the research gaps in the existing literature, presenting and explaining the development of the research aim, objectives and questions, and examining the research context. Key terms such as independent entrepreneurship, CE, HRM, HR and SME were defined. Trends within the existing literature focused upon the relationship between HRM and the activities or behaviours that comprise CE which limit our understanding of that relationship were identified. Empirical and conceptual studies had often failed to consider all influential elements of the HRM architecture (see for example: Morris and Jones, 1993; Hayton, 2005; Brettel et al, 2015; Arvanitis et al, 2016; Elia et al, 2017), adopted an organisational level of analysis (see for example: Shipton et al, 2005; Zhang et al, 2008; Arvanitis et al, 2016; Crowley and Bourke, 2016), treated the relationship between HRM and the activities or behaviours comprising CE as being identical within all

organisations (see for example: Morris and Jones, 1993; Jiménez-Jiménez and Sanz-Valle, 2005; Zhou et al, 2013), and imposed uniform definitions of entrepreneurship or entrepreneurial activity upon participants (see for example: Schmelter et al, 2010; Allen et al, 2015; Fay et al, 2015; Arvanitis et al, 2016; Curado, 2018; Haneda and Ito, 2018; Hughes et al, 2018). In many cases organisations and/or individuals were being treated as homogenous and the varied perspectives, perceptions, and experiences of the individuals and groups comprising organisational communities were neglected or conflated. Yet recognising the heterogeneity of organisations, groups and individuals, and understanding how individuals perceive the organisational environment were identified as being vital to understanding the relationship between HRM and measures of performance, including those relating to the activities or behaviours that comprise CE (Legge, 1995; Hayton, 2005; Kinnie et al, 2005; Purcell and Hutchinson, 2007; Wright and Nishii, 2007; Castrogiovanni et al, 2011; Hayton et al, 2013; Wu et al, 2015; Elia et al, 2017; Shipton et al, 2017a). Consequently, the overarching aim of this research is to examine how strategic entrepreneurship within SMEs is influenced by the perceptions and behaviours of communities of organisational agents, and the interactions of different groups and individuals within those communities by pursuing two objectives. Firstly, to explain how the meaning of entrepreneurship can influence the development of strategic entrepreneurship within SMEs and, secondly, to evaluate how the HRM architecture of SMEs can influence the development of strategic entrepreneurship.

SMEs were chosen as the target population of this research because they were widely recognised as being of significant economic importance, both globally and within the UK (Centre for Entrepreneurship, SMEs and Local Development, 2018; Curado, 2018; Department for Business, Energy and Industrial Strategy, 2018). Despite this, it was identified that relatively little research had focused upon SMEs, and this was particularly

the case regarding examinations of the relationship between HRM and the activities or behaviours that comprise CE (Bacon et al, 1996; Wagar, 1998; Hornsby and Kuratko, 2003; Nguyen and Bryant, 2004; De Grip and Sieben, 2009; Schmelter et al, 2010; Castrogiovanni et al, 2011; Allen et al, 2013). Yet SMEs were widely considered to be distinct from large organisations (Penrose, 1959; Bolton et al, 1971; Kitching and Blackburn, 2002; Storey, 2004; Jones et al, 2013), particularly with regards to their HRM architecture and employees' experiences of the employment relationship (Cassell et al, 2002; Renwick, 2003; Marlow et al, 2010; Tsai et al, 2010; Allen et al, 2013; Lai et al, 2017; Bryson and White, 2019).

It was identified that there were many different definitions of SME in active use (HMRC, 2016; EU, 2015; Centre for Entrepreneurship, SMEs and Local Development, 2018; Department for Business, Energy and Industrial Strategy, 2018). However, for the purposes of this study SMEs were defined primarily in accordance with the EU definition (EU, 2015) and this was supplemented by the additional use of the Type 1 and Type 2 definitions of SME proposed by Hauser (2005). In short, SMEs were defined as autonomous, private sector organisations employing fewer than 250 people, with a turnover of €50m or less, and a balance sheet of €43m or less, where the most senior manager may or may not be a shareholder (Hauser, 2005; EU, 2015). The EU definition (EU, 2015) was selected because it had been widely adopted by researchers and governments within the EU thereby allowing this research to be compared with other studies (Kontinen and Ojala, 2011; Georgiadis and Pitelis, 2012; D'Angelo, 2013; Jones et al, 2013; Sheehan, 2013; Centre for Entrepreneurship, SMEs and Local Development, 2018; Curado, 2018), and it shared similarities with those definitions currently used by the UK government (HMRC, 2016; Department for Business, Energy and Industrial Strategy, 2018).

The theoretical domain of this research was, therefore, identified as the intersection between HRM architecture, entrepreneurship and SMEs (Figure 2), and it was determined that this domain will be examined through the perceptions, sensemaking processes and experiences of the groups and individuals within it. Having identified the aim, domain and context of this research, the next chapter will focus upon exploring entrepreneurship and how this relates to organisations and individuals in more detail.

## **CHAPTER TWO: ENTREPRENEURSHIP, THE ORGANISATION AND THE INDIVIDUAL**

### **2.0 Introduction**

Entrepreneurship is widely considered to be amongst the main mechanisms for economic growth and wealth creation, though there is some debate as to whether or not it is of equal importance to all economic models (Schumpeter, 1934; McClelland, 1961; Bolton et al, 1971; Drucker, 1985; Caird, 1990; Stevenson and Jarillo, 1990; Lumpkin and Dess, 1996; Busenitz et al, 2003; Casson, 2003; Shane, 2004; Chen and Nadkarni, 2017; Elia et al, 2017; Wright and Hitt, 2017). However, entrepreneurship as a field of study has been criticised for being underdeveloped, fragmented, lacking in theory, and producing research findings that simply repeat those of other fields and are difficult to compare (Gartner, 1985; Gartner, 1989; Lumpkin and Dess, 1996; Shane and Venkataraman, 2000; Busenitz et al, 2003; Shane, 2004; Blackburn and Smallbone, 2008; Blackburn and Kovalainen, 2009; Wiklund et al, 2011; Zahra and Wright, 2011, Kuratko et al, 2015). Therefore, whilst entrepreneurship has been studied extensively, there is still,

*“... a pressing need to develop a comprehensive understanding of the dynamic nature of entrepreneurship-the forms it takes, the process involved, the entrepreneur himself/herself, the venture itself, and the outcomes that derive from its occurrence.” (Kuratko et al, 2015: 10)*

Cantillon (1755) is widely credited with introducing the term entrepreneur to represent business owner-managers, including those undertaking criminal enterprise, who drive economic growth and wealth creation within enterprise-based economies (Kets de Vries, 1977; Cunningham and Lischeron, 1991; Casson, 2003). Subsequently, the term entrepreneurship has also been used to describe a range of activities and behaviours that

individuals including middle managers and non-managerial employees engage in within existing organisations from all sectors and of all sizes (Cantillon, 1755; Schumpeter, 1934; McClelland, 1961; Kets de Vries, 1977; Drucker, 1985; Gartner, 1989; Guth and Ginsberg, 1990; Cunningham and Lischeron, 1991; Hornsby et al, 2002; Casson, 2003; Laursen and Foss, 2003; Hayton, 2003; Shane, 2004; Hayton, 2005; Anderson and Starnawska, 2008; Kuratko, 2009; Crowley and Bourke, 2016; Curado, 2018). Shane and Venkataraman (2000) suggest that studying entrepreneurship is of value because entrepreneurial innovation is what drives change within business. Yet fundamentally entrepreneurship is derived from individuals and it has been estimated that between 20% and 50% of people may engage in entrepreneurial activity or behaviour (Shane and Venkataraman, 2000). Therefore, this chapter will explore the theoretical development of entrepreneurship, focusing predominantly upon entrepreneurial activity that occurs within pre-existing organisations and the individuals who engage in entrepreneurship or entrepreneurial activity.

## 2.1 The theoretical development of entrepreneurship

The evolution of the field of entrepreneurship has been characterised as being somewhat random and disjointed (Kuratko et al, 2015). Historically, conceptualisations of entrepreneurship have been split between two theoretical perspectives (Caird, 1990). The first of these, trait theory, has focused upon the individual and their traits or characteristics as being the source of entrepreneurship demonstrated through entrepreneurial behaviour. The second of these, contingency theory, has focused upon environmental conditions being the catalyst for entrepreneurial behaviour in individuals (McClelland, 1961; Miller, 1983; Drucker, 1985; Gilad and Levine, 1986; Gartner, 1989; Luchsinger and Bagby, 1987; Aldrich, 1990; Caird, 1991; Chen et al, 1998; Littunen, 2000; Shane and



Venkataraman, 2000; Casson, 2003; Shane, 2004; Thompson, 2004; Burns, 2007; Kuratko et al, 2015). Building upon the trait and contingency approaches to entrepreneurship Cunningham and Lischeron (1991) further subdivided entrepreneurship theory into six schools of thought. The first three of these are the great person, psychological characteristics, and leadership schools of entrepreneurship, which are primarily derived from trait theory. Whilst the classical, management, and intrapreneurship schools of entrepreneurship are primarily derived from contingency theory.

Those schools of entrepreneurship based primarily upon trait theory have been criticised for several reasons (Drucker, 1985; Gartner, 1985; Gartner, 1989; Caird, 1990; Hisrich, 1990; Stevenson and Jarillo, 1990; Cunningham and Lischeron, 1991; Shane and Venkataraman, 2000; Casson, 2003; Shane, 2004; Goss, 2005; Sarasvathy and Venkataraman, 2011). Firstly, they have so far failed to identify a set of traits or psychological characteristics that are unique to entrepreneurs. Secondly, they are too simplistic, even to the point of being stereotypical, in how they view the individual and fail to take account of the individual's ability to change over time. Thirdly, they fail to consider environmental factors and how they might influence the individual's behaviour. Nonetheless, a range of evidence suggests that the nature and relative strength of an individual's psychological traits or characteristics may make some individuals more likely to engage in entrepreneurial activity or behaviour than others, this will be explored further in section 2.3 (Kets de Vries, 1977; Caird, 1990; Caird, 1991; Shane and Venkataraman, 2000; Casson, 2003; Shane, 2004; Sarasvathy and Venkataraman, 2011; Johnson et al, 2018). Whereas those schools of entrepreneurship based upon contingency theory have been criticised for being too focused on environmental factors and failing to adequately take into account the role of the individual in entrepreneurial activity or

recognise the heterogeneity of individuals (Gilad and Levine, 1986; Cunningham and Lischeron, 1991; Shane and Venkataraman, 2000; Casson, 2003; Shane, 2004; Zahra and Wright, 2011; Douglas, 2013).

These limitations of the separate application of trait and contingency theory dominated approaches led to a growing, though not universal, recognition of the need for one cohesive theory of entrepreneurship (Blackburn and Kovalainen, 2009). Several researchers have proposed theories or models of entrepreneurship based upon the interaction between individuals, opportunities, environmental conditions and modes of organisation. This has subsequently been termed the individual-opportunity nexus (Gartner, 1985; Gartner, 1989; Caird, 1990; Shane and Venkataraman, 2000; Busenitz et al, 2003; Casson, 2003; Shane, 2004; Douglas, 2013).

Table 5 demonstrates how each of the six schools of thought described by Cunningham and Lischeron (1991) and the individual-opportunity nexus school of entrepreneurship relate to definitions of what an entrepreneur is and what entrepreneurship involves (Shane and Venkataraman, 2000; Busenitz et al, 2003; Shane, 2004). As can be seen entrepreneurship has been viewed as a state of being, an act or a process by different researchers (Schumpeter, 1934; McClelland, 1961; Gartner, 1985; Stevenson and Jarillo, 1990; Cunningham and Lischeron, 1991; Lumpkin and Dess, 1996; Shane and Venkataraman, 2000; Shane, 2004; Goss, 2005; Anderson and Starnawska, 2008; Sarasvathy and Venkataraman, 2011; Zahra and Wright, 2011; Kuratko et al, 2015). The idea that entrepreneurship is focused upon the founding of new organisations therefore represents a somewhat narrow interpretation of the phenomenon akin to looking at the night sky through the lens of a telescope. Rather entrepreneurship is a term or phenomenon that represents a broad category of characteristics or behaviours and

activities that relate to individuals or groups of individuals manipulating the physical, social and/or organisational environment within which they exist with the specific aim of changing or exploiting that environment for individual or collective benefit. Consequently, any study of entrepreneurship must consider both the nature of the individuals involved, the actors, and the environmental context within which they exist or act (Shane and Venkataraman, 2000; Kuratko et al, 2015; Elia et al, 2017). As identified in section 1.1, entrepreneurship may most readily be split into two subcategories, the first, independent entrepreneurship, relates to the creation of a new organisation and the second, CE, relates to entrepreneurship as innovative, renewal and venturing activities that occur within existing organisations (Schuler, 1986; Guth and Ginsberg, 1990; Sharma and Chrisman, 1999; Kuratko et al, 2015). The following section will therefore explore the latter as it is this subcategory of entrepreneurship that is the primary focus of this study.

**Table 5: Conceptualising the terms entrepreneur and entrepreneurship**

<b>School of thought</b>	<b>Theoretical alignment:</b>	<b>An entrepreneur is:</b>	<b>Entrepreneurship involves:</b>
Great person	Trait theory	An individual born with the traits necessary for entrepreneurship.	Being an entrepreneur and the pursuit of the individual entrepreneur's needs and goals.
Psychological characteristics	Trait theory	An individual who has developed the values and traits for entrepreneurship through their childhood and formative experiences.	Being an entrepreneur and the pursuit of the individual entrepreneur's needs and goals.
Classical	Contingency theory	An individual who is in the process of undertaking discovery, creativity and innovation.	Temporary processes of discovery and innovation that create change and may or may not be profitable.
Management	Contingency theory	An individual who is a business owner-manager.	The use of technical management skills to establish and run a business.
Leadership	Trait theory	An individual who possesses the interpersonal, non-technical management skills that allow them to motivate and organise others to pursue their goals.	The use of non-technical management skills to motivate and organise others to achieve the goals of the entrepreneur.
Intrapreneurship	Contingency theory	An individual who undertakes entrepreneurship within or in partnership with a pre-existing organisation.	The identification of opportunities for change in the host organisation and alignment of resources so that opportunity exploitation benefits the organisation.
Individual-opportunity nexus	Trait and contingency theory	An individual who is able to identify and exploit valuable opportunities for innovation in their environment.	The interactions between individuals, environments and organisations that result in the identification and exploitation of valuable opportunities for innovation.

Adapted from Cunningham and Lischeron (1991) using Caird (1990), Shane and Venkataraman (2000), Busenitz et al (2003), Casson (2003), and Shane (2004)

## 2.2 Entrepreneurship within an organisational context

As identified in sections 1.1 and 2.1, where entrepreneurship occurs within the context of existing organisations it has been widely referred to as corporate entrepreneurship or CE (Burgelman, 1983; Schuler, 1986; Guth and Ginsberg, 1990; Stevenson and Jarillo, 1990; Stopford and Baden-Fuller, 1994; Covin and Miles, 1999; Sharma and Chrisman, 1999; Hornsby et al, 2002; Hayton, 2005; Burns, 2007; Zhang and Jia, 2010; Montoro-Sánchez and Soriano, 2011; Hayton et al, 2013; Kuratko et al, 2015; Elia et al, 2017).

CE as a field of study came to the fore in the early 1980's and it is now recognised as an important source of improved performance and competitive advantage (Burgelman, 1983; Miller, 1983; Covin and Miles, 1999; Zahra et al, 1999; Antoncic, 2001; Hornsby et al, 2002; Hayton, 2005; Elia et al, 2017). Whilst there is no universal definition of CE, it is generally considered to be an activity or process through which organisations adapt to change in the external business environment by proactively taking risks and using innovation across administrative processes, markets, products, services, and strategy as a mechanism for growth, sustainability, renewal, redefinition, or diversification (Burgelman, 1983; Miller, 1983; Guth and Ginsberg, 1990; Zahra and Covin, 1995; Covin and Miles, 1999; Antoncic, 2001; Antoncic and Hisrich, 2001; Hornsby et al, 2002; Hayton, 2005; Ireland and Webb, 2007; Kuratko, 2009; Montoro-Sánchez and Soriano, 2011; Peltola, 2012; Harms, 2013; Elia et al, 2017).

The breadth of activities involved in CE has led some researchers to divide CE into subcategories of activity; three that are widely referred to in the literature are venturing, innovation or intrapreneurship, and strategic renewal (Guth and Ginsberg, 1990; Kuratko et al, 1990; Zahra, 1996; Covin and Miles, 1999; Antoncic and Hisrich, 2001; Hayton,

2005; Ireland et al, 2009; Kuratko, 2009; Zhang and Jia, 2010; Montoro-Sánchez and Soriano, 2011). Venturing refers to the establishment of a new business by an existing organisation, either through the creation of a spin-off organisation, partnering with another organisation to create a joint venture, or the establishment of an autonomous business unit (Guth and Ginsberg, 1990; Zahra, 1996; Antoncic and Hisrich, 2001; Hayton, 2005; Hellmann, 2007; Kuratko, 2009). Innovation or intrapreneurship refers to the development and championing of a new product, service, administrative process, system, structure or technique by one or more individuals (Guth and Ginsberg, 1990; Zahra, 1996; Covin and Miles, 1999; Antoncic, 2001; Antoncic and Hisrich, 2001; Hellmann, 2007; Martiarena, 2013). Finally, strategic renewal refers to situations where an organisation changes the scope of its operations, develops new capabilities, or adopts a new strategy that redefines how it operates and which permeates the entire organisation (Guth and Ginsberg, 1990; Zahra, 1996; Covin and Miles, 1999; Antoncic, 2001; Ireland et al, 2009).

CE activities may be induced and formal where they are led from the top-down and aligned with the strategic aims of the organisation, or autonomous and informal where they are led from the bottom-up by individuals or groups in pursuit of their own interests (Burgelman, 1983; Kuratko et al, 1990; Zahra, 1996; Zahra et al, 1999; Hayton, 2005; Sambrook and Roberts, 2005; Hellmann, 2007; Kuratko, 2009). Activities may be further categorised as exploration where they are externally focused and aimed at identifying and developing new ideas, knowledge and opportunities, or exploitation where they are internally focused and aimed at developing existing ideas, knowledge and opportunities (Zahra et al, 1999; McGrath, 2001; Hayton, 2005; Hellmann, 2007; Ireland and Webb, 2007; Kuratko, 2009; Kelley, 2011; Sharma and Salvato, 2011; Peltola, 2012). Exploration has been more closely associated with radical learning and innovation

whereas exploitation has been more closely associated with incremental learning and innovation, though such connections are indicative rather than absolute (Zahra et al, 1999; McGrath, 2001; Shipton et al, 2005; Ireland and Webb, 2007; Sharma and Salvato, 2011). However, there is no single, universally agreed framework for the categorisation of CE activities and different activities may be undertaken simultaneously, making it difficult to isolate processes that are specific to one category of activity (Guth and Ginsberg, 1990; Covin and Miles, 1999; Antoncic, 2001; Ireland et al, 2009; Kuratko, 2009). Consequently, as has been stated previously in section 1.3, this study will focus upon examining CE as a broad category of entrepreneurial activity.

### 2.2.1 External environmental context and corporate entrepreneurship

External environmental factors beyond the organisation may influence the extent to which CE is pursued at the organisational level and the value of incorporating entrepreneurship into organisational strategy (Miller, 1983; Khandwalla, 1987; Covin and Slevin, 1989; Covin and Slevin, 1991; Hornsby et al, 1993; Zahra and Covin, 1995; Lumpkin and Dess, 1996; Carrier, 1996; Damanpour and Gopalakrishnan, 1998; Chandler et al, 2000; Ireland et al, 2009; Kuratko, 2009; Mohamad et al, 2011; Peltola, 2012; Gonzalez-Loureiro et al, 2017). A variety of environmental factors have been identified as antecedents of CE including the availability of new equipment or resources, customer or supplier requirements (Schindehutte et al, 2000; Peltola, 2012), industry life-cycle (Covin and Slevin, 1991), growth, higher levels of competitive intensity, technological change, economic change, and market dynamism (Miller, 1983; Hornsby et al, 1993; Chandler et al, 2000; Antoncic and Hisrich, 2001; Ireland et al, 2009).

Environmental hostility has been particularly widely identified as having a significant influence on the value of encouraging CE (Miller, 1983; Covin and Slevin, 1989; Zahra and Covin, 1995; Ireland et al, 2009). It has been observed that organisations operating in hostile environments, characterised by intense competition, limited exploitable market opportunities and high levels of uncertainty benefit more from CE than those in benign environments, for whom CE may be seen as an unnecessary risk (Covin and Slevin, 1989; Zahra and Covin, 1995). However, Wiklund and Shepherd (2005) found evidence that the reverse is true when organisations have limited access to capital. Whilst, Miller (1983) found that the influence of environmental hostility may vary across different types of organisation and have no effect on smaller, simple organisations that are dominated by the leadership of a single individual or larger, planning organisations that are built upon the extensive use of processes and procedures. This indicates that the environmental conditions that enable or inhibit CE are not universal and are influenced by wider factors beyond market and competitive forces. Such a view is supported by evidence from developing countries that shows that it is environmental stability, particularly with regards to economic conditions and government policy, rather than competition that is more likely to encourage CE (Khandwalla, 1987; Mohamad et al, 2002). The cultural norms of a country may also influence the nature and extent of CE within organisations, as may other elements of the institutional environment such as regulatory structures and shared cognitive conceptions or perceptions (Kemelgor, 2002; Hellmann, 2007; Gomez et al, 2011).

### 2.2.2 Organisational characteristics and corporate entrepreneurship

In addition to external environmental factors, a range of evidence suggests that the nature and outcomes of CE may be influenced by the demographic characteristics of an



organisation (Mansfield, 1963; Miller, 1983; Lumpkin and Dess, 1996; Carrier, 1996; Damanpour and Schneider, 2006; Walsworth and Verma, 2007; De Saá-Pérez and Díaz-Díaz, 2010; Hayton et al, 2013; Santiago et al, 2013; Seeck and Diehl, 2017). Damanpour and Schneider (2006) found that the size of an organisation may positively influence all stages of innovation within CE, whilst the complexity of the organisation may only influence the initiation of innovation and its economic health may only influence the adoption of innovation. Adding to this work, De Saá-Pérez and Díaz-Díaz (2010) found that medium-sized firms experience the highest levels of product innovation whereas levels of process innovation were found to increase with organisational size.

Ownership may also affect levels of innovation, family-owned firms may experience higher levels of product innovation, whilst non-family firms may experience higher levels of process innovation (De Saá-Pérez and Díaz-Díaz, 2010), whereas foreign ownership may have a negative effect on innovation but indirect effect on innovation (Santiago et al, 2013). The presence of unions has been found to increase product innovation but reduce levels of process innovation (Walsworth and Verma, 2007), and have a negative effect on innovation adoption (Damanpour and Schneider, 2006). The extent to which managers are members of professional associations may also positively influence levels of CE (Damanpour and Schneider, 2006). This body of evidence suggests that organisational characteristics should be taken into account when conducting research related to CE, yet comparatively little research in this field has focused on smaller organisations (Carrier, 1996).

### 2.2.3 Corporate entrepreneurship and organisational performance

A significant body of empirical evidence has emerged linking CE with improved performance in terms of profitability, innovativeness and strategic positioning across organisations of all sizes (Covin and Slevin, 1989; Zahra and Covin, 1995; Covin and Miles, 1999; Zahra et al, 1999; Antoncic, 2001; Antoncic and Hisrich, 2001; Kuratko et al, 2001; Hornsby et al, 2002; Hayton, 2003; 2005; Mohamad et al, 2011; Montoro-Sánchez and Soriano, 2011; Harms, 2013; Bloodgood et al, 2015). However, this relationship is complicated as it involves interactions between many different factors, such as market dynamics, environmental conditions, management input, strategic posture, and resource availability (Covin and Slevin, 1989; Zahra and Covin, 1995; Goosen et al, 2002; Mohamad et al, 2011; Harms, 2013). Any benefits of CE may only be realised over the long term, whilst in the short term it may have a negative or at best a limited effect on the financial performance of organisations (Schuler, 1986; Guth and Ginsberg, 1990; Zahra and Covin, 1995; Goosen et al, 2002). This time lag between the implementation of CE and any change in organisational performance together with the interactions of different phenomena makes it difficult to differentiate the effects of CE on performance from those of other phenomena (Zahra and Covin, 1995; Harms, 2013).

The use of different definitions and measures of CE and organisational performance also makes it difficult to draw comparisons between results and come to any definitive conclusions regarding the nature of the relationship between the two (Zahra and Covin, 1995; Covin and Miles, 1999; Seeck and Duehl, 2017). For example, CE has been measured using research and development spend, the number of new products an organisation has introduced to the market, strategic posture or multi-factor tools, whilst organisational performance has been measured using return on investment, return on

sales, sales growth, return on assets, return on average equity, and profitability (Covin and Slevin, 1989; Zahra and Covin, 1995; Goosen et al, 2002; Mohamad et al, 2011). Yet, if CE stems from the behaviours of the individuals within an organisation (Hurst et al, 1989; Stevenson and Jarillo, 1990; Amabile et al, 1996; Carrier, 1996; Damanpour and Schneider, 2006; Dyduch, 2008; Ireland et al, 2009; Perdomo-Ortiz et al, 2009; Kelley, 2011; Montoro-Sánchez and Soriano, 2011; Harms, 2013; Hayton et al, 2013), such measures focus on inputs or outputs but not the intervening behaviours. Consequently, whilst there is sufficient evidence to conclude that CE can be linked to improved organisational performance the mechanisms through which this occurs are not fully understood (Covin and Miles, 1999; Kuratko et al, 2004; Kuratko et al, 2005; Dyduch, 2008; Harms, 2013; Bloodgood et al, 2015) and so further research focused upon examining these mechanisms is required.

### 2.3 Entrepreneurship and the individual

Having focused upon the organisation in section 2.2, the purpose of this section is to examine the different aspects of individuals that influence their engagement in the behaviours and activities that comprise entrepreneurship and how engaging in entrepreneurship influences individuals.

#### 2.3.1 Individual characteristics and entrepreneurship

Individuals' characteristics or behaviours are widely considered to be an important component of both independent entrepreneurship and CE (Gartner, 1985; Schuler, 1986; Luchsinger and Bagby, 1987; Hornsby et al, 1993; Lumpkin and Dess, 1996; Sharma and Chrisman, 1999; Shane, 2004; Ireland et al, 2009; Martiarena, 2013; Kuratko et al, 2015;

Elia et al, 2017; Seeck and Diehl, 2017). Indeed, as mentioned in section 2.1, Shane (2004) suggests that heterogeneity between individuals, previously identified in section 1.4.1 as influencing HRM within SMEs, is fundamental to the existence of entrepreneurship as a phenomenon. Perhaps as a consequence of this, there is ongoing debate regarding the psychological traits or characteristics that are associated with individuals who engage in entrepreneurial activities or behaviours (McClelland, 1961; Brockhaus, 1980b; Luchsinger and Bagby, 1987; Hisrich, 1990; Hornsby et al, 1993; Littunen, 2000; Alvarez and Barney, 2007; Hitt et al, 2011; Martiarena, 2013; Cacciotti and Hayton, 2015; Kuratko et al, 2015; Elia et al, 2017; Seeck and Diehl, 2017).

Research initially focused upon identifying those characteristics that were unique to business owner-managers and which distinguished these individuals from employed managers or the general population (Lynn, 1969; Hornaday and Aboud, 1971; Brockhaus, 1980b; Hornsby et al, 1993). However, McClelland (1961) recognised that all individuals have the potential to behave entrepreneurially. Subsequently, researchers have focused upon attempting to identify characteristics that distinguish individuals undertaking entrepreneurship within existing organisations, also referred to as intrapreneurs, which may include business owner-managers, managers, or employees (Luchsinger and Bagby, 1987; Hisrich, 1990; Hornsby et al, 1993; Parker, 2011; Martiarena, 2013). Consequently, a range of characteristics have been associated with entrepreneurship amongst different groups of individuals, these include the ability to suspend judgement and recognise entrepreneurial opportunities, cooperation, creativity, decision-making, dislike of routine tasks, divergent thinking, education, experimenting, high levels of awareness, high need for achievement, high need for independence or autonomy, internal locus of control, low level of fear of failure, need for power, optimism, preference for moderate levels of risk, professional experience, questioning, resilience, responsibility,

self confidence, social motivation, training, technical knowledge, and tolerance of ambiguity (McClelland, 1961; Schrage, 1965; Hornaday and Aboud, 1971; Kets de Vries, 1977; Schuler, 1986; Luchsinger and Bagby, 1987; Caird, 1990; Hisrich, 1990; Hornsby et al, 1993; Littunen, 2000; Alvarez and Barney, 2007; Hitt et al, 2011; Shane and Nicolaou, 2014; Cacciotti and Hayton, 2015; Kuratko et al, 2015; Elia et al, 2017; Seeck and Diehl, 2017; Newman et al, 2018). However, not all of the characteristics associated with individuals who engage in entrepreneurial activity may be considered to be desirable, positive or beneficial. Entrepreneurial individuals have been described as deviants whose high levels of motivation and initiative are driven by insecurity and anxiety, whose ideas are provocative, whose approach to management is rigid and autocratic with low levels of trust and loyalty, whose decision-making is impulsive and lacks judgement, and whose actions may be irrational and exhibit little willingness to change (Kets de Vries, 1977; Caird, 1990). Entrepreneurs have also been found to have little need to gain the approval of others or relate to them, whilst still having the leadership and inter-personal skills to manage others (McClelland, 1961; Caird, 1990). In addition to such characteristics, an individuals' cognitive preference may also influence the role they play in developing entrepreneurship within existing organisations, as may their demographic characteristics such as age and tenure, and whether or not they have a pro-entrepreneurial attitude (Hurst et al, 1989; Damanpour and Schneider, 2006; 2009; Ireland et al, 2009; Kuratko et al, 2015). However, individuals' demographic characteristics have been found to have less of an effect on entrepreneurial activity within existing organisations than their psychological characteristics, including the extent to which they have a pro-entrepreneurial attitude (Damanpour and Schneider, 2006; 2009).

Ultimately, the evidence linking particular characteristics with entrepreneurial activity is weak and inconclusive, due to the differing ways in which entrepreneurs have been

defined and methodological problems associated with the tools used to measure such characteristics (Schrage, 1965; Kets de Vries, 1977; Brockhaus, 1980b; Hull et al, 1980; Greenberger and Sexton, 1988; Caird, 1990; Hornsby et al, 1993; Sambrook and Roberts, 2005; Sarasvathy and Venkataraman, 2011; Martiarena, 2013). For example, Brockhaus (1980b) found that there was no difference between business owner-manager's preference for risk and that of managers, or the wider population, whilst other researchers have found conflicting evidence regarding the extent to which individuals engaged in entrepreneurial activities seek to take on risk or obtain power (Caird, 1990; 1991). Similarly, Martiarena (2013) found evidence to suggest that engaged intrapreneurs, employees who expected to take an ownership stake in a business, shared the traits associated with independent entrepreneurs who established their own organisations. Whilst those intrapreneurs who were not engaged and so did not hold such expectations tended to be more risk averse than independent entrepreneurs. These conflicting and inconclusive findings have led researchers to suggest that both entrepreneurs, when defined as business owner-managers, and intrapreneurs may not constitute homogenous groups (Kets de Vries, 1977; Luchsinger and Bagby, 1987; Sarasvathy and Venkataraman, 2011; Martiarena, 2013). Furthermore, the existing literature suggests that environmental factors may also influence the nature of the characteristics required to produce entrepreneurship and the extent to which individuals are prepared to engage in the activities that comprise entrepreneurship (McClelland, 1961; King, 1985; Luchsinger and Bagby, 1987; Hornsby et al, 1993; Abraham, 1997; Shane and Venkataraman, 2000; Hornsby et al, 2002; Martiarena, 2013; Kuratko et al, 2015). Consequently, Caird (1990; 1991) proposes that it may be more appropriate to focus upon identifying those characteristics that identify a broader category of enterprising individuals who engage in entrepreneurial activity across different positions within society and different environmental conditions, of which innovative business owner-managers comprise one sample or subset. This approach

echoes the original view of Cantillon (1755) who suggested that entrepreneurship is not the exclusive domain of the business owner-manager and may be undertaken by a wide range of individuals occupying different roles within society, which has more recently been supported by McClelland (1961), Casson (1982); Greenberger and Sexton (1988) Hisrich (1990), Shane (2004), Sarasvathy and Venkataraman (2011), and Kuratko et al (2015). Therefore, research examining entrepreneurship must include both business owner-managers and individuals who are not business owner-managers, and it must take account of the environmental context within which those individuals engage in entrepreneurial activity or behaviour.

### 2.3.2 The role of emotion in entrepreneurship

More recently, entrepreneurship has been conceptualised as, “... *an emotional journey*...” (Cacciotti and Hayton, 2015: 165) and individuals’ emotional states have been found to influence their engagement in entrepreneurial activity or behaviour. Entrepreneurial emotions have been defined as:

*“... the affect, emotions, moods, and/or feelings—of individuals or a collective—that are antecedent to, concurrent with, and/or a consequence of the entrepreneurial process, meaning the recognition/creation, evaluation, reformulation, and/or the exploitation of a possible opportunity.”* (Cardon et al, 2012)

Emotions are a temporary, often intense, subjective response to an individual’s interaction with their environment and so are context specific and can affect entrepreneurial decision-making (Baron, 2008; Cardon et al, 2012; Cacciotti and Hayton, 2015). This reinforces the point that studies examining entrepreneurship must adopt research designs that retain the link between individuals’ experiences and the context within which they occur.

Goss and Sadler-Smith (2017) viewed the process of entrepreneurship through the lens of interactional ritual chain theory, whereby interactions between two or more actors are connected to create outcomes, which include emotional energy, and feedback loops which may decay or consolidate over time (Goss and Sadler-Smith, 2017). Consequently, understanding individuals' cumulative experiences and the constructions that result from them is critical to understanding entrepreneurship (Morris et al, 2012; Goss and Sadler-Smith, 2017). This undermines the assumption that episodes of entrepreneurial activity or behaviour may occur independently of each other, upon which several of the conceptual frameworks or models of CE identified within section 2.4 are predicated.

There is evidence to suggest that individuals experiencing positive emotions, or positive affect, are more likely to demonstrate entrepreneurial characteristics or behaviours such as creativity and heuristic thinking, to identify opportunities and engage in exploratory learning than those experiencing neutral or negative emotional states (Baron, 2008; Morris et al, 2012; Doern and Goss, 2014; Delgado Garcia et al, 2015; Goss and Sadler-Smith, 2017). Specific emotions that can support entrepreneurship include optimism, passion and vigour, whilst those that can undermine entrepreneurship include doubt and grief (Baron, 2008; Cacciotti and Hayton, 2015). However, some of the evidence is contradictory with fear being found to have the potential to both support or undermine entrepreneurship (Cacciotti and Hayton, 2015). This may be because individuals' emotional responses can be influenced by their other characteristics (Baron, 2008; Cacciotti and Hayton, 2015). In addition to being antecedents that may contribute to an individual's propensity to behave entrepreneurially, it has also been suggested that an individuals' engagement in entrepreneurial activity or behaviour may result in emotional outcomes (Cardon et al, 2012; Delgado Garcia et al, 2015). For example, business failure has been found to lead to feelings of grief (Delgado Garcia et al, 2015). Negative



emotional responses in particular have been found to arise from entrepreneurs repeated social interactions with more dominant parties (Doern and Goss, 2014). Whilst employees' engagement in creativity as a component of CE has been found to result in positive emotional states and positive affect may even form part of the creative process (Amabile et al, 2005). However, the existing research has been criticised for being overly focused at an individual level and upon the consequences of emotional affect, which has led to calls for more research that considers multiple levels and different stages of entrepreneurship (Delgado Garcia et al, 2015).

#### 2.4 The process of corporate entrepreneurship

Sections 2.2 and 2.3 have examined entrepreneurship from an organisational and an individual perspective respectively. The purpose of this section is to identify how these two components are connected through the conceptualisation of CE as process that links the different activities and behaviours that comprise CE together.

CE can be viewed as a learning process (Sambrook and Roberts, 2005; Elia et al, 2017). This learning may take place at an individual, team/group, or organisational level and there may be interactions between these. At an individual level learning may involve intuiting, which involves recognising patterns, and interpreting, which involves an individual explaining an idea to themselves and others. The latter involves an interaction between the individual and group and leads to integrating which involves the development of shared meaning and taking of coordinated action. This leads to an interaction between the group and organisation, whereby the learning of the group is embedded in the strategies, systems, structures and procedures of the organisation (Sambrook and Roberts, 2005). Both CE and organisational learning may be influenced

by the structure, culture and HR practices of the organisation. However, the existing research that has examined the relationship between the CE process and organisational learning has been criticised for:

*“... [neglecting] to explore how individuals’ and groups’ social constructions of the organization in which they exist may impact upon this relationship...”* (Sambrook and Roberts, 2005: 150)

Consequently, there is a need for future research into CE to adopt a social constructionist philosophical stance. It has also been suggested that more research is needed that explores the inter-relationships between the individuals and groups that contribute to CE and organisational learning processes (Sambrook and Roberts, 2005). Therefore, future studies of CE should adopt research designs that incorporate multiple levels of analysis.

Beyond organisational learning, a range of broader conceptualisations of CE as either a linear process or cyclical system have been proposed. Burgelman (1983; 1984) proposed a system model whereby CE could be autonomous or induced. Whilst Hornsby et al (1993) proposed a linear process model that sought to explain CE by combining organisational and individual level elements. This identified that entrepreneurship began with a precipitating event, leading to the decision to act intrapreneurially, business/feasibility planning, and finally idea implementation. However, the former focused at a strategic level and viewed CE as an antecedent and/or outcome of certain organisational conditions, in doing so it failed to explain the detail of the CE process itself. Whilst the latter failed to identify any outcomes resulting from the CE process and assumed that each episode of entrepreneurial activity occurred in isolation from those preceding or following (Bloodgood et al, 2015).

The organisational outcomes neglected by Hornsby et al (1993) have since been incorporated into a system model of CE (Gautam and Verma, 1997) and a system model relating the CE process to knowledge and organisational competence development (Zahra et al, 1999). Both individual and organisational outcomes of CE were accounted for in a system model for sustained corporate entrepreneurial strategy (Kuratko et al, 2004) and a systems model of middle-level managers' entrepreneurial behaviour (Kuratko et al, 2005). Whilst an integrative model of CE strategy (Ireland et al, 2009) that is systemic only identified organisational outcomes. Organisational outcomes may relate to financial performance indicators such as increased sales or reduced waste, they may be behavioural, for example, the number of new ideas suggested or implemented, they may involve the development of new capabilities or an improved reputation, or changes in the strategy, resources, or HRM architecture of the organisation (Burgelman, 1983; 1984; Gautam and Verma, 1997; Zahra et al, 1999; Kuratko et al, 2004; Kuratko et al, 2005; Ireland et al, 2009). Whilst individual outcomes may be extrinsic, comprising of financial or other tangible rewards, intrinsic and psychological, potentially including feelings of satisfaction, or they may involve changes in individual characteristics or the development of new skills or social networks (Gautam and Verma, 1997; Kuratko et al, 2004; Kuratko et al, 2005). These outcomes may have a positive, neutral or negative impact on the organisation or individual (Kuratko et al, 2005). Favourable individual outcomes may lead to further entrepreneurial activity or behaviour (Kuratko et al, 2004). However, many of these outcomes are also recognised as antecedents of CE (Burgelman, 1983; 1984; Hornsby et al, 1993; Kuratko et al 2004; Kuratko et al, 2005). Other antecedents that have been recognised include the occurrence of a precipitating event or external transformational trigger, individual entrepreneurial cognitions and external environmental conditions (Hornsby et al, 1993; Kuratko et al, 2004; Ireland et al, 2009).

As with Burgelman (1983; 1984), the models of Gautam and Verma (1997), Zahra et al (1999), Kurato et al (2004), Kuratko et al (2005) and Ireland et al (2009) each focus primarily on the antecedents and outcomes of CE and provide little detail with regards to the intervening activities or behaviours compared to that provided by Hornsby et al (1993). Furthermore, with the exception of the model of Burgelman (1983; 1984), the remaining six models have not been directly tested through empirical research but are instead based upon reviews of the extant literature.

More recently, Turner and Pennington (2015) proposed a process model for CE that was directly derived from empirical research, however, this focused only upon the occurrence of CE across organisational networks. Whereas Bloodgood et al (2015) put forward a system dynamics model of CE. This builds upon the model of Hornsby et al (1993) by providing a detailed account of the events involved in undertaking the process of entrepreneurship whilst recognising the cyclical nature of CE. However, it does not consider individual level outcomes and it too has not been empirically tested.

Despite emotional affect being previously recognised as an important antecedent and outcome of entrepreneurship, only the models of Kuratko et al (2004) and Kuratko et al, (2005) recognise this. However, with regards to this study, the most important limitation of all the models or conceptual frameworks outlined above is that none of them specifically focus upon how individuals experience and engage in entrepreneurial activity or behaviour within SMEs. Consequently, further research is required in this area.

## 2.5 Summary

This chapter identified that entrepreneurship is a broad, complex and multi-dimensional phenomenon, the precise nature and categorisation of which is still the subject of debate (Schumpeter, 1934; McClelland, 1961; Kets de Vries, 1977; Miller, 1983; Drucker, 1985; Gartner, 1985; Gartner, 1989; Guth and Ginsberg, 1990; Hisrich, 1990; Stevenson and Jarillo, 1990; Cunningham and Lischeron, 1991; Carrier, 1996; Littunen, 2000; Shane and Venkataraman, 2000; Busenitz et al, 2003; Casson, 2003; Shane, 2004; Burns, 2007; Anderson and Starnawska, 2008; Sarasvathy and Venkataraman, 2011; Zahra and Wright, 2011; Cacciotti and Hayton, 2015; Kuratko et al, 2015; Wright and Hitt, 2017; Johnson et al, 2018). Historically, it was suggested that entrepreneurship stemmed from individuals' characteristics or environmental conditions (McClelland, 1961; Miller, 1983; Drucker, 1985; Gilad and Levine, 1986; Gartner, 1989; Luchsinger and Bagby, 1987; Aldrich, 1990; Stevenson and Jarillo, 1990; Caird, 1991; Chen et al, 1998; Littunen, 2000; Shane and Venkataraman, 2000; Casson, 2003; Shane, 2004; Thompson, 2004; Burns, 2007). More recently, researchers have proposed theories or models of entrepreneurship based upon the interaction between individuals and the environment referred to as the individual-opportunity nexus (Gartner, 1985; Gartner, 1989; Caird, 1990; Shane and Venkataraman, 2000; Busenitz et al, 2003; Casson, 2003; Shane, 2004; Douglas, 2013). Consequently, entrepreneurship was found to represent a broad category of characteristics or behaviours and activities that related to individuals or groups of individuals manipulating the environment with the specific aim of changing or exploiting it for individual or collective benefit.

A significant body of research was identified that examined entrepreneurship within existing organisations, which was widely referred to as CE (Burgelman, 1983; Schuler,

1986; Guth and Ginsberg, 1990; Stevenson and Jarillo, 1990; Stopford and Baden-Fuller, 1994; Covin and Miles, 1999; Sharma and Chrisman, 1999; Hornsby et al, 2002; Hayton, 2005; Burns, 2007; Zhang and Jia, 2010; Montoro-Sánchez and Soriano, 2011; Hayton et al, 2013; Kuratko et al, 2015; Elia et al, 2017). The nature of CE was found to be influenced by external environmental conditions (Miller, 1983; Khandwalla, 1987; Covin and Slevin, 1989; Covin and Slevin, 1991; Hornsby et al, 1993; Zahra and Covin, 1995; Chandler et al, 2000; Ireland et al, 2009; Kuratko, 2009; Mohamad et al, 2011; Peltola, 2012; Gonzalez-Loureiro et al, 2017), organisational characteristics (Mansfield, 1963; Miller, 1983; Lumpkin and Dess, 1996; Carrier, 1996; Damanpour and Schneider, 2006; Walsworth and Verma, 2007; De Saá-Pérez and Díaz-Díaz, 2010; Hayton et al, 2013; Santiago et al, 2013; Seeck and Diehl, 2017), and the characteristics or behaviours and emotional states of the individuals who comprise organisational communities (Gartner, 1985; Schuler, 1986; Hurst et al, 1989; Luchsinger and Bagby, 1987; Hornsby et al, 1993; Shane, 2004; Damanpour and Schnieder, 2006; 2009; Ireland et al, 2009; Cardon et al, 2012; Martiarena, 2013; Cacciotti and Hayton, 2015; Goss and Sadler-Smith, 2017).

Evidence was presented that linked CE to organisational performance, and various conceptualisations of CE as a process or system were presented that identified relationships between the component activities and behaviours involved in CE, and in doing so connected the individual and the organisation. However, it was found that most of these had not been empirically tested and neglected the role of emotion, whilst they all failed to differentiate CE in SMEs from that in larger organisations (Burgelman, 1983; 1984; Hornsby et al, 1993; Gautam and Verma, 1997; Zahra et al, 1999; Kuratko et al, 2004; Kuratko et al, 2005; Sambrook and Roberts, 2005; Brundin et al, 2008; Ireland et al, 2009; Biniari, 2012; Bloodgood et al, 2015; Turner and Pennington, 2015; Elia et al, 2017).

This chapter thereby demonstrated that research that seeks to understand entrepreneurship or CE must examine the individuals who engage in such activities or behaviours within the context that they do so, as the activity or behaviour, the individual and the context are inextricably linked. It identified that it is important to recognise the heterogeneity of both the environments within which entrepreneurship or CE occurs and the individuals who engage in such activity or behaviour. It was also recognised that the conditions within organisations have greater influence on CE than those outside. The following chapter will therefore focus specifically on how the entrepreneurial activity or behaviour of individuals within organisations is connected to and influenced by the internal environment of the organisation.

## **CHAPTER THREE: CREATING THE CONDITIONS FOR ENTREPRENEURIAL ACTIVITY WITHIN ORGANISATIONS**

### **3.0 Introduction**

As identified in chapter 2, the conditions within an organisation may have more influence on entrepreneurial activity or behaviour than those in the external environment (Khandwalla, 1987; Damanpour and Schneider, 2006), and may influence how individuals perceive the external environment (Chandler et al, 2000). The conditions within organisations have been recognised as both barriers to entrepreneurial activity or behaviour and facilitators of it (Burgelman, 1983; Drucker, 1985; Schuler, 1986; Kuratko et al, 1990; Hornsby et al, 1993; Kuratko et al, 1993; Stopford and Baden-Fuller, 1994; Amabile et al, 1996; Lumpkin and Dess, 1996; Chandler et al, 2000; Antoncic, 2001; Hornsby et al, 2002; Hellmann, 2007; Ireland et al, 2009; Zahra et al, 2009; Paris et al, 2016; Seeck and Diehl, 2017), these interact in a complex pattern of relationships (Miller, 1983; Schuler, 1986; Guth and Ginsberg, 1990; Kuratko et al, 1990; Stopford and Baden-Fuller, 1994; Amabile et al, 1996; Lumpkin and Dess, 1996; Chandler et al, 2000; Hayton, 2005; Hayton et al, 2013; Seeck and Diehl, 2017), and how individuals perceive these conditions may affect their engagement in entrepreneurial activity or behaviour (Schuler, 1986; Kuratko et al, 1990; Hornsby et al, 1993; Stopford and Baden-Fuller, 1994; Carrier, 1996; Hornsby et al, 2002; Hayton, 2005; Hellmann, 2007; Ireland et al, 2009; Hayton et al, 2013; Jiao and Zhao, 2014; Kulkarni, 2016; Seeck and Diehl, 2017). Therefore, this chapter will examine how the conditions within organisations can affect entrepreneurial activity by examining how entrepreneurial activity or behaviour can be embedded within the strategy of organisations, what roles different actors play in the development of CE and strategic entrepreneurship, and how the HRM architecture of organisations can



influence levels of entrepreneurial activity or behaviour within organisations. The research aim, objectives and questions will then be developed.

### 3.1 Incorporating entrepreneurship into organisational strategy

Strategy is based upon the dominant or strategic organisational agents' cognitive preferences and perceptions of environmental conditions, it represents an articulation of the theoretical basis of an organisation's success or failure that provides a shared frame of reference and outlines corporate objectives (Burgelman, 1983; Hurst et al, 1989). Strategic entrepreneurship therefore involves organisations' adopting and being driven by a shared vision that incorporates a long-term commitment to ongoing entrepreneurial activity or behaviour with the purposeful aim of continually modifying the scope of their operations in order to increase levels of efficiency, effectiveness, and competitive advantage (Hurst et al, 1989; Zahra and Covin, 1995; Ireland and Webb, 2007; Ireland et al, 2009; Hitt et al, 2011; Chang and Wang, 2013; Wright and Hitt, 2017). It is concerned with the need to balance the ability to look to the future and understand the past, formal and informal entrepreneurial activities, and the extent to which these are focused upon exploration or exploitation (Hurst et al, 1989; McGrath, 2001; Hellmann, 2007; Ireland and Webb, 2007; Kuratko, 2009; Uotila et al, 2009; Hitt et al, 2011; Sharma and Salvato, 2011; Peltola, 2012; Chang and Wang, 2013; Wright and Hitt, 2017). The outputs of strategic entrepreneurship may affect or benefit individuals, groups, organisations and wider society, and create value for stockholders, customers and other stakeholders (Wright and Hitt, 2017). However, a strategic approach to CE is difficult to cultivate, positive outcomes are not guaranteed and likely to be impermanent unless the CE strategy is regularly renewed (Zahra et al, 1999; Kemelgor, 2002; Kuratko 2009; Kelley, 2011; Peltola, 2012). Organisational and environmental conditions as well as economic,

organisational and investment cycles may all impact on the ability of organisations to maintain levels of CE (Burgelman, 1983; Miller, 1983; Kuratko et al, 1990; Covin and Slevin, 1991; Zahra and Covin, 1995; Kelley, 2011; Wright and Hitt, 2017). Yet research examining the role of such factors has only recently begun to emerge (Wright and Hitt, 2017).

Whilst top management can instigate a CE strategy by communicating a vision of entrepreneurship, individuals at the middle and lower levels of the organisation play a key role in shaping and delivering this (Burgelman, 1983; Miller, 1983; Hurst et al, 1989; Stevenson and Jarillo, 1990; Covin and Slevin, 1991; Lumpkin and Dess, 1996; Carrier, 1996; Hornsby et al, 2002; Damanpour and Schneider, 2006; Ireland et al, 2009; Kuratko, 2009; Perdomo-Ortiz et al, 2009). Indeed, as identified in section 1.1, it is the HR, those individuals employed within organisations, rather than organisations as economic units that undertake CE, and who can either support or suppress such activities through their perceptions, cognitions and behaviour (Hurst et al, 1989; Stevenson and Jarillo, 1990; Amabile et al, 1996; Carrier, 1996; Damanpour and Schneider, 2006; Dyduch, 2008; Ireland et al, 2009; Perdomo-Ortiz et al, 2009; Kelley, 2011; Montoro-Sánchez and Soriano, 2011; Harms, 2013; Hayton et al, 2013).

### 3.2 The roles organisational agents play in creating the conditions for CE

As identified in section 1.4.1, owner-managers or executives, line or middle managers, HRM specialists, and non-managerial employees all play a role in influencing the employment relationship and HRM architecture within SMEs. These groups have also been identified as having influence over the development of CE and strategic

entrepreneurship (see sections 1.1 and 3.1). The roles of these groups will therefore be explored in more detail in the following sections.

### 3.2.1 Owner-managers

Within smaller organisations, owner-managers are considered to provide the main source of entrepreneurship and they do so informally through their vision or strategy, open communication and the development of relationships based upon trust, which then influences the entrepreneurial activity or behaviour of employees (Miller, 1983; Hurst et al, 1989; Carrier, 1996; Zahra et al, 2009; Castrogiovanni et al, 2011). The extent to which owner-managers seek and are able to encourage entrepreneurial activity or behaviour may be shaped by their motivations, in terms of their desire to address environmental conditions or organisational challenges, and their managerial style, in terms of their ability to delegate and allow employees to make mistakes (Carrier, 1996). More broadly the role of all top-level managers is to develop a pro-entrepreneurial organisational architecture. They may do this both indirectly through their development and communication of an entrepreneurial strategic vision, and directly through their provision of support for innovative ideas in the form of resources, confidence, expertise and protection, and by working with individuals throughout the organisation, including each other, to identify opportunities (Burgelman, 1983; Miller, 1983; Hurst et al, 1989; Stopford and Baden-Fuller, 1994; Damanpour and Schneider, 2006; Ireland et al, 2009; Kuratko, 2009; Castrogiovanni et al, 2011).

The influence of the owner-manager on CE or strategic entrepreneurship is, however, likely to be greater in smaller SMEs. As organisations grow, owner-managers may reach the limit of their ability or become more risk averse, where this occurs it can hinder the

ability of the organisation to adapt to change, implement innovation, and continue to grow (Miller, 1983; Hurst et al, 1989; Zahra et al, 2004; Zahra et al, 2009; Castrogiovanni et al, 2011). Whilst the informal and direct relationships they had with employees are likely to be replaced by formal processes and the delegation of HRM responsibilities to a general manager, line managers or HRM specialists (Kotey and Slade, 2005; Marlow et al, 2010; Van de Woestyne et al, 2010). This transitional period during which the owner-manager has to begin to delegate control to professional managers has been identified as difficult but potentially critical in the continued growth and entrepreneurial capability of the enterprise (Stanworth and Curran, 1976; Casson, 2003; Zahra et al, 2009; Marlow et al, 2010; Van de Woestyne et al, 2010; Bryson and White, 2019).

### 3.2.2 Line managers and HRM specialists

It is difficult to define what a line manager is as the nature of their role is specific to the organisation they operate within (McConville and Holden, 1999), the roles of line managers and HRM specialists are often intertwined (Guest, 1987; Cunningham and Hyman, 1999; McConville and Holden, 1999; Budhwar, 2000; Renwick, 2003; Holt-Larsen and Brewster, 2003; Maxwell and Watson, 2006; Conway and Monks, 2010; Gilbert et al, 2011; Guest and Conway, 2011; Jiang and Messersmith, 2018), and what is considered a line function may change according to the objectives of the organisation (Storey, 1992). Often no definition of the term line manager is provided (Cunningham and Hyman, 1999; Budhwar, 2000; Holt-Larsen and Brewster, 2003; Whittaker and Marchington, 2003; Goodhew et al, 2008). Where a definition is provided it is often vague, for example, Storey (1992) includes all management layers from works managers to first line managers. However, Della-Rocca (1992) suggests that line managers can be distinguished from executives or owners by their lack of entrepreneurial responsibility

and autonomy, and from employees by their role as an intermediary acting on behalf of owners. Whilst McConville and Holden (1999) add that line managers are always accountable for the work of subordinates and this is often implied in much of the literature (Cunningham and Hyman, 1999; Purcell and Hutchison, 2007; Goodhew et al, 2008; Conway and Monks, 2010). Therefore, for the purposes of this research the term line manager will be defined as representing those individuals who hold a position in which they are accountable for the work of subordinates (McConville and Holden, 1999), are responsible for achieving organisational objectives (Storey, 1992; Cunningham and Hyman, 1999; McConville and Holden, 1999; Whittaker and Marchington, 2003; Goodhew et al, 2008), and act as an intermediary for owners or executives (Della-Rocca, 1992; McConville and Holden, 1999; Currie and Procter, 2001). Line managers are distinguished from HRM specialists by the fact that the former only have responsibility for HRM in the part of the organisation for which they are directly responsible (Holt-Larsen and Brewster, 2003).

Since the advent of HRM in the 1980's the debate about the extent to which responsibility for HRM should, or does, lie with line managers or HRM specialists has been ongoing (Guest, 1987; Storey, 1992; Poole and Jenkins, 1997; Ulrich, 1997; Ulrich, 1998; Cunningham and Hyman, 1999; Budhwar, 2000; Renwick, 2000; Renwick, 2003; Holt-Larsen and Brewster, 2003; Whittaker and Marchington, 2003; Maxwell and Watson, 2006; Storey, 2007; Goodhew et al, 2008; Conway and Monks, 2010; Jiang and Messersmith, 2018). The proposed advantages of devolving HRM responsibilities include that it may provide line managers with development opportunities by allowing them greater autonomy and control over employees, whilst giving responsibility for HRM to those most responsible for it (Budhwar, 2000; Renwick, 2000; Renwick, 2003; Holt-Larsen and Brewster, 2003; Whittaker and Marchington, 2003). It may also reduce costs,

produce more transparent and responsive decision-making, improve employee commitment and productivity, reduce employee absenteeism and turnover, and deliver improved organisational performance and change management (Ulrich, 1998; Cunningham and Hyman, 1999; Budhwar, 2000; Maxwell and Watson, 2006; Conway and Monks, 2010).

It has been suggested that the role that line managers play in the development of CE is to both gain the support of senior management and the commitment and trust of their subordinates, to use formal and informal methods to encourage calculated risk-taking and innovation, to acquire and allocate resources, and to interpret and identify entrepreneurial opportunities through experimentation (Burgelman, 1983; Stopford and Baden-Fuller, 1994; Hornsby et al, 2002; Kuratko, 2009; Zahra et al, 2009). However, a range of individual and organisational factors have been identified that may cause managers to limit or even suppress CE including risk aversion born out of careerism, concerns about cost, short-term focused reward systems, the visibility of CE activities to stakeholders, a lack of time or resources, organisational structures or politics, inertia and a lack of teamwork, and the governance or ownership of the organisation (Drucker, 1985; Stopford and Baden-Fuller, 1994; Hornsby et al, 2002; Burns, 2007; Zahra et al, 2009). To ensure that line managers facilitate CE in line with any entrepreneurial strategic vision, it is therefore important that there is a balance between control or accountability and freedom (Burgelman, 1983; Schuler, 1986; Stopford and Baden-Fuller, 1994; Burns, 2007; Zahra et al, 2009). Furthermore, whilst it is implied that line managers have more power than the HRM function within organisations (Torrington and Hall, 1996; Thornhill and Saunders, 1998; Poole and Jenkins, 1997; Cunningham and Hyman, 1999; Ulrich, 1997; Renwick, 2000), they may have minimal upward influence on strategy and limited political power (McConville and Holden, 1999; Purcell and Hutchinson, 2007; Conway

and Monks, 2010). As such, line managers have been described as, “... *piggy in the middle*” by McConville and Holden (1999: 421). Therefore, they may have responsibility for delivering the entrepreneurial strategic vision developed by owner-managers through their implementation of HRM but limited authority over the content of that vision, the HRM architecture that they may deploy to deliver it, and consequently the activity or behaviour of their subordinates.

### 3.2.3 Non-managerial employees

The role of founders, owner-managers, top managers and middle managers is widely discussed within the existing literature, whilst that of front-line or non-managerial employees is often neglected (Engen and Magnusson, 2018) and appears to be limited to the generation, promotion and implementation of ideas, and general support of entrepreneurial activity (Ireland et al, 2009; Verreyne et al, 2011; Holman et al, 2012; Urbach et al, 2012). Engen and Magnusson (2018) identify that employees may engage in two categories of role:

*“...leading roles in entrepreneurial activity as idea creators, developers and implementers... [and]... supporting roles as the problem reporters, advisors and executors.”*

Idea creators give birth to ideas, developers use their knowledge and that of their colleagues to develop ideas into workable solutions, and implementers work with others to put the idea into practice. Whilst problem reporters bring problems in existing operations to the attention of managers, advisors provide advice to help others develop their ideas, and implementers help others put their ideas into practice (Engen and Magnusson, 2018). This identification of employees as playing leading roles in CE lends support to the assumption that enterprising employees will benefit businesses (Caird,

1990) and Hellmann (2007: 919) goes as far as to state that, “*Employees... turn out to be one of the most important sources for entrepreneurship*”. It has even been suggested that compared to higher-level managers who often have more authority over resource allocation, lower-level employees have greater freedom to engage in more radical work on innovations during the preliminary stages of the CE process (Bloodgood et al, 2015).

It is therefore clear from section 1.4.1, this section and those preceding it within this chapter that distinguishing the perceptions and experiences of owner-managers or executives from line managers and non-managerial employees can provide greater insight into both HRM and CE than treating these individuals as being homogenous.

### 3.3 The HRM architecture and CE

In addition to the different groups of actors identified in section 3.2, different elements of the HRM architecture of organisations, such as HRM policy and organisational culture, have been identified as having a significant influence on the activities and behaviours comprising CE (Hayton, 2005; Hayton et al, 2013). In order to fully appreciate this, however, it is first necessary to explore more broadly the theory underpinning HRM and how this relates to entrepreneurship, the relationship between HRM and strategic entrepreneurship, and the role of individual perception in the translation of HRM into individual and organisational performance.

#### 3.3.1 Theoretical perspectives on HRM and CE

As with entrepreneurship, there is no single agreed theory of HRM (Wright and McMahan, 1992; Guest, 1997; Paauwe and Boselie, 2003; Mayrhofer, 2004; Martin-



Alcazar et al, 2008; Boselie, 2009; Boselie et al, 2009; Jiang et al, 2013; Jiang et al, 2018). Whilst Mayrhofer (2004) suggests that the application of theory from other fields enhances the study of HRM, the field of HRM has nonetheless been widely criticised for lacking its own theoretical framework, being non-theoretical, and for borrowing theory from other disciplines (Wright and McMahan, 1992, Delery and Doty, 1996; Mayrhofer, 2004; Wright and Haggerty, 2005; Martin-Alcazar et al, 2008). It has been suggested that one of the reasons why there is no overarching theory of HRM is that it would be difficult for any theoretical approach to HRM to describe all levels of detail of the processes involved (Mayrhofer, 2004; Wright and Haggerty, 2005; Martin-Alcazar et al, 2008). The development of theory in HRM is nonetheless of ongoing concern (Guest, 1997; Boxall and Purcell, 2000; Mayrhofer, 2004; Paauwe and Boselie, 2005; Boselie, 2009; Boselie et al, 2009; Jiang et al, 2013; Jiang and Messersmith, 2018).

Consequently, numerous theoretical frameworks from subjects such as, psychology, economics, sociology and organisational theory have been applied or adapted to the study of HRM and its relationship with various aspects of individual or organisational performance (Wright and McMahan, 1992; Mayrhofer, 2004; Paauwe and Boselie, 2005; Martin-Alcazar et al, 2008; Boselie et al, 2009; Spencer, 2012). A selection of the theoretical frameworks that have been applied to HRM will now be explored and these are summarised in Table 6.

The resource-based view (RBV) stems from strategic management and is linked to workplace learning as it concerns managerial decision making (Boxall and Purcell, 2000; Boxall, 2003; Marchington et al, 2003; Paauwe and Boselie, 2003; Paauwe and Boselie, 2005). It emerged following the work of Penrose (1959) and was further developed by Wernerfelt (1984) and Barney (1991). The RBV suggests that strategy should be

developed based upon an assessment of the internal resources of an organisation, both tangible and intangible, and the organisation's ability to develop and deploy those resources within the economic context in which it operates (Wernerfelt, 1984; Barney, 1991; Wright et al, 1994; Oliver, 1997; Boxall and Purcell, 2000; Marchington et al, 2003; Paauwe and Boselie, 2003; Boselie, 2009; Jiang et al, 2013; Sheehan, 2013; Jiang and Messersmith, 2018). It is assumed that such resources are not distributed equally or available to all organisations (Oliver, 1997; Boxall and Purcell, 2000). Barney (1991) proposed that to be of strategic importance resources must have four characteristics if they are to provide sustained competitive advantage, namely value, rarity, imperfect inimitability, and they should be impossible to substitute. These characteristics create isolating mechanisms that prevent others from acquiring such resources (Oliver, 1997). According to the RBV those organisations which develop and utilise strategic resources in unique combinations develop competitive advantage which allows them to achieve above average performance, where such advantage cannot be replicated it is said to become sustainable (Barney, 1991; Oliver, 1997; Paauwe and Boselie, 2003). Consequently, it is assumed that all organisations, and their agents, are economically motivated to maximise the value of their resources through efficiency and thus aim to achieve market leadership (Oliver, 1997; Paauwe and Boselie, 2003; 2005; Marchington et al, 2003). However, sustainable competitive advantage may be eroded over time through capitalist competition (Barney, 1991; Boxall and Purcell, 2000).

The RBV has been extensively applied to the study of HRM (Boxall, 1998; Boxall and Purcell, 2000; Boxall, 2003; Marchington et al, 2003; Paauwe and Boselie, 2003; Bowen and Ostroff, 2004; Wall and Wood, 2007; Boselie, 2009; Jiang et al, 2013; Sheehan, 2013; Jiang and Messersmith, 2018), Boxall and Purcell (2000: 194) suggest that the RBV approach to HRM is about developing, “‘*unique fit*’ or ‘*exclusive practice*’”, and its use

is supported by empirical data (Marchington et al, 2003). Contrary to best-practice and best-fit, the RBV suggests that HR themselves possess the qualities of a strategic resource and so form a key part of an organisation's competitive advantage (Wright and McMahan, 1992; Wright et al, 1994; Huselid, 1995; Youndt et al, 1996; Marchington et al, 2003; Paauwe and Boselie, 2003; Rutherford et al, 2003; Wall and Woods, 2007). This notion has been referred to as human capital, whilst physical capital refers to technological and other tangible asset related resources and organisational capital refers to organisational structures, processes and relationships (Barney, 1991; Wright et al, 1994; Lepak and Snell, 1999; Wall and Wood, 2007; Jiang et al, 2013; Sheehan, 2013). There is ongoing debate regarding whether HR is of strategic importance and so constitutes human capital (Wright et al 1994; Boxall, 1998; Lepak and Snell, 1999; Paauwe and Boselie 2005), and whether it is the HR alone that represent a strategic resource or whether HRM practices may also be considered as such (Wright et al, 1994; Boxall and Purcell, 1998; Boxall, 2003; Bowen and Ostroff, 2004; Wall and Woods, 2007; Sheehan, 2013). Consequently Boxall (1998: 265) developed the notion of human capital into, "*a theory of HR advantage*", where an organisation's sustainable competitive advantage is derived from a combination of superior human capital and organisational processes (Boxall, 2003; Marchington et al, 2003).

The RBV therefore supports the individual-opportunity nexus view of entrepreneurship by suggesting that both the individual and their environment are important and recognising the importance of the heterogeneity of individuals. The RBV may also provide a framework for understanding why organisations seeking to achieve strategic entrepreneurship adopt different HRM architectures, and why constructions of strategic entrepreneurship may vary between different organisational communities. However, it

cannot explain why organisations with differing entrepreneurial strategies or HR adopt the same HRM architectures.

New institutionalism (Paauwe and Boselie, 2003; 2005; Muratbekova-Touron, 2009) or neo-institutionalism (Scott, 1987; Muratbekova-Touron, 2009) was developed in the late 1970s' and 1980s' by a group of sociologists based in the USA (Paauwe and Boselie, 2003; Boselie, 2009), chief amongst them were Meyer and Rowan (1977) and DiMaggio and Powell (1983). It is based upon the assumption that organisations exist within social systems comprised of shared constructions of reality which provide informal institutional pressures that organisations must conform to in order to acquire the legitimacy necessary to survive (Meyer and Rowan, 1977; Scott, 1987; Wright and McMahan, 1992; DiMaggio and Powell, 1983; Oliver, 1997; Barringer and Milkovich, 1998; Paauwe and Boselie, 2003; Mouratbekova-Touron, 2009). Organisations and individuals are considered to be guided by normative rationality, or even non-rationality, whereby they habitually or unconsciously conform to social and cultural norms or obligations without question, which limits their pursuit of economic goals (DiMaggio and Powell, 1983; Scott, 1987; Wright and McMahan, 1992; Oliver, 1997; Paauwe and Boselie, 2003; Paaauwe and Boselie, 2005; Muratbekova-Touron, 2009). Consequently, new institutionalism suggests that certain structures or practices become embedded in organisations over time

**Table 6: Theoretical frameworks applied to HRM**

<b>Theoretical framework</b>	<b>Basic premise</b>	<b>Key authors</b>
Resource-based View	Organisations are economically motivated and represent unique combinations of resources, some of which may be developed over time and become strategic.	Penrose, 1959; Wernerfelt, 1984; Barney, 1991
New institutionalism	Organisations are embedded in and influenced by the social systems in which they operate, they must therefore conform, in doing so organisations become increasingly homogenous.	Meyer and Rowan, 1977
Agency theory	Principals (e.g. owners or investors) delegate work to agents (e.g. managers or employees) and exert control over agents through contracts in order to align their interests.	Jensen and Meckling, 1976; Fama, 1980
Social exchange theory	A reciprocal relationship is established when organisational agents undertake voluntary, non-contractual activities that are perceived by employees as demonstrating their value.	Gouldner, 1960; Blau, 1964; Eisenberger et al, 1990;
Behavioural perspective	Employee behaviour mediates internal or external contextual factors and organisational performance. HRM will improve performance when aligned with such factors.	Miles and Snow, 1984; Schuler and Jackson, 1987;
High performance	Certain HRM practices will improve performance when applied to any organisation and all employees, regardless of context, and serve the best interests of employers and employees.	Huselid, 1995; Delery and Doty, 1996; Pfeffer, 1998
Stakeholder theory	Organisations are systems of actors linked by relationships based upon mutual interest who compete for the value created by the organisation in return for their contribution to it.	Donaldson and Preston, 1995; Ferrary, 2009
Resource dependence	Organisations are dependent on actors who control the undertaking of critical tasks and supply of critical resources, through which they derive and exert power over each other.	Pfeffer and Davis-Blake, 1987
Strategic choice theory	Organisational decisions are influenced by managers', or leaders', assessments of environmental context, which are informed by their ideology, values and experience.	Child, 1972; Child, 1997; Lepak et al, 2007
Social context theory	Seeks to explain the social structures and processes that mediate the relationship between HRM systems and organisational performance.	Ferris et al, 1998; Bowen and Ostroff, 2004
Transaction cost economies	Organisations and markets provide two alternative means of conducting transactions, organisational agents are opportunistic and seek to minimise the costs of transactions.	Williamson, 1981; Barringer and Milkovich, 1998

(DiMaggio and Powell, 1983; Scott, 1987; Wright and McMahan, 1992; Oliver, 1997) and that as organisations within a particular population grow and mature actors change them in ways that lead them to become increasingly homogenous (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Wright and McMahan, 1992; Oliver, 1997; Paauwe and Boselie, 2003; 2005; Muratbekova-Touron, 2009).

Building upon Meyer and Rowan (1977), DiMaggio and Powell (1983) refer to this process of organisations developing increasingly similar characteristics as institutional isomorphism where it is driven by organisations' ongoing interactions with a shared external social environment. DiMaggio and Powell (1983) go on to identify that institutional isomorphism may occur through coercive, mimetic and normative isomorphic mechanisms which act at the inter-organisational, organisational and individual level (Scott, 1987; Oliver, 1997; Paauwe and Boselie, 2003; 2005; Muratbekova-Touron, 2009). Coercive isomorphic mechanisms are driven by political pressures and the need for legitimacy which may be exerted on organisations through legislation or regulation; mimetic isomorphic mechanisms arise from the need to respond to uncertainty and may be regarded in an organisation's imitation of competitors' practices or strategies; and normative isomorphic mechanisms stem from individuals' backgrounds and professional identities which may be derived from common educational or work experiences and membership of professional networks (DiMaggio and Powell, 1983; Scott, 1987; Paauwe and Boselie, 2003; 2005; Muratbekova-Touron, 2009). These forces for homogenisation give rise to institutional isolating mechanisms that limit the adoption of new policies or practices which contradict organisational culture or lack social legitimacy (Oliver, 1997). Those organisations that manage these mechanisms effectively may be able to derive competitive advantage (Oliver, 1997; Paauwe and Boselie, 2003).

Increasingly new institutionalism has been recommended or adopted as a means of addressing the limitations of other theoretical frameworks that have been applied to the study of HRM, such as the RBV (Marchington et al, 2003; Paauwe and Boselie, 2003; Boselie, 2009; Boselie et al, 2009; Shipton et al, 2017a). The advantages of applying new institutionalism to the study of HRM are that it provides a means of analysing the internal social processes and external contextual factors that underlie HRM decision-making (Oliver, 1997; Paauwe and Boselie, 2003), and it allows for HRM to be examined in changing contexts (Paauwe and Boselie, 2003). It may also be used to explain the existence of HRM policies and practices that have no obvious strategic, economic or technical purpose, which may be detrimental to performance, and the development of formal and informal HRM practice (Myer and Rowan, 1977; Wright and McMahan, 1992; Oliver, 1997; Paauwe and Boselie, 2003; Paauwe and Boselie, 2005). However, new institutionalism has been criticised for failing to take into account issues of self interest and economic motivation, being overly focused on conformity and ignoring differentiation, not sufficiently reflecting the interdependent nature of relationships between different organisations, ignoring the networks of social relationships and behaviours within and around organisations, and for failing to adequately acknowledge the strategic aims of organisations and their agents (Meyer and Rowan, 1977; Oliver, 1997; Barringer and Milkovich, 1998; Paauwe and Boselie, 2005; Boselie, 2009; Muratbekova-Touron, 2009).

New institutionalism may therefore provide a framework for examining how the external environment of organisations contributes to the development of the shared meaning required for strategic entrepreneurship within an organisation, and why constructions of the meaning of entrepreneurship may vary across the different groups of actors that

comprise the organisational community. It may also help to explain similarities in the constructions of entrepreneurship that exist within different organisations and why different organisations seeking to achieve strategic entrepreneurship may adopt similar HRM architectures. However, Barringer and Milkovich (1998), Paauwe and Boselie (2005), and Muratbekova-Touron (2009) suggest that new institutionalism is best applied in combination with other theoretical frameworks, such as agency theory, in order to provide more complete explanations.

The notion that the interests of owners and those of managers or employees are in partial conflict and so must be aligned was first recognised by Smith (1776) who described the management of joint-stock companies (Jensen and Meckling, 1976; Main et al, 2008). This has subsequently been developed, most notably by Jensen and Meckling (1976), Fama (1980), and Eisenhardt (1989), into what is now widely recognised as agency theory, whereby contracts are used as the mechanism for controlling conflicts of interest between different interlinked actors referred to as principals and agents. Agency costs arise from three sources, bonding or the compensation used to align the interests of agents with those of the principal, monitoring of the behaviour of the agent, and residual loss where the decisions made by agents are not optimal in terms of their benefit to the principal (Jensen and Meckling, 1976; Hoskison et al, 2009). Within the agency theory literature two perspectives have been recognised, positivist agency theory and principal-agent research (Eisenhardt, 1989). The former has focused upon the relationship between owners and managers of large organisations and how conflicts within this context can be managed using different contractual mechanisms. The latter takes a more universal, mathematical approach and seeks to identify which contracts may be most effective in different contexts (Eisenhardt, 1989). Whichever perspective is adopted it is assumed that individuals, principals and agents, are motivated by self-interest and their behaviour



is governed by bounded rationality and risk aversion (Jensen and Meckling, 1976; Fama, 1980; Eisenhardt, 1989; Wright and McMahan, 1992; Barringer and Milkovich, 1998; Muratbekova-Touron, 2009; Caza, 2011; Kulkarni and Ramamoorthy, 2011), though principals and agents are considered to have differing attitudes to risk (Eisenhardt, 1989; Yu and To, 2011). Whereas organisations are characterised by partial conflicts of interest between principals and agents (Fama, 1980; Eisenhardt, 1989; Delery and Doty, 1996; Boxall and Purcell, 2000; Muratbekova-Touron, 2009; Caza, 2011; Kulkarni and Ramamoorthy, 2011), an overriding need for efficiency (Eisenhardt, 1989; Barringer and Milkovich, 1998), and information asymmetry (Eisenhardt, 1989; Barringer and Milkovich, 1998; Muratbekova-Touron, 2009; Yu and To, 2011). The concept of bounded rationality in relation to individual actors has significant implications for the achievement of organisational efficiency. It suggests that whilst human actors intend to act rationally both inherent characteristics and externally imposed factors limit their ability to process complex information and so lead them to identify sub-optimal solutions to problems, thereby preventing the achievement of optimal organisational efficiency (Simon, 1978; Williamson, 1981; Simon, 1991).

Agency theory has been widely identified as being a valuable framework through which to examine HRM adoption as a means of employers and their agents motivating and controlling employee behaviour in respect of contractual mechanisms and monitoring, and the relationships between these actors (Wright and McMahan, 1992; Delery and Doty, 1996; Barringer and Milkovich, 1998; Boxall and Purcell, 2000; Main et al, 2008; Hoskison et al, 2009; Muratbekova-Touron, 2009; Caza, 2011; Yu and To, 2011; Jiang and Messersmith, 2018). Consequently, it has become particularly dominant in the study of executive pay and reward (Barringer and Milkovich, 1998; Main et al, 2008; Hoskison et al, 2009). However, it has been criticised for having several limitations. Kulkarni and

Ramamoorthy (2011) suggest that the assumption that actors, such as managers and employees, are motivated by self-interest is both pessimistic and overly simplistic. Whereas Barringer and Milkovich (1998) suggest that agency theory overemphasises the need for efficiency. More broadly, agency theory has been criticised for not paying sufficient attention to the organisational environment or adequately reflecting its complexity, particularly with regard to the social context within which decisions are made (Barringer and Milkovich, 1998; Mayrhofer, 2004; Main et al, 2008; Muratbekova-Touron, 2009).

Agency theory may therefore be used to explain how HRM policies and practices can be used to influence the entrepreneurial activity of individuals within organisations, however, it cannot explain the influence of other aspects of the HRM architecture associated with the social context such as organisational culture. Consequently, it has been suggested that agency theory should be used in conjunction with other complimentary frameworks in order to provide more comprehensive explanations (Eisenhardt, 1989; Barringer and Milkovich, 1998; Main et al, 2008; Muratbekova-Touron, 2009).

One framework that may compliment agency theory in explaining the relationship between HRM and entrepreneurial activity is social exchange theory (SET). This suggests that where one individual or organisation voluntarily provides something of benefit or performs a service for another, they expect and trust that the recipient will, at some point in the future, repay them in kind (Blau, 1964; Eisenberger et al, 1990; Settoon et al, 1996; Aryee et al, 2002; Cropanzano and Mitchell, 2005; Gould-Williams, 2007; Jiang and Messersmith, 2018). This discretionary behaviour creates a sense of obligation in the recipient to repay the donor which is called the norm of reciprocity and this

obligation persists until repayment has been made, individuals who do not reciprocate may be penalised by other members of their community or team (Gouldner, 1960; Blau, 1964; Eisenberger et al, 1990; Settoon et al, 1996; Uhl-Bien and Maslyn, 2003; Cropanzano and Mitchell, 2005; Gould-Williams, 2007; Gilbert et al, 2011). The norm of reciprocity may be positive or negative (Gouldner, 1960; Uhl-Bien and Maslyn, 2003) and it creates long term relationships based upon cycles of exchange that evolve over time (Cropanzano and Mitchell, 2005).

Within organisations a social exchange relationship is established when the organisation, or one of its agents, communicates to employees that it values their contribution and will look after their individual needs (Eisenberger et al, 1990; Aryee et al, 2002; Cropanzano and Mitchell, 2005; Gould-Williams, 2007; Allen et al, 2013). However, individuals may form multiple exchange relationships with different actors either within or external to the organisation, each of which may differ in nature (Settoon et al, 1996; Cropanzano and Mitchell, 2005). Therefore, such communications have been termed perceived organisational support (POS) when focusing on the broad organisation-employee relationship (Eisenberger et al, 1990; Settoon et al, 1996; Aryee et al, 2002; Eisenberger et al, 2002; Cropanzano and Mitchell, 2005; Kinnie et al, 2005a) and perceived supervisor support (PSS) or leader-member exchange (LMX) when focusing on the individual manager-employee relationship (Aryee et al, 2002, Eisenberger et al, 2002; Cropanzano and Mitchell, 2005).

According to SET, the implementation of HRM provides a means of initiating social exchange relationships and thereby influencing employee attitudes and behaviours, this may occur directly or it may be mediated by factors such as organisational climate, leadership behaviour, and employee characteristics (Eisenberger et al, 1990; Settoon et

al, 1996; Aryee et al, 2002; Uhl-Bien and Maslyn, 2003; Cropanzano and Mitchell, 2005; Kinnie et al, 2005a; Gould-Williams, 2007; Gilbert et al, 2011; Allen et al, 2013). The resultant exchange relationships may be positive whereby employees feel valued and reciprocate by adopting attitudes and behaviours that are beneficial to the organisation or its agent, collectively referred to as organisational citizenship behaviour (OCB), or they may be negative resulting in employees displaying dysfunctional attitudes and behaviours (Eisenberger et al, 1990; Settoon et al, 1996; Aryee et al, 2002; Uhl-Bien and Maslyn, 2003; Cropanzano and Mitchell, 2005; Kinnie et al, 2005a; Gould-Williams, 2007; Allen et al, 2013). Furthermore, exchange relationships may be high quality, exemplified by lower levels of concern for equivalence and immediacy and higher levels of mutual interest and trust, resulting in greater discretionary behaviour and positive attitudes or emotions, or they may be low quality where the converse is true (Uhl-Bien and Maslyn, 2003; Cropanzano and Mitchell, 2005).

SET has therefore been recognised as one of the most influential theoretical frameworks for examining behaviour in the workplace, particularly in relation how employer-employee relationships motivate employees to demonstrate attitudes and behaviours that are beyond contractual obligation, which have been identified as providing organisations with a source of competitive advantage (Eisenberger et al, 1990; Settoon et al, 1996; Aryee et al, 2002; Eisenberger et al, 2002; Cropanzano and Mitchell, 2005; Kinnie et al, 2005a; Jiang and Messersmith, 2018). Given that it has been identified in sections 2.3, 2.4, 3.1 and 3.2 that entrepreneurship and CE involve social interactions between different individuals and groups, SET could also be applied to and inform the study of these phenomena. However, the application of SET to organisations and HRM is not without complication because whilst it assumes relationships are mutual (Blau, 1964; Aryee et al, 2002; Cropanzano and Mitchell, 2005), imbalances of power between managers and

employees restrict the ability of the latter to reciprocate negative attitudes and behaviours (Uhl-Bien and Maslyn, 2003; Gould-Williams, 2007). SET has also been criticised for not being adequately developed or tested, for example regarding the impact of culture, and lacking clarity regarding the conceptualisation of the norm of reciprocity and what is meant by an exchange (Aryee et al, 2002; Cropanzano and Mitchell, 2005). There is ongoing contention over whether social exchange approaches to HRM should consider economic and non-economic exchanges (Eisenberger et al, 1990; Cropanzano and Mitchell, 2005) or only non-economic exchanges (Aryee et al, 2002; Gould-Williams, 2007). However, it is generally acknowledged that SET has more limited explanatory power in relation to the latter and is of little relevance to exchanges that are determined by contractual or legislative obligations (Blau, 1964; Eisenberger, 1990; Aryee et al, 2002; Cropanzano and Mitchell, 2005; Gould-Williams, 2007). The evidence linking HRM practice with different exchange relationships is also contradictory (Gould-Williams, 2007) and relatively sparse regarding the manager-employee relationship (Uhl-Bien and Maslyn, 2003). Finally, as with other theoretical frameworks, there is no universally agreed set of HRM policies or practices that should be examined (Gould-Williams, 2007).

Within the HRM literature, SET has been developed into a construct called the psychological contract for the purpose of examining the implicit exchange relationships that exist within the context of the employment relationship (Rousseau, 1990; Guest, 1998; Robinson and Morrison, 2000; Cullinane and Dundon, 2006; Lee et al, 2011a). However, there is a lack of consensus regarding the fundamental nature of the psychological contract in relation to whether it is concerned with obligations or expectations, and whether it incorporates both the employee and employer perspective or only the former (Rousseau, 1990; Guest, 1998; Robinson and Morrison, 2000; Cullinane

and Dundon, 2006; Lee et al, 2011a). The psychological contract's focus on obligations or expectations also suggests a partial disregard for actual behaviour, which is only considered indirectly and retrospectively in regard to where obligations or expectations have not been met (Guest, 1998; Robinson and Morrison, 2000; Rousseau, 2004; Cullinane and Dundon, 2006).

The behavioural perspective (Wright and McMahan, 1992; Delery and Doty, 1996; Jiang et al, 2013; Jiang and Messersmith, 2018) or best-fit approach to HRM (Boxall and Purcell, 2000; Kinnie et al, 2005a; Boselie, 2009), is based upon the assumptions that different organisational strategies or contexts require specific employee behaviours and, as with agency theory, HRM can be used to elicit such behaviours from employees (Schuler and Jackson, 1987; Wright and McMahan, 1992; Delery and Doty, 1996; Boselie, 2009; Jiang et al, 2013; Jiang and Messersmith, 2018). In this way employee behaviour is seen as the mediator between internal or external contextual factors and firm performance, therefore an organisation's approach to HRM is contingent upon such factors (Miles and Snow, 1984; Schuler and Jackson, 1987; Wright and McMahan, 1992; Delery and Doty, 1996; Youndt et al, 1996; Guest, 1997; Boxall and Purcell, 2000; Sheehan, 2013). Best-fit HRM models most commonly focus on matching HRM systems or practices with either organisational or competitive strategy (Miles and Snow, 1984; Schuler and Jackson, 1987; Delery and Doty, 1996; Youndt et al, 1996; Boxall, 2003), organisational growth or life cycle (Baird and Meshoulam, 1988), or a combination of the two (Lengnick-Hall and Lengnick-Hall, 1988). Such models may be described as taking either a contingency or configurational perspective (Delery and Doty, 1996; Boxall and Purcell, 2000; Sheehan, 2013).

Compared to the best-practice approach to HRM, it has been suggested that best-fit models allow for a more detailed evaluation of specific organisational situations (Youndt et al, 1996). However, best-fit approaches have been criticised for ignoring the role of employees' knowledge, skills and abilities (Wright and McMahan, 1992; Wright et al, 1994). It is also unclear which are the most critical contingencies that should be applied to such models, and there is no universally accepted typology of strategies to which HRM practices should be matched or list of HRM practices that should be applied (Miles and Snow, 1984; Schuler and Jackson, 1987; Fisher, 1989; Boxall and Purcell, 2000). Many best-fit models neglect agency problems and issues of social legitimacy, and oversimplify key variables such as competitive strategy or HRM, in doing so they fail to adequately reflect the dynamic nature of the business environment (Schuler and Jackson, 1987; Fisher, 1989; Wright and McMahan, 1992; Wright et al, 1994; Guest, 1997; Boxall and Purcell, 2000; Boselie, 2009). This lack of sophistication is most severe in contingency models (Boxall and Purcell, 2000; Kinnie et al, 2005a). However, both contingency and configurational models assume that HRM practices will be implemented uniformly and will affect all employees in the same way, yet such assumptions ignore individual employees' perspectives and have been brought into question by several researchers (Kinnie et al, 2005a; Boselie, 2009).

Whilst behavioural or best-fit approaches may help to explain why different organisations may use different HRM architectures to generate entrepreneurial activity or behaviour, they cannot explain why different individuals or groups within an organisational community might react differently to those HRM architectures. Furthermore, their failure to recognise the heterogeneity of individuals suggests that such approaches are not well suited to examining the relationship between HRM and entrepreneurial activity.

Conversely, high-commitment, high-involvement and high-performance work systems, collectively known as the universalist or best-practice approach, are founded on the idea that internally consistent bundles of HRM practices will lead to improved performance amongst all individuals in all organisations (Huselid, 1995; Delery and Doty, 1996; Youndt et al, 1996; Pfeffer, 1998; Boxall and Purcell, 2000; Godard, 2004; Kinnie et al, 2005a; Wall and Wood, 2007; Boselie et al, 2009; Sheehan, 2013; Jiang and Messersmith, 2018). However, there is no universal agreement regarding how best-practice is defined and which HRM practices should be included in such an approach, whilst some evidence suggests best-practice may mean different things to employees (Huselid, 1995; Youndt et al, 1996; Boxall and Purcell, 2000; Godard, 2004; Boselie et al, 2005; Kinnie et al, 2005; Gould-Williams, 2007; Wall and Wood, 2007; Sheehan, 2013; Jiang and Messersmith, 2018). Consequently, the best-practice approach may be used to explain why organisations with different characteristics or in different contexts achieve and sustain strategic entrepreneurship using the same HRM architectures. However, this approach also treats individuals as being homogenous which contradicts the fundamental assumption that the heterogeneity of individuals is necessary for entrepreneurship (Shane, 2004), and it cannot explain why the same HRM policies may have differing effects on entrepreneurial activity or behaviour amongst different individuals or organisations.

Like the best-practice approach, stakeholder theory has been extensively applied within the field of HRM (Boselie et al, 2009; Hermans et al, 2009; Chen et al, 2011; Guest and Conway, 2011; Jiang and Messersmith, 2018). However, the application of this framework is rendered redundant by the adoption of other frameworks such as new institutionalism, agency theory and social exchange theory which also account for such relationships (Jensen and Meckling, 1976; Scott, 1987; Eisenhardt, 1989; Wright and



McMahan, 1992; Donaldson and Preston, 1995; Oliver, 1997; Paauwe and Boselie, 2003; Ferrary, 2009; Hermans et al, 2009).

The application of the remaining theories outlined in Table 6 is also unnecessary where one or more of the RBV, new institutionalism, agency theory and social exchange theory are applied. The RBV provides overlap with the resource dependence perspective with regards to this perspective's concern with the application of critical resources or tasks, whilst new institutionalism, agency theory and social exchange theory account for the role of exchange and power based relationships in decision-making (Wernerfelt, 1984; Barney, 1991; Wright and McMahan, 1992; Barringer and Milkovich, 1998; Paauwe and Boselie, 2003; Ortlieb and Sieben, 2012). The basic premise and mechanisms within strategic choice theory are accounted for in the application of the RBV, new institutionalism, and agency theory (Jensen and Meckling, 1976; Meyer and Rowan, 1977; Fama, 1980; DiMaggio and Powell, 1983; Wernerfelt, 1984; Eisenhardt, 1989; Barney, 1991; Wright and McMahan, 1992; Oliver, 1997; Paauwe and Boselie, 2003; Lepak et al, 2007; Caza, 2011). The premise of social context theory is addressed within both social exchange theory and new institutionalism (Myer and Rowan, 1977; DiMaggio and Powell, 1983; Scott, 1987; Wright and McMahan, 1992; Oliver, 1997; Ferris et al 1998; Aryee et al, 2002; Paauwe and Boselie, 2003; Bowen and Ostroff, 2004; Cropanzano and Mitchell, 2005; Gould-Williams, 2007). Whilst the mechanisms involved in transaction cost economics are also largely accounted for within agency theory (Jensen and Meckling, 1976; Williamson, 1981; Eisenhardt, 1989; Wright and McMahan, 1992; Barringer and Milkovich, 1998; Lepak and Snell, 1999; Jiang and Messersmith, 2018).

In summary, each theoretical framework examined in this section provides a means of examining different aspects regarding the implementation of HRM and the relationship between HRM and the activities or behaviours that comprise CE and contribute to the development of strategic entrepreneurship. Together they reinforce that it is important for studies examining the relationship between HRM and entrepreneurial activity or behaviour within organisations to recognise that this may be influenced by the characteristics of organisations, individuals and the external environment. However, each framework also has limitations that prevent it from providing a complete explanation of any given situation when used in isolation. Therefore, to gain more comprehensive explanations it is necessary to combine two or more such frameworks (Oliver, 1997; Boxall and Purcell, 2000; Marchington et al, 2003; Paauwe and Boselie, 2005; Jiang et al, 2013; Jiang and Messersmith, 2018).

### 3.3.2 HRM and strategic entrepreneurship

The theoretical frameworks identified in section 3.3.1 highlight a differentiation that has been made within the HRM literature between HRM and Strategic Human Resource Management (SHRM). It has been suggested that the former is only concerned with evaluating the function of individual HRM practices, whilst the latter entails the organisation and enactment of HRM practices in an integrated, strategic manner that is aimed at improving organisational performance (Lengnick-Hall and Lengnick-Hall, 1988; Storey, 1992; Wright and McMahan, 1992; Delery and Doty, 1996; Boxall and Purcell, 2000; Budhwar, 2000; Bowen and Ostroff, 2004; Storey, 2007; Jiang et al, 2013; Jiang and Messersmith, 2018). This involves HRM policies and practices being aligned with each other so that there is consistency in their implementation and purpose which is referred to as horizontal integration or internal fit, with organisational strategy so that

HRM policy and practices support the achievement of this which is referred to as vertical integration or external fit (Baird and Meshoulam, 1988; Wright and McMahan, 1992; Legge, 1995; Huselid, 1995; Delery and Doty, 1996; Boxall and Purcell, 2000; Hayton, 2003), and with environmental conditions which is referred to as environmental fit (Dyer, 1984; Lees, 1997; Paauwe and Boselie, 2003). Storey, therefore, defines SHRM as:

*“... a conscious attempt to formulate and implement HR policies that are mutually reinforcing and help to deliver the organization’s wider objectives”* (Storey, 2007: 77).

A HRM strategy is therefore an overarching approach to the design of HRM policies and practices that provides them with synergy, the aim of which is to align such policies and practices with the goals of the organisation, and control employees in order to elicit desired responses or behaviours (Baird and Meshoulam, 1988; Torrington and Hall, 1996; Boxall and Purcell, 2000; Bratton and Gold, 2003; Wright and Nishii, 2007). HRM policies provide guidance relating to the intended aims and implementation of HRM practice (Ferris et al, 1998; Boxall and Purcell, 2000; Bowen and Ostroff, 2004; Purcell and Hutchison, 2007; Wright and Nishii, 2007; Jiang and Messersmith, 2018). HRM policies and practices may be broadly categorised as relating to recruitment and selection, training and development, reward, employee relations, and performance management (Poole and Jenkins, 1997; Bhudwar, 2000; Holt-Larsen and Brewster, 2003; Purcell and Hutchinson, 2007; Department for Business, Innovation and Skills, 2013). The effects that the implementation of HRM policies have on employees may be influenced positively or negatively by the leadership behaviours of the individuals who implement them (Purcell and Hutchinson, 2007; Wright and Nishii, 2007; Gilbert et al, 2011). HRM policy and practice may also influence or be influenced by the nature of the roles and responsibilities of HRM specialists and line managers, organisational structure including job design, and organisational climate or culture (Bacon et al, 1996; Poole and Jenkins,

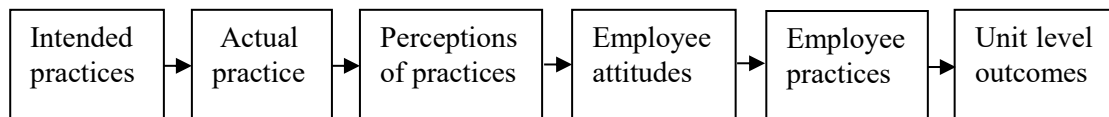
1997; Ferris et al, 1998; Thornhill and Saunders, 1998; Cunningham and Hyman, 1999; Renwick, 2000; Renwick, 2003; Bowen and Ostroff, 2004; Hayton, 2005; Maxwell and Watson, 2006; Gould-Williams, 2007; Purcell and Hutchinson, 2007; Conway and Monks, 2010; Sheehan, 2013; Jiang and Messersmith, 2018).

An organisations' adoption of a particular HRM strategy, or set of HRM policies, may be influenced by its industry sector, incorporation of innovation into organisational strategy, links to customers and suppliers, use of manufacturing technology, links to knowledge institutions, and organisational structure (Jackson et al, 1989; Laursen and Mahnke, 2001). As identified in section 1.1, HRM policies help managers to translate their strategic visions into working plans and thus can produce practices that reinforce those visions (Binyamin and Carmeli, 2010). Given that strategic entrepreneurship is aimed at achieving a shared vision and ongoing commitment to entrepreneurial activity or behaviour (Hurst et al, 1989; Zahra and Covin, 1995; Ireland and Webb, 2007; Ireland et al, 2009; Hitt et al, 2011; Chang and Wang, 2013; Wright and Hitt, 2017), studies seeking to understand how strategic entrepreneurship can be developed and maintained must adopt a strategic view of HRM. This is supported by Oke et al (2012) who found the interaction between the execution of an innovation strategy and a set of innovation-focused HRM practices was positively related to CE in relation to product innovation. However, the literature outlined above suggests that research designs should allow for the influence of all elements of the HRM architecture to be evaluated and not just HRM policy or practice.

### 3.3.3 Translating HRM policy into practice and performance

HRM systems provide a means of employers communicating with employees (Guzzo and Noonan, 1994; Bowen and Ostroff, 2004). However, this occurs not only through the content of the HRM system or policies but also through the process of their implementation (Bowen and Ostroff, 2004; Katou et al, 2014). Legge (1995) emphasised the need to recognise the differences between espoused policy which is devised and communicated by senior management, and operational policy which represents the actual implementation of espoused policy after it has been interpreted and manipulated by line managers or employees. More recently, as shown in Figure 3, Purcell and Hutchinson (2007) and Wright and Nishii (2007) have identified that where multiple actors or agents are involved three types of HRM practice may be identified, intended, actual and perceived.

**Figure 3: The people-management performance causal chain**



(Adapted from Purcell and Hutchinson, 2007: 7)

Intended HRM practices are those represented in policies, actual practices represent the way that policies are implemented, which is then translated into perceived practice by those involved. For the messages sent through HRM systems to have the intended effect they must be both received or understood and yielded to or accepted, which may require individuals to engage in multiple cycles of interpretation (Bowen and Ostroff, 2004). This creates scope for there to be differences between what is intended by those who design HRM systems or practices and what is perceived by the individuals subject to them,

potentially resulting in unanticipated consequences. An employer may intend an HRM practice to be fair, yet employees may perceive it as being unfair (Gould-Williams, 2007; Katou et al, 2014). Equally, two very different systems of HRM practices may be perceived in the same way by employees (Piening et al, 2014). The difference between intended and actual HRM practice has been referred to as the implementation gap, whilst the difference between actual HRM practice and employees' perceptions has been referred to as the interpretation gap (Piening et al, 2014).

The complex relationships between different variables make it very difficult to prove that a direct causal relationship exists between HRM and improved individual or organisational performance (Ferris et al, 1998; Guest et al, 2003; Boselie et al, 2005; Wright et al, 2005; Guest, 2011; Sanders et al, 2014). This is because there is significant scope for uncertainty due to variations in the ways that managers implement HRM practices, the time lag that occurs between the implementation of HRM practices and improvements in performance, and the direction of causality (Youndt et al, 1996; Wall and Wood 2002; Guest et al, 2003; Boselie et al, 2005; Wright et al, 2005; Purcell and Hutchinson. 2007; Yiang and Messersmith, 2018). This area of causal uncertainty between the implementation of intended HRM practices and improvements in performance has been termed the black box and it is populated by a range of mediating mechanisms, including individual attitudes and behaviours, organisational climate and social exchange relationships (Boselie et al, 2005, Purcell and Hutchison, 2007; Messersmith et al, 2011; Jiang et al, 2013; Sheehan, 2013; Sanders et al, 2014; Seeck and Diehl, 2017). However, the people-management performance causal chain demonstrates that one means of accessing this black box is through the experiences, perceptions and responses of those individuals who are subject to HRM policy and practice. Therefore, when considering the relationship between HRM and the activities or behaviours that

comprise CE, it is important to consider non-managerial employees' perceptions and experiences of HRM practice in addition to those of line managers or HRM specialists (Legge, 1995; Bowen and Ostroff, 2004; Kinnie et al, 2005a; Purcell and Hutchinson, 2007; Gould-Williams, 2007; Jiao and Zhao, 2014; Kulkarni, 2016; Shipton et al, 2017a; Jiang and Messersmith, 2018). Furthermore, perceived practice has the most direct effect upon individual attitudes and behaviours and so it is perceived rather than actual practice that is the focus of this study (Alfes et al, 2013). Therefore, the findings of those studies that focus only on intended and actual HRM practice, and that neglect the perceptions of the individuals subject to HRM will inevitably be undermined by the causal uncertainty that is inherent within their design.

#### 3.3.4 The role of employee perception in HRM, CE and strategic entrepreneurship

As outlined in section 3.3.3, understanding employees' perceptions is critical to understanding how a shared entrepreneurial strategic vision can be achieved and translated through HRM policy and practice into entrepreneurial activity or behaviour at an individual or organisational level. Within organisations, perceptions can relate to four broad climates, the first two of these are the psychological climate and organisational climate:

*“Psychological climate is an experiential based perception of what people “see” and report happening to them as they make sense of their environment (Schneider, 1990, 2000). This sensemaking is relative to the goals the organization pursues; how employees are to perform their daily activities; the management practices under which employees work; and the perceptions of the kinds of behaviors that management expects, supports, and rewards (Schneider, Brief, & Guzzo, 1996). Organizational climate is a shared perception of what the organization is like in terms of practices, policies, procedures, routines, and rewards—what is important and what behaviors are expected and rewarded (e.g., James & Jones, 1974; Jones & James, 1979; Schneider, 2000)—and is based on shared perceptions among employees within formal organizational units.” (Bowen and Ostroff, 2004: 205)*

The third is the social climate, defined as:

*“... the collective set of norms, values, and beliefs that express employees’ views of how they interact with one another while carrying out tasks for their firm.” (Collins and Smith, 2006: 547)*

The fourth is the concern for employees climate, which:

*“... represents individual employee’s cognitive appraisals of the extent to which the organizations values and cares about its employees’ well-being... [A] concern for employees climate includes six dimensions: goal emphasis, management support, nonmonetary reward orientation, monetary reward orientation, work group cooperation, and means emphasis.” (Takeuchi et al, 2009: 5)*

These climates may be influenced by HRM, Bowen and Ostroff (2004) and Ostroff and Bowen (2016) refer to HRM systems that promote consistency and shared understanding of expected behaviours as strong. Strong HRM systems are those that exhibit high levels of distinctiveness, consistency and consensus. Distinctiveness is derived from HRM being visible or easy to observe, understandable, legitimate, and relevant to the goals of the organisation. Consistency is derived from instrumentality or clear cause-effect relationships, validity or a close match between what HRM practices purport to and



actually do, and consistent HRM messages. Consensus amongst employees is derived from agreement amongst principal HRM decision-makers and perceptions of the fairness of the HRM system. Empirical evidence has been found to support the link between strong HRM systems and strong climates, those where there are high levels of shared perception (Aksoy and Bayazit, 2014; Piening et al, 2014).

A weak HRM system will possess low levels of one or more of the characteristics identified above. This may lead to variance in individual employees' perceptions and negative reactions such as confusion or disillusionment, or the development of shared perceptions that are not the same as those that were intended, which may be detrimental to the achievement of organisational goals and result in conflict or sub-optimal performance. Within any organisation different organisational climates may exist at different levels or within different parts of the organisation. However, it is not only HRM systems that may influence climate but also other characteristics of the organisational environment such as leadership, structure and social relationships (Bowen and Ostroff, 2004; Ostroff and Bowen, 2016). This further reinforces the idea that strategic entrepreneurship requires a strategic approach to HRM that incorporates not just HRM policy and practice but also the wider HRM architecture. Yet at the same time two paradoxes appear to be created. A strong HRM system may contribute to the development of a shared entrepreneurial strategic vision but simultaneously prevent that vision from being achieved by eliminating the heterogeneity of individuals required for entrepreneurial activity, for example, through the development of groupthink (Ostroff and Bowen, 2016). Whilst a weak HRM architecture may contribute to greater heterogeneity between individuals but in doing so limit the extent to which any entrepreneurial strategic vision is shared by those individuals.

The situation is further complicated as formal and informal elements of HRM (Sanders et al, 2014), the extent to which HRM is internalised by top managers, managers' capability, the attitudes of colleagues (Sumelius et al, 2014), and individuals' expectations based upon historic HRM practice (Piening et al, 2014) may all affect employee perceptions. Whilst individuals' perceptions that others are engaging in the same activity, or the social norms within an organisation, may also influence their behaviour. For example, if individuals perceive that others are engaging in entrepreneurial activity then they will be more likely to choose to engage in such activity themselves (Ostroff and Bowen, 2016).

The extent to which individuals pay attention to the messages sent out by HRM policies and practices may vary, for example, where HRM policy and practice is perceived to be more relevant, intense and valid it is likely to have greater influence (Ehrnrooth and Bjorkman, 2012). Standardised HRM policies or practices may receive less attention (Sumelius et al, 2014). Similarly, everyday HRM practices may receive more superficial attention leading to greater variability in employees' interpretations than those HRM policies or practices present during trigger situations, such as change initiatives (Guzzo and Noonan, 1994). Given that the anticipated or intended aim of any episode of CE is to create some form of change (Guth and Ginsberg, 1990; Sharma and Chrisman, 1999), then it is likely that employees engaged in entrepreneurial activity or behaviour will be more aware of and sensitive to the HRM architecture of the organisation. Furthermore, employees' perceptions of any entrepreneurial activities may differ from those of the managers who have instigated such activities and may influence employees' responses to such activities. For example, employees' perceptions of procedural fairness and outcome fairness may both influence their acceptance of technological innovation (Jiao and Zhao, 2014). Whilst employees may perceive that they are behaving in the interests of the

organisation when managers may perceive them as being resistant to change (Kulkarni, 2016). These issues make it even more important that both managers' and employees' perceptions are accounted for in studies that seek to understand the relationship between HRM and the activities and behaviours that comprise CE and contribute to the development of strategic entrepreneurship.

### 3.4 Characteristics of the HRM architecture that influence CE

As identified in section 1.2, the relationship between HRM and CE may be driven from the top down, where organisational strategy or HRM influences how individuals engage in CE, and from the bottom up, where individuals influence HRM and the collective engagement in CE at an organisational level (Burgelman, 1983; Kuratko et al, 1990; Zahra, 1996; Zahra et al, 1999; Hayton, 2005; Sambrook and Roberts, 2005; Hellmann, 2007; Kuratko, 2009; Shipton et al, 2017a). Consequently, the relationship between the HRM architecture and CE can be measured at a collective organisational level or an individual level. For example, at an organisational level CE may be measured using indicators of innovation, venturing and/or renewal (Zhang et al, 2008; Zhang and Jia, 2010; Chen and Nadkarni, 2017). Innovation may be measured in terms of the extent of the development of new products or services, whether an organisation has an in-house research and development function, or the extent to which new machines or systems are introduced (Lau and Ngo, 2004; Shipton et al, 2006; Walsworth and Verma, 2007; Wei et al, 2011; Arvanitis et al, 2016; Chen and Nadkarni, 2017). Venturing may be measured in terms of the extent or rate of expansion of operations within existing or into new markets and renewal in terms of the extent to which the scope of the business has changed (Zhang et al, 2008). Other organisational level measures include the time senior management allocate to innovative activities (Morris and Jones, 1993), the degree to

which the organisation is proactive (Schmelter et al, 2010; Brettel et al, 2015), and the organisation's tolerance for risk or risk propensity (Hayton, 2003; Schmelter et al, 2010; Brettel et al, 2015). Whereas individual level measures of CE may include individuals' engagement in behaviours including promoting ideas to others (Audenaert et al, 2019), creativity (Binyamin and Carmeli, 2010; Ehrnrooth and Bjorkman, 2012; Do et al, 2018), idea realisation (Bednall et al, 2018), searching out new technologies (Dedahanov et al, 2017), or individuals' emotional responses or attitudes, such as their acceptance of technological innovation (Jiao and Zhao, 2014).

HRM architectures that encourage CE, referred to as a pro-entrepreneurial organisational architecture, incorporate both hardware and software elements, which are shaped by the leadership of the organisation (Ireland et al, 2009; Kuratko, 2009; Elia et al, 2017). Hardware elements such as the organisational structure or procedures guide individuals' behaviour. Whilst software elements such as the organisational culture determine individuals' acceptance or uptake of the activities or behaviours that comprise CE (Ireland et al, 2009; Kuratko, 2009).

Kuratko et al (1993: 30) suggest that the critical elements of intrapreneurial environments include:

*“... the presence of explicit goals; a system of feedback and positive reinforcement; an emphasis on individual responsibility; and rewards based upon results”.*

Whilst the provision of autonomy and time availability have also been identified as elements of an organisational environment that supports the activities or behaviours that comprise CE (Hayton et al, 2013). Whereas obstacles to such activities or behaviours include enforcing standard procedures, managing resources to achieve a return on

investment or efficiency, controlling against a plan, long-term planning, managing functionality, resistance to change, avoiding moves that risk the base business or protecting the base business at all costs, judging new steps based on prior experience, uniform compensation, and the promotion of compatible individuals (Kuratko et al, 1993; Paris et al, 2016). However, there is no consensus regarding the organisational conditions that influence the activities or behaviours that comprise CE and much of the evidence is fragmented or contradictory. For example, some researchers have suggested that individuals need guidelines for entrepreneurship and yet there is evidence to suggest such guidelines are restrictive (Burgelman, 1983; Schuler, 1986; Kuratko et al, 1990; Chandler et al, 2000; Hornsby et al, 2002; Kelley, 2011; Allen et al, 2015; Seeck and Diehl, 2017; Shipton et al, 2017a). These contradictions are partially explained by McGrath (2001) who found evidence that where exploration is desired it is beneficial for managers to allow employees greater autonomy, whereas greater control may be beneficial where exploitation activities are undertaken based upon a large body of existing knowledge.

Those conceptual frameworks and models that explicitly examine the relationship between HRM and CE include elements relating to organisational structure, organisational culture, HRM policy or practice, and/or leadership (Hayton, 2005; Hayton et al, 2013). However, the conceptual framework of Hayton (2005) only considers organisational culture and HRM policy or practice. Both the framework of Hayton (2005) and model of Hayton et al (2013) treat the relationship between the HRM architecture and CE as a linear process where the elements of the HRM architecture are antecedents and CE is the outcome. Yet, as recognised in sections 2.3.2 and 2.4, it has been suggested that CE is more accurately represented as a cyclical system of activities. They also do not link the HRM architecture to the different activities or behaviours identified by Hornsby et al (1993) as comprising the CE process. Furthermore, it is notable that neither

of these frameworks or models recognise the heterogeneity of individuals, identified in section 2.1 and 2.3.1 as being critical to entrepreneurial activity or behaviour and in sections 3.3.3 and 3.3.4 as being a fundamental element of the relationship between HRM and performance. Nor do they recognise the heterogeneity of organisations identified as influencing HRM in section 1.4.1 and CE in section 2.2.2. Instead, they assume that all individuals in all organisations will respond to the HRM architecture in the same way, and yet this assumption has been undermined by Kinnie et al (2005a) who identified that the way different groups of employees react to HRM practices varies. Finally, they both aggregate the findings of a range of pre-existing but discrete studies, neither has been empirically tested.

In order to further examine this relationship between the HRM architecture of organisations and the activities or behaviours that comprise CE it is now necessary to focus on each element of that architecture.

#### 3.4.1 HRM systems/practices and corporate entrepreneurship

HRM practices or systems are widely recognised as having the ability to influence the activities or behaviours that comprise CE (Schuler, 1986; Morris and Jones, 1993; Laursen and Foss, 2003; Hayton, 2003; 2005; Shipton et al, 2005; Beugelsdijk, 2008; Zhang et al, 2008; De Saá-Pérez and Díaz-Díaz, 2010; Zhang and Jia, 2010; Camelo-Ordaz et al, 2011; Castrogiovanni et al, 2011; Cavagnoli, 2011; Laursen and Foss, 2012; Antonioli et al, 2013; Hayton et al, 2013; Zhou et al, 2013; Seeck and Diehl, 2017; Shipton et al, 2017a; Curado, 2018; Haneda and Ito, 2018).

Systems of HRM practices focused upon increasing levels of involvement, commitment, collaboration and performance have all been found to have a positive effect on CE (Zhang et al, 2008; Perdomo-Ortiz et al, 2009; De Saá-Pérez and Díaz-Díaz, 2010; Zhang and Jia, 2010; Camelo-Ordaz et al, 2011; Antonioli et al, 2013; Zhou et al, 2013; Seeck and Diehl, 2017; Shipton et al, 2017a; Curado, 2018), particularly where they are formal and vertically integrated with business strategy (De Saá-Pérez and Díaz-Díaz, 2010; Wei et al, 2011). Michie and Sheehan (1999) identified that systems of ‘high road’ HRM practices that included innovative incentive pay plans were associated with higher levels of investment in research and development, whereas ‘low road’ systems of HRM practices including no performance related pay and minimal employment security were associated with lower levels of investment. Laursen and Foss (2003: 255) identified two HRM systems as being supportive of CE. The first comprised seven practices,

*“... interdisciplinary work groups, quality circles, systems for collection of employee proposals, planned job rotation, delegation of responsibility, integration of functions, and performance-related pay”*

This system was found to be positively associated with CE within organisations in manufacturing sectors. Whilst the second comprised firm-internal and firm-external training and was found to be positively associated with CE in organisations operating in the wholesale trade and ICT intensive service sectors (Laursen and Foss, 2003). Zhang et al (2008) identified a high-performance system of HRM practices that included selective staffing, extensive training, internal mobility, employment security, clear job descriptions, results-oriented appraisal, incentive reward, and participation as being positively but indirectly associated with levels of CE. Whilst De Saá-Pérez and Díaz-Díaz (2010) found that organisations with high commitment HRM systems that incorporated high levels of internal promotion, appraisal for promotion, planned training,

participation, job security and variable reward experienced higher levels of CE in terms of both product and process innovation.

It has been suggested that organisations may need to operate multiple HRM systems in parallel, adopting different practices across different employee groups or departments (Schuler, 1986; Lee et al, 2011b). For example, Fay et al (2015) found that production teams were more innovative where HRM systems were of a higher quality in terms of being strategically guided and resourced, whereas management and administrative teams were more innovative where systems included an HRM practice that allowed time for reflection. However, the resource requirements of operating multiple HRM systems may neutralise their effects on CE (Zhou et al, 2013). More recently, Shipton et al (2017a) have posited that control oriented and entrepreneurial HRM systems have differing effects on entrepreneurial activity. The latter leading to innovation primarily through compilation, where individual attitudes and behaviours create idiosyncratic patterns that influence emergent phenomena.

HRM may have a direct effect on the activities or behaviours that comprise CE (Laursen and Foss, 2003; Jiménez-Jiménez and Sanz-Valle, 2005; De Saá-Pérez and Díaz-Díaz, 2010; Zhou et al, 2013) or an indirect effect via a range of mediating mechanisms, such as organisational culture, affective commitment, knowledge sharing, servant leadership, perceived organisational support, psychological empowerment, network competence, and organisational citizenship behaviour (Ritter and Gemunden, 2003; Lau and Ngo, 2004; Zhang et al, 2008; Zhang and Jia, 2010; Camelo-Ordaz et al, 2011; Ehrnrooth and Bjorkman, 2012; Shipton et al, 2017a; Do et al, 2018). Lopez-Cabrales et al (2009) suggest that systems of collaborative and knowledge-based HRM practices only have an indirect effect on innovation, which occurs through employee knowledge and so those



who design HRM practices must take employee knowledge into account. A particularly complex example of such mediators is provided by Collins and Smith (2006) who found that commitment-based HRM practices such as those focused upon performance appraisals and training based on long-term growth, developing firm-specific knowledge and team building, were positively related to social climates of cooperation, trust and shared language. These social climates in turn were found to positively influence the organisation's ability to exchange and combine knowledge, and this relationship was predicted to positively influence revenue from new products or services. The relationship between systems of HRM practices and CE may also be moderated by certain variables including organisational culture, the effects of which may be influenced by the structure of the organisation (Wei et al, 2011), and the manufacturing strategy of the organisation where a quality manufacturing strategy was found to have the greatest positive effect (Youndt et al, 1996). Whilst Curado (2018) found that a lack of trust and knowledge-sharing and the existence of normative commitment could have a detrimental effect on the extent to which HRM systems support the activities or behaviours comprising CE.

Systems of HRM practices are considered to have a greater effect on CE than individual practices (Schuler, 1986; Appleby and Mavin, 2000; Laursen and Foss, 2003; Jiménez-Jiménez and Sanz-Valle, 2005; Laursen and Foss, 2012; Arvanitis et al, 2016), however, a range of researchers have identified individual HRM practices that may increase levels of CE. These include performance-based pay and incentives, performance appraisals and reward systems that emphasise promotion, practices that encourage higher levels of employee involvement or participation, policies or procedures that encourage open communication and collaboration, practices that foster learning and intrinsic motivation, training that exposes individuals to new or different experiences, flexible working, goal setting, visits to parties outside the organisation, individualistic HRM practices, and

rigorous recruitment and selection processes focused on individuals' expertise and potential (Morris and Jones, 1993; Laursen and Foss, 2003; Shipton et al, 2005; Shipton et al, 2006; Wang and Zang, 2005; Walsworth and Verma, 2007; Beugelsdijk, 2008; Chen and Huang, 2009; Perdomo-Ortiz et al, 2009; De Saá-Pérez and Díaz-Díaz, 2010; Castrogiovanni et al, 2011; Hayton et al, 2013; Santiago, 2013; Arvanitis et al, 2016; Seeck and Diehl, 2017). Whilst HRM practices that encourage teamwork (Perdomo-Ortiz et al, 2009; Santiago 2013), socialisation or social interaction (Morris and Jones, 1993; Lee et al, 2009; Delmas and Pekovic, 2018), autonomy (Beugelsdijk, 2008; Perdomo-Ortiz et al, 2009), innovative and risk-taking behaviours, and a long-term focus (Morris and Jones, 1993) have also been identified as having the potential to support or encourage those activities and behaviours comprising CE.

As with HRM systems, the relationship between individual HRM practices and increased levels of CE may also be direct (Laursen and Foss, 2003; Beugelsdijk, 2008; Chen and Huang, 2009) or indirect (Santiago, 2013). Where it is indirect HRM may influence CE through organisational learning, creativity and knowledge management or exchange (Santiago, 2013; Seeck and Diehl, 2017; Shipton et al, 2017a). Similarly, such relationships may be influenced by moderating factors. For example, Audenaert et al (2019) found that consistent performance management of employees was linked to increased levels of entrepreneurial behaviour and this relationship was moderated by LMX relationships, whereby high-quality relationships characterised by mutual contributions and professional respect increased the strength of the relationship.

As identified in sections 3.3.3 and 3.3.4, the way HRM policies are perceived may influence their effect. For example, Alfes et al (2013) identified that where employees had a more positive perception of HRM policies or practices they experienced higher

levels of engagement and as a result were more likely to engage in behaviours that comprise CE. This relationship between engagement and CE was also moderated by LMX and POS. Dorenbosch et al (2005) found that the extent to which employees perceived that their organisation operated high commitment HRM was positively associated with their engagement in innovative behaviour as a component of CE. Whilst Delmas and Pekovic (2018) found that it was not simply pay that positively influenced employees' engagement in CE but the extent to which employees perceived their pay to be satisfactory.

Not all HRM systems or practices have a positive or consistent effect on CE. Whilst evidence has been found that performance-based pay may positively influence CE, extrinsic motivators such as this have been found to be detrimental to the autonomous motivation needed for individuals to engage in behaviours associated with CE, including creativity (Laursen and Foss, 2012). Policies that create boundaries or overly regulate individual behaviour are also detrimental to levels of CE (Hayton et al, 2013). The use of standby contracts has been found to have a universally negative effect, whilst performance-based pay may have a negative effect when combined with task rotation or flexible working, or when used in international workplaces (Wang and Zang, 2005; Walsworth and Verma, 2007; Beugelsdijk, 2008). Where appraisal is linked to reward this may be detrimental to the development of CE as it may have a negative effect on product innovation (Shipton et al, 2005), yet where contingent reward is applied alongside a focus upon exploratory learning the effects may be positive (Shipton et al, 2006). High-commitment HRM systems, characterised by internal promotion, appraisal for promotion, participation, planned training, performance-based pay, and job security, may increase levels of process innovation but may have no effect on product innovation (De Saá-Pérez and Díaz-Díaz, 2010). Whereas incentive-based compensation may be more likely to

lead to increased levels of technological innovation, and performance appraisal may be more likely to increase levels of administrative innovation (Chen and Huang, 2009). Alternatively, performance-based pay and training may increase levels of incremental innovation and flexible working may increase the potential for radical innovation (Beugelsdijk, 2008). Similarly, rewarding employees for suggesting process improvements has also been found to be positively associated with incremental innovation (Laursen and Foss, 2012). Whilst certain HRM practices may be more effective in encouraging either exploration or exploitation (Santiago, 2013). Therefore, organisations seeking to use HRM practices to influence CE must ensure that they are horizontally aligned with each other as well as being vertically aligned with the strategy of the organisation.

In addition to the content of HRM policy or practice, Binyamin and Carmeli (2010) found that the extent to which HRM is structured could influence CE in terms of employees' engagement in creativity. The extent to which HRM was considered to be structured was measured in terms of the degree of alignment between HRM and organisational strategy, managerial engagement in defining HRM policy and decision-making, the extent to which individuals were recruited and promoted on the basis of the fit between their skills and their role, the clarity of HRM policies and criteria, the dynamism and flexibility of HRM policy, and the internal consistency or alignment of HRM policies. Higher levels of structuring were found to lead to lower levels of uncertainty, higher levels of psychological availability and consequently higher levels of creativity. An organisation's characteristics may also influence the relationship between HRM and CE (Laursen and Foss, 2003; Wang and Zang, 2005; Beugelsdijk, 2008; Castrogiovanni et al, 2011; Crowley and Bourke, 2016; Shipton et al, 2017b; Curado, 2018). Organisations operating in different industry sectors may need to adopt different HRM systems to improve levels

of CE (Laursen and Foss, 2003). For example, Crowley and Bourke (2016) found that HRM bundles relating to performance management, knowledge sharing and involvement in decision-making were positively related to CE in manufacturing and service firms. Whereas bundles relating to flexible employment practices were only positively associated with CE in service firms. The size of an organisation may also be influential. HRM practices such as training, performance-based pay and the use of promotion as reward have been found to be more beneficial to the development of CE within smaller organisations (Wang and Zang, 2005; Beugelsdijk, 2008; Castrogiovanni et al, 2011). Hayton (2003) identified that HRM practices that encouraged knowledge sharing, discretionary behaviour, and organisational learning were also positively linked to levels of CE within SMEs. These effects were enhanced where HRM was focused upon strategic rather than financial goals and for SMEs in high-technology industries. Whereas Curado (2018) noted that it was not just the HRM systems that could lead to the absence or presence of innovation within SMEs, but their application in conjunction with social or cultural characteristics such as trust, knowledge sharing and organisational commitment. Whilst more configurations of these elements were identified that could result in the absence of innovation, those that could lead to the presence of innovation were found to be easier to develop (Curado, 2018).

Clearly there is no consensus as to which HRM system or practices are supportive of CE (Morris and Jones, 1993; Laursen and Foss, 2003; Jiménez-Jiménez and Sanz-Valle, 2005; Wang and Zang, 2005; Walsworth and Verma, 2007; Castrogiovanni et al 2011; Lee et al, 2011b; Hayton et al, 2013; Santiago, 2013; Zhou et al, 2013; Shipton et al, 2017a). The findings relating to which HRM practices influence CE are somewhat contradictory (Jiménez-Jiménez and Sanz-Valle, 2005; Perdomo-Ortiz et al, 2009). For example, Hornsby et al (2002) suggest that rewards should focus upon individual

responsibility, whereas Camelo-Ordaz et al (2011) encourage the use of reward systems that recognise collective and cooperative behaviour. Whilst the effects that HRM systems or practices have on CE have been found to be influenced by the characteristics of an organisation, wider organisational conditions, and individual perception. This suggests that it is impossible to identify one universal set of HRM practices that might enable or inhibit the activities and behaviours comprising CE due to the complex array of variables and relationships involved. Therefore, Laursen and Foss (2012) suggest that more research is needed that provides a more fine-grained examination of how systems of HRM practices interact to influence the activities and behaviours that comprise CE. Furthermore, many of the studies that examine the relationship between HRM and CE adopt only an organisational level of analysis, focus on the relationship between HRM and CE from a top down perspective, and neglect the perspective of employees by collecting data solely from managers or treating employees as being homogenous with other groups, such as managers (see for example: Morris and Jones, 1993; Laursen and Foss, 2003; Jiménez-Jiménez and Sanz-Valle, 2005; Shipton et al, 2005; Zhang et al, 2008; Schmelter et al, 2010; Fay et al, 2015; Arvanitis et al, 2016; Crowley and Bourke, 2016; Haneda and Ito, 2018). Relatively few studies have adopted a multi-level perspective and identified a link between HRM, individual level engagement in the activities and behaviours comprising CE and CE at a collective or organisational level (see for example: Jiang et al, 2012). Consequently, it has been suggested that future studies of HRM, including those concerned with the relationship between HRM and the activities and behaviours comprising CE, should adopt a multi-level approach that incorporates different actors' perspectives and considers both top-down and bottom-up influences whilst also connecting the internal and external characteristics of organisations (Mayrhofer, 2004; Wright and Haggerty, 2005; Boselie et al, 2009; Jiang et al, 2013; Shipton et al, 2017a; Jiang and Messersmith, 2018).

### 3.4.2 Leadership and corporate entrepreneurship

As identified in section 3.3.3, leadership can influence the implementation of HRM policy. There are many different definitions of leadership, Kotter (2001: 26) states that, “*Leadership... is about coping with change*”, whilst Yukl (1989: 253) defines leadership as:

*“...influencing task objectives and strategies, influencing commitment and compliance in task behaviour to achieve these objectives, influencing group maintenance and identification, and influencing the culture of an organization”.*

Leadership is often considered to occur where those who hold more senior positions within organisations attempt to influence or control those in subordinate roles (Makri and Scandura, 2010; Lawal, 2017; Portnova and Peiseniece, 2017; Al-Edenat, 2018; Bednall et al, 2018; Jia et al, 2018). However, leadership is defined or conceptualised it is fundamentally recognised as an important element of the organisational conditions that influence the development of CE (Burgelman, 1983; Miller, 1983; Drucker, 1985; Guth and Ginsberg, 1990; Burns, 2007; Ireland et al, 2009; Kuratko, 2009; Zahra et al, 2009; Castrogiovanni et al, 2011; Hitt et al, 2011; Aurenhammer and Hall, 2013; Hayton et al, 2013; Lawal, 2017; Portnova and Peiseniece, 2017; Al-Edenat, 2018; Bednall et al, 2018; Do et al, 2018; Hughes et al, 2018; Reid et al, 2018) and that may influence the implementation of HRM policy and practice (Purcell and Hutchinson, 2007; Wright and Nishii, 2007; Gilbert et al, 2011; Hayton et al, 2013; Do et al, 2018). Leadership styles that have been associated with influencing levels of CE include transformational, transactional, entrepreneurial, temporal, servant, authentic, inclusive, creative and operational, and relations-oriented leadership, of which transformational leadership

appears to be the most widely identified (Lee and Chang, 2006; Aragón-Correa et al, 2007; García-Morales et al, 2008a; Matzler et al, 2008; Elenkov and Manev, 2009; Eisenbeiss and Boerner, 2010; Chen et al, 2012; Si and Wei, 2012; Chen and Nadkarni, 2017; Al-Edenat, 2018; Bednall et al, 2018; Do et al, 2018; Hughes et al, 2018; Javed et al, 2018; Jia et al, 2018; Newman et al, 2018; Reid et al, 2018).

Transformational leadership involves leaders' using their own charisma or inspiration to motivate their followers to pursue the goals of the organisation rather than their own self-interest (Aragón-Correa et al, 2007; Elenkov and Manev, 2009; Chen et al, 2012; Si and Wei, 2012; Al-Edenat, 2018; Bednall et al, 2018). It has been suggested that such an approach to leadership involves mentoring, coaching, feedback, empathy, empowerment, building trust and respect, providing training, being confident and motivational, creating or setting shared goals, and using non-financial incentives (Lee and Chang, 2006; Chen et al, 2012; Al-Edenat, 2018; Bednall et al, 2018). The adoption of this style of leadership may both directly affect CE (Lee and Chang, 2006; Aragón-Correa et al, 2007; García-Morales et al, 2008b; Jung et al, 2008; Ling et al, 2008; Matzler et al, 2008; Elenkov and Manev, 2009; Gumusluoğlu and Ilsev, 2009; Eisenbeiss and Boerner, 2010; Chen et al, 2012; García-Morales et al, 2012; Al-Edenat, 2018; Shafique and Kalyar, 2018) or indirectly affect it through a range of mediating variables. These mediating variables include empowerment, job satisfaction, knowledge sharing, absorptive capacity, organisational learning and organisational climate (Jung et al, 2003; Aragón-Correa et al, 2007; Gumusluoğlu and Ilsev, 2009; Michaelis et al, 2009; Al-Edenat, 2018; Bednall et al, 2018; Shafique and Kalyar, 2018). However, the roles played by such variables are complex as empowerment may also act as a negative moderator (Jung et al, 2008) and both organisational climate and organisational learning may act as positive moderators (Eisenbeiss et al, 2008; García-Morales et al, 2008b; Jung et al, 2008; Si and Wei, 2012).



A range of other variables have also been identified as positive moderators of the relationship between transformational leadership and CE, including a commitment to change (Michaelis et al, 2009), a competitive or uncertain environment, a formalised and centralised organisational structure (Jung et al, 2008), and organisational based self-esteem and self-presentation propensity (Rank et al, 2009). The majority of researchers identify a linear relationship between levels of transformational leadership and CE (Jung et al, 2003; García-Morales et al, 2008a; 2008b; Jung et al, 2008; Ling et al, 2008; Matzler et al, 2008; Elenkov and Manev, 2009; Michaelis et al, 2009; Chen et al, 2012; Si and Wei, 2012; Vaccaro et al, 2012; Bednall et al, 2018). However, evidence has been found to suggest the presence of a u-shaped relationship whereby moderate levels of transformational leadership have the greatest positive effect (Eisenbeiss and Boerner, 2010).

Transactional leadership involves a different approach, whereby leaders' effectively coerce followers into pursuing the goals of the organisation through the mutual exchange of obligations, and by exerting control through the setting of goals, monitoring of outputs, and supervision (Si and Wei, 2012; Hughes et al, 2018). Consequently, this approach to leadership is more often associated with reducing levels of CE (Rank et al, 2009; Si and Wei, 2012; Hughes et al, 2018; Jia et al, 2018). However, there is evidence that suggests in smaller, less complex organisations transactional leadership may enhance levels of CE (Vaccaro et al, 2012) and that leaders of smaller organisations can promote CE by combining transformational and transactional leadership characteristics (Reid et al, 2018).

Strategic leadership, where leaders monitor the external environment, bring information into the organisation and create an environment in which that information is utilised, is

focused upon delivering organisational evolution through the creation of meaning and purpose. This leadership style has been indirectly linked to enhancing the ability of organisations to simultaneously undertake exploration and exploitation via its effect on organisational culture (Lin and McDonough, 2011). Entrepreneurial leadership is focused upon influencing followers to achieve organisational goals involving the recognition and exploitation of entrepreneurial opportunities by demonstrating entrepreneurial behaviours such as risk taking and persistence. This has been found to have a greater positive effect on CE than participative or transformational leadership (Newman et al, 2018). Similarly, inclusive leadership values and encourages employee participation through the sharing of opinions and ideas, and emphasises responsiveness, recognition, responsibility, and respect. It has been found have an indirect but positive effect on CE that is mediated by LMX (Javid et al, 2018). Inclusive leadership may be measured according to the extent to which leaders are perceived to be open, available and accessible. It has also been found to be positively associated with employees' psychological safety, which in turn may lead to employees' increased engagement in creative behaviour as a component of CE (Carmeli et al, 2010).

Whilst most leadership styles have been studied in isolation, creative leadership and operational leadership have been found to positively influence CE when implemented in combination, yet each has variable effects (Makri and Scandura, 2010; Hughes et al, 2018). Creative leadership is concerned with the development of human and social capital and internal knowledge, whilst operational leadership is concerned with the extension of organisational boundaries (Makri and Scandura, 2010). The former has been found to have a greater effect on the quality and novelty of innovation whilst the latter has a greater effect on the quantity of innovations (Makri and Scandura, 2010). However,

there is a need for further studies that consider the relative influence of different leadership styles and characteristics (Hughes et al, 2018).

A number of individual leadership behaviours and characteristics have also been found to positively influence CE when adopted in isolation without being incorporated into a coherent leadership style, including communication or the extent to which managers communicate with employees (Gilley et al, 2008; Castrogiovanni et al, 2011; Foss et al, 2011), the ability to motivate (Gilley et al, 2008), the provision of freedom or autonomy, use of expert knowledge (Krause, 2004), being supportive of entrepreneurial ideas (Hayton et al, 2013), questioning, experimentation, openness, seeking information, risk-taking, being proactive, having a vision, and displaying positive emotions (Reid et al, 2018) or entrepreneurial passion (Breugst et al, 2012). Michie and Sheehan (1999) found that where managers failed to meet with employees or share financial information with them this was negatively associated with research and development spend, and vice versa. Whilst displays of negative emotions such as frustration have been found to have a negative effect on employees' engagement in entrepreneurship (Reid et al, 2018). However, the effects of leadership characteristics may not always be universally consistent, this may be because it is not just the leadership style or characteristics that affect individuals' engagement in CE but also how these are perceived by followers. Allen et al (2015) found that where employees perceived that there were high levels of managerial control this facilitated CE by encouraging employees to engage in organisational citizenship behaviours and increasing their trust in management in situations where they had more complete knowledge. Whereas the reverse effects were observed where employee knowledge was less complete. This is important because where employee trust in management is low this has been found to result in lower levels of risk taking and so reduced engagement in innovation. Yet Lawal (2017) found no link

between followers' perceived trust in leaders and their engagement in CE. Atwater and Carmeli (2009) found that employees' perceptions of LMX were positively linked to their feelings of energy which in turn was positively linked to their engagement in creative work as a component of CE. LMX has also been widely recognised as having the potential to stimulate CE where leaders provide followers with the resources they need, build their confidence, and allow them high levels of autonomy and discretion (Hughes et al, 2018).

As with HRM, there is a lack of consensus regarding which leadership styles, characteristics or behaviours may lead to increased levels of CE (Lee and Chang, 2006; Aragón-Correa et al, 2007; García-Morales et al, 2008a; Matzler et al, 2008; Elenkov and Manev, 2009; Michaelis et al, 2009; Eisenbeiss and Boerner, 2010; Chen et al, 2012; Si and Wei, 2012; Vaccaro et al, 2012; Hughes et al, 2018). Indeed, the findings of Yan and Yan (2013) who identify that a relations-oriented leadership style, characterised by a concern for people and relationships, may directly and positively influence CE within smaller organisations appears to contradict those of Vaccaro et al (2012). As do the findings of Matzler et al (2008) who found that transformational leadership may lead to increased levels of CE in SMEs. The evidence examined here therefore suggests that, as with HRM practices, it may be impossible to identify leadership styles, characteristics or behaviours that universally enable or inhibit entrepreneurship as their effects may be influenced by interactions between different styles or characteristics, wider organisational conditions or characteristics, and the perceptions of followers.

### 3.4.3 Organisational culture and corporate entrepreneurship

Organisational culture is a social construct that can be broadly conceptualised as the assumptions, beliefs and values that are shared by a group of individuals within an organisation (Bowen and Ostroff, 2004; Gonzalez-Loureiro et al, 2017), and it may be observed through the behaviour of those individuals (Brettel, 2015). Within an organisation different groups, such as owner-managers, line managers, and non-managerial employees, may exhibit different cultures (Gonzalez-Loureiro et al, 2017). Leadership and HRM may both influence organisational culture (Chandler et al, 2000; Hitt et al, 2011; Lin and McDonough, 2011; Aurenhammer and Hall, 2013; Al-Edenat, 2018; Do et al, 2018) and vice versa (Bowen and Ostroff, 2004; Hitt et al, 2011; Chen et al, 2012). However, various types of organisational culture, comprised of sets of characteristics, may also directly or indirectly influence levels of CE (Lau and Ngo, 2004; Naranjo-Valencia et al, 2011; Liao et al, 2012; Wang and Rafiq, 2014).

Levels of CE may be positively and directly influenced by adhocracy cultures that encourage high levels of flexibility and external focus; development cultures which are also externally focused and emphasise change, creativity, and growth; group cultures that focus on flexibility and the development of personal relationships through belonging, participation and trust; and rational cultures that are based upon stability and an external focus (Lau and Ngo, 2004; Naranjo-Valencia et al, 2011; Brettel et al, 2015). Whilst an ambidextrous culture, which incorporates high levels of shared vision and organisational diversity, may not have a direct effect on CE but does have an indirect and positive effect via the mediating role of contextual ambiguity (Wang and Rafiq, 2014). Innovative cultures, characterised by creativity and risk-tolerance, and supportive cultures, characterised by openness and collaboration, have been found to positively influence CE.

Whereas, bureaucratic cultures, characterised by rigid hierarchies and standardised work, and hierarchical cultures, characterised by stability, security, routinization, control and an internal focus, have a negative effect (Naranjo-Valencia et al, 2011; Liao et al, 2012; Brettel et al, 2015; Kang et al, 2016). These effects occur both directly and indirectly via organisational learning which acts as a mediator (Liao et al, 2012). An innovative culture may also act as a substitute for transformational leadership with regards to the development of CE (Chen et al, 2012). However, the extent to which employees perceive that an organisation has an innovation-supportive culture may be negatively affected by the formality of HRM policy and practice (Chandler et al, 2000). Furthermore, it has been suggested that in the absence of effective leadership professional employees may substitute leadership for relationships with their peers as a means of supporting their engagement in CE (Bednall et al, 2018).

Individual characteristics of organisational culture may also contribute to increased levels of CE. These include a tolerance for conflict and risk, participative decision-making (Satsomboon and Pruetipibultham, 2013), a balance between individualism and collectivism (Hayton et al, 2013), being open to change and tolerant of mistakes, nurturing intrinsically motivated employees, encouraging and valuing free communication and new ideas, and empowering employees to generate new ideas (Antonicic, 2001; Auernhammer and Hall, 2014). Ritter and Gemunden (2003) found that the openness of an organisations' culture was positively associated with CE in terms of innovation but this relationship was indirect and so mediated by the organisation's network competence. The extent to which employees share information between different functional departments has also been positively linked to increased levels of CE in terms of innovation (Foss et al, 2011). However, certain cultural characteristics may have differing effects on CE at different levels of analysis or within differing

organisations. For example, Çakar and Ertürk (2010) found that in small enterprises power distance and uncertainty avoidance influence innovation at the individual level, collectivism and uncertainty avoidance influence innovation at the firm level, and empowerment influences innovation at both levels. Whereas for medium-sized enterprises uncertainty avoidance and empowerment influence innovation at both the individual and firm level (Çakar and Ertürk, 2010). Whilst Curado (2018) found that low levels of trust and knowledge sharing, and the existence of normative commitment were associated with the absence of innovation in SMEs. Whereas, Zahra et al (2004) found that organisational cultures that incorporate higher levels of external orientation and decentralisation, moderate levels of individualism, a long-term focus, and the use of strategic controls are more likely to result in higher levels of CE. However, these effects were greater in family-owned firms than non-family firms (Zahra et al, 2004).

Once more, there is clearly no consensus with regards to which type of organisational culture is most strongly associated with increased levels of CE (Chandler et al, 2000; Lau and Ngo, 2004; Naranjo-Valencia et al, 2011; Liao et al, 2012; Wang and Rafiq, 2014), and it appears that one of the limitations of the existing literature which is preventing this is the differing ways in which such cultures are constructed or defined. For example, an innovative culture is defined by Liao et al (2012) as being characterised by creativity and risk, whereas Chandler et al (2000) suggest that an innovative culture is characterised by management and reward system support for innovation, and low levels of workload pressure. Furthermore, the latter example blurs organisational culture with HRM practice and organisational structure leading to a lack of clarity as to the boundaries of these constructs. However, certain individual characteristics of organisational culture, notably creativity, an external focus, a tolerance for risk, and open communication or collaboration, do appear to be more consistently linked to increased levels of CE (Lau

and Ngo, 2004; Naranjo-Valencia et al, 2011; Liao et al, 2012; Satsomboon and Pruetipibultham, 2013; Auernhammer and Hall, 2014). Nonetheless, the relationship between organisational culture and CE is complex. Any examination of this relationship must therefore take wider organisational conditions into account, and consider multiple levels of analysis and the different groups within organisational communities. Finally, it is notable that of all the literature examined in relation to the links between the HRM architecture and CE, only Satsomboon and Pruetipibultham (2013) sought to identify how their participants defined CE rather than imposing a definition upon them. Yet in chapter 2 it was identified that the nature of CE could be affected by contextual factors such as those arising from the external environment or organisational characteristics.

#### 3.4.4 Organisational structure and corporate entrepreneurship

Organisational structure includes the nature of decision making, hierarchy, integration, and job design (Miller, 1983; Schuler, 1986; Lumpkin and Dess, 1996; Damanpour and Gopalakrishnan, 1998; Buegelsdijk, 2008; Daugherty et al, 2011; de Jong et al, 2015; Dedahanov et al, 2017). Elements of organisational structure, such as formalisation and decentralisation, have been found to influence the way in which organisational culture is perceived and the effects it has on CE, as well as the effects that HRM practices have on CE (Chandler et al, 2000; Zahra et al, 2004). However, the organisational structure itself has also been identified as being influential in the development of CE (Miller, 1983; Schuler, 1986; Damanpour and Gopalakrishnan, 1998; Hornsby et al, 2002; Daugherty et al, 2011).

Miller (1983) developed a typology of organisations which suggested that in simple organisations CE may be linked to centralised decision making and control, though such



firms may lack any formalised strategy or procedures. In planning organisations CE may be linked to centralised decision making and control, which is exerted through the use of formalised strategies or procedures. Whilst in organic organisations CE stems from the decentralisation of decision-making and control, and the limited use of formal strategies or procedures. This was partially supported by Carrier (1996) who found that simple organisational structures were conducive to CE in small organisations as they encouraged the exchange of ideas and contact between owner-managers and employees. Yet it has also been found that decentralised decision-making may facilitate CE within younger SMEs operating in heterogeneous environments, close to the technological frontier (Arvanitis et al, 2016). Whereas, Schuler (1986) suggested that levels of CE could be universally enhanced by minimising levels of bureaucracy in terms of tight chains of command and formal rules and procedures, and thereby maximising flexibility. However, Daugherty et al (2011) found evidence that both decentralisation of decision-making and control, and formalisation of procedures and policies may be universally associated with increased levels of CE. Organisational structures that are more integrated, incorporate teamwork, have flatter hierarchies, high levels of cross-functional flexibility or multi-functional teamwork, and create interdivisional teams/cooperation have also been found to have a positive effect on CE (Shipton et al, 2005; Hayton et al, 2013; Arvanitis et al, 2016; Crowley and Bourke, 2016; Dedahanov et al, 2017; Haneda and Ito, 2018).

With regards to job design there is evidence to suggest that higher levels of job control or job autonomy and higher levels of task complexity or problem demand are associated with increased levels of those activities and behaviours that comprise CE (Buegelsdijk, 2008; Foss et al, 2011; Holman et al, 2012; Jiang et al, 2012; Urbach et al, 2012; de Jong et al, 2015). Both relationships may occur directly or be mediated by work-based learning strategies, whereas the effects of job control or job autonomy may be positively

moderated and those of task complexity or problem demand may be negatively moderated by group reflexivity (Urbach et al, 2012; Holman et al, 2012). Higher levels of multifunctionality, or job roles that incorporate broader ranges of activities, are also associated with increased levels creative or innovative behaviour as a component of CE (Dorenbosch et al, 2005; Jiang et al, 2012). Whilst job roles that provide individuals with exposure to aspects of the external environment, such as customers, have been found to positively influence individuals' engagement in CE (Bowen, 2016; Shipton et al, 2017b). However, the simple act of creating job descriptions has been identified as having a negative effect on CE (Hayton et al, 2013) and so more entrepreneurial firms tend to use deliberately broad or vague job descriptions (Hayton, 2003). Furthermore, Michie and Sheehan (1999) found that jobs with narrow responsibilities that did not involve teamwork and that were subject to strict work rules were negatively associated with investment in research and development as an indicator of CE. Whilst high levels of job strain created through a high imposed work pace has also been found to have a negative effect on CE, yet this could be counteracted by employees' perceptions of HRM policy where they experienced high levels of satisfaction with pay (Delmas and Pekovic, 2018).

There is no consensus as to the effects that elements of organisational structure have on CE (Miller, 1983; Schuler, 1986; Damanpour and Gopalakrishnan, 1998; Buegelsdijk, 2008; Daugherty et al, 2011; Holman et al, 2012; Urbach et al, 2012; Dedahanov et al, 2017). The findings of Schuler (1986) and Daugherty et al (2011) directly contradict each other with regards to the effect of formalisation. The two findings of Daugherty et al (2011) even appear to contradict each other as increased levels of formalisation are likely to limit the extent to which decision-making and control could be decentralised. However, one explanation for these contradictory findings may be the effect of contextual factors outside of the scope of these studies as highlighted by Miller (1983) and

Damanpour and Gopalakrishnan (1998). Alternatively, it has been suggested that whilst formal controls may restrict CE when applied in excess, they may be beneficial to CE when used in moderation (Antoncic, 2001), and that opposing sets of structural conditions may facilitate different stages or forms of innovation as a component of CE (Damanpour and Gopalakrishnan, 1998). Therefore, the same organisational structure may have a different effect on CE according to the way in which it is implemented and the organisational or environmental conditions within which it is implemented.

### 3.5 Summary

This chapter identified that where entrepreneurship was incorporated into the strategy of an organisation this was referred to as strategic entrepreneurship and this could be used to guide the collective engagement of individuals in CE (Zahra and Covin, 1995; Ireland and Webb, 2007; Ireland et al, 2009; Kuratko, 2009; Hitt et al, 2011; Kelley, 2011; Peltola, 2012; Chang and Wang, 2013; Wright and Hitt, 2017). Whilst the outputs of strategic entrepreneurship may affect or benefit individuals, groups, organisations and wider society, and create value for stockholders, customers and other stakeholders (Wright and Hitt, 2017), a strategic approach to CE is difficult to cultivate (Zahra et al, 1999; Kemelgor, 2002; Kuratko 2009; Kelley, 2011; Peltola, 2012).

Owner-managers, line managers, HRM specialists and non-managerial employees were all identified as playing important but differing roles in the development of CE and strategic entrepreneurship, in part through their involvement in implementing HRM (Burgelman, 1983; Miller, 1983; Hurst et al, 1989; Stopford and Baden-Fuller, 1994; Carrier, 1996; Damanpour and Schneider, 2006; Hellmann, 2007; Ireland et al, 2009;

Kuratko, 2009; Castrogiovanni et al, 2011; Holman et al, 2012; Urbach et al, 2012; Martiarena, 2013; Bloodgood et al, 2015).

Consequently, the HRM policy and practice was identified as playing an important role in the development of CE and strategic entrepreneurship as it provided a mechanism for employers to communicate with employees (Guzzo and Noonan, 1994; Bowen and Ostroff, 2004). However, employees' perceptions of HRM policy and practice were found to have the potential to affect the extent to which the messages sent by employers to employees were interpreted and acted upon as intended (Legge, 1995; Bowen and Ostroff, 2004; Purcell and Hutchinson, 2007; Piening et al, 2014).

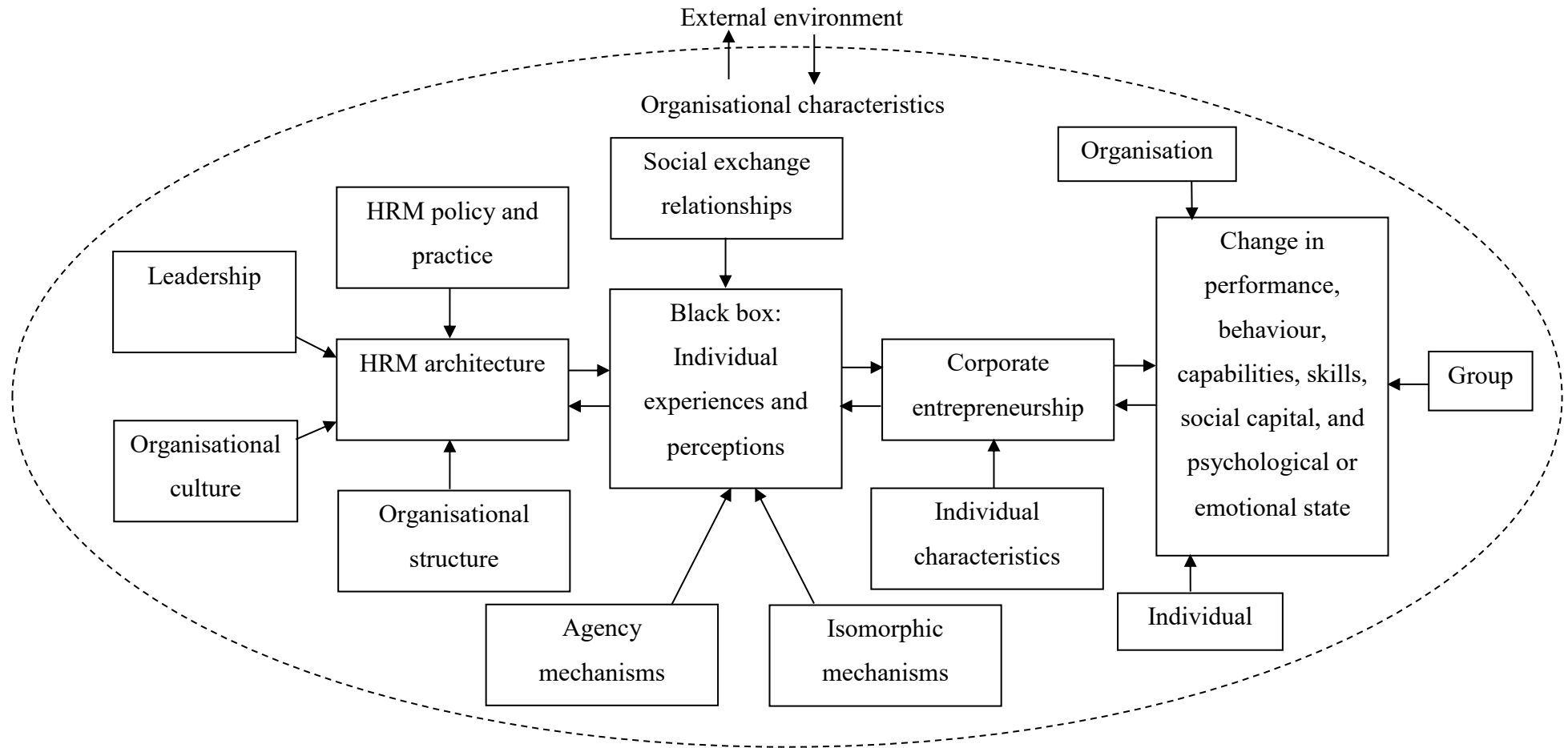
It was identified that in addition to HRM policy and practice, wider elements of the HRM architecture such as leadership, organisational culture, and organisational structure could influence the activities and behaviours that comprise CE (Burgelman, 1983; Miller, 1983; Drucker, 1985; Schuler, 1986; Guth and Ginsberg, 1990; Morris and Jones, 1993; Hayton, 2003; 2005; Shipton et al, 2005; Shipton et al, 2006; Beugelsdijk, 2008; Ireland et al, 2009; Castrogiovanni et al, 2011; Hitt et al, 2011; Hayton et al, 2013; Wang and Rafiq, 2014; Arvanitis et al, 2016; Crowley and Bourke, 2016; Dedahanov et al, 2017; Seeck and Diehl, 2017; Shipton et al, 2017a; Bednall et al, 2018; Curado, 2018; Do et al, 2018; Haneda and Ito, 2018; Hughes et al, 2018). This relationship could be viewed from a top down or bottom up perspective and measured at a collective organisational level or an individual level (Burgelman, 1983; Kuratko et al, 1990; Zahra, 1996; Zahra et al, 1999; Lau and Ngo, 2004; Hayton, 2005; Sambrook and Roberts, 2005; Hellmann, 2007; Kuratko, 2009; Binyamin and Carmeli, 2010; Shipton et al, 2017a). Whilst a substantial amount of research was identified that sought to explain how the HRM architecture within organisations could influence the nature and extent of CE, a number of assumptions and

approaches were dominant within the existing literature. These included the pre-determination of a definition of entrepreneurship by the researcher (see for example: Miller, 1983; Morris and Jones, 1993; Goosen et al, 2002; Zahra et al, 2004; Kaya, 2006; Ling et al, 2008; Zhang et al, 2008; Zhang and Jia, 2010; Castrogiovanni et al, 2011) and the adoption of an organisational level of analysis, top down perspective, that often neglected the views of employees and assumed that all individuals would implement, perceive and react to the HRM architecture of the organisation in a homogenous manner (see for example: Morris and Jones, 1993; Appleby and Mavin, 2000; Laursen and Foss, 2003; Zahra et al, 2004; Jiménez-Jiménez and Sanz-Valle, 2005; Walsworth and Verma, 2007; Beugelsdijk, 2008; Chen and Huang, 2009; De Saá-Pérez and Díaz-Díaz, 2010; Zhang and Jia, 2010; Camelo-Ordaz et al, 2011; Daugherty et al, 2011; Wei et al, 2011; Holman et al, 2012; Zhou et al, 2013; Wang and Rafiq, 2014). The majority of studies focused upon the content of HRM rather than the process of its implementation (Bowen and Ostroff, 2004). Furthermore, none of the studies identified here tried to examine the influence of all elements of the HRM architecture, though it was identified that there was a lack of clarity and consistency with regards to how studies defined constructs such as HRM policy and practice, leadership, organisational culture and organisational structure. For example, some studies included elements of HRM policy and practice within organisational culture or elements of organisational structure within HRM policy and practice (see for example: Zahra et al, 2004; Jiang et al, 2012). These approaches limit our understanding of the relationship between HRM and CE by failing to take into account the complex relationships that exist between all elements of the HRM architecture and neglecting the contextual and individual factors that have been identified as playing an important role in HRM and CE (see for example: Bowen and Ostroff, 2004; Shane, 2004; Kinnie et al, 2005a; Hayton, 2005; Hayton et al, 2013; Shipton et al, 2017a). Ultimately, no consensus was found as to the relative influence of the different elements

of the HRM architecture or which characteristics of these enabled or inhibited engagement in CE. Furthermore, no study was identified that differentiated how owner-managers, line managers and non-managerial employees perceptions of all elements of the HRM architecture influence the extent to which they engage in the activities or behaviours that comprise CE within SMEs, or that considered how such individuals construct the meaning of CE.

This chapter has provided further support for the research objectives and questions presented in section 1.3 and in doing so it has enabled the development of a conceptual framework of the relationship between HRM and CE (Figure 4). The following chapter will outline how the research design of this study will enable the research objectives and questions to be addressed.

**Figure 4: Conceptual framework of the relationship between HRM and corporate entrepreneurship**



## **CHAPTER FOUR: RESEARCH DESIGN**

### **4.0 Introduction**

In the previous chapters a review of the existing literature has outlined the three phenomena that form the basis of this study, the SME, HRM, and entrepreneurship, whilst several research objectives and questions were identified in section 1.3. To address these, it is necessary to outline the philosophical assumptions in terms of ontology, the nature of reality, and epistemology, the relationship between researcher and researched and the conceptualisation of knowledge, upon which this study is based (Johnson and Duberley, 2000; Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). This is fundamental to the research process within social science because the adoption of a particular “*philosophical lens*” (Alvarez et al, 2014: 228) has implications for research design in terms of the researchers’ choice of methodology and methods of data collection and analysis (Johnson and Duberley, 2000; Denzin and Lincoln, 2005; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013; Alvarez et al, 2014). This chapter seeks to explain the philosophical assumptions upon which this study is based, demonstrate how these assumptions have influenced the methodologies and methods adopted to conduct this research, and provide a consideration of the associated ethical issues.

### **4.1 Research philosophy**

There has been ongoing debate across the natural and social sciences about what constitutes “*acceptable knowledge*” (Bryman and Bell, 2011: 15) and how this is obtained, as a result a range of philosophical paradigms and perspectives have been



identified that may be used to guide research (Johnson and Duberley, 2000; Guba and Lincoln, 2005; Saunders et al, 2009; Benton and Craib, 2011; Howell, 2013; Lau and Morgan, 2014; Power and Gendron, 2015). These paradigms and perspectives are based on ontological and epistemological assumptions and may be considered to fall on a continuum (Johnson and Duberley, 2000; Denzin and Lincoln, 2005; Saunders et al, 2009; Benton and Craib, 2011; Howell, 2013; Lau and Morgan, 2014). The aim of this section is not to critique such paradigms or perspectives but rather to explore the range of positions that may be adopted and provide a rationale as to why a particular philosophical position has been adopted.

#### 4.1.1 Ontology and epistemology

Research in social science and management has been criticised for failing to adequately address the philosophical assumptions upon which it is based (Johnson and Duberley, 2000), one explanation for this may be the complexity created by the differing meanings that authors attach to philosophical terms (Alvarez et al, 2014). For example, positivism is referred to as a paradigm by Denzin and Lincoln (2005), an epistemology by Easterby-Smith et al (2002) and a model by Silverman (2013). Whilst similar meanings are attributed to an objective ontology by Bryman and Bell (2011) as are attributed to a realist ontology by Johnson and Duberley (2000). The extent to which various epistemologies or paradigms are mutually exclusive and discrete remains the topic of ongoing contention, as does their association with certain methodologies or methods (Johnson and Duberley, 2000; Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Lektorskii, 2010; Andrews, 2012; Howell, 2013; Lau and Morgan, 2014). Consequently, the author recognises that justifications could be provided for the adoption of numerous philosophical positions within this study and so arguably no one approach may be

considered more correct than another (Johnson and Duberley, 2000). Nonetheless, such positions may provide an understanding of how the author has made the collected data intelligible and as Johnson and Dublerley (2000: 9) state, “... *there is no philosophical space available*”. Therefore, this section and section 4.1.2 seek to outline the range of ontological and epistemological positions available and justify that upon which the author has based the undertaking of this study. The aim being to illuminate both the casual reader and those who seek to evaluate or replicate this study, in the hope that it may be deemed to be credible, dependable, and confirmable (Bryman and Bell, 2011).

An objective, traditional realism, naive realism or positivist ontology suggests that an external, independent social reality exists that may influence individuals and be observed directly and understood completely (Easterby-Smith et al, 2002; Guba and Lincoln, 2005; Bryman and Bell, 2011; Howell, 2013; Lau and Morgan, 2014; Power and Gendron, 2015). A critical realist ontology moves a step closer to idealism and suggests that whilst an external social reality exists that is influential but independent of social interaction or human consciousness, the limitations of human intellect restrict the extent to which this may be understood and so observations of it are probabilistic and imperfect (Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Bryman and Bell, 2011; Howell, 2013; Alvarez et al, 2014). Whereas, a relativist, nominalist or constructionist/constructivist ontology suggests that multiple realities exist which are either locally constructed or co-constructed by social actors and through social interaction (Johnson and Duberley, 2000; Guba and Lincoln, 2005; Bryman and Bell, 2011; Alvarez et al, 2014; Lau and Morgan, 2014; Power and Gendron, 2015).

Descartes proposed a Cartesian dualism whereby the entities comprising nature may be starkly divided between matter and the mind (Johnson and Duberley, 2000). This is the

basis of an objective or dualist epistemology which suggests that it is possible for the researcher as the subject or “*passive knower*” (Johnson and Duberley, 2000: 23) to adopt a neutral, detached position from which to independently observe the external reality that exists around them (Johnson and Duberley, 2000; Denzin and Lincoln, 2005; Bryman and Bell, 2011). This epistemological approach supports a correspondence theory of truth, whereby truth reflects reality and knowledge is reduced to universal facts or laws that are value-free, there is no place for interpretation, meaning or perception (Johnson and Duberley, 2000; Guba and Lincoln, 2005; Howell, 2013). The strict dichotomy within this epistemology may be partially broken down to produce a “*modified dualist/objectivist*” stance in which facts and truth are probable rather than absolute (Guba and Lincoln, 2005: 193).

Beyond such positions a subjective, interpretative, transactional or constructivist/constructionist epistemology opposes any notion of Cartesian or subject-object dualism, instead this epistemology considers that the researcher and researched interact with and influence one another, and so complete neutrality is unobtainable (Johnson and Duberley, 2000; Easterby-Smith, 2002; Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Saunders et al, 2009; Benton and Craib, 2011; Bryman and Bell, 2011; Howell, 2013; Gamage and Wickramasinghe, 2014; Lau and Morgan, 2014; Power and Gendron, 2015). This epistemological position stems from symbolic interactionism suggesting that individuals are engaged in an ongoing process of interpreting reality through their interactions with others. In response to which they modify their behaviour and the meaning they attach to reality (Saunders et al, 2009; Bryman and Bell, 2011; Andrews, 2012; Howell, 2013; Alvarez et al, 2014). Action is therefore the result of active processes of perception or sensemaking and not simply a passive reflex to external stimuli (Johnson and Duberley, 2000; Easterby-Smith et al, 2002; Weick et al, 2005;

Lektorskii, 2010; Weick, 2010). This epistemology supports a consensus or constructivist theory of truth, whereby truth arises out of consensus between groups or within communities, it is relative, connected to social context and reflected in the dominant discourse (Johnson and Duberley, 2000; Howell, 2013; Lau and Morgan, 2014). However, where a relativist ontology and postmodernist stance is adopted alongside such an epistemology, it may be argued that the pursuit of truth is futile as, “... *any account is just one of many possible ways of rendering social reality*” (Bryman and Bell, 2011: 697) and so truth may vary across space and time (Easterby-Smith et al, 2002; Howell, 2013). Nonetheless, in both cases truth is based upon knowledge that is created in the mind, inherently value-laden and derived from individual or collective reconstructions of experience (Johnson and Duberley, 2000; Guba and Lincoln, 2005; Andrews, 2012; Howell, 2013).

Language plays a key role in the understanding of reality, however, this role differs according to the philosophical position that is adopted (Johnson and Duberley, 2000; Easterby-Smith, 2002; Denzin and Lincoln, 2005; Weick et al, 2005; Bryman and Bell, 2011; Howell, 2013; Lau and Morgan, 2014). When an objective position is adopted language is innocent or inert, providing either a direct, mirror-like reflection of reality (Johnson and Duberley, 2000) or at least corresponding with it (Lau and Morgan, 2014). Thus, reality provides a systematic structure for the organisation of language as a representation of knowledge (Johnson and Duberley, 2000; Howell, 2013). Whereas the subjectivist position suggests that language is a dynamic tool for creating knowledge about reality and along with factors such as gender, race, prior beliefs or knowledge, and social class it provides a filter through which any external reality is perceived and constructed (Johnson and Duberley, 2000; Denzin and Lincoln, 2005; Lau and Morgan, 2014). From this perspective language is used to provide meaning to reality but this

meaning is fluid, consequently any knowledge, truth or reality based upon language is open to constant revision and can never be completely understood (Johnson and Duberley, 2000; Bryman and Bell, 2011). This perspective on language and the related shift in research focus towards language is referred to as, “*the linguistic turn*” (Bryman and Bell, 2011: 69). It suggests that scientific investigation may be viewed as a language game in which truth is determined by dominant beliefs and findings are the socially constructed interpretations of the scientist (Johnson and Duberley, 2000; Bryman and Bell, 2011). This latter perspective reflects constructivist/constructionist positions, which have been recognised by Alvarez et al (2014) as being beneficial to the study of entrepreneurship, and so these will now be explored in greater detail.

#### 4.1.2 Constructivism or constructionism?

As implied in the previous section, an element of ambiguity surrounds the terms social constructivism and social constructionism, which are often used interchangeably (Sismondo, 1993; Burningham and Cooper, 1999; Easterby-Smith et al, 2002; Guba and Lincoln, 2005; Lektorskii, 2010; Bryman and Bell, 2011; Andrews, 2012; Howell, 2013; Power and Gendron, 2015). Furthermore, Burr (2003) acknowledges that there is no single definition of social constructionism.

Fundamentally, constructivism and constructionism both consider that reality is connected to human existence and that knowledge is created in the mind rather than discovered by it, therefore they break down the boundaries between ontology and epistemology (Burr, 2003; Andrews, 2012; Howell, 2013). However, Andrews (2012:39) states that:

*“Constructivism proposes that each individual mentally constructs the world of experience through cognitive processes while social constructionism has a social rather than an individual focus.”*

Constructivism therefore largely rejects uniformity or objectivity and embraces relativism. Whereas constructionism may to an extent be compatible with realism as shared meanings or concepts are created through social interaction resulting in social reality having objective as well as subjective elements (Berger and Luckmann, 1966; Sismondo, 1993; Sayer, 1997; Lektorskii, 2010; Benton and Craib, 2011; Andrews, 2012; Howell, 2013). Objective social reality arises through the habitualisation or routinisation of human activity and subsequent creation of institutions, such as the law, that determine what type of activities will be undertaken by what type of actor (Berger and Luckmann, 1966; Sismondo, 1993; Andrews, 2012). Subjective social reality occurs primarily through socialisation, whereby an individual internalises their identity or place within the objective social reality, which is made meaningful to them by significant others, such as their parents (Berger and Luckmann, 1966; Andrews, 2012).

Constructionism has nonetheless been criticised for denying physical reality and treating all truth claims as equally valid (Burningham and Cooper, 1999; Sveinsdottir, 2015). However, with regards to the former, mild or weak constructionists simply treat social and physical/material realities as being different, whereby material objects only become meaningful when they form part of the social reality (Sismondo, 1993; Sayer, 1997; Burningham and Cooper, 1999). With regards to the latter, contextual constructionists:

*“... maintain a distinction between what participants believe or claim about social conditions and what is ‘in fact’ known about the conditions... contextual constructionists are interested in ‘objective conditions’ and in assessing the relative merit of claims about those conditions” (Burningham and Cooper, 1999: 304)*

As such, many constructionists view the construction of reality by individuals as being bounded by social context (Kang et al, 2017) and accept that some truth claims are stronger than others. Consequently, social constructionism addresses both ontological and epistemological considerations by outlining both the nature of reality and how reality may be understood (Berger and Luckmann, 1966; Sismondo, 1993; Howell, 2013).

The objectives and questions presented in section 1.3 are concerned with the experiences of individual participants as members of a wider community that exists within an SME, and are aimed at developing our understanding of SMEs as social institutions. Therefore, recognising the role that social context and social interaction play in creating shared experiences or understandings of reality is fundamental to this research. Furthermore, each of the phenomena of interest, namely SMEs, HRM and entrepreneurship have been recognised as being at least partially socially constructed within the existing literature. Jelinek and Litterer (1995: 140) state that SMEs may be best understood as, “...*cognitions shared among members*”. Espoused or formal HRM policy and intended practices form part of an underlying physical/material reality and objective social reality within SMEs that provide a shared social context, however, their impact upon employee behaviour results from their subjective translation into operational or perceived practice by communities of individuals (Legge, 1995; Bacon et al, 1996; Boxall and Purcell, 2000; Bowen and Ostroff, 2004; Purcell and Hutchinson, 2007; Sheehan, 2013). Whilst the definitions of independent and corporate entrepreneurship proposed by Sharma and Chrisman (1999) and adopted here, implies that the act of entrepreneurship is reliant upon individuals’ subjective interpretation and manipulation of an objective social reality or physical/material reality. This is more explicitly supported by Shane (2004:18) who states that an entrepreneurial opportunity can be defined as,

*“... a situation in which a person can create a new means-ends framework for recombining resources that the entrepreneur believes will result in profit” (Shane, 2004: 18).*

Where entrepreneurship is specifically examined in the context of existing organisations this conceptualisation is supported by Hornsby et al (1993), Schindehutte et al (2000), and Ireland et al (2009).

This research will therefore adopt a philosophical stance that reflects mild/weak, contextual constructionism as outlined above. This social constructionist stance acknowledges the existence of a reality beyond our experience (Sayer, 1997) but accepts that, “... we lack unmediated access to that reality” (Edwards, 2015: 176). The solipsism implied by a constructivist approach is rejected through the recognition of both a physical/material reality and an objective social reality that influence and connect the subjective experiences of the participants in this research (Berger and Luckmann, 1966; Andrews, 2012; Howell, 2013). A realist stance is not necessary as physical/material reality is only relevant to the achievement of the research objectives and questions outlined in section 1.3 where it becomes part of social reality (Edwards, 2015).

This philosophical stance is supported by Gamage and Wickramasinghe (2014) who identified that when studying entrepreneurship it is necessary to consider both objective and subjective elements of reality. With regards to examining the relationship between one or more elements of HRM and CE, it appears that a social constructionist stance has previously been adopted by Castrogiovanni et al (2011) and Satsomboon and Pruetipibultham (2014).

In adopting this social constructionist stance, whilst it is accepted that knowledge is situated, objectivity is not abandoned (Sayer, 1997; Edwards, 2017). It is important to



note that different forms of objectivity have been recognised. Knowledge may be objective where it has value neutrality, where it is useful and applicable to practice but remains provisional, and where it relates to the properties of material things (Edwards, 2015). The perfect achievement of the first of these is considered impossible but it is acknowledged that there is merit in pursuing value neutrality, and this will be addressed both in the remaining paragraphs of this section, and within sections 4.3 and 4.4. The second represents the intended output of this research, it recognises that there are limits to the practical application of the findings of this research, and so their value may diminish with time. The third is of limited concern within this study but supports the social constructionist position that physical/material and social realities differ, and it is reflected in the methods of data collection selected in section 4.2.3 and field procedures outlined in section 4.3.2.

Under this stance, truth claims only exist on a social and/or psychological level and are derived through the identification of consensus, therefore truth is relative (Howell, 2013; Lau and Morgan, 2014). Furthermore, any truth claim made by either participants or the researcher can only be considered provisional (Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Weick et al, 2005; Howell, 2013; Lau and Morgan, 2014). This has led to the constructionist researcher being described as an, “*interpretive bricoleur*” (Denzin and Lincoln (2005: 4). Thus, the researcher reconstructs reality by combining different individual’s perceptions of their experiences, thereby identifying truths that are shared by communities (Johnson and Duberley, 2000; Guba and Lincoln, 2005; Benton and Craib, 2011; Howell, 2013). This requires the researcher to move, “...*between individual subjectivity and collective objectivity*” (Benton and Craib 2011: 77), which has been referred to as, “...*double interpretation*” by Bryman and Bell (2011: 20). Whilst Bryman and Bell (2011) go on to identify a third level of interpretation whereby any such

construction is compared to existing literature or theories. This is how the author views their role within this study and it is reflected in the research design and case study protocol outlined in sections 4.2 and 4.3. The relative validity of truth claims is derived from the consideration of differing perspectives and through the researcher's own reflexivity, which allows non-epistemic influences to be recognised and their influence minimised (Easterby-Smith et al, 2002; Bryman and Bell, 2011; Castrogiovanni et al, 2011; Howell, 2013; Lau and Morgan, 2014). The contribution to knowledge that this research seeks to make is consequently not gained through the direct discovery of definitive facts. Instead, it is derived from an increased understanding of the experiences and sensemaking processes through which individuals construct SME realities, and how these align or contrast across different SME communities (Easterby-Smith et al, 2002; Weick et al, 2005; Andrews, 2012; Howell, 2013; Lau and Morgan, 2014; Power and Gendron, 2015).

#### 4.2 Research design and rationale

When considering research design, it is important to recognise the difference between research methodologies and research methods (Easterby-Smith et al, 2002; Howell, 2013). However, there is some confusion surrounding the former which may be used interchangeably with the terms research strategy (Saunders et al, 2009) or research design (Bryman and Bell, 2011). Here, a research methodology is defined as, “...*a way of thinking about and studying social phenomena*” (Corbin and Strauss, 2008: 1), whilst research methods will be defined as, “*Techniques and procedures for gathering and analysing data*” (Corbin and Strauss 2008: 1). The term research design will be used to describe the collective framework of research methodologies and methods adopted in this research (Bryman and Bell, 2011). The purpose of this section is to provide an explanation of and rationale for the methodologies and methods that comprise the

research design of this study, however, before doing so it is first necessary to consider what factors influence decisions regarding research design.

#### 4.2.1 Factors influencing research design

The extent to which certain research designs should be associated with particular philosophical positions or paradigms may be a matter of debate, however, it is widely recognised that the philosophical position or paradigm adopted by a researcher is likely to influence their choice of methodology and methods (Easterby-Smith, 2002; Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Saunders et al, 2009; Bryman and Bell, 2011; Andrews, 2012; Howell, 2013; Silverman, 2013; Power and Gendron, 2015). It has also been suggested that the nature of the research objectives or questions should guide decision making regarding research design (Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Saunders et al, 2009). The philosophical position and research questions adopted must be considered during the research design process, as they may influence the type of data that is required, and how the means used to collect and analyse that data relate to the criteria used to evaluate the quality of research (Easterby-Smith, 2002; Denzin and Lincoln, 2005; Saunders et al, 2009; Bryman and Bell, 2011; Andrews, 2012; Howell, 2013; Silverman, 2013; Power and Gendron, 2015).

Researchers adopting positivist or post-positivist positions based upon objective or dualist epistemologies which emphasise value-free measurement and observation, and causal relationships are likely to focus primarily upon collecting quantitative data (Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Johnson and Duberley, 2009; Silverman, 2013; Power and Gendron, 2015). Quantitative data is concerned with numbers, facilitates measurement, and is associated with statistical analysis (Saunders et al, 2009;

Bryman and Bell, 2011). The advantages of quantitative research are that it allows for a wide range of situations to be examined quickly and economically providing a breadth of understanding, however, it may be inflexible and could be considered to be artificial (Easterby-Smith et al, 2002; Silverman, 2013; Power and Gendron, 2015).

Researchers adopting interpretative or transactional epistemologies which emphasise the need for value-laden, contextually located observations and interpretations are likely to focus primarily upon collecting qualitative data (Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Bryman and Bell, 2011; Silverman, 2013; Power and Gendron, 2015). Qualitative data is concerned with words or other non-numerical data and may be analysed through categorisation (Saunders et al, 2009; Bryman and Bell, 2011; Miles et al, 2014). The advantages of qualitative research are that it is flexible and accommodates a depth of understanding of the meaning that individuals associate with their experiences, allowing ideas to emerge and theories to evolve (Easterby-Smith et al, 2002; Bryman and Bell, 2011; Silverman, 2013; Miles et al, 2014; Power and Gendron, 2015). Furthermore, as it is grounded in the context from which it is collected it is more natural than quantitative data, as a result it may be best suited to examining a limited number of cases (Easterby-Smith et al, 2002; Silverman, 2013; Power and Gendron, 2015).

Ultimately, however, the relationship between philosophical positions and the type of data collected are not so dichotomous or deterministic and a range of intermediary positions may be assumed (Johnson and Duberley, 2000; Bryman and Bell, 2011; Power and Gendron, 2015), as Silverman (2013: 298) states, “...*there is no reason why qualitative researchers should not, where appropriate, use quantitative measures*”. The research objectives and questions identified in section 1.3 and the constructionist philosophical approach outlined in section 4.1.2 emphasise the importance of

understanding how individuals as members of social groups or communities construct or attach meaning to their experiences. Therefore, this study will focus upon the collection of qualitative data but may draw upon quantitative data where this provides additional insight about the extent to which consensus exists within communities.

There is an ongoing debate regarding the criteria used to assess the quality of research (Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Corbin and Strauss, 2008; Bryman and Bell, 2011; Howell, 2013; Power and Gendron, 2015). The concern that positivist and post-positivist researchers adopting quantitative methods have for obtaining value-free data and eliminating bias has led them to identify a range of criteria that it has been suggested demonstrate the quality, or objectivity, of their research (Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013; Power and Grendron, 2015). These criteria include reliability, validity which is often broken down into internal validity and external validity, and generalisability (Easterby-Smith et al, 2002; Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013; Silverman, 2013; Power and Grendron, 2015). Reliability is concerned with the extent to which research can be replicated and is achieved by the researcher outlining their procedures or research design (Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013). Validity is concerned with the integrity or credibility associated with the findings of the research (Bryman and Bell, 2011; Silverman, 2013). Measurement or construct validity relates to whether a measure is actually measuring what it is intended to, internal validity relates to whether causal relationships can be inferred and is concerned with the extent to which bias is eliminated through the research design, and external validity is similar to generalisability as it is concerned with defining the extent to which findings can be generalised (Easterby-Smith et al, 2002; Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013).

Researchers adopting interpretative or transactional epistemologies and undertaking qualitative methods have challenged the relevance that such criteria have with regards to evaluating their research as they emphasise the validity of the situation, some have even questioned whether it is possible to identify one such set of criteria (Guba and Lincoln, 2005; Corbin and Strauss, 2008; Bryman and Bell, 2011; Howell, 2013; Power and Grendon, 2015). The reason being that researchers adopting such approaches believe, “... *subjectivity is a resource rather than an imperfection*” (Power and Grendon, 2015: 156), and attaining objectivity is not their primary goal, nor may this be considered possible (Easterby-Smith et al, 2002; Bryman and Bell, 2011; Howell, 2013). This has led to the development of a range of alternative criteria for the assessment of qualitative research, which it has been suggested should instead pursue trustworthiness or authenticity (Guba and Lincoln, 2005; Corbin and Strauss, 2008; Bryman and Bell, 2011; Howell, 2013; Power and Grendon, 2015). The former may be based upon criteria including confirmability, credibility, dependability, and transferability, and the latter, catalytic authenticity, educative authenticity, fairness, ontological authenticity, and tactical authenticity (Guba and Lincoln, 2005; Corbin and Strauss, 2008; Bryman and Bell, 2011; Howell, 2013; Power and Grendon, 2015). Other criteria include relevance, fit, applicability, creativity and sensitivity (Corbin and Strauss, 2008; Bryman and Bell, 2011).

The most direct comparison between the quality criteria applied by positivist, quantitative researchers and those applied by interpretivist, qualitative researchers can be made using those criteria associated with trustworthiness. Credibility may be compared with internal validity as it is concerned with the extent to which research findings are believable and represent an accurate account (Bryman and Bell, 2011; Howell, 2013; Power and

Grendon, 2015). Transferrability may be compared to external validity or generalisation as it is concerned with the extent to which findings may be applied to other contexts or settings (Bryman and Bell, 2011; Howell, 2013; Power and Grendon, 2015). Dependability may be equated with reliability as it seeks to assess the potential for replication (Bryman and Bell, 2011; Howell, 2013). These criteria have not had a widespread impact and instead it has been suggested that qualitative researchers should interpret and apply reliability and validity in more meaningful ways (Easterby-Smith et al, 2002; Bryman and Bell, 2011; Howell, 2013). For example, those adopting an interpretivist or transactional epistemology may consider validity as being concerned with the inclusion of a range of perspectives or gaining access to subjects' experiences, reliability as being concerned with transparency regarding research methods and whether other researchers are able to make similar observations, and generalisability being concerned with whether findings from one setting are relevant to another (Easterby-Smith et al, 2002).

Several avenues are suggested through which the quality criteria above may be achieved. For quantitative studies, these methods include the use of statistical analysis and sampling techniques (Easterby-Smith et al, 2002; Bryman and Bell, 2011; Silverman, 2013; Yin, 2014). However, qualitative research requires other means to be employed if it is to avoid accusations of "*anecdotalism*" (Silverman, 2013: 286). These include triangulation, whereby researchers aim to gain an improved understanding of truth or reality by combining multiple yet independent means of data collection (Easterby-Smith, 2002; Howell, 2013; Silverman, 2013). Methodological triangulation involves the use of different methods of data collection, data triangulation involves the consideration of different perspectives, and triangulation by investigators involves multiple individuals in the collection of data from one source (Easterby-Smith et al, 2002; Silverman, 2013).

Beyond triangulation, respondent validation may be used, which involves the refinement of findings based on the reactions of subjects (Bryman and Bell, 2011; Silverman, 2013). Whilst, dependability or reliability may be achieved through the maintenance of records regarding the procedures used to conduct research and the data collected which may be made available for audit by other researchers (Howell, 2013). Finally, generalisability may be enhanced through comprehensive data treatment, which involves the repeated inspection and analysis until findings may be generalised across all data (Silverman, 2013).

Guba and Lincoln (2005: 205) suggest,

*“Validity cannot be dismissed... however, it is not merely the method that promises to deliver on some set of local or context-grounded truths, it is also the processes of interpretation.”*

Therefore, the methodology and methods that this research adopts will now be considered, and this will be followed by an account of the analytical techniques used to interpret the collected data. In providing such a record this research seeks to achieve a high level of reliability or dependability and generalisability (Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013; Yin, 2014).

#### 4.2.2 Methodology

A range of methodologies have been identified and adopted by social scientists, including scientific method or experiment, survey, case study, grounded theory, hermeneutics, ethnography, and action research (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). These are summarised in Table 7.



As identified in the previous section, the selection of research methodologies are informed by the philosophical basis of the study and research questions. The research objectives and questions outlined in section 1.3 clearly indicate that the adopted methodology must allow for qualitative data to be collected relating to individuals' experiences as members of communities that exist within an SME context (Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). Consequently, the achievement of validity represented by gaining access to individuals' experiences and the inclusion of multiple perspectives is an important consideration in the design of this study. The research objectives and questions also imply that this study seeks to identify findings that may be relevant to the management of entrepreneurship and HRM beyond the case organisations under examination. Therefore, generalisability or transferability is also of importance to this research (Easterby-Smith et al, 2002; Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013).

Scientific method has limited potential with regards to this research but could be adopted if experiments were conducted in the field thereby maintaining the connection between data collection and the research setting that would be lost in laboratory experiments (Johnson and Duberley, 2009; Saunders et al, 2009; Bryman and Bell, 2011). However, this has implications for the level of control that could be achieved and some variables, such as the way in which line managers behave towards employees, may be impossible to manipulate in the field (Bryman and Bell, 2011). It is also unlikely that access would be granted to allow such experiments to be undertaken within SMEs due to the risk and practicalities involved. Even if access were granted such experiments may not be feasible due to ethical considerations relating to the potential impact of such experiments on the organisations and individuals concerned (Saunders et al, 2009). If participants were aware they were being observed this may alter their behaviour, which would be

detrimental to the research findings (Johnson and Duberley, 2000). Yet the idea of the researcher being a detached observer is contrary to the constructionist stance adopted (Johnson and Duberley, 2000; Easterby-Smith, 2002; Guba and Lincoln, 2005; Howell, 2013).

A survey methodology would allow for high levels of generalisability or external validity to be achieved allowing the generalisation across SMEs that is necessary to illuminate the objective social reality that is the ultimate focus of this research (Saunders et al, 2009; Bryman and Bell, 2011). However, this would come at the cost of validity as there is a limit to the number of variables that can be incorporated into such a methodology, for positivist researchers this presents a barrier to the establishment of causality (Johnson and Duberley, 2000; Saunders et al, 2009; Bryman and Bell, 2011). This can be observed in existing studies, such as Beugelsdijk (2008) and Zhang and Jia (2010), which fail to consider whether it is the HRM practices that are measured which are causing the changes in levels of entrepreneurship or another factor that is not measured. Whilst the role of the researcher as a detached observer could be addressed to some extent through the methods adopted, the objective of attaining such a position remains a constraint and contradicts the constructionist stance adopted here (Johnson and Duberley, 2000; Easterby-Smith, 2002; Guba and Lincoln, 2005; Howell, 2013).

Ethnography would allow the meanings, interactions and behaviours of those communities under examination within this study to be explained and enable the SME context within which these communities exist to be better understood (Easterby-Smith et al, 2002; Charmaz, 2006; Saunders et al, 2009; Bryman and Bell, 2011). It would also allow for the researcher to interact with the subjects of the research and for multiple perspectives to be considered (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman

and Bell, 2011; Howell, 2013). Consequently, an ethnographic approach would appear to fit with the constructionist stance adopted within this research, and would allow the research objectives and questions outlined in section 1.3 to be addressed. However, an ethnographic approach would require owner-managers to allow the researcher full access to their organisation (Saunders et al, 2009; Bryman and Bell, 2011), and this may be difficult to negotiate due to the sensitive nature of some meetings. Whilst such challenges could be overcome by taking a covert approach, this would present significant ethical problems and the time commitment required may prevent multiple organisations from being examined, thereby restricting the generalisability or transferability of any findings (Foley and Valenzuela, 2005; Charmaz, 2006; Bryman and Bell, 2011; Howell, 2013).

Action research would allow for the collection of rich, qualitative data that would enable the research objectives and questions identified in section 3.5 to be addressed and the potential for high levels of validity to be achieved (Easterby-Smith et al, 2002; Bryman and Bell, 2011; Howell, 2013). However, this would be at the cost of levels of generalisability or transferrability which would be severely limited due to the collaborative nature of this methodology which is focused upon explaining and delivering change within a specific context or situation (Easterby-Smith et al, 2002; Greenwood and Levin, 2005; Anderson, 2009; Saunders et al, 2009; Bryman and Bell, 2011). A significant investment of time would be required to attempt to compensate for this by examining multiple organisations, even so the collaborative nature of this methodology is incompatible with the constructionist stance that this research adopts (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013).

Whilst the methodologies outlined above have their advantages, each presents significant limitations regarding the nature or parameters of this research, therefore, this study will

adopt a case study methodology (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). Case study research may take various forms, may involve collecting quantitative and/or qualitative data, and it may be used to provide description and generate or test theory (Eisenhardt, 1989; Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Silverman, 2013; Yin, 2014). Where a study is concerned with examining one specific case or situation it may be referred to as an idiographic, intrinsic or single case study, where it is concerned with making generalisations across a range, or cross-section, of cases it may be referred to as a nomothetic or multiple case study (Eisenhardt, 1989; Saunders et al, 2009; Bryman and Bell, 2011; Silverman, 2013; Yin, 2014). Levels of generalisability are consequently limited where an idiographic, intrinsic or single case study approach is employed and so this research will adopt a nomothetic or multiple case study approach (Saunders et al, 2009; Bryman and Bell, 2011). Whilst case study methodologies may also adopt a longitudinal time horizon, such an approach requires a significant investment of time which may be prohibitive with regards to the parameters of this study. This approach will therefore not be adopted as it is not explicitly required to address the research objectives or questions (Easterby-Smith et al, 2011; Bryman and Bell, 2011; Yin, 2014).

Yin (2014) further categorises case study research as being holistic or embedded. Holistic case studies consider only one unit of analysis, for example the organisation, in this case employees would be treated as one homogenous group that informs findings that relate only to the organisation. Embedded case studies consider both a primary unit of analysis and one or more sub-units within it (Saunders et al, 2009; Yinn, 2014). Given that this research is concerned with developing an increased understanding of how different groups of organisational agents within SME communities interpret the shared external reality of the SME, the methodology adopted here is therefore considered to be a

nomothetic multiple-embedded case study (Eisenhardt, 1989; Saunders et al, 2009; Bryman and Bell, 2011; Farquhar, 2012; Silverman, 2013; Yin, 2014).

Where case study methodology is ethnographically influenced it allows the interactions and perceptual sensemaking processes of the communities be examined within the context that they occur (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011), the importance of which was identified throughout chapters 2 and 3. This is achieved through the consideration of multiple perspectives and the use of multiple methods, which allows for high levels of validity to be achieved (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011). Therefore, an ethnographically influenced, multiple-embedded case study methodology would appear to be supported by, or at very least be compatible with, the adoption of a social constructionist stance (Eisenhardt, 1989; Denzin and Lincoln, 2005; Bryman and Bell, 2011; Yin, 2014). It also provides a framework for the collection of the qualitative data required to address the research objectives and questions identified in section 1.3 (Bryman and Bell, 2011).

**Table 7: Research methodologies in social science**

<b>Methodology</b>	<b>Basic premise</b>
Scientific method/ Experiment	Used to study causal links between variables by minimising the influence of external variables. Subjects randomly assigned to a control group or an experiment group. Often deductive and quantitative (Johnson and Duberley, 2000; Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011).
Survey	Used to identify correlations or causal relationships between variables through the collection of data from a large sample of a wider population, usually at a particular point in time. Strongly associated with deductive approach and quantitative research (Johnson and Duberley, 2000; Saunders et al, 2009; Bryman and Bell, 2011).
Case study	Used to examine a phenomenon within the context in which it occurs, where the boundaries between the two are unclear. Cases may be examined individually or as sets. May be inductive or deductive in nature and concerned with either quantitative or qualitative data (Saunders et al, 2009; Bryman and Bell, 2011; Silverman, 2013; Yin, 2014).
Ethnography	Based upon the researcher being immersed in the social world that is being studied, and often involves extended periods of observation. Aimed at gaining an understanding of the meanings and significances that people attach to their behaviour (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011). Primarily inductive (Saunders et al, 2009).
Action research	Concerned with diagnosing and resolving practical organisational issues in a specific context that are of concern to individuals within that setting by bringing about change in collaboration with those individuals (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011). Associated with qualitative and quantitative data (Bryman and Bell, 2011).

### 4.2.3 Methods of data collection

A constructionist philosophical stance rejects the notion that a single method may be sufficient to capture the variations inherent in individuals' experiences of reality (Denzin and Lincoln, 2005). Building upon this a case study methodology encourages the use of multiple methods of data collection (Saunders et al, 2009; Bryman and Bell, 2011; Yin, 2014), whilst the research questions identified in section 1.3 and the qualitative interpretation of validity applied in this study require the consideration of multiple perspectives (Easterby-Smith et al, 2002; Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013).

A range of data collection methods have been widely identified and employed within the literature. A selection of these are outlined in Table 8 below, which identifies how the choice of data collection methods may be influenced by wider aspects of research design.

Questionnaires are a relatively quick and cost-effective means of collecting large amounts of data from a large population (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011). Whilst they offer high levels of external validity and so would allow findings to be generalised across a wider population of SMEs, the researcher has limited control over who actually completes the questionnaire, and some groups may be reluctant to do so, which could restrict levels of internal validity (Saunders et al, 2009; Bryman and Bell, 2011). This presents a fundamental flaw with regards to this research as it seeks to understand reality from the perspectives of a range of clearly defined communities and groups, namely owner-managers, line managers and non-managerial employees. This research is therefore dependent upon being able to identify precisely to which of those

**Table 8: Research methods in social sciences**

<b>Research method</b>	<b>Basic premise</b>
Questionnaires	Each participant records their own responses to an identical set of questions administered to all participants (Bryman and Bell, 2011). Often associated with survey methodology but used in experiments and case studies (Saunders et al, 2009).
Structured interviews	Standardised, pre-determined asked of all participants to minimise differences across interviews. Interactions between interviewer and interviewee are minimised. Linked to quantitative research (Saunders et al, 2009; Bryman and Bell, 2011).
Semi-structured interviews	Common themes or questions used, the order and nature of which may vary across each interview. Primarily used to collect qualitative data, aimed at understanding attitudes and meanings of subjects (Saunders et al, 2009; Bryman and Bell, 2011).
Unstructured or informant interviews	Informal and conversational, used to collect qualitative data by exploring a general area in depth guided by a flexible and minimal list of topics or issues (Saunders et al, 2009; Bryman and Bell, 2011).
Focus groups/Group interviews	Multiple participants interact with each other, structures vary but tend to be focus upon a specific topic. Primarily linked to qualitative research aimed at understanding joint construction of meaning (Saunders et al, 2009; Bryman and Bell, 2011).
Participant observation	Involves the researcher being immersed in the social setting of interest. Primarily aimed at collecting qualitative data to understand the behaviour of subjects and meanings they attach to it (Saunders et al, 2009; Bryman and Bell, 2011).
Structured observation	Systematic approach to observing individual behaviour with a predetermined structure (Saunders et al, 2009; Bryman and Bell, 2011). Concerned with categorising behaviour and primarily used to collect quantitative data (Saunders et al, 2009).
Secondary data or documentary evidence	Data that has been collected for some purpose other than the research. Associated with case study and survey research, data may be qualitative or quantitative, unprocessed or compiled (Saunders et al, 2009; Bryman and Bell, 2011).



communities each participant belongs. Furthermore, their use in collecting qualitative data through complex, open questions can be problematic as the researcher cannot clarify what is required of participants and has no opportunity to clarify or further explore their responses, which may also hinder levels of internal validity (Saunders et al, 2009; Bryman and Bell, 2011). The fact that the researcher does not interact with the participant directly is also contrary to the constructionist stance adopted by this study.

Structured or standardised interviews offer a means for the researcher to effectively deliver a questionnaire in person and so offer greater control over participants than questionnaires, whilst benefiting from low levels of interviewer bias due to their formal structure (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). In doing so they provide the researcher with the opportunity to clarify what questions mean and so can be used to ask more complex questions than would be appropriate in a questionnaire (Saunders et al, 2009). Therefore, structured/standardised interviews offer the potential for achieving improved levels of internal validity than questionnaires although maintaining a similar level of external validity or generalisability is likely to be more costly and time consuming (Saunders et al, 2009). The inflexible nature of structured/standardised interviews also prevents the researcher from probing any unexpected or novel elements of participants' responses (Saunders et al, 2009; Bryman and Bell, 2011). Consequently, they do not fully embrace the spirit of a constructionist stance and are best suited to the collection of quantitative data rather than the qualitative data required by this research (Saunders et al, 2009; Bryman and Bell, 2011).

Semi-structured interviews provide the researcher with the flexibility to probe participants' responses by using open questions and varying the order of questions

(Easterby-Smith et al, 2002; Charmaz, 2006; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). They are both better suited to the collection of the rich qualitative data required by this research and offer the potential to achieve higher levels of ecological validity than structured/standardised interviews (Saunders et al, 2009). Whilst the potential for generalisation, and therefore the level of external validity, may be more limited than it is with structured/standardised interviews, the use of common themes or questions allows for comparisons to be made across different communities (Saunders et al, 2009; Bryman and Bell, 2011). This combination of increased levels of interaction between the researcher and participant and the use of common themes corresponds well with the adoption of a constructionist stance. However, this approach is likely to be time consuming and costly, whilst reliability may be affected by the presuppositions or bias of the interviewer or interviewee (Saunders et al, 2009; Bryman and Bell, 2011).

Unstructured, intensive, or in-depth interviews present similar advantages and disadvantages to semi-structured interviews (Saunders et al, 2009; Bryman and Bell, 2011). However, their lack of structure offers the potential to achieve higher levels of internal validity by providing participants with increased freedom to explore and reflect upon their experiences but this comes at the cost of external validity or generalisability, which may be restricted (Easterby-Smith et al, 2002; Charmaz, 2006; Corbin and Strauss, 2008; Anderson, 2009; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). Consequently, unstructured interviews typically correspond with a constructivist stance rather than a constructionist stance, as their lack of structure means they take less account of the community element inherent in the latter. Adopting such an approach to data collection would therefore restrict the extent to which the research objectives and questions outlined in section 1.3 could be addressed.

Focus groups or group interviews may be adapted to reflect the characteristics of structured, semi-structured, or unstructured interviews (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). In addition to this they have the potential to be a more time efficient means of collecting data from large numbers of participants who represent particular groups, and to collect data that reflects the range of views within the group regarding particular issues (Anderson, 2009; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). The involvement of multiple participants also provides the opportunity for groups to identify areas of consensus or shared meaning which may enhance levels of internal validity (Bryman and Bell, 2011). In this respect they correspond well with a constructionist stance and may be well suited to the requirements of this study. However, such benefits may be counteracted by group effects that pose a risk to the credibility of the collected data, whilst the increased challenge of managing multiple participants may limit the researcher's ability to explore issues to the same level of depth as would be achievable in an individual interview (Easterby-Smith et al, 2002; Anderson, 2009; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013).

Participant observation allows the researcher to develop a more nuanced understanding of the meanings and social processes of a community by observing and recording the full range of behaviours and interactions that occur within the context that they occur, thereby providing high levels of ecological validity (Saunders et al, 2009; Howell, 2013). It is a more naturalistic approach than interviewing and so allows for a greater understanding of the role that the context plays in influencing individuals' interpretations of reality (Bryman and Bell, 2011). Various forms of participant observation have been identified, however, it is where the researcher adopts an observer as participant role that most strongly reflects the constructionist stance adopted within this study (Saunders et al, 2009; Bryman and Bell, 2011). Where the researcher adopts a participant as observer role, is

more indicative of a relativist or constructivist stance due to the researcher's collaborative involvement with subjects (Saunders et al, 2009; Bryman and Bell, 2011). Covert observation where the researcher acts as a complete participant may reflect a constructionist stance, however, covert observation presents significant ethical challenges (Saunders et al, 2009; Bryman and Bell, 2011). Furthermore, all forms of observation are limited where applied in isolation as it may not be possible to examine all relevant issues through observation (Bryman and Bell, 2011).

Structured observation is not subject to the same level of risk regarding observer bias as unstructured observation and so has the potential to be less time consuming as it may be delegated allowing for comparison across cases (Easterby-Smith et al, 2002; Anderson, 2009; Saunders et al, 2009; Howell, 2013). Where it is overt, the data validity may still be affected by a reactive effect, where individuals behave differently because they know they are being observed, just as it may with other forms of overt observation (Bryman and Bell, 2011). However, levels of ecological validity are restricted due to the reliance of this approach on the systematic recording of quantitative data that can be categorised, as is the potential for understanding the meaning behind individuals' behaviours (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013). This method of data collection is therefore not well suited to the collection of the qualitative data required by the research objectives and questions outlined in section 1.3.

Secondary data provides a means of contextualising cases and triangulating findings from other methods of data collection, its use may therefore lead to improved levels of internal validity (Saunders et al, 2009; Bryman and Bell, 2011). If it is open to scrutiny by other researchers it may also improve levels of reliability (Bryman and Bell, 2011). HRM policy documents are a form of secondary data and so the use of such data is conducive

to a constructionist stance. However, it may be difficult to negotiate access to secondary data where it is considered sensitive due to concerns over confidentiality and ethics (Saunders et al, 2009; Bryman and Bell, 2011). Secondary data may also be distorted and so it must be considered alongside other data (Saunders et al, 2009; Bryman and Bell, 2011).

Based upon the above consideration of various methods of data collection, it is most appropriate to employ semi-structured interviews and participant observation alongside the collection of secondary data. As stated at the beginning of this section, the use of multiple methods of data collection is supported by a constructionist philosophical stance, case study methodology, and a qualitative interpretation of validity (Eisenhardt, 1989; Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Johnson and Duberley, 2009; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013; Yin, 2014). Furthermore, each of these methods is conducive to the practical parameters placed upon this study regarding time and cost, and will allow for the collection of the qualitative data necessary to fully address the research objectives and questions outlined in section 1.3 (Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Johnson and Duberley, 2009; Saunders et al, 2009; Bryman and Bell, 2011; Howell, 2013; Yin, 2014). This combination of methods used as part of a multiple-embedded case study methodology to conduct research regarding HRM and entrepreneurship within SMEs is supported by Ho et al (2010) and Castrogiovanni et al (2011).

The use of these methods allows this research to achieve high levels of quality and credibility based in part upon methodological and data triangulation (Easterby-Smith, 2002; Howell, 2013; Silverman, 2013). In this way validity will be provided through the use of semi-structured interviews to collect data from different groups within each SME

community. Levels of validity will be further reinforced through the comparison of interview derived data to observations made by the author and secondary data. Observations will also improve the ecological validity of this study by enabling the researcher to consider how closely the interview derived data reflects what occurs within the natural setting of the SME (Bryman and Bell, 2011). Whilst the enhanced levels of generalisability or external validity offered by the adoption of a multiple case study methodology are consolidated by these methods through their provision of qualitative data that can be compared across cases, thereby facilitating the generalisation of findings beyond the SMEs examined (Saunders et al, 2009; Bryman and Bell, 2011). Reliability is enhanced through the use of secondary data which it may be possible for future researchers to access and scrutinise (Bryman and Bell, 2011). However, the reliability of this research is fundamentally based upon the provision of a comprehensive account of the procedures used to undertake it and a thorough record of the data that has been collected (Johnson and Duberley, 2009; Bryman and Bell, 2011; Howell, 2013).

#### 4.3 Case study protocol

When a multiple case study methodology is adopted it is important to provide an audit trail that shows consistency in the way that data has been collected (Farquhar, 2012). A case study protocol outlines the instruments, procedures, and general rules used to conduct research based upon a case study methodology. Case study protocols therefore serve to enhance the reliability of such studies (Yin, 2014).

#### 4.3.1 Selection of cases

Eisenhardt (1989: 537) stated that for case study research, “...*random selection is neither necessary, nor even preferable*”, and that cases should be chosen for theoretical reasons. Yin (2014) recommends that where a multiple case study methodology is deployed, cases should be selected using replication logic. Samples should incorporate near identical cases where literal replication can be observed which can then be compared to cases chosen due to some notable difference, facilitating theoretical replication. All the SME upon which this research is based were selected according to criteria identified within the existing literature as follows:

- The organisation met the employment criteria required to be defined as a SME by the EU (EU, 2015).
- The organisation was independently run by owner-managers, defined as individuals who were both the most senior manager and a majority or minority shareholder of the organisation, as characterised by the qualitative definitions of a Type 1 or Type 2 SME provided by Hauser (2005).
- The organisation had a least one layer of line managers between the owner-manager and non-managerial employees.

The EU definition (EU, 2015) was selected as it has been increasingly adopted by other contemporary researchers and so provides a basis for the comparing the findings of this research with other studies (Kontinen and Ojala, 2011; Mitchell et al, 2011; Georgiadis and Pitelis, 2012; Williams and Snow, 2012; D’Angelo, 2013; Hulbert et al, 2013; Jones et al, 2013; Sheehan, 2013). Only the employment criteria were applied for practical reasons as it was thought that potential participants may be less inclined to provide

financial data at the point of first contact as they may perceive this to be more commercially sensitive. The Type 1 and Type 2 SME definitions of Hauser (2005) were applied because they corresponded with the EU definition of an SME (EU, 2015) with regards to issues of autonomy but provided a clearer and more comprehensive definition consideration of ownership. Whilst the final criterion was applied because it has been widely recognised that as SMEs grow owner-managers are forced to recruit external, professional managers in order to cope with the increasing scale and complexity of the organisation (Stanworth and Curran, 1976; Casson, 2003; Zahra et al, 2009). When this occurs it is likely to lead to a formalisation of business processes and structures resulting in the owner-manager losing direct control of the organisation and having to delegate responsibility to those managers (Stanworth and Curran, 1976; Casson, 2003; Wiklund et al, 2003). This process of professionalisation and delegation has been identified as being critical to the continued growth and entrepreneurial capability of the organisation (Casson, 2003; Zahra et al, 2009). Furthermore, the absence of line managers would limit the extent to which this research could achieve its objectives with regards to representing the communities of organisational agents within SMEs, and giving consideration to the different groups within them as required by the objectives and questions outlined in section 1.3.

This comparative case selection procedure provided the basis for literal replication, the resultant pool of cases was then further subdivided according to replication logic to enable theoretical replication (Eisenhardt, 1989; Miles et al, 2014; Yin, 2014). This was based upon whether the organisation's HRM function could be categorised as formal or informal (Baird and Meshoulam, 1988; Bacon et al, 1996; Chandler et al, 2000; Nguyen and Bryant, 2004; Sheehan, 2013). This criterion was used because the formality of elements of the HRM architecture has been identified as a key contextual characteristic



that may influence the development of strategic entrepreneurship in SMEs and organisations more broadly (Chandler et al, 2000; Jung et al, 2008; De Saá-Pérez and Díaz-Díaz, 2010; Wei et al, 2011). An organisation's HRM function was classified as informal if they met both of the following criteria:

- Primary responsibility for the HRM function and coordination of HRM activities across the whole organisation was retained by the owner-manager or an employee for whom this was not explicitly the primary function of their role in the business.
- The individual who had overall responsibility for the HRM function and coordination of HRM activities across the whole organisation did not possess a qualification in HRM or hold any form of membership of the Chartered Institute of Personnel and Development (CIPD).

An organisation's HRM function was classified as formal if they met both of the following criteria:

- An employee had primary or sole responsibility for the management of the HRM function and coordination of HRM across the whole organisation as a formal part of their role.
- The employee with primary or sole responsibility for the HRM function and coordination of HRM activities across the organisation possessed a qualification in HRM and some form of membership of the CIPD.

The use of these criteria as a means of distinguishing the formal implementation of HRM from informal HRM is supported by Baird and Meshoulam (1988), Bacon et al (1996),

Chandler et al (2000), Nguyen and Bryant (2004) and Sheehan (2013). Their use addresses the necessity to consider the formality of HRM in terms of the processes by which it is delivered. The extent of written HRM documentation is not used as all case organisations claimed to retain copies of the majority of their HRM policies. Furthermore, it would be impossible to ascertain the true extent to which HRM policy is written or unwritten without examining all organisational records and observing the HRM practice of all line managers at all times to ensure they only ever enact intended HRM policy (Purcell and Hutchinson, 2007).

Within each case, owner-managers and line managers were identified in accordance with the definitions provided in the current section and section 3.2.2. Whilst non-managerial employees were defined as those employees who met the definition of HR provided in section 1.1 but did not fit the criteria used to identify the other groups.

#### 4.3.2 Field procedures

Cases were identified through the application of an online questionnaire based upon the criteria outlined in section 4.3.1, which was delivered through the Qualtrics platform (Appendix A). The questionnaire was circulated to organisations through the following channels:

- An article published on the Growth Acceleration and Investment Network (GAIN) website and promoted via the GAIN LinkedIn network.
- Two notices published in the Plymouth and Devon Chamber of Commerce electronic newsletter.
- A notice published in the Plymouth Manufacturers Group newsletter.
- An information sheet (Appendix B) provided in person and/or sent electronically to the owner-manager or HR Manager of organisations identified as potentially meeting the criteria for inclusion in the study outlined in section 4.3.1. Such organisations were identified through Plymouth Business School contact lists, through contact lists generated using the KeyNote business database, and through the researcher's existing personal contacts. Where sent electronically a cover e-mail was provided explaining the nature and purpose of the study and providing a link to the Qualtrics questionnaire (Appendix C).

A total of ten organisations completed the Qualtrics questionnaire and expressed an interest in participating having been contacted through the channels outlined above. One of these made contact when it was no longer feasible to add further cases due to time restrictions and two organisations did not meet the criteria outlined in section 4.3.1. At least one meeting or phone call was then conducted with each of the remaining organisations to further explain the study and negotiate access. Following this process, the representative of one SME stopped responding to contact and the representatives of two others withdrew their interest due to the investment of time required. Therefore, the first four SMEs that met the criteria and were prepared to participate were selected. The representative of the fifth SME was approached initially by e-mail as outlined above, having been identified by the main contact at case 3 and a face-to-face meeting was then

undertaken. This resulted in the selection of a sample of five cases, two with formal HRM functions and three with informal HRM functions (Table 9). This approach was in line with the recommendations of Yin (2014) who suggest that at least five cases are examined in order to make generalisations. Unfortunately, due to time constraints it was not possible to include an SME from the service sector with a formal HRM function. It should also be noted that according to the employment criteria set out by the EU (2015), each case was categorised as a medium-sized enterprise and so micro and small enterprises are not represented in this study. Whilst these two characteristics of the sample represent limitations to this study, the selected cases still represent a rich theoretical sample (Eisenhardt, 1989) and include organisations from throughout the medium-sized range.

**Table 9: Overview of cases**

<b>Case</b>	<b>Sector</b>	<b>Formality of HRM</b>	<b>Headcount (FTE)</b>	<b>Turnover (£m)</b>	<b>Locations</b>
1	Manufacturing	Informal	117	17	Devon
2	Manufacturing	Formal	135	3.5	Devon
3	Service	Informal	240	28.1	Devon, West Midlands, and London
4	Manufacturing	Formal	130	12.1	Cornwall
5	Service	Informal	65	2.8	Devon

Data was collected between September 2015 and July 2016, during which time each case was visited several times over a period of between three and five-weeks. Cases 1, 2, and 4 each operated from a single location. Case 3 operated from five locations across England, however, only three were included for reasons of time and these were chosen to maximise geographical coverage and the diversity of participants. Case 5 operated from two locations within Devon, these have not been specified to maintain the anonymity of the organisation, however, individuals based at both locations were included within the study.

Prior to data collection commencing the primary contact at each SME was sent a project information pack by e-mail (Appendix D). This contained a consent form that summarised the purpose of the research and key themes that it sought to address, details regarding the methods, and a confidentiality and ethical statement, it also included templates for the collection of participants' details and a schedule for interviews and observations. The main contact within each case was asked to distribute the consent form to all employees and ask for volunteers to participate in interviews. They then returned two lists of volunteers representing line managers and non-managerial employees to the researcher that included key details regarding those individuals' age, gender, job title and department. With the exception of case 5, interviewees were then chosen from these lists by the researcher using a purposive sampling approach based upon whether they were a line manager or non-managerial employee, gender, age, and departmental/functional area (Bryman and Bell, 2011; Miles et al, 2014; Yin, 2014). These criteria were chosen to ensure that the collected data represented conditions across the whole organisational community, as entrepreneurship is reliant on the heterogeneity of individuals (Kets de Vries, 1977; Luchsinger and Bagby, 1987; Shane, 2004; Sarasvathy and Venkataraman, 2011; Martiarena, 2013). Gender is used as entrepreneurial research has been criticised

for failing to address issues of gender and being dominated by white males (Ogbor, 2000), whilst age is a readily identifiable characteristic that has been found to influence individual's attitudes to entrepreneurship (Damanpour and Schneider, 2006; 2009). However, in case 5 all identified individuals were interviewed due to the relatively small number of volunteers (Table 10). All interviews were conducted onsite at each organisation in a private room to balance the need for convenience with the need for privacy (Saunders et al, 2009; Bryman and Bell, 2011). Permission was sought to make audio recordings of each interview, where such permission was provided all interviews were then transcribed verbatim (Appendix E) and notes were also made during each interview (Braun and Clarke, 2006; Bryman and Bell, 2011). At the end of each interview, as suggest by Eisenhardt (1989) summary notes were made to record the researcher's initial analytical thoughts and any patterns that were emerging (Appendix F). In all cases interviews were undertaken until theoretical saturation occurred, whereby the researcher judged that no new data or themes were emerging (Eisenhardt, 1989; Bryman and Bell, 2015).

Observations were undertaken in four out of the five cases (Table 11). Within case 1, several observations of the routine social interactions and behaviour that occurred between individuals whilst performing their roles were made across different parts of the site in addition to observations of two meetings. However, for the time invested these provided very little useful data with regards to answering the research questions posed in section 1.3, and so in subsequent cases only observations of meetings were undertaken (Appendix G). Meetings were chosen because they provided a more concentrated number of social interactions and so were deemed more likely to generate useful data whilst also requiring a smaller investment of time.

**Table 10: Overview of characteristics of interviewees by case**

<b>Case</b>	<b>Total number and split by embedded group (O/LM/E)</b>	<b>Age range</b>	<b>Gender split (M/F)</b>	<b>Departments</b>
1	11 (1/5/5)	21-64	8/3	Sales, Design, Operations, Production
2	11 (1/5/5)	22-59	8/3	Sales, Production, Operations, Customer Service, IT
3	11 (1/4/6)	25-59	6/5	Sales, Operations, Finance
4	11 (1/5/5)	23-61	7/4	Sales, Production, Operations, Finance
5	9 (1/3/5)	29-62	5/4	Operations, Marketing

In each case, meetings were selected for observation on behalf of the researcher by the main contact and so undertaken on a convenience basis (Maylor and Blackmon, 2005). However, case 5 was unable to provide access to any meetings due to a lack of their occurrence during the research period. Observations were recorded via written or wordprocessed notes (Appendix G), these notes comprised of primary observations relating to what actually happened and the researcher's secondary observations of what happened and related interpretations (Saunders et al, 2009).

**Table 11: Overview of observations conducted by case**

Case	Number of observations	Observation settings
1	7	Meetings and workplace
2	3	Meetings
3	2	Meetings
4	3	Meetings
5	0	N/A

**Table 12: Overview of documentary data collected by case**

Case	Organisational chart	Organisational strategy	Job descriptions	HRM policies	Other
1	No	No	Yes	Yes	Employment contract and appraisal form
2	Yes	Yes	Yes	Yes	Employment contract and appraisal form
3	Yes	Yes	Yes	Yes	Employment contract
4	Yes	Yes	Yes	Yes	Employment contract and appraisal form
5	None	None	None	None	None



Throughout the data collection period secondary documentary data was collected (Table 12), which provided insight into the HRM and strategic context of each case (Saunders et al, 2009; Bryman and Bell, 2011). In most cases where documents were provided this was done so electronically by the main contact (Appendix H), however, no documents were obtained from case 5 despite requests made by the researcher.

#### 4.3.3 Validation of case study research

To maximise the validity of the data collected through interviews time was set aside to allow the researcher to compile a record of each interview immediately after its completion (Saunders et al, 2009). Interview data was also validated through triangulation involving the comparison of data collected from the different groups, namely, owner-managers, line managers, and non-managerial employees (Easterby-Smith et al, 2002; Silverman, 2013). Interviewer and interviewee bias were minimised through the researcher adopting a neutral yet interested tone throughout the interviews, providing participants with a detailed consent form, and using interview guides and personal reflection (Saunders et al, 2009; Bryman and Bell, 2011). Interviewee or response bias was further minimised through the purposive sampling technique outlined in section 4.3.2, by the researcher wearing clothing similar to that worn by participants, and by the researcher giving participants control of the audio recording of the interview (Saunders et al, 2009; Bryman and Bell, 2011).

To avoid any degradation of the data collected through observations and so safeguard against any erosion of its validity all notes were recorded either during or within 24 hours of the observation taking place (Saunders et al, 2009). Data from interviews,

observations, and secondary documentary sources was compared to provide data triangulation and further enhance construct validity (Saunders et al, 2009; Bryman and Bell, 2011; Silverman, 2013; Yin, 2014).

#### 4.3.4 Interview questions

To ensure that the semi-structured interviews remained focused on obtaining the data necessary to address the research objectives and questions outlined in section 1.3, three interview guides (Appendix I) were developed comprising different sets of questions (Bryman and Bell, 2011). The interview guides and their constituent questions were derived from the existing literature and the research objectives and questions identified in section 1.3 (Bryman and Bell, 2011). In addition to the interview guides, an interview details sheet was completed (Appendix F) and as part of this participants were asked for contextual data relating to their job title, the duration of their employment within the case organisation, their gender and age (Saunders et al, 2009; Bryman and Bell, 2011). However, whilst undertaking each case it became clear that these interview guides were resulting in interviews that were at times repetitive and much longer in duration than had been anticipated. Key themes were retained throughout to ensure continuity was maintained to allow comparison across the cases, but some questions were removed whilst others were added to allow emergent issues to be explored consistently (Appendix J). This approach is supported by Farquhar (2012) who suggested that whilst testing of research instruments is often considered important, using a single pilot study may not be appropriate for case study research given the importance of context. Whilst Eisenhardt (1989) and Baird (2004:440) identify that comparative case study research is iterative, with the latter stating that it requires, “...*flexibility of approach yet constancy of objective*”.

#### 4.3.5 Case study database

As recommended by Yin (2014), a case study database has been compiled separately from the analysis of the data. The case study database contains a complete set of the raw data collected from each case in the form of interview transcripts, field notes, and copies of documents and communications (Yin, 2014). Whilst the complete database is retained by the researcher, collectively the appendices provide an excerpt of the database for illustrative purposes. The provision of such a database makes a significant contribution to the reliability of this study by providing other researchers with the opportunity to analyse the data and compare their findings with those presented here (Yin, 2014).

#### 4.4 Analysis of collected data

Within case study research it is important to accurately identify the unit of analysis. As this study adopts an embedded design, multiple units of analysis were adopted (Eisenhardt, 1989; Farquhar, 2012; Yin, 2014). Given that SMEs, HRM and entrepreneurship have been identified as social phenomena underpinned by an objective social reality and physical/material reality in section 4.1.2, the primary unit of analysis was represented by the SME or organisation. The secondary units of analysis were the group, as represented by owner-managers, line managers and non-managerial employees, and the individual. The importance of considering these multiple levels of analysis was identified in chapter 3.

Given the social nature of the phenomena and the adopted units of analysis, the data collected from interviews was the primary focus of the analysis and was examined on a

line by line basis. Data from observations and secondary sources was more loosely, yet still systematically, examined for evidence that confirmed or contradicted the analysis of the interview data and so extended understanding of the case (Eisenhardt, 1989; Braun and Clarke, 2006; Bryman and Bell, 2011; Silverman, 2013; Miles et al, 2014; Yin, 2014).

Grounded theory is an analytical method strongly associated with case study research and allows for the development of substantive theory that provides detailed explanations of specific situations, reflects practice, and encourages the consideration of a variety of perspectives (Glaser and Strauss, 1967; Easterby-Smith et al, 2002; Charmaz, 2006; Corbin and Strauss, 2008; Howell, 2013). However, whilst there are different variations of grounded theory this is a prescriptive method which requires adherence to a specific process. As such the analytical approach adopted in this study, though similar to grounded theory, is more accurately described as thematic analysis (Glaser and Strauss, 1967; Eisenhardt, 1989; Braun and Clarke, 2006; Howell, 2013; Bryman and Bell, 2015). Thematic analysis is a flexible method of identifying and analysing patterns in qualitative data that is compatible with realist, critical realist and constructionist philosophical positions (Braun and Clarke, 2006; Bryman and Bell, 2015). There is no ideal process for undertaking thematic analysis rather importance is placed upon providing an account of the process. In this study a theoretically driven, deductive approach was selected as the research sought to explain issues previously explored in the extant literature and address the research questions outlined in section 1.3 (Braun and Clarke, 2006).

It is beneficial for the analysis of data from case study research to overlap with data collection and this was enabled using interview details sheets where the researcher's initial analytical thoughts were recorded as outlined in sections 4.3.2 and 4.3.4 and a reflective field diary, an excerpt of which is contained in Appendix K (Eisenhardt, 1989;

Baird, 2004; Farquhar, 2012; Yin, 2014). During data collection interview transcripts were progressively uploaded into Nvivo CAQDAS software and coded (Miles et al, 2014). Whilst data from observations and secondary sources was analysed in its original format.

Within each case, as recommended by Braun and Clarke (2006) and Miles et al (2014), two cycles of coding were undertaken with regards to the interview data, the first cycle involved assigning codes to chunks of the collected data as a means of indexing it and identifying recurring patterns of interest. A combination of descriptive, process, emotion, values, evaluation, attribute and causation codes were used as the data contained both descriptive data as well as data pertaining to social action and individuals' values and emotional reactions (Miles et al, 2014). No pre-existing list of codes was imposed upon the data. However, codes were loosely informed by the existing literature and so did not always incorporate the language of participants but rather provided descriptive labels that represent commonly occurring issues within the data and provided an initial aggregation of it (Maitlis and Lawrence, 2007). The output of this cycle was the identification of first-order concepts.

The second cycle of coding involved assigning pattern codes to the data to identify second-order categories or themes, these were informed by the extant literature which recognised particular issues as being important with regards to addressing the research questions provided in section 1.3 (Braun and Clarke, 2006; Miles et al, 2014). However, again, no predetermined list of codes was applied to the data, rather the codes were allowed to emerge from the data whilst being informed by the literature. Relationships between these second-order themes were then identified to create aggregate dimensions. These coding cycles were repeated in an iterative process that involved the author being

immersed in the data, moving forwards and backwards through the data during the analysis (Eisenhardt, 1989; Baird, 2004; Braun and Clarke, 2006; Miles et al, 2014) until a final list of codes was developed. Throughout the coding process participants' accounts were included in all instances where they referred to their own experiences, behaviour, perceptions and emotions. To reduce the risk of data being inaccurately interpreted or inappropriately attributed, data was excluded where participants speculated as to how something influenced a group of individuals of which they were not a member. For example, where a line manager speculated as to the effect an experience might have on non-managerial employees.

Where a multiple case study methodology is employed it has been suggested that, whilst the findings from one case may be used to inform subsequent cases, only once each individual case has been analysed should cross-case analysis occur (Eisenhardt, 1989; Miles et al, 2014; Yin, 2014). This is referred to as a case-oriented approach and is generally associated with a small set of cases, whereas a variable-oriented approach involves looking for themes that cut across cases and is associated with large sets of cases (Miles et al, 2014). The former is most suited to understanding the complexity of specific situations, whilst the latter is best applied to generalisation, however, it can be beneficial to combine the two (Miles et al, 2014). This study is concerned with how the complexity of specific situations can be used to identify an underlying generalised reality therefore data analysis was undertaken through the combination of a case-oriented and variable-oriented approach (Miles et al, 2014). Cross-case analysis involved the development of a series of word tables or meta-matrices used to compare data across the sample of cases. Event-state networks were also used as a means of displaying the processes described in the collected data. Throughout the analysis the data was examined for patterns, rival

explanations, and chronological sequences (Eisenhardt, 1989; Miles et al, 2014; Yin, 2014; Bryman and Bell, 2015).

#### 4.5 Confidentiality and ethics

When conducting research involving human subjects it is important to consider the ethical implications of those subjects' involvement in the research (Easterby-Smith et al, 2002; Saunders et al, 2009; Bryman and Bell, 2011; Miles et al, 2014; Yin, 2014). In accordance with the research ethics policy of University of Plymouth (University of Plymouth, 2015) this research:

- Obtained informed consent from all participants through the provision of an information sheet regarding the nature of the research and participant agreement form (Appendix D).
- Informed participants of their right to withdraw as part of the process of obtaining consent.
- Protected individual participants and their organisations from harm by implementing a range of procedures to maintain their confidentiality.
- Only made observations in shared work spaces, such as offices and meeting rooms, which can to some extent be considered public places and so staff rooms and toilets were excluded. In the first instance informed consent for observations was sought from the owner-manager of each organisation. Employees were informed that observations were taking place to provide them with the opportunity to opt out.

The confidentiality of participant organisations and individuals was maintained through the following procedures:

- The names of case organisations were replaced by a fictitious alternative, letter or number in all written documents with the exception of original interview notes and recordings, and observation notes.
- The names of individuals were replaced by a code relating to their position in the organisation in all written documents with the exception of original interview notes and recordings. Original observation notes were anonymised from the outset and simply referred to participants by a code relating to their position.
- Participants were interviewed in a private room.
- Recordings were made and stored securely on equipment outside of the control of the case, recording devices were always kept within the direct view or physical control of the researcher when collecting data at case sites, and all recordings stored on any form of electronic media were password protected.
- Interview and observation notes were always stored away from the case organisations and kept out of the direct sight of employees of the case organisation and within the physical control of the researcher when visiting the case organisation.
- Any report provided directly to the case organisation did not contain any direct quotes based on the interviews or observations and adhered to the above procedures.

In addition to these procedures the data collected in this research was managed in accordance with the data protection act, no raw data or details of participants will be



released without the consent of the individual concerned and participants will be provided will all collected data and records relating to their participation upon written request.

#### 4.6 Summary

This chapter explored a range of philosophical positions and justified the adoption of a critical realist ontology and constructionist epistemology within this research based upon a consideration of the research objectives and key phenomena (Johnson and Duberley, 2000; Easterby-Smith et al, 2002; Denzin and Lincoln, 2005; Guba and Lincoln, 2005; Lektorskii, 2010; Andrews, 2012; Howell, 2013; Lau and Morgan, 2014). It was recognised that a range of methodological approaches could have been adopted in line with this philosophical stance, however, an ethnographically influenced, multiple-embedded case study design was identified as being most appropriate (Eisenhardt, 1989; Bryman and Bell, 2011; Farquhar, 2012; Howell, 2013; Yin, 2014). This provided external validity and enabled the primary unit of analysis to be the community of individuals represented by an SME's Human Resources and owner-managers, and groups and individuals within those communities to be the secondary units of analysis (Eisenhardt, 1989; Farquhar, 2012; Yin, 2014). It thereby allowed the research objectives and questions identified in section 3.6 to be addressed.

Different data collection methods were considered and in line with the philosophical stance, multiple-embedded case study design and units of analysis, data was collected primarily through semi-structured interviews with owner-managers, line managers and non-managerial employees. This data was then complemented with data collected through participant observation and from secondary sources, such as HRM policy documents (Eisenhardt, 1989; Denzin and Lincoln, 2005; Bryman and Bell, 2011;

Farquhar, 2012; Howell, 2013; Yin, 2014). This use of multiple methods to collect data from a range of sources and so achieve triangulation strengthened the construct, internal and ecological validity of the research (Easterby-Smith et al, 2002; Johnson and Duberley, 2009; Saunders et al, 2009; Bryman and Bell, 2011; Farquhar, 2012; Howell, 2013; Yin, 2014).

A case study protocol was then provided which explained how literal and replication logic were used to select cases on the basis of theoretical considerations relating to the context of the SME. This also provided an account of the field procedures used to gain access to cases, to select samples of interview participants that were representative of the community within each case using purposive sampling, and to collect data (Eisenhardt, 1989; Bryman and Bell, 2011; Miles et al, 2014; Yin, 2014). The case study protocol was supplemented with an explanation of how the data was thematically analysed. Together these elements contributed to the maintenance of chain of evidence that enhanced the reliability of this study by providing an audit trail for other researchers (Braun and Clarke, 2006; Farquhar, 2012; Yin, 2014).

Overall, this chapter has described and justified the adoption of a coherent research design and in doing so has demonstrated how this design will enable the research aim, objectives and questions outlined in section 3.6 to be addressed. The following chapter will present the findings of this study derived from the application of the analytical process outlined in section 4.4 to the data collected from each case.

## **CHAPTER FIVE: CASE STUDY FINDINGS AND ANALYSIS**

### **5.0 Introduction**

In this chapter the analysis of the data collected according to the methodology and methods outlined in the previous chapter will be presented. The analysis was derived from the data using the procedures described in section 4.4. The analysis is presented in such a way as to minimise any repetition that may be derived from similarities that exist between the cases. This would be significant if an analysis of each case were to be described in turn prior to any cross-case analysis and so instead the most prevalent themes are focused upon within and across the cases (Braun and Clarke, 2006).

### **5.1 How SME communities construct the meaning of entrepreneurship**

In every case there were individuals who indicated that the meaning of entrepreneurship was not explicitly communicated to them, often the word entrepreneurship was simply not part of the language of the organisation, and instead they were left to decode this for themselves:

*“Not sure it every has been formally communicated... nothing’s ever been formally talked about in entrepreneurial definition terms, it’s sort of engrained in the practice...” (Employee B, Case 5)*

In every case the meaning of entrepreneurship was constructed using points of reference from the internal organisational environment (Table 13) and the external organisational environment (Table 14), two of these, business leaders and work experience, were derived from both the internal and external environment (Figure 5).

**Table 13: Data supporting the second-order theme “Points of reference in the internal environment”**

Associated first-order concepts	Representative quotes
Business leaders (Internal)	<ol style="list-style-type: none"> <li>1. “That comes across from the top down, this constant need to improve, so I think it’s an idea which is instilled within us...” (Employee D, Case 1).</li> <li>2. “When I think of entrepreneurs, I think of people going out and creating businesses from an idea... at the very top level the CEO is an entrepreneur, that is what they do, they look around for business opportunities.” (Line Manager A, Case 2).</li> <li>3. “...the CEO reiterated that we are still very much a start up and we have to be extremely flexible and adaptable in order to win the key focus customers that we are trying to win over to our technology and products.” (Line Manager C, Case 2).</li> <li>4. “I think the boss is an entrepreneur, they have started up their own business and been very successful...” (Employee A, Case 2).</li> <li>5. “It is what managers have said to us....” (Employee C, Case 4).</li> <li>6. “We regularly talk, the partners, are there any new opportunities or changes that we can look to market, be it a new product. They’re always looking for that opportunity, can we mailshot our client on this, is there something new we can do. I think from all the partners I’ve had that, but nothing’s ever been formally talked about in entrepreneurial definition terms, it’s sort of engrained in the practice I think.” (Employee B, Case 5).</li> </ol>
Work experience (Internal)	<ol style="list-style-type: none"> <li>1. “I suppose it just comes from working here, I think my view of an entrepreneur in this business is slightly different to an entrepreneur outside of this business but it’s just working here...” (Employee C, Case 1).</li> <li>2. “I think its from my own experience of trying to get ideas onto the roadmap I guess...” (Line Manager E, Case 2).</li> <li>3. “I suppose just from things that you’ve seen happen in the business...” (Employee B, Case 3).</li> <li>4. “Just experience, as you see I’ve been here 33 years...” (Owner-manager, Case 5).</li> <li>5. “I would say just doing the job to be honest, because it kind of comes on, the more and more that you do, so after ten years, I would say that when I was doing my training for the first three or four years I lacked the entrepreneurial, so I would say that I’ve learned more in the last six years post qualifying than I did when I was just training.” (Employee D, Case 5).</li> </ol>

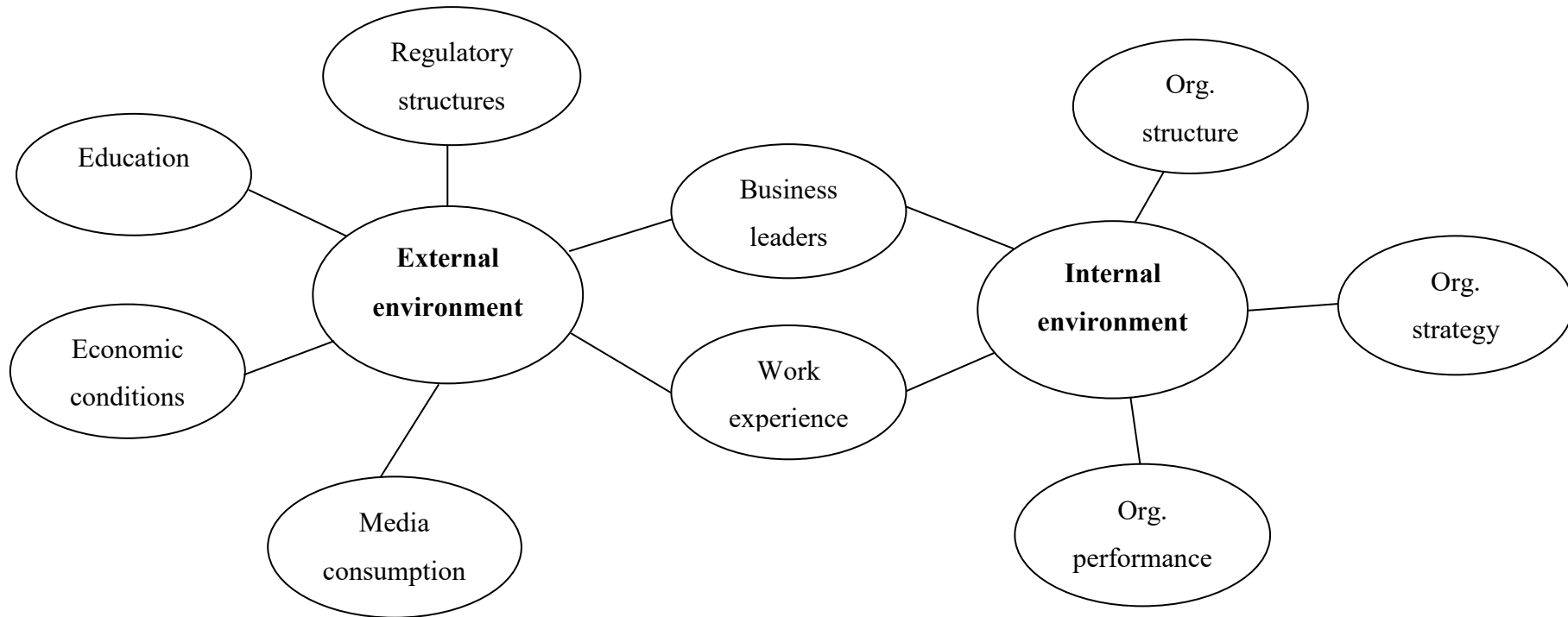
Organisational structure	<ol style="list-style-type: none"> <li>1. "...coming down into this company then the real entrepreneurs have got to be people like the managing director and the chairman, sales director, they are the ones whose business it is, they are the ones who go out with the ideas looking for custom, and then as you come down through I'm not sure if it is more skills really, like myself, I'm there to do my job, get products out of the doors as cost efficiently as I can, as quickly as I can, meeting the customer's requirements, and then again it's going to develop further onto the machines and if operators have ideas of running a job quicker that can save the company money or make the company more money then everyone is doing their little bit but in different ways"</li> <li>2. "...from the directors' entrepreneurship for them would be different because they have the power to invest and to reinvest on a larger scale so million, billion pound machines that sort of thing, which obviously bottom line we don't have. We could mention it, little pointers and things maybe, but nothing on the factory scale that is out there so I think it would be quite different from mainstream staff to directors..." (Employee C, Case 1).</li> <li>3. "I don't think there is any key metric specially to define entrepreneurship but more in those day to day competencies you would see in your roles." (Employee C, Case 2).</li> <li>4. "I think entrepreneurship is different for different roles." (Employee A, Case 3).</li> <li>5. "I guess through my job description..." (Employee A, Case 4).</li> </ol>
Organisational strategy	<ol style="list-style-type: none"> <li>1. "I think its just by the nature of what the company does and what its trying to achieve..." (Line Manager B, Case 2).</li> </ol>
Organisational performance	<ol style="list-style-type: none"> <li>1. "...the economic climate is a key factor, if we're doing well and the economy is doing well, you're more inclined to look at ideas and ways of riding that wave out further and by the same token if there is a downturn and sales are quiet you look at ways of reducing costs whilst retaining the workforce, on the basis that being the eternal optimist there's good times round the corner and we need to ensure that we are doing everything possible to manage cost..." (Owner-manager, Case 1).</li> </ol>

**Table 14: Data supporting the second-order theme “Points of reference in the external environment”**

Associated first-order concepts	Representative quotes
Business leaders (External)	<ol style="list-style-type: none"> <li>1. “I suppose like Richard Branson or someone like that, that would be a name if you were saying who demonstrates entrepreneurship... But he’s perhaps by organising things and then there have been other people who have designed, like James Dyson...” (Employee E, Case 2).</li> <li>2. “There’s a business not far from here... They developed some software... I’m not sure what it actually does... and then from there they’ve come up with this scanning device... And [now] they want to sell their business because they want funds, they are an ideas person... now that’s what I call an entrepreneur...” (Owner-manager, Case 3).</li> <li>3. “Probably the friends that I have that are self-employed and have built their companies up.” (Employee E, Case 3).</li> <li>4. “I mean when you say to me entrepreneurship, you think of Richard Branson and things like that don’t you and individual people trying to create an amazing product that will make them a lot of money...” (Line Manager E, Case 4).</li> <li>5. “...if you said to me ‘what is an entrepreneur?’ I would say like James Dyson, he makes things that either haven’t been made before, or he makes them in a way that hasn’t been made before.” (Line Manager A, Case 5).</li> <li>6. “A lot of sources, clients who are very, you can tell the entrepreneurial clients, they’re looking for the next opportunity, the next way to expand or develop the business...” (Employee B, Case 5).</li> </ol>
Work experience (External)	<ol style="list-style-type: none"> <li>1. “...my own experience of starting and running the businesses I have. I’m not a serial entrepreneur, the first company I started we ran for 10 years and then we sold it to the Chinese.” (Owner-manager, Case 2).</li> <li>2. “I’ve had my own companies together with my husband... so I’ve always been exposed to a degree of entrepreneurship, having to start two companies from scratch, looking at a strategy to gaining customers, looking at products, new products, new innovations, so I’ve always been exposed to a form of entrepreneurship throughout my life really.” (Line Manager C, Case 2).</li> <li>3. “Not sure it’s something that’s taught, I worked at my previous firm for 6 or 7 years and prior to that 6 or 7 years, and I’ve always been lucky in working for the size of practice I’ve worked in and the people that I’ve worked with. They’ve always been not sitting on their laurels... They’ve always had that desire to be better.” (Employee B, Case 5).</li> </ol>

Media consumption	<ol style="list-style-type: none"> <li>1. "...just taking it off Dragons Den..." (Line Manager A, Case 1).</li> <li>2. "I read quite a lot so you tend to take stuff in..." (Line Manager B, Case 1).</li> <li>3. "Its probably tainted from outside as in what the media says an entrepreneur is, because I have not heard it used within the organisation. So Dragon's Den..." (Line Manager D, Case 2).</li> <li>4. "...from media, TV shows, that sort of stuff really." (Employee D, Case 2).</li> <li>5. "The understanding of an entrepreneur is silly things like Dragon's Den..." (Line Manager B, Case 3).</li> <li>6. "Watching these individuals on Dragon's Den, potential entrepreneurs, people who are self made and have been successful with a business plan." (Employee C, Case 3).</li> <li>7. "Things like Dragons Den and what's the other one, the one with Alan Sugar, The Apprentice. I think my main understanding has come from different programs like that I've watched." (Employee C, Case 4).</li> </ol>
Education	<ol style="list-style-type: none"> <li>1. "I've also been quite lucky I've had quite a lot of education throughout my career..." (Line Manager B, Case 1).</li> <li>2. "My understanding of entrepreneurship has been coloured by, I've studied entrepreneurship..." (Owner-manager, Case 2).</li> <li>3. "I would say over the years where it's come from is from the amount of training courses you go on..." (Line Manager B, Case 4).</li> <li>4. "...I went to university, did accounting, economics, obviously we did you know, a few bits on courses on entrepreneurs." (Line Manager B, Case 5).</li> <li>5. "...I just keep thinking about when I do my studies and there's a tax relief called entrepreneurs relief, sorry, it's applied to people who are sole traders..." (Employee A, Case 5).</li> </ol>
Regulatory structures	<ol style="list-style-type: none"> <li>1. "...we started building plant rooms... which was partly entrepreneurial, other people do do it but... we looked for something that other people weren't doing. But in [this organisation] it's quite difficult because people are very much driven by 'we have to do this'..." (Owner-manager, Case 3).</li> <li>2. "... just simple X planning I wouldn't say would be entrepreneurial, just because it's our job, that's what you'd expect... If you found something, a loophole or something that other people were not doing, I would say that that is more entrepreneurial..." (Line Manager A, Case 5).</li> <li>3. "...there's a tax relief called entrepreneurs relief..." (Employee A, Case 5).</li> </ol>
Economic conditions	<ol style="list-style-type: none"> <li>1. "...the economic climate is a key factor, if... the economy is doing well, you're more inclined to look at ideas and ways of riding that wave out further and by the same token if there is a downturn and sales are quiet you look at ways of reducing costs whilst retaining the workforce..." (Owner-manager, Case 1).</li> </ol>

**Figure 5: Conceptualisation of the first-order concepts and second-order themes comprising the aggregate dimension “Factors influencing the construction of entrepreneurship”**





It was notable that the organisational structure contributed to creating a shared meaning of entrepreneurship amongst those occupying the same role, *“I guess through my job description...”* (Employee A, Case 4). However, in doing so it had the effect of segmenting constructions of the meaning of entrepreneurship within an SME, *“I think entrepreneurship is different for different roles.”* (Employee A, Case 3). The influence of organisational structure stemmed from the creation of hierarchies and the design of individual jobs:

*“... coming down into this company then the real entrepreneurs have got to be people like the managing director and the chairman, sales director, they are the ones whose business it is, they are the ones who go out with the ideas looking for custom, and then as you come down through... I’m there to do my job, get products out of the doors as cost efficiently as I can, as quickly as I can... then again it’s going to develop further onto the machines and if operators have ideas of running a job quicker that can save the company money or make the company more money then everyone is doing their little bit but in different ways...”* (Line Manager C, Case 1)

The job descriptions collected from each case, other than case 5 where no documents were provided, supported this interview data. However, it was striking that the word entrepreneur or entrepreneurship was almost entirely missing from all documents, instead innovation was used in places or characteristics or activities identified later in this chapter as comprising entrepreneurship were simply not labelled as such (Appendix H). For example, in case 1 the Account Manager job description referred to competencies such as a, *“... drive for results...”*, which equated to a high level of motivation. This job description was unusual as it did mention the pursuit of entrepreneurial opportunities and in doing so it treated this as a form of discretionary behaviour, though paradoxically this meant it was no longer discretionary as it became a formal role expectation:

*“Does more than is required or expected in the job; does things that no one has requested that will improve or enhance products and services, avoid problems or develop entrepreneurial opportunities...”*

An Account Manager was also expected to engage in innovation, “... *identifies novel approaches for completing projects more effectively...*”. Whereas there was no mention of identifying entrepreneurial opportunities or innovation with regards to the competencies or requirements of a Forklift Driver. Instead the emphasis appeared to be on characteristics that were focused upon opportunity implementation such as being receptive to change and adaptable:

*“Changes behavioural style or method of approach when necessary to achieve a goal; responds to change with a positive attitude, willing to learn new ways to accomplish work activities and objectives.”*

Being team orientated and socially responsible was also highlighted:

*“Develops cooperation and teamwork while participating in a group, working toward solutions which generally benefit all involved parties.”*

Organisational structure clearly played an important role in communicating the entrepreneurial activities that non-managerial employees and, to a lesser degree, line managers were allowed or expected to engage in. Yet this point of reference was not identified by owner-managers, this may be because they determine the organisational structure and sit at the top of any hierarchy and so may consider it to be legitimate to involve themselves in all aspects of the organisation.

Business leaders from both within and outside the organisation were the most commonly identified points of reference. Within the organisation business leaders included both owner-managers and line managers, for example when discussing how the meaning of entrepreneurship was communicated to them, Employee A (Case 4) stated, “... *through regular meetings with my manager*”. Individuals drew the meaning of entrepreneurship

from direct communications sent out by line managers or owner-managers within their organisation:

*“... the CEO reiterated that we are still very much a start up and we have to be extremely flexible and adaptable...”* (Line Manager A, Case 2)

This quote highlighted that business leaders within the organisation play a significant role in the construction of a shared definition of entrepreneurship at an organisational level. Individuals also constructed the meaning of entrepreneurship from their observations of the behaviour or characteristics of owner-managers, whether they were located within the case organisation, *“... the CEO is an entrepreneur, that is what they do, they look around for business opportunities”* (Line Manager A, Case 2) or outside it:

*“... James Dyson, he makes things that either haven't been made before, or he makes them in a way that hasn't been made before.”* (Line Manager A, Case 5)

Where business leaders were used as a point of reference from the external environment this often occurred as part of an individual's media consumption:

*“It's mainly from what I've seen on telly [sic]... Things like Dragons Den and what's the other one, the one with Alan Sugar, the Apprentice. I think my main understanding has come from different programs like that...”* (Employee C, Case 4)

The relatively widespread use of the media as a tool for identifying and observing business leaders as examples of entrepreneurs and subsequent use of this information as a means of constructing the meaning of entrepreneurship demonstrated how difficult it may be to develop and maintain a shared definition of entrepreneurship. This is because individuals' constructions of entrepreneurship may change every time they are exposed to different media content. Similarly, individuals identified the work and educational

experiences they had outside their organisation as having informed their constructions of the meaning of entrepreneurship within the organisation:

*“...I went to university, did accounting, economics, obviously we did you know, a few bits on courses on entrepreneurs.”* (Line Manager B, Case 5)

Where work experiences outside the organisation were used to construct the meaning of entrepreneurship in some instances these related to individuals' own experiences of setting up a new business venture or independent entrepreneurship:

*“... my own experience of starting and running the businesses I have. I'm not a serial entrepreneur, the first company I started we ran for 10 years and then we sold it to the Chinese.”* (Owner-manager, Case 2)

Where work experiences within the organisation were referred to in some instances they related to individuals engaging in activities or behaviours comprising CE, *“I think its from my own experience of trying to get ideas onto the roadmap I guess...”* (Line Manager E, Case 2). In both cases individuals also referred to their day to day experiences of performing their roles within either their current organisation or at a previous employer, *“I would say just doing the job to be honest...”* (Employee D, Case 5).

The external regulatory structures that the individuals within SMEs were subject to also influenced their construction of the meaning of entrepreneurship, however, this varied across the cases. Where core operational activities were relatively highly regulated, such as in case 3 and case 5, this narrowed the parameters of what might constitute appropriate or acceptable forms of entrepreneurial activity or behaviour:

*“... there are obviously various requirements we need to comply with, producing [X documents], as I said we’ve done a lot of add-on services which is entrepreneurial, but again you know you are limited... there is only so much you can do...”* (Line Manager C, Case 5)

In one instance, the economic conditions in the external environment and financial performance of an organisation were also used as points of reference to determine what form of entrepreneurial activity, in this case exploration or exploitation, was appropriate or acceptable:

*“... if we’re doing well and the economy is doing well you’re more inclined to look at ideas and ways of riding that wave out further and by the same token if there is a downturn and sales are quiet you look at ways of reducing costs whilst retaining the workforce...”* (Owner-manager, Case 1)

This had important implications as it suggested that within SMEs exploration may be reduced during periods of recession and yet, as identified previously, innovation has been identified as a key driver of economic growth and is more strongly associated with exploration.

It was also notable that only one individual referred to their organisations’ strategy as a means through which they constructed the meaning of entrepreneurship:

*“... just by the nature of what the company does and what it’s trying to achieve...”* (Line Manager B, Case 2)

It therefore appeared that organisational strategy had much less impact upon the construction of the meaning of entrepreneurship within SMEs than the behaviour of owner-managers and line managers, from either within or outside the organisation, or the organisational structure. Therefore, these may be much more powerful means of

establishing the shared vision required for strategic entrepreneurship than any formal written strategy.

Despite minor variations in the data, there was no clear evidence that formality of the HRM function influenced the construction of the meaning of entrepreneurship within SMEs. The use of the regulatory regime as a point of reference in those case organisations from the service sector suggested that industry sector may influence the construction of the meaning of entrepreneurship. However, it is also possible that it is not the overall sector but rather the nature of the regulatory regime that applies to certain organisations within a sector that is influential. Whilst there was some evidence that individuals' membership of the groups of organisational agents identified within this study influenced the points of reference used to construct the meaning of entrepreneurship. The relatively widespread use of organisational structure and education as points of reference suggested that it may be more appropriate to use groups defined by shared job descriptions or differing levels of education.

## 5.2 What entrepreneurship means to SME communities

It was notable that the use of the reference points outlined above led to the meaning of entrepreneurship being constructed from two symbiotic components identified repeatedly in each case. The first was entrepreneurship as being an individual who displayed certain characteristics or behaviours (Tables 15 to 19 and Figure 6). The second was entrepreneurship as an activity comprised of a system of events driven by emotional states (Tables 20 to 29 and Figures 7 to 20):

*“... an entrepreneur is an individual person and entrepreneurs should come to a group of people with a proposition, an idea, to get feedback to validate the idea or the proposition and should take that on board and think, ‘ok should we pursue it, or have I just over thought something or gone completely mad?’”* (Line Manager A, Case 4)

These two complementary aspects of the meaning of entrepreneurship will be explored in turn.

### 5.2.1 Entrepreneurship as individual characteristics or behaviours

The characteristics or behaviours that participants associated with entrepreneurship were categorised according to whether they related to an individual’s motivation (Table 15), analytical skills (Table 16), interpersonal skills (Table 17), ability to cope with uncertainty (Table 18), or organisational awareness (Tables 19). These second-order themes then enabled the aggregate dimension entrepreneurship as the possession of individual characteristics or behaviours to be identified (Figure 6).

In every case, entrepreneurship was associated with individuals’ motivation (Table 15) where they were highly motivated, *“... they tend to be individuals that are very driven...”* (Employee C, Case 5) and engaged in discretionary behaviour:

*“Just doing something that’s above and beyond what’s required of them that would benefit the business. Somebody with the attitude of ‘that’s not my job’, which you quite often get, is not really someone who is going to be pushing themselves to be entrepreneurial.”* (Employee B, Case 3)

Other characteristics or behaviours related to motivation that were associated with entrepreneurship included individuals’ being focused upon improving their organisation, *“... you are always striving to do something better for the company...”* (Line Manager A, Case 1) or themselves, *“I guess they would be interested in further training...”* (Line

Manager E, Case 4). These characteristics or behaviours were clearly used to differentiate those engaged in entrepreneurship from those who were not considered entrepreneurial:

*“... some people just want to come in and do their job and go home, and then there are other people who are those ambitious people who are entrepreneurial and want to push things forwards.”* (Line Manager B, Case 3)

There was a notable contradiction within the data whereby entrepreneurship was associated with individuals who were motivated by their own self interest by some participants:

*“I think entrepreneurship is a very selfish thing, very self-motivated people tend to be entrepreneurial...”* (Employee A, Case 2)

Whilst others associated entrepreneurship with individuals who were motivated by a sense of social responsibility, where their behaviour was informed by the interests or needs of others:

*“... it's about helping everybody, and it will help production because it's about work orders, but it will help all of us because we're getting a result we need.”* (Employee A, Case 1)

Characteristics or behaviours that related to individuals having the ability to analyse their environment (Table 16) included being creative:

*“... the majority of people that work here are kind of [sic], do have that entrepreneurial mindset so they will come up with ideas...”* (Employee D, Case 2)



**Table 15: Data supporting the second-order theme “Motivation”**

Associated first-order concepts	Representative quotes
Discretionary behaviour	<ol style="list-style-type: none"> <li>1. “Someone that just goes the extra...” (Line Manager A, Case 1)</li> <li>2. “...showing willingness to do things outside of your responsibilities...” (Employee B, Case 1)</li> <li>3. “...not just sticking to their everyday tasks, doing a bit extra...” (Employee D, Case 2)</li> <li>4. “...it goes back to what my perception of an entrepreneur is and it is thinking outside the box, doing a little bit extra, going the extra mile, doing the thing that nobody else expects...” (Line Manager D, Case 3)</li> <li>5. “...for me in my own world I am quite entrepreneurial because I will set myself goals in my work but I am not really expected to by the company officially.” (Employee A, Case 3)</li> <li>6. “Just doing something that’s above and beyond what’s required of them that would benefit the business.” (Employee B, Case 3)</li> <li>7. “I wouldn’t say it’s necessarily my role as such...” (Line Manager E, Case 4)</li> <li>8. “Entrepreneurship is that little extra on top... Going the extra mile...” (Employee B, Case 5)</li> </ol>
Focused upon improvement	<ol style="list-style-type: none"> <li>1. “Somebody that is always looking to improve their game...” (Owner-manager, Case 1)</li> <li>2. “...you are always striving to do something better for the company...” (Line Manager A, Case 1)</li> <li>3. “...they themselves act very entrepreneurially, they are constantly looking to make change and make improvements...” (Employee D, Case 1)</li> <li>4. “...some people just want to come in and do their job and go home, and then there are other people who are those ambitious people who are entrepreneurial and want to push things forwards.” (Line Manager B, Case 3).</li> <li>5. “I’m not saying I’m entrepreneurial but there are qualities in people that want to get on in a company and show their talents and want to develop, but people who just want to come and do a job aren’t really going to be entrepreneurial for the company.” (Employee B, Case 3)</li> <li>6. “I guess they would be interested in further training...” (Line Manager E, Case 4)</li> <li>7. “...wanting to make your role better, that’s sort of entrepreneurship I think really in a business, within an organisation.” (Employee D, Case 4)</li> <li>8. “I think also you’d need to be more ambitious...” (Line Manager A, Case 5)</li> </ol>

Highly motivated	<ol style="list-style-type: none"> <li>1. "...by showing the desired effort and willingness..." (Line Manager C, Case 1)</li> <li>2. "...if you come just to fill up your working time, get salary and go home, that's not for a new start up or a new entrepreneurship, you got to be highly motivated..." (Employee B, Case 2)</li> <li>3. "To me an entrepreneur is someone who is constantly driven, has constant desire..." (Line Manager D, Case 3)</li> <li>4. "My version of entrepreneurial is they are anyway, they are like that, they are focused, driven, it's in their own behaviour." (Employee D, Case 3)</li> <li>5. "...if I defined an entrepreneur overall for myself it would be an individual who is quite driven..." (Line Manager A, Case 4)</li> <li>6. "Hungry for success, motivated..." (Line Manager D, Case 4)</li> <li>7. "So it's more kind of like self-motivated side of it..." (Employee C, Case 4)</li> <li>8. "...to me entrepreneurialship, it's someone with that sort of brain, but also dedication, I mean even with his new business he works quite a lot..." (Line Manager C, Case 5)</li> <li>9. "I've worked with a couple of entrepreneurs in my time, in previous businesses that I've worked for and worked with, and they tend to be individuals that are very driven..." (Employee C, Case 5)</li> </ol>
Selfish	<ol style="list-style-type: none"> <li>1. "...most entrepreneurs are just trying to make their life easier..." (Line Manager D, Case 1)</li> <li>2. "...ultimately an entrepreneur wants to do their own thing so I guess you can either use the business to an advantage or as a stepping stone to move forward to get where you want to be..." (Employee B, Case 1)</li> <li>3. "I think entrepreneurship is a very selfish thing..." (Employee A, Case 2)</li> <li>4. "Arguably entrepreneurs are looking after themselves." (Line Manager B, Case 3)</li> </ol>
Social responsibility	<ol style="list-style-type: none"> <li>1. "...responsibility, if you're talking about risk-taking its not just yourself there's 127 jobs..." (Owner-manager, Case 1)</li> <li>2. "...it would be to the greater good that I would want to see that done..." (Line Manager E, Case 1)</li> <li>3. "...it's about helping everybody, and it will help production because it's about work orders but it will help all of us because we're getting a result we need..." (Employee A, Case 1)</li> <li>4. "...that may encourage me to try and think of some sort of way of getting round that to make their lives easier which would ultimately make my life more efficient or role more efficient." (Employee D, Case 4)</li> </ol>

**Table 16: Data supporting the second-order theme “Analytical skills”**

Associated first-order concepts	Representative quotes
Creativity	<ol style="list-style-type: none"> <li>1. “...entrepreneurial is not just about investment it’s about thinking creatively...” (Owner-manager, Case 1)</li> <li>2. “...people who can look outside the box...” (Line Manager B, Case 1)</li> <li>3. “Thinking more out of the box, rather than following standard process...” (Line Manager B, Case 2)</li> <li>4. “I think within this organisation it means to be innovative, to be able come up with ideas...” (Employee A, Case 2)</li> <li>5. “Entrepreneurs are like the people who open new markets, they invent things nobody else has thought of, the people at Apple, they are entrepreneurs, they invent things we don’t even know we want.” (Line Manager D, Case 3)</li> <li>6. “...you come up with your own ideas to try and develop something...” (Employee F, Case 3)</li> <li>7. “...the idea doesn’t necessarily come from me I think we’ve got people inside now who have generated the idea...” (Owner-manager, Case 4)</li> <li>8. “...I think that’s key to being entrepreneurial, is to have a creative mindset.” (Line Manager A, Case 4)</li> <li>9. “...entrepreneurship is having the ideas, I suppose, of how to make your role more efficient, easier, that’s how I kind of see it...” (Employee D, Case 4)</li> <li>10. “...thinking outside the box and suggesting new or improved ideas...” (Owner-manager, Case 5)</li> <li>11. “...entrepreneurial is being more creative and thinking of things that maybe haven’t been done before...” (Line Manager A, Case 5)</li> </ol>
Good judgement	<ol style="list-style-type: none"> <li>1. “A good entrepreneur, a successful one, would make the right decision at the right time and that is part of being an entrepreneur.” (Line Manager D, Case 3)</li> </ol>
Inquisitive	<ol style="list-style-type: none"> <li>1. “...just to be curious...” (Line Manager D, Case 1)</li> <li>2. “...their entrepreneurial flair of wanting to know everything about the business...” (Line Manager B, Case 3)</li> <li>3. “...showing an interest in a certain area that they want to know more about.” (Line Manager E, Case 4)</li> <li>4. “...be kind of aware and up to date with what’s happening today and with modern life I guess.” (Employee E, Case 4)</li> <li>5. “...someone that is questioning in a good way, sort of oh can you just explain why we are doing it this way...” (Line Manager C, Case 5)</li> </ol>

Being creative was the only such characteristic that was identified in all cases. Other characteristics that were specific to certain communities included being inquisitive:

*“... you might find someone that is questioning in a good way, sort of ‘oh can you just explain why we are doing it this way?’ ...”* (Line Manager E, Case 5)

Whilst the other was having good judgement or the ability to make the optimum decision at a specific point in time:

*“A good entrepreneur, a successful one, would make the right decision at the right time and that is part of being an entrepreneur.”* (Line Manager D, Case 3)

Those characteristics or behaviours associated with entrepreneurship that were categorised as relating to individuals’ interpersonal skills (Table 17) reflected how entrepreneurial individuals interacted with others. Two characteristics of this type were identified in all cases, the first was being receptive to change:

*“I would say you need to be open minded to things, just because it’s been that way for a long time might not mean that’s the best way to do it.”* (Employee A, Case 3)

The second was having effective communication skills, these contributed to an individual’s ability to build relationships or social capital:

*“I think you need to be able to talk to and communicate and build relationships with different types of people in different areas...”* (Line Manager C, Case 3)

They also contributed to an individual’s ability to persuade or influence others:

*“I suppose a good entrepreneur within the business organisation is one who can dress something up in a particular way so that the benefit can be seen by all parties...”* (Line Manager D, Case 1)

Other characteristics or behaviours associated with individuals’ interpersonal skills that were not identified in all cases included being, “... *approachable...*” (Employee F, Case 3) and positive:

*“You want to feel positivity coming from someone in that position rather than hearing the negative side to things.”* (Employee E, Case 3)

In most cases, entrepreneurship was associated with individuals who worked well as part of a team and in doing so were supportive of others and/or able to gain the support of others to achieve a common goal:

*“...if they are able to engage with people so they get the support of some of their colleagues that would help in their roles, their goals to achieve what they set out to achieve. Being a team player and giving some of their team members assistance and trying to achieve a goal together.”* (Employee E, Case 2)

Yet in case 2 entrepreneurship was associated with individuals being, “... *autocratic...*” (Employee A, Case 2). There was evidence to suggest that this variation was due to the media and business-owners that this individual was using as reference points for their construction of the meaning of entrepreneurship:

*“From working with people over a long time and there are also people in TV and politics, Donald Trump, who doesn’t hold prisoners, but you either work with him or not at all. You... have your own bit of the business you are leading entrepreneurially or otherwise but still having to report into the main guy or woman who is in charge and I think it is a specific personality or character....”* (Employee A, Case 2)

Characteristics or behaviours associated with entrepreneurship that related to an individual's ability to cope with uncertainty (Table 18) included being, "... *adaptable...*" (Line Manager D, Case 4), "... *committed...*" (Employee B, Case 1), and having the, "... *ability to organise themselves...*" (Line Manager D, Case 1). The most prevalent was a tolerance for risk, which was identified in all except case 5. However, for some individuals entrepreneurship was associated with a high tolerance for risk:

*"... there is an element of in some aspects you take a risk which is actually out of control... for me an entrepreneur is a risk taker, but I'm not really sure if that is balanced risk." (Line Manager B, Case 1)*

Whilst others appeared to associate entrepreneurship with a more moderate tolerance for risk:

*"...willing to take a risk in certain circumstances, maybe a calculated risk but a risk nonetheless, something that may or may not pay off." (Employee D, Case 1)*

Confidence was only associated with entrepreneurship where the HRM function of the case was informal:

*"... the confidence and belief in your own ability that what you will do and the decisions you make will be successful." (Line Manager D, Case 3)*

This suggested that a formal HRM function may increase individuals' feelings of psychological safety.

**Table 17: Data supporting the second-order theme “Interpersonal skills”**

Associated first-order concepts	Representative quotes
Approachable	<ol style="list-style-type: none"> <li>1. “Someone who is approachable...” (Employee E, Case 3)</li> <li>2. “Someone that’s very approachable...” (Employee F, Case 3)</li> </ol>
Autocratic	<ol style="list-style-type: none"> <li>1. “Quite autocratic I suppose.” (Employee A, Case 2)</li> </ol>
Effective communication skills	<ol style="list-style-type: none"> <li>1. “I suppose a good entrepreneur within the business organisation is one who can dress something up in a particular way so that the benefit can be seen by all parties...” (Line Manager D, Case 1)</li> <li>2. “I think you need to be able to talk to and communicate and build relationships with different types of people in different areas...” (Line Manager C, Case 3)</li> <li>3. “...can articulate themselves very well...” (Employee C, Case 3)</li> <li>4. “...you would need to have good communication...” (Line Manager A, Case 5)</li> </ol>
Positive	<ol style="list-style-type: none"> <li>1. “...positive attitude...” (Owner-manager, Case 1)</li> <li>2. “You want to feel positivity coming from someone in that position...” (Employee A, Case 3)</li> </ol>
Receptive to change	<ol style="list-style-type: none"> <li>1. “...willingness to change...” (Owner-manager, Case 1)</li> <li>2. “Within a company like this, I think people have to be open minded and don’t say we can’t do that.” (Line Manager B, Case 2)</li> <li>3. “I try to always think that’s a great idea and add this to it and make it an even better idea, that’s being entrepreneurial and I think that’s what me and my colleagues are... [we] are quite happy to grow each others ideas into something that will make our jobs better or make us do a better job...” (Employee A, Case 2)</li> <li>4. “I would say you need to be open minded to things, just because it’s been that way for a long time might not mean that’s the best way to do it.” (Employee A, Case 3)</li> <li>5. “...someone who is forward thinking... maybe wanting to bring in change.” (Employee A, Case 4)</li> <li>6. “Forward thinking is one of the big pluses and not being afraid of change.” (Employee B, Case 5)</li> </ol>
Team orientated	<ol style="list-style-type: none"> <li>1. “Being a team player and giving some of their team members assistance and trying to achieve a goal together.” (Employee E, Case 2)</li> <li>2. “...always willing to help out and take things on...” (Employee F, Case 3)</li> <li>3. “...work with their colleagues, work with their managers in trying make the place more efficient...” (Employee C, Case 5)</li> </ol>

**Table 18: Data supporting the second-order theme “Ability to cope with uncertainty”**

Associated first-order concepts	Representative quotes
Adaptability	<ol style="list-style-type: none"> <li>1. “...adaptable...” (Line Manager D, Case 4)</li> <li>2. “I think everybody needs that sort of little bit of entrepreneurship as such I suppose to be able to function properly in an organisation anyway because if you haven’t got that flexibility...” (Employee D, Case 4)</li> </ol>
Commitment	<ol style="list-style-type: none"> <li>1. “...show my willingness to the company that I’m fully committed...” (Employee B, Case 1)</li> <li>2. “...entrepreneurship is really a commitment...” (Employee D, Case 1)</li> <li>3. “...they say right I’m staying with this company...” (Employee E, Case 1)</li> </ol>
Confidence	<ol style="list-style-type: none"> <li>1. “...it comes down then to the confidence of the individual really...” (Owner-manager, Case 1)</li> <li>2. “...it’s having the belief in your ability, the confidence and belief in your own ability...” (Line Manager D, Case 3)</li> <li>3. “On a personal level as well it’s about bravery...” (Employee A, Case 3)</li> <li>4. “...forthcoming and confident, or at least, they could be an introvert person but feels happy to express to somebody else their ideas...” (Line Manager C, Case 5)</li> </ol>
Resilience	<ol style="list-style-type: none"> <li>1. “...not be put off...” (Owner-manager, Case 1)</li> <li>2. “...I thought well I’m not going to let this go because we’re struggling with ideas of how we can move forward, nothing seems to be working...” (Employee A, Case 1)</li> <li>3. “...an entrepreneur wouldn’t, they wouldn’t get knocked back by negativity, no support, they would go on and on until they cracked it.” (Line Manager D, Case 2)</li> <li>4. “You get the feeling if they lost everything, and indeed so many people who are successful as entrepreneurs they have lost everything maybe once, twice, many times and started again. Its that resilience.” (Line Manager A, Case 4)</li> </ol>
Tolerance for risk	<ol style="list-style-type: none"> <li>1. “I’m too risk averse to be entrepreneurial because I believe there is an element of in some aspects you take a risk which is actually out of control... an entrepreneur is a risk taker...” (Line Manager B, Case 1)</li> <li>2. “...willing to take a risk in certain circumstances, maybe a calculated risk but a risk nonetheless, something that may or may not pay off.” (Employee D, Case 1)</li> <li>3. “...take risks to get things done quicker.” (Line Manager A, Case 2)</li> <li>4. “...could be more of a risk taker, that’s an entrepreneur.” (Line Manager A, Case 4)</li> </ol>
Organisational skills	<ol style="list-style-type: none"> <li>1. “...one defining feature of all of them is their ability to organise themselves...” (Line Manager D, Case 1)</li> </ol>



Resilience was only associated with entrepreneurship in cases operating within the manufacturing sector:

*“... so many people who are successful as entrepreneurs they have lost everything maybe once, twice, many times and started again. Its that resilience.”* (Line Manager A, Case 4)

Two characteristics related to an individual’s organisational awareness (Table 19). The first was having an appreciation of organisational priorities, these may be procedural or strategic in nature, *“... follow the rules or the strategy”* (Employee B, Case 2) or relate to the organisations’ values, *“... you’ve got company values to think of”* (Employee A, Case 3). The second was having knowledge of the regulations that applied to the organisation and its operations. These could be legislative:

*“... it is entrepreneurial to keep up to date, to have that little bit extra ahead of the rest... [being aware of] changes in the legislation, any new piece of legislation coming out...”* (Employee B, Case 5)

Alternatively, they related to professional guidelines or standards:

*“[They] have got a good background of skillsets within the technical aspects of the job. Someone who is knowledgeable about the regulatory aspects of the industry...”* (Employee C, Case 3)

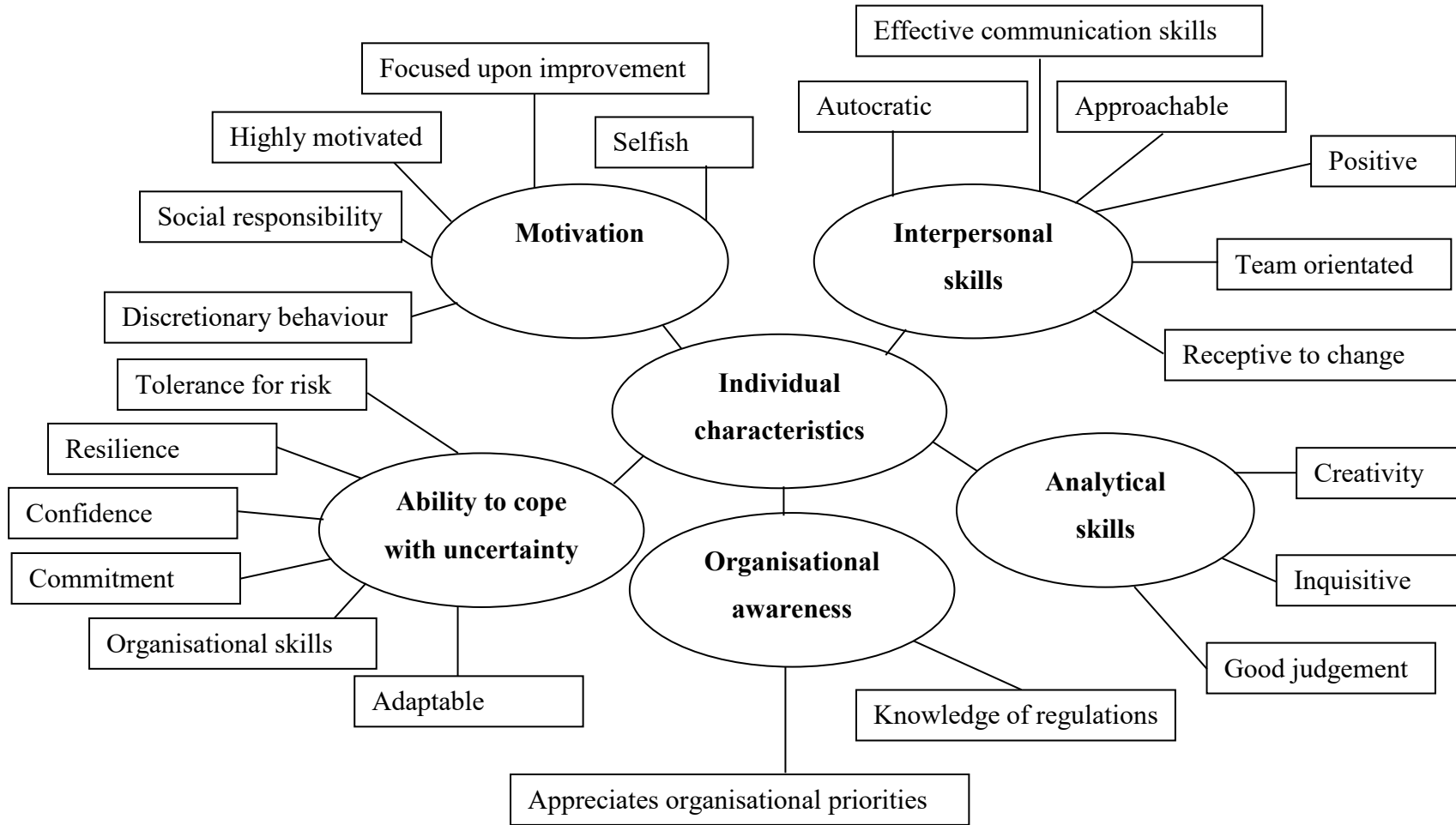
However, having knowledge of regulations was only identified in those cases in the service sector whose core operations were subject to relatively high levels of external regulation and so may not be relevant to SMEs in other sectors or whose operations are subject to fewer or no externally imposed regulations or standards.

**Table 19: Data supporting the second-order theme “Organisational awareness”**

Associated first-order concepts	Representative quotes
Appreciates organisational priorities	<ol style="list-style-type: none"> <li>1. “...the most important is discipline... follow the rules or the strategy.” (Employee B, Case 2)</li> <li>2. “I suppose the risk-taking element does come into it but probably in a more minor way if you’ve got company values to think of.” (Employee A, Case 3)</li> </ol>
Knowledge of regulations	<ol style="list-style-type: none"> <li>1. “...got a good background of skillsets within the technical aspects of the job. Someone who is knowledgeable about the regulatory aspects of the industry...” (Employee C, Case 3)</li> <li>2. “...a deep technical knowledge I would say is essential...” (Employee D, Case 5)</li> </ol>

Creativity was the only characteristic identified by all groups within every case (Table 14). In no case did an owner-manager associate a high level of motivation, engaging in discretionary behaviour, or possessing effective communication skills with entrepreneurship. However, in every case these were identified as such by line managers and/or non-managerial employees. In no case were the same set of characteristics identified by more than one group of organisational agents but in each case some characteristics were only identified by one group of organisational agents. Therefore, membership of the groups identified in this study had some influence on the construction of the meaning of entrepreneurship within each case, however, these patterns of variation indicated that other factors must also be influential as suggested by the data presented above.

**Figure 6: Conceptualisation of aggregate dimension entrepreneurship as the possession of individual characteristics or behaviours**



Finally, it was also notable that certain characteristics, such as creativity and being highly motivated, were associated with independent entrepreneurship:

*“I mean when you say to me entrepreneurship, you think of Richard Branson and things like that don’t you and individual people trying to create an amazing product that will make them a lot of money...” (Line Manager E, Case 4)*

Whilst also being associated with CE:

*“I think within this organisation it means to be innovative, to be able come up with ideas...” (Employee A, Case 2)*

Whereas others, such as those relating to organisational awareness, were only identified as being associated with CE.

### 5.2.2 Entrepreneurship as an activity

In addition to individual characteristics and behaviours, participants associated a range of events or activities and emotional states with entrepreneurship. Events or activities were categorised as relating to environmental interaction, opportunity identification, opportunity dissemination, opportunity assessment, the receipt of feedback, opportunity implementation, improved organisational capability, and individual benefit (Tables 20 to 26). A wide range of emotional states that were categorised as positive or negative were also identified (Tables 27 and 28). A number of chronological relationships between these second-order themes were repeatedly observed within participants’ accounts of their experiences and perceptions of entrepreneurship (Table 29 and Figures 7 to 17). These second-order themes and their relationships enabled the aggregate dimension entrepreneurship as an activity to be derived from the data (Figures 16 and 17).

Environmental interaction (Table 20) occurred through individuals observing or interacting with some aspect of the environment within or outside their organisation, including other individuals. Observations of the internal environment related to existing practices or processes:

*“I noticed we were sending a lot of waste to landfill that could easily be recycled and obviously sending waste to landfill is quite expensive now, recycling it for us doesn’t cost anything...”* (Employee A, Case 4)

Observations of the external environment related to the activities of suppliers, *“By getting the bills from our current travel company...”* (Employee A, Case 2), the processes or practices of customers, *“I spotted it... when visiting a customer and I thought well actually that makes sense...”* (Line Manager B, Case 1), and the products or services provided by competitors:

*“... there are other companies within the industry that will not only supply you the X, they will supply you the foam bits...”* (Line Manager B, Case 1)

Environmental interaction also occurred through social interaction between an individual and another party from either within or outside their organisation who would provide them with information about the environment. With regards to external parties this involved customers expressing their needs or demands:

*“... [they] said we want to build an X solution, we are having real problems with our current suppliers...”* (Owner-manager, Case 2)

**Table 20: Data supporting the second-order theme “Environmental interaction”**

Associated first-order concepts	Representative quotes
Exposure to the internal environment	<ol style="list-style-type: none"> <li>1. “...the shift manager came up to us and said this is your machine, your responsibility, give me some ideas about how you think you could make it better...” (Employee B, Case 1)</li> <li>2. “...the factory was very busy, we had lots of bottlenecks, lots of queues...” (Line Manager E, Case 2)</li> <li>3. “...a lot of my role is liaising with X employees and the biggest complaint that came with me taking on this role was the lack of information that was fed back to them previously...” (Employee B, Case 3)</li> <li>4. “It really came from a place of the more they were going to have me take on these other regions something had to happen because I couldn’t possibly run every region manually...” (Employee B, Case 3)</li> <li>5. “I noticed we were sending a lot of waste to landfill that could easily be recycled and obviously sending waste to landfill is quite expensive now, recycling it for us doesn’t cost anything...” (Employee A, Case 4)</li> <li>6. “...there has been occasions where I’ve thought that the way particular a section of the business I don’t think has been run efficiently...” (Owner-manager, Case 5)</li> </ol>
Exposure to the external environment	<ol style="list-style-type: none"> <li>1. “...it’s often forced by changes within software or a supplier change...” (Owner-manager, Case 1)</li> <li>2. “I spotted it... when visiting a customer and I thought well actually that makes sense...” (Line Manager B, Case 1)</li> <li>3. “X company came to us, they specifically hunted us out and said we want to build an X solution we are having real problems with our current suppliers...” (Owner-manager, Case 2)</li> <li>4. “By getting the bills from our current travel company...” (Employee A, Case 2)</li> <li>5. “We had a customer that was short of money...” (Line Manager A, Case 3)</li> <li>6. “...basic things... we had three different orders that had to go to the same place, instead of sending them out as three different things... do it as one bigger bulk...” (Employee C, Case 4)</li> <li>7. “...when I was speaking to another accountant that worked somewhere else and they used it...” (Line Manager B, Case 5)</li> <li>8. “...schools became academies, therefore there was a growth area...” (Line Manager B, Case 5)</li> </ol>

Within the organisation these interactions occurred in an upward direction whereby line managers were alerted to environmental conditions by non-managerial employees:

*“People were saying things to me and there were inefficiencies in the way we manufacture things and that led me to look at things more closely. Paper is key to our manufacturing process and as you get into that and talk to people in the warehouse, and the difficulties they have day-to-day because of the amount of stock that’s up there...and you think if we standardised on a particular paper size...”* (Line Manager A, Case 4)

They also occurred in a downward direction whereby line managers alerted non-managerial employees to environmental conditions including the needs of the organisation or its leadership:

*“... the shift manager came up to us and said this is your machine, your responsibility, give me some ideas about how you think you could make it better...”* (Employee B, Case 1)

These forms of environmental interaction were also identified during the observations undertaken within the cases, for example, in case 1 during a team meeting the owner-manager shared customer feedback relating to production errors with line managers, which prompted a line manager to identify an opportunity for improvement (Appendix G). Whilst in case 2, a line manager described how their observations of a client had led them to identify an opportunity for the organisation to partner with that client in the future (Appendix G).

Opportunity identification (Table 21) involved the identification or conceptualisation of a potential course of action by an individual. This occurred through a range of methods including imagining a future reality, *“... thinking about the business in five years time... and what we need to look like...”* (Owner-manager, Case 1) and challenging existing norms:

**Table 21: Data supporting the second-order theme “Opportunity identification”**

Associated first-order concepts	Representative quotes
Imagining the future	<ol style="list-style-type: none"> <li>1. “...thinking about the business in five years time, where the business could be and what we need to look like...” (Owner-manager, Case 1)</li> <li>2. “...you’re looking at future technology, where we try and stay right at the forefront of that technology to gain future markets where other markets are falling away...” (Line Manager B, Case 1)</li> <li>3. “...look forward 5 years to what the business could be...” (Line Manager E, Case 2)</li> <li>4. “...let’s set a strategy for three years that we have all bought into, what are we going to be doing financially and then how are we going to do that...” (Owner-manager, Case 4)</li> <li>5. “...it’s thinking about the future, future ideas, future initiatives” (Employee C, Case 5)</li> </ol>
Retrieving ideas	<ol style="list-style-type: none"> <li>1. “...I’d have it on a backburner somewhere or I’d wait for the opportunity whereby the solution I would have presented will actually be viable again, so should it be something that will repeat I will store it for that opportune moment...” (Line Manager D, Case 1)</li> <li>2. “...so why don’t we revisit what we were doing six months ago because that might now be more practical.” (Line Manager B, Case 2)</li> </ol>
Revising or amending ideas	<ol style="list-style-type: none"> <li>1. “...the way to do things here is to give it time, maybe change the angle slightly but come back...” (Line Manager B, Case 1)</li> <li>2. “...I look back and say whats missing when I tried to convince top management. Sometimes the same idea I make it right again... I make a correction out of it...” (Employee B, Case 2)</li> <li>3. “...that would encourage you to think well I’ll try a different way then...” (Employee B, Case 4)</li> </ol>
Challenging existing norms	<ol style="list-style-type: none"> <li>1. “...maybe I’m an entrepreneur within this industry because... while [our competitors are] doing that we’re going to be out there building our business...” (Owner-manager, Case 3)</li> <li>2. “...looking at processes... things that you do on a regular basis and then being there to say that’s not working anymore, maybe we should do that differently...” (Line Manager A, Case 4)</li> <li>3. “...whether it’s the partners or any of the staff see something at a clients that they think could be improved, could be changed, could do something different...” (Owner-manager, Case 5)</li> <li>4. “...I suggested that all the small accounts were done on Excel... When I first started I followed the procedure to do it on Word, I found out it was really inefficient...” (Employee A, Case 5)</li> </ol>



*“... that’s not working anymore, maybe we should do that differently or we should look at a different approach.” (Line Manager A, Case 4)*

Opportunity identification did not always involve the generation of new ideas. Sometimes it involved going back to opportunities that had been rejected previously, this occurred through the straightforward pursuit of such opportunities as they were originally conceived:

*“... so why don’t we revisit what we were doing six months ago because that might now be more practical.” (Line Manager B, Case 2)*

It also involved the use of such opportunities as the basis for the conceptualisation of a new or modified opportunity:

*“... I look back and say whats missing when I tried to convince top management. Sometimes the same idea I make it right again... I make a correction out of it...” (Employee B, Case 2)*

As well as occurring within a case organisation, opportunity identification could also occur across organisational boundaries:

*“... whether it’s the Partners or any of the staff see something at a clients that they think could be improved, could be changed, could do something different...” (Owner-manager, Case 5)*

Opportunity dissemination (Table 22) involved one or more individuals communicating an opportunity to another or others. There were two forms that this took, the first was a more passive and straightforward sharing of ideas:

*“... then we mention it to our manager... on one occasion, I’ve missed out my manager and gone straight to the director...” (Employee C, Case 1)*

**Table 22: Data supporting the second-order theme “Opportunity dissemination”**

Associated first-order concepts	Representative quotes
Sharing ideas	<ol style="list-style-type: none"> <li>1. “I’ve spoken to everybody afterwards so that I can then come along and say here is the idea and here’s the plan...” (Line Manager, D, Case 1)</li> <li>2. “...then we mention it to our manager... on one occasion, I’ve missed out my manager and gone straight to the director...” (Employee C, Case 1)</li> <li>3. “I spoke to each of the X employees, and Y employees and Z employees to make them understand what I wanted to do...” (Line Manager D, Case 2)</li> <li>4. “I took the idea to the client to see if they were interested...” (Line Manager A, Case 3)</li> <li>5. “...we’re obviously on the same wavelength and have the same ideas so it’s very easy for us to kind of bang ideas off each other...” (Employee E, Case 4)</li> <li>6. “...[the clients] say to me, what do you think about it...” (Owner-manager, Case 5)</li> </ol>
Presenting the case for change	<ol style="list-style-type: none"> <li>1. “...you may have to sell it to people who are not involved in the original concept, you may have to physically sell it to them, this is what’s going to happen and this is what it does and this will make your life better or easier...” (Line Manager E, Case 1)</li> <li>2. “...you put forward a bit of a case... (Employee C, Case 1)</li> <li>3. “...the next process would be write a little report, pros and cons of the incumbent and potential new company and then I would talk to my manager about it...” (Employee A, Case 2)</li> <li>4. “...being able to demonstrate and communicate to others the benefit but that might not be the right person to actually deliver it...” (Owner-manager, Case 3)</li> <li>5. “...if you are servicing a [client’s] system and there are deficiencies or issues that arise from that service there is the potential there to make recommendations and sell a product to them...” (Employee C, Case 3)</li> <li>6. “...obviously I will put a case of what I want to change to someone at leadership level because I report to them...” (Line Manager D, Case 4)</li> <li>7. “...I sat down with the Partner who I work for mainly, we had a discussion about it. I kind of put forward the reasons why I thought it would be a really good idea...” (Line Manager B, Case 5)</li> </ol>

The second was a more proactive attempt to persuade others that an opportunity was worthy of implementation:

*“... you may have to sell it to people who are not involved in the original concept, you may have to physically sell it to them, this is what’s going to happen and this is what it does and this will make your life better or easier...”*  
(Line Manager E, Case 1)

This communication occurred upward and downward within the organisation. As with opportunity identification, opportunity dissemination also occurred across organisational boundaries, opportunities were disseminated from suppliers to their clients, *“I took the idea to the client to see if they were interested...”* (Line Manager A, Case 3). They were also disseminated from clients to their suppliers, *“... [the clients] say to me, what do you think about it...”* (Owner-manager, Case 5).

Opportunity assessment involved one or more individuals critically evaluating an opportunity either identified by themselves or proposed by others (Table 23). Such assessments were most often based upon various characteristics of the opportunity itself. These included the anticipated cost versus anticipated benefits, *“... what it’s going to take in terms of time, what’s the financial benefit...”* (Owner-manager, Case 5), the resources required, *“... can we get the resource or the finance...”* (Owner-manager, Case 3), the extent to which the opportunity matched the aims of the organisation, *“... sometimes we run with them if they follow I guess our roadmap...”* (Line Manager E, Case 2), whether it met regulatory requirements, *“... because a [regulatory] rule prevents it...”* (Line Manager A, Case 5), the assessor’s experience of implementing similar opportunities, *“... oh no, we’ve tried that before and it didn’t work”* (Line Manager A, Case 5), and the effect or outcome of the opportunity once it had been implemented, *“... reviewing it as well, does it actually work... has it actually improved anything...”* (Employee C, Case 1).

**Table 23: Data supporting the second-order theme “Opportunity assessment”**

Associated first-order concepts	Representative quotes
Reference to previous experience	<ol style="list-style-type: none"> <li>1. “...you know depending on what their suggestion is whether it’s something that’s been attempted before...” (Owner-manager, Case 1)</li> <li>2. “...There are somethings that you might of tried before, so oh no, we’ve tried that before and it didn’t work.” (Line Manager A, Case 5)</li> </ol>
Cost/Benefit analysis	<ol style="list-style-type: none"> <li>1. “...if you can see that a machine on investment you’re making will help the business realise bigger profits then its what they call a no-brainer...” (Owner-manager, Case 1)</li> <li>2. “The initial cost of buying the software might be a big chunk but the overall cost I think it will eventually outweigh it...” (Employee C, Case 1)</li> <li>3. “There must be some kind of improvement and then... if there’s a resource issue with it or a cost associated to it...” (Line Manager C, Case 4)</li> </ol>
Assessment of credibility	<ol style="list-style-type: none"> <li>1. “...then from there we had a discussion and realised it was as the Sales Director described a very good company...” (Owner-manager, Case 1)</li> <li>2. “...if it came from someone who we knew from experience knows what they are talking about and they have been with us for a while and we know them and we know that they know what they are talking about then obviously its got to be taken seriously.” (Owner-manager, Case 5)</li> </ol>
Assessment of strategic fit	<ol style="list-style-type: none"> <li>1. “...you are inundated with opportunities every day. So that [strategic] framework that you’ve got in place gets rid of the stuff you can say no to...” (Owner-manager, Case 2)</li> <li>2. “...sometimes we run with them if they follow I guess our roadmap and if they are not aligned to the roadmap then often those ideas might whither.” (Line Manager E, Case 2)</li> </ol>
Assessment of resource requirements	<ol style="list-style-type: none"> <li>1. “...who do we need to hire...” (Owner-manager, Case 2)</li> <li>2. “...have we got the resources, have we got the people to be able to manage this...” (Employee A, Case 3)</li> </ol>
Review opportunity implementation	<ol style="list-style-type: none"> <li>1. “...reviewing it as well, does it actually work, you’ve done this for the last six months has it actually improved anything...” (Employee C, Case 1)</li> <li>2. “...and then there’s a review on it and if it starts falling off the rails, falling behind or it doesn’t look like its working, we check the business case monthly...” (Owner-manager, Case 2)</li> </ol>
Reference to external regulations	<ol style="list-style-type: none"> <li>1. “...it would normally be because a [regulatory] rule prevents it...” (Line Manager A, Case 5)</li> </ol>

**Table 24: Data supporting the second-order theme “Opportunity implementation”**

Associated first-order concepts	Representative quotes
Acquiring resources	<ol style="list-style-type: none"> <li>1. “...we had to buy a machine for that work which we didn’t have...” (Owner-manager, Case 1)</li> <li>2. “...bringing those employees into our company we are able to commercialise someone else’s idea...” (Line Manager E, Case 2).</li> </ol>
Learning	<ol style="list-style-type: none"> <li>1. “...we had to learn how to handle the material...” (Owner-manager, Case 1)</li> </ol>
Changing suppliers	<ol style="list-style-type: none"> <li>1. “...we will be changing one if not two of our suppliers as a result...” (Employee D, Case 1)</li> </ol>
Trialling	<ol style="list-style-type: none"> <li>1. “...then it went into a test phase just before the proof of concept, and then went into trial...” (Line Manager C, Case 2)</li> <li>2. “...and we’d be happy to support it for 12 months to see what happens and within that 12 months you have to pull together a business plan...” (Owner-manager, Case 4)</li> </ol>
Protecting intellectual property	<ol style="list-style-type: none"> <li>1. “...we are going through patenting now...” (Line Manager E, Case 2)</li> <li>2. “...and you want to get it patented...” (Employee C, Case 3)</li> </ol>
Designing	<ol style="list-style-type: none"> <li>1. “...design new products...” (Employee E, Case 2)</li> <li>2. “What I did was went in and created from scratch, with help from the X manager and head of X, a completely new admin process for the projects...” (Line Manager C, Case 3)</li> <li>3. “...I came up with a template for different types of [documents]...” (Employee A, Case 5)</li> </ol>
Training	<ol style="list-style-type: none"> <li>1. “...then having to train up the X guys on how to use the new system.” (Employee F, Case 3)</li> <li>2. “...we promoted lots of people from within and trained them into it.” (Owner-manager, Case 4)</li> </ol>
Creating new business units	<ol style="list-style-type: none"> <li>1. “...we had to create a separate unit to do just that so it was completely focused on just that [new activity]...” (Owner-manager, Case 4)</li> <li>2. “...people who are there leading the way in starting up new businesses...” (Employee C, Case 2)</li> </ol>
Manufacturing products	<ol style="list-style-type: none"> <li>1. “...then putting the [product] into design and production...” (Employee E, Case 4)</li> </ol>
Providing services	<ol style="list-style-type: none"> <li>1. “...obviously the more services we provide the more we can charge the client...” (Line Manager C, Case 5)</li> </ol>
Allocation of resources	<ol style="list-style-type: none"> <li>1. “...we agree, put a project team together on it, there’s a programme manager and a technical lead and a commercial lead and then we execute...” (Owner-manager, Case 2)</li> </ol>

However, in a small number of instances opportunities were also assessed according to the credibility of those involved, whether they were organisations, “... *the Sales Director described a very good company...*” (Owner-manager, Case 1) or individuals:

*“... if it came from someone who we knew from experience knows what they are talking about and they have been with us for a while and we know them and we know that they know what they are talking about then obviously its got to be taken seriously.”* (Owner-manager, Case 5)

Opportunity implementation involved taking actions to translate a conceptual opportunity into a practical reality, and these actions took many different forms (Table 24). Opportunity implementation could be undertaken by a single individual, “... *I came up with a template for different types of [documents] ...*” (Employee A, Case 5), or a number of individuals working together:

*“What I did was went in and created from scratch, with help from the X manager and head of X, a completely new admin process for the projects ...”* (Line Manager C, Case 3)

It was also notable that opportunity implementation may be undertaken by the same individual who identified the opportunity:

*“I did follow what they were previously doing, but I think I expressed my surprise quite early on that that was what was happening. I talked to the Partners... and said I think it would be a really good idea. He said can you do some examples, I came up with a template for different types of [documents] and showed that to them...”* (Employee A, Case 5)

Alternatively, it may be undertaken by a different individual:

*“... I didn't design this concept, but I had the idea and then I'm the one fronting it, they are doing the techy bit...”* (Employee B, Case 3)

**Table 25: Data supporting the second-order theme “Organisational benefit”**

Associated first-order concepts	Representative quotes
Improved processes	<ol style="list-style-type: none"> <li>1. “...it improved our processes...” (Line Manager B, Case 1)</li> <li>2. “...a new way of doing something, a process improvement...” (Employee C, Case 2)</li> </ol>
Improved resources	<ol style="list-style-type: none"> <li>1. “...improving the whole business... the staff, the facilities...” (Line Manager E, Case 1)</li> </ol>
Improved organisational image	<ol style="list-style-type: none"> <li>1. “...its promoting the company.” (Line Manager D, Case 3)</li> <li>2. “...Reputation, it shows that we want to become a better company.” (Line Manager E, Case 4)</li> </ol>
Increased market access	<ol style="list-style-type: none"> <li>1. “...to me entrepreneurial is almost like taking a company or business into new markets that haven’t specifically been targeted before by creating a new market yourself...” (Line Manager B, Case 2)</li> <li>2. “The benefit for this company is that we will be supplying our X components into the product but also it expands our product portfolio and gives us access into a different market segment” (Line Manager C, Case 2)</li> </ol>
Improved products or services	<ol style="list-style-type: none"> <li>1. “...to produce new products...” (Employee C, Case 2)</li> <li>2. “If we can deliver that [service] ourselves then that adds quite a considerable string to our bow because only seven companies in the UK have the accreditation to be able to deliver that...” (Owner-manager, Case 3)</li> </ol>
Increased efficiency	<ol style="list-style-type: none"> <li>1. “So one it saves us cost because we haven’t got to make another paper trail, make another visit in a day or two days...” (Line Manager A, Case 3)</li> <li>2. “...I implemented a shared spreadsheet so everyone could look at it...I have done something that has helped, maybe from a time saving point of view I guess...” (Employee D, Case 5)</li> </ol>
Improved financial performance	<ol style="list-style-type: none"> <li>1. “...make the company more money...” (Line Manager C, Case 1)</li> <li>2. “...1999 it was launched, turned over £50k, lost a fortune and last year we did £3.5m....” (Owner-manager, Case 4)</li> </ol>
Improved consumer relationships	<ol style="list-style-type: none"> <li>1. “...we do it, the customer is happy...” (Line Manager A, Case 3)</li> <li>2. “...you generate a loyal client that is going to be with the firm... longer...” (Employee B, Case 5)</li> </ol>
Enhanced competitive advantage	<ol style="list-style-type: none"> <li>1. “...make the business more competitive, and make it, and differentiate it from the competition...” (Employee C, Case 5)</li> </ol>
Growth	<ol style="list-style-type: none"> <li>1. “...its 25% of our business and growing at a faster rate than any other part of the business...” (Owner-manager, Case 4)</li> </ol>

The occurrence of range of organisational benefits (Table 25) was widely associated with entrepreneurship. These benefits may be accrued by an individual's organisation:

*"The benefit for this company is that we will be supplying our X components into the product but also it expands our product portfolio and gives us access into a different market segment..." (Line Manager C, Case 2)*

They may also be accrued by the client of an individual's organisation:

*"... there is a financial saving to the client...you do bond more with a client if you have been through a process of some new concept." (Employee B, Case 5)*

In addition to organisational benefits, the receipt of a range of benefits by the individual or individuals involved in the act of entrepreneurship was also widely identified (Table 26). Whilst some of these benefits were associated with material gain, either indirectly through *"... promotion..."* (Line Manager E, Case 1), or directly:

*"... [the customer] said no I deal with them and so if I buy your waste then the employee gets 20%, and I was getting it, so if they bought £500 of waste product I would get 20% of that in cash..." (Employee E, Case 1)*

Others had no material value, such as recognition, *"... a pat on the back, well done..."* (Line Manager D, Case 4) and the receipt of feedback:

*"We always talk to each other... its always a question of getting the feedback and seeing what you need to tweek..." (Owner-manager, Case 5)*

A range of positive emotional states were associated with an individuals' engagement in the act of entrepreneurship (Table 27), as were a range of negative emotional states (Table 28). The data indicated that negative emotional states could intensify when an individual experienced them in response to the same situation being repeated:



**Table 26: Data supporting the second-order theme “Individual benefit”**

Associated first-order concepts	Representative quotes
Promotion	<ol style="list-style-type: none"> <li>1. “...so you can prove to them that you are something different and you can go on to the next level...” (Employee B, Case 1)</li> <li>2. “...if they are showing some entrepreneurial ideas or behaviour its got to be good for themselves, perhaps they can improve their career or advance it more rapidly...” (Employee E, Case 2)</li> </ol>
Financial reward	<ol style="list-style-type: none"> <li>1. “...[the customer] said no I deal with them and so if I buy your waste then the employee gets 20%, and I was getting it, so if they bought £500 of waste product I would get 20% of that in cash...” (Employee E, Case 1)</li> <li>2. “...then they would potentially earn some money for doing it...” (Line Manager A, Case 3)</li> </ol>
Improved working conditions	<ol style="list-style-type: none"> <li>1. “...my intentions will be to make my workflow and my environment easier and more efficient, better et cetera which will ultimately benefit the company...” (Employee C, Case 1)</li> <li>2. “...it made my own job easier because you had less downtime on a machine or faults on a machine because you had made an improvement, so it made your own job easier...” (Employee E, Case 2)</li> <li>3. “...at the end of the day it makes my life a lot easier, it makes my job easier to do...” (Employee D, Case 3)</li> </ol>
Recognition	<ol style="list-style-type: none"> <li>1. “...if you have been successful and reaped the benefits of entrepreneurship you might think I’ll try that again. When I say benefits I don’t mean financial benefits necessarily, I mean praise, recognition, those kinds of things.” (Employee B, Case 3)</li> <li>2. “...I would expect some sort of recognition, I’m not saying financially, but a pat on the back, well done...” (Line Manager D, Case 4)</li> </ol>
Receipt of feedback	<ol style="list-style-type: none"> <li>1. “...they give feedback, sometimes positive and sometimes negative... but I don’t perceive it as negative I perceive it as positive and then that’s why I say I make correction out of it.” (Employee B, Case 2)</li> <li>2. “...it’s important to know the reasons why so you can learn from it and to know whether you had a misguided thought or it’s a financial reason or it’s a timing issue... Feedback is always important I think...” (Line Manager B, Case 3)</li> <li>3. “We always talk to each other...its always a question of getting the feedback and seeing what you need to tweek...” (Owner-manager, Case 5)</li> </ol>

**Table 27: Data supporting the second-order theme “Positive emotional state”**

Associated first-order concepts	Representative quotes
Satisfaction	<ol style="list-style-type: none"> <li>1. “...Its very satisfying to come up with something different, creative, new and then take that out to the business...” (Owner-manager, Case 2)</li> <li>2. “I feel very satisfied... everyone works for money, I am also looking for self satisfaction...” (Employee B, Case 2)</li> <li>3. “I was really pleased at first that they did take my idea...” (Employee A, Case 5)</li> </ol>
Sense of achievement	<ol style="list-style-type: none"> <li>1. “...you’ve achieved something...” (Line Manager A, Case 1)</li> <li>2. “...it’s a sense of achievement I guess...” (Line Manager B, Case 3)</li> <li>3. “I feel like I’ve made a difference and you get that sense of achievement. (Employee A, Case 4)</li> </ol>
Increased confidence	<ol style="list-style-type: none"> <li>1. “...so it gave me a lot of confidence...” (Line Manager C, Case 3)</li> <li>2. “...obviously it gives you extra confidence that you have come up with essentially a valid, what you thought was a valid idea, but that others have thought the same.” (Line Manager C, Case 5)</li> </ol>
Increased self esteem	<ol style="list-style-type: none"> <li>1. “...I think if you are able to behave entrepreneurially then I think that would only feed that, you would feel more valued...” (Employee D, Case 1)</li> <li>2. “It generally makes you feel good about yourself...” (Employee C, Case 4)</li> <li>3. “...if I see there’s been an improvement because of something I’ve done then its only logical to feel good about yourself isn’t it.” (Owner-manager, Case 5)</li> </ol>
Valued	<ol style="list-style-type: none"> <li>1. “...it makes feel like people have actually listened, taken notice of what you’ve said...” (Line Manager A, Case 1)</li> <li>2. “...if you can do something that impacts positively that’s good. It makes you feel valued.” (Employee A, Case 3)</li> </ol>
Pride	<ol style="list-style-type: none"> <li>1. “I think you do take a bit of pride, knowing you have made a difference.” (Employee C, Case 2)</li> <li>2. “You’re proud of it when it’s working...” (Line Manager B, Case 3)</li> </ol>
Happy	<ol style="list-style-type: none"> <li>1. “...I suggested it to management and they went out and built one out of materials and it works perfectly, I felt dead chuffed.” (Employee E, Case 1)</li> <li>2. “...so it makes me happy that I can put something into the company.” (Employee D, Case 3)</li> <li>3. “I would be elated.” (Line Manager D, Case 4)</li> </ol>
Motivated or encouraged	<ol style="list-style-type: none"> <li>1. “...it encourages you...” (Line Manager C, Case 1)</li> </ol>

**Table 28: Data supporting the second-order theme “Negative emotional state”**

<b>Associated first-order concepts</b>	<b>Representative quotes</b>
Anger	<ol style="list-style-type: none"> <li>1. “I suppose it would make me very angry...” (Employee D, Case 3)</li> <li>2. “...if it wasn’t implemented because my [colleagues] outvoted me then obviously yes, I’d be pissed off...” (Owner-manager, Case 5)</li> <li>3. “...if it happened too often I would probably get quite angry...” (Line Manager B, Case 5)</li> </ol>
Disappointment	<ol style="list-style-type: none"> <li>1. “Disappointed because I was really eager to implement that product...” (Line Manager C, Case 2)</li> </ol>
Frustration	<ol style="list-style-type: none"> <li>1. “Frustrated and resentful, well does my opinion not count then...” (Employee A, Case 1)</li> <li>2. “Frustrated and obviously you are going to lose... respect for people...” (Employee C, Case 2)</li> </ol>
Not valued	<ol style="list-style-type: none"> <li>1. “...does my opinion not count then, does not my opinion not matter...” (Employee A, Case 1)</li> <li>2. “It’s generally more demoralising when you think you’ve not been listened to.” (Employee C, Case 4)</li> </ol>
Resentment	<ol style="list-style-type: none"> <li>1. “Frustrated and resentful, well does my opinion not count then...” (Employee A, Case 1)</li> </ol>
Upset	<ol style="list-style-type: none"> <li>1. “...I’d feel upset with myself because I have been given the opportunity and I haven’t fulfilled it.” (Employee C, Case 1)</li> <li>2. “...I would feel hurt because I would think hang on a minute, I’ve invested that time...” (Line Manager D, Case 4)</li> </ol>
Reduced commitment	<ol style="list-style-type: none"> <li>1. “...you might start to think about your position. Short-term after being knocked back maybe I will be a bit frustrated...” (Line Manager B, Case 1)</li> <li>2. “...if it happened too often I would probably get quite angry and potentially look elsewhere...” (Line Manager B, Case 5)</li> </ol>
Reduced respect	<ol style="list-style-type: none"> <li>1. “Frustrated and obviously you are going to lose... respect for people...” (Employee C, Case 2)</li> </ol>
Embarrassed	<ol style="list-style-type: none"> <li>1. “I’d probably feel a bit embarrassed...” (Line Manager A, Case 5)</li> </ol>
Unhappy	<ol style="list-style-type: none"> <li>1. “I’d be grumpy for five minutes...” (Line Manager D, Case 1)</li> <li>2. “...if you’re not going to knock it back and give me an explanation I would feel miffed...” (Owner-manager, Case 4)</li> </ol>
Reduced confidence	<ol style="list-style-type: none"> <li>1. “...lack of confidence, if you couldn’t do it or were restricted.” (Line Manager D, Case 3)</li> </ol>
Despondent	<ol style="list-style-type: none"> <li>1. “If I felt it was genuinely a really good point and it was turned down I guess I would be quite despondent...” (Employee D, Case 5)</li> </ol>
Demotivated or discouraged	<ol style="list-style-type: none"> <li>1. “...you’d feel quite demotivated I suppose.” (Employee B, Case 3)</li> </ol>

**Table 29: Data supporting the chronological relationships between events and states as displayed in Figures 7 to 17**

<b>Chronological relationship</b>		<b>Representative quotes</b>
<b>First event or state</b>	<b>Second event or state</b>	
Environmental interaction	Opportunity identification	<ol style="list-style-type: none"> <li>1. "...it's often forced by changes within software or a supplier change or something inherent within our business which means you have to look at what you're doing and that's always a good opportunity to say right, okay, given that change if we could do this different..." (Owner-manager, Case 1)</li> <li>2. "...so one I had a long time ago was a scheduling problem we had in the factory and the factory was very busy, we had lots of bottlenecks, lots of queues and I was actually sat in my car and a lorry pulled up beside me, it was one of these big articulated lorries with three wheels on the back and front and it was just the shape of the wheels that made me think about a method that we could simply schedule the workflow through the line..." (Line Manager E, Case 2)</li> <li>3. "...looking for instance at a process, a process might be done in a certain way but there might be a bit that's unnecessary or a bit where you're double handing something... If you could change the way you do it slightly so that you only have to do it once ..." (Employee C, Case 4)</li> </ol>
Opportunity identification	Opportunity dissemination	<ol style="list-style-type: none"> <li>1. "...although no one had raised that as a potential... solution, I did pick up on that and talked to my manager..." (Employee C, Case 2)</li> <li>2. "...they identified the opportunity of a [new business unit to provide a new service] and we said ok you need to put a business case to us which they did." (Owner-manager, Case 4)</li> <li>3. "...if you come up with an idea you've got to feed it up the line... I sat down with the Partner who I work for mainly, we had a discussion about it. I kind of put forward the reasons why I thought it would be a really good idea..." (Line Manager B, Case 5)</li> </ol>

Opportunity identification	Opportunity assessment	<ol style="list-style-type: none"> <li>1. "I firmly believe that a big advantage to the business would be to replace the ERP system but you're looking at somewhere in the region of half £1 million and for software that's a phenomenal amount of money and the return on investment for that would be years but there's lots of it would do this, it would improve this, it would streamline this but in reality with anything like that there is a huge element of risk." (Owner-manager, Case 1)</li> <li>2. "...if we were going to change supplier or to take on big contracts, have we got the resources, have we got the people to be able to manage this, you would never know it would probably be a risk prior to taking it on." (Employee A, Case 3)</li> </ol>
Opportunity dissemination	Opportunity assessment	<ol style="list-style-type: none"> <li>1. "...and speak to my line manager, and they'd say it's a good idea, I wonder why that's not been thought of..." (Line Manager B, Case 2)</li> <li>2. "...I saw the manager here and put my idea to them and they said no no can't do that..." (Employee B, Case 3)</li> </ol>
Opportunity dissemination	Negative emotional state	<ol style="list-style-type: none"> <li>1. "I went to the managing director with this idea of scheduling the different machines on different dates and making that change... but then you lose control of it, you're not following through, they are... you've just lost control of it then and got no idea... It can be quite frustrating because you're left wondering..." (Employee A, Case 1)</li> </ol>
Opportunity assessment	Opportunity identification	<ol style="list-style-type: none"> <li>1. "I said we can't, it's impossible, the pricing and size and we need to be qualified, so I got my guys who know where all the Chinese manufacturers are and I said go and find this product manufactured in China and go and find a price so that we can resell it to the other company." (Owner-manager, Case 2)</li> <li>2. "...if it had a negative impact you would want to assess it and discuss it with people and change what you had done and whether its just reversing back to what we did before because you can see it hasn't worked or perhaps moulding it a bit differently." (Owner-manager, Case 5)</li> </ol>

Opportunity assessment	Opportunity dissemination	<ol style="list-style-type: none"> <li>1. "I have regular meetings with my line manager so I think that's perhaps the obvious starting point to discuss that to see whether its potentially something that is useful to take further and on that basis it may well be, take it a step further and go and discuss it with the X manager or the technical specialist..." (Line Manager B, Case 2)</li> <li>2. "...they said no no can't do that and, if I thought you just can't be bothered or give me a substantial reason as to why I couldn't, I would go and present it to someone else." (Employee B, Case 3)</li> <li>3. "...I went to this key manager and showed them the process and they went no, no, can't see this working and I went direct to the person who looks after this, got them to sit next to me, showed them..." (Line Manager D, Case 4)</li> </ol>
Opportunity assessment	Opportunity implementation	<ol style="list-style-type: none"> <li>1. "...that would go through a new opportunity check process where you look at what problem are we solving, whats the market size, whats the investment required, timescales what have you and then if the management team think there is a good case then a project will be started..." (Line Manager E, Case 2)</li> <li>2. "We said yes there's some merit in it and we'd be happy to support it for 12 months to see what happens and within that 12 months you have to pull together a business plan to show us is it going to be stand alone or is it going to be an integral part of the business and we agreed then to run it on as part of the business but branded X..." (Owner-manager, Case 4)</li> </ol>
Opportunity assessment	Negative emotional state	<ol style="list-style-type: none"> <li>1. "...if you have got some burning desire to do something and no one is interested or no one wants you to do it you'd feel quite demotivated..." (Employee B, Case 3)</li> <li>2. "...if I came up with ideas that weren't, not weren't listened to, but rejected or what have you, I think that would make me, if it was an idea that I personally came up with, you would feel quite dejected and not want to waste my time doing that again in the future." (Line Manager C, Case 5)</li> </ol>

Opportunity assessment	Individual benefit	<ol style="list-style-type: none"> <li>1. “As long as they come back with a really good excuse why it wouldn’t work, you would just keep going then, but you would really want understanding from them why they believe it wouldn’t work, if they just came back and went no that would be like, all right I’m not going to try again...” (Line Manager A, Case 1)</li> <li>2. “...if it was a non-starter you would be told no, nice try, try again but we are not moving this or not going to change that because of.” (Employee A, Case 2)</li> <li>3. “...then they’ll say, no, thanks but no for whatever reason because it’s crap or resource or whatever...” (Line Manager D, Case 4)</li> </ol>
Opportunity implementation	Opportunity assessment	<ol style="list-style-type: none"> <li>1. “...it’s not just coming up with those ideas, it’s putting them into place and reviewing it as well, does it actually work, you’ve done this for the last six months has it actually improved anything, has it lessened productivity or has it boosted morale...” (Employee C, Case 1)</li> <li>2. “...put a project team together on it, there’s a programme manager and a technical lead and a commercial lead and then we execute and then there’s a review on it and if it starts falling off the rails, falling behind or it doesn’t look like its working, we check the business case monthly, if markets change it gets chopped.” (Owner-manager, Case 2)</li> <li>3. “...digital came out of that and X ink came out of that and you get to the end of the year and say ok there were key projects they had to undergo while they were doing it, did they do it, does it look like its going to be a success, should we invest in it...” (Owner-manager, Case 4)</li> </ol>
Opportunity implementation	Opportunity dissemination	<ol style="list-style-type: none"> <li>1. “...I’ve just done something recently, I didn’t tell anybody, I just did it and of course they rang me and asked about it, so I told them and they said great good idea.” (Line Manager E, Case 1)</li> <li>2. “...once it had been going a few months I said to my manager this is what I’ve been doing...” (Employee B, Case 3)</li> </ol>

Opportunity implementation	Negative emotional state	<ol style="list-style-type: none"> <li>1. “Afterwards came the design... then it hit the ground running with the procedure and set instructions which nobody read, it took me about four hours to write which I did at home, I wasn’t grumpy about that at all, I also wasn’t grumpy about everybody asking me questions about things that were inside that document.” (Line Manager D, Case 1)</li> <li>2. “...if they said oh yeah, okay, we’ll think about that then did it without any real mention to you, then you might think, hang on a minute here, you know, this was my idea, at least give me a little bit of gratitude for it.” (Line Manager B, Case 5)</li> </ol>
Opportunity implementation	Organisational benefit	<ol style="list-style-type: none"> <li>1. “What I did was went in and created from scratch... a completely new admin process for the projects which I managed myself and it really helped because applications were submitted on time which then improved our cash flow.” (Line Manager C, Case 3)</li> <li>2. “...we had to create a separate unit to do just that so it was completely focused on just that digital product and we promoted lots of people from within and trained them into it... Its gone from 1999 it was launched, turned over £50k lost a fortune and last year we did £3.5m.” (Owner-manager, Case 4)</li> </ol>
Opportunity implementation	Individual benefit	<ol style="list-style-type: none"> <li>1. “...if you think it has been implemented you get a bit of praise really and it just gives you encouragement to do it again.” (Employee B, Case 4)</li> <li>2. “...to get the praise for having thought of it and got it implemented would be a bonus.” (Employee A, Case 5)</li> </ol>
Organisational benefit	Negative emotional state	<ol style="list-style-type: none"> <li>1. “...if you do something that helps the company out and makes them money or saves them money and you don’t get recognised for it then it has a negative effect, it can go both ways if you get the praise you deserve then yes it encourages you to try but if you don’t then you always end up with a feeling of why bother.” (Line Manager C, Case 1)</li> <li>2. “...if the company just benefit and the individual didn’t see any benefit you would stifle their entrepreneurship going forward.” (Line Manager A, Case 3)</li> </ol>



Organisational benefit	Positive emotional state	<ol style="list-style-type: none"> <li>1. "...the company got a benefit. It did make me proud in some sense..." (Line Manager A, Case 3)</li> <li>2. "...if I see there's been an improvement because of something I've done then its only logical to feel good about yourself isn't it." (Owner-manager, Case 5)</li> </ol>
Organisational benefit	Individual benefit	<ol style="list-style-type: none"> <li>1. "...if somebody was to identify a process or make a change that did result in a positive outcome and there was a risk element you'd look to reward the individual or at least offer praise." (Owner-manager, Case 1)</li> <li>2. "If we got engineers on site and they knew that that piece of equipment needed changing rather than send a sheet to the office saying it needs changing, if they did it there and then which will please the customer because we haven't got to go back it saves us cost then they would potentially earn some money for doing it there and then." (Line Manager A, Case 3)</li> </ol>
Individual benefit	Positive emotional state	<ol style="list-style-type: none"> <li>1. "...you get a good feeling from it if you've come up with an idea but then only if it gets recognised..." (Line Manager C, Case 1)</li> <li>2. "...if you have been successful and reaped the benefits of entrepreneurship you might think I'll try that again. When I say benefits I don't mean financial benefits necessarily, I mean praise, recognition, those kinds of things." (Employee B, Case 3)</li> <li>3. "...to get the praise for having thought of it and got it implemented would be a bonus. It would be more encouraging." (Employee A, Case 5)</li> </ol>

Individual benefit	Organisational benefit	1. "...my intentions will be to make my workflow and my environment easier and more efficient, better et cetera which will ultimately benefit the company but predominantly it would be about my working environment..." (Employee C, Case 1)
Individual benefit	Opportunity identification	<ol style="list-style-type: none"> <li>1. "...you get the feedback and think how can I make the business case more compelling, how can I mitigate the risks that have been identified..." (Line Manager E, Case 2)</li> <li>2. "If there is an explanation as to why the manager doesn't think its going to work then ok then you would look for another way to make it work." (Employee D, Case 3)</li> <li>3. "...you're given a no but these are the reasons why, you know, we're not looking to do this right now or have you thought about this, and if it actually makes you realise that oh this idea is not great then I don't mind so much and that wouldn't put me off from coming up with new ideas." (Employee E, Case 4)</li> </ol>
Individual benefit	Negative emotional state	<ol style="list-style-type: none"> <li>1. "...they'll say, no, thanks but no for whatever reason because it's crap or resource or whatever then I would feel disheartened. If it's proved that it's really not a good idea, I guess I'd sulk, if it's because, thanks good idea but we just haven't got the money to sort that at this time then I'd feel let down..." (Line Manager D, Case 4)</li> <li>2. "...if I was given a reason why it wasn't going to be implemented, I would still be discouraged from suggesting things because I would think, I would be nervous..." (Line Manager A, Case 5)</li> </ol>
Negative emotional state	Opportunity identification	<ol style="list-style-type: none"> <li>1. "I find it frustrating but equally I don't give up, the way to do things here is to give it time, maybe change the angle slightly but come back." (Line Manager B, Case 1)</li> <li>2. "I'd be grumpy five minutes and then I'd invest that time in something else. Like a bit of a junkie I'll just go looking for my next problem fix..." (Line Manager D, Case 1)</li> </ol>

		<p>3. "...I'd feel let down but it wouldn't disencourage me from keeping on doing it unless I kept getting knocked down and knocked down and knocked down." (Line Manager D, Case 4)</p> <p>4. "...I would be irritated, it wouldn't stop me from doing another one..." (Employee C, Case 5)</p>
Positive emotional state	Opportunity identification	<p>1. "It makes you feel good, you've achieved something, it makes feel like people have actually listened, taken notice of what you've said, feel that you actually will go on and keep striving to find some more good things to do or different things." (Line Manager A, Case 1)</p> <p>2. "...it gives you more confidence to do more of the same thing... Now I'm always thinking, looking for things, yes I could improve that..." (Line Manager C, Case 3)</p> <p>3. "It generally makes you feel good about yourself and want to look for more ideas like that, it makes you want to do more, more of it." (Employee C, Case 4)</p>

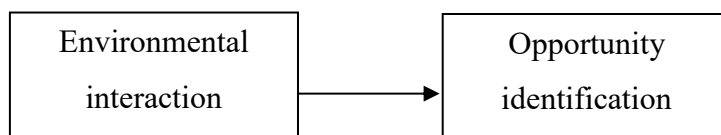
*“I haven’t been knocked back too often, if I was knocked back too often you might start to think about your position. Short-term after being knocked back maybe I will be a bit frustrated but I would get over it quite quickly and I’m talking hours not days.”* (Line Manager B, Case 1)

As identified previously, a number of chronological relationships were identified between these second-order categories of events or activities and emotional states (Table 29). The occurrence of environmental interaction directly before opportunity identification was identified in each case:

*“So they come at unusual times in a sense and I see things around me that make me think of ideas. So one I had a long time ago was a scheduling problem we had in the factory and the factory was very busy. We had lots of bottlenecks, lots of queues and I was actually sat in my car and a lorry pulled up beside me, it was one of these big articulated lorries with three wheels on the back and front, and it was just the shape of the wheels that made me think about a [new] method that we could [use to] schedule the workflow...”* (Line Manager E, Case 2)

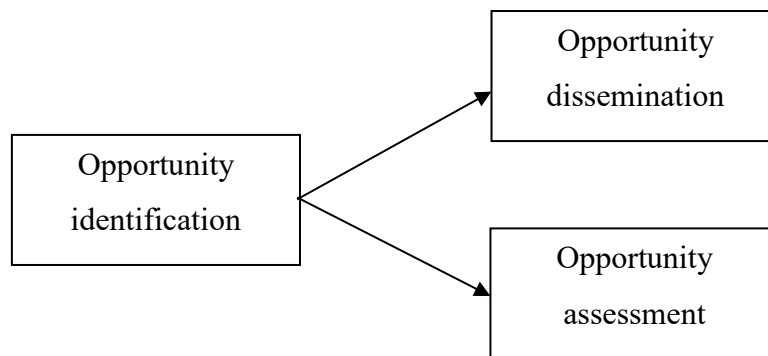
Where environmental interaction was identified as coming before other events, these events were all dependent upon opportunity identification having occurred and environmental interaction was not identified as having occurred after any other event or state (Figure 7).

**Figure 7: Relationships between environmental interaction and other events or states**



The occurrence of opportunity identification directly before opportunity dissemination and of opportunity identification directly before opportunity implementation was identified in all cases (Figure 8). However, the latter relationship was discounted as it seemed reasonable to assume that an opportunity must be assessed in some way before it was implemented, and there was substantial evidence in every case that opportunity dissemination and/or opportunity assessment occurred before opportunity implementation.

**Figure 8: Relationships between opportunity identification and other events or states**



The only other event that opportunity identification occurred directly before in every case was opportunity assessment (Figure 8). When this relationship existed, opportunity assessment was undertaken by the individual who identified the opportunity:

*“I think my other responsibility is to bring any new services, ideas, products... forward, I mean I will review them myself to be honest Jim, and I’ll look at them and some of them, that’s not going to fly, I won’t even entertain that, but other things, I will say that’s quite interesting...”*  
(Employee C, Case 5)

Where opportunity identification was identified as occurring directly before organisational benefit or individual benefit this was because these were anticipated to be the ultimate outcomes of opportunity identification:

*“... entrepreneurship is having the ideas, I suppose, of how to make your role more efficient, easier, that’s how I kind of see it...”* (Employee D, Case 4)

In no case was there evidence to suggest that these outcomes actually occurred directly after opportunity identification in practice and so this relationship was discounted.

The occurrence of opportunity dissemination directly before either opportunity assessment or opportunity implementation was identified within each case (Figure 9). Where opportunity dissemination came directly before opportunity assessment, it was one or more individuals not involved in identifying the opportunity that undertook the assessment of it to determine whether it should be implemented, rejected or put forward for further assessment. Those individuals could be more senior than the proponent:

*“... [I would] speak to my line manager, and they’d say it’s a good idea... but ultimately it becomes the CEOs decision so they might not come up with the idea but it has to be sanctioned at that senior manager, director level.”*  
(Line Manager B, Case 2)

Alternatively, they could occupy a lower position in the hierarchy than the proponent:

*“... the senior management team would be initially coming up with ideas or looking for new markets and then feeding down to the people who design the products to say is this achievable, could we make this onsite...”* (Employee E, Case 2)

Where opportunity dissemination came directly before opportunity implementation, in every case there was no explicit evidence of opportunity assessment, yet it was reasonably

assumed that this must have occurred at one of two points. The first was before opportunity dissemination occurred, of which evidence will be presented later, otherwise it would not be logical for the proponent to have disseminated the opportunity:

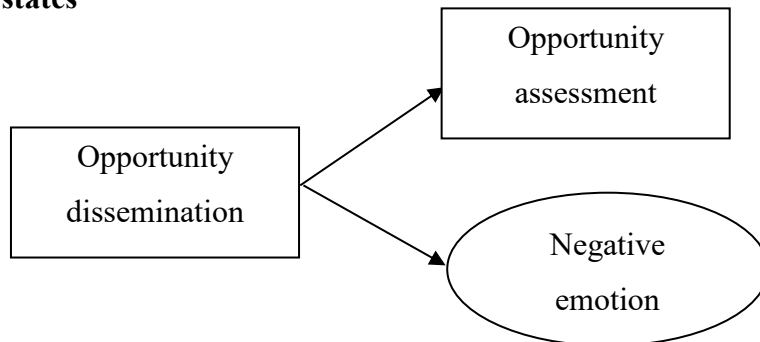
*“The [owner-manager] might come along and say that we really ought to make something new... they should then just dump that on a competent management team who then look at what they need to do to make it happen and then form their own little strategy or plan...”* (Line Manager D, Case 1)

The second was between opportunity dissemination and opportunity implementation as it would seem impossible for an interested party to avoid making some assessment of an opportunity that was presented to them even if it was unspoken, in some instances this was implied:

*“... you are encouraged to report back this information to the senior people to X, the next level up so they can investigate and implement your improvement...”* (Employee E, Case 2)

Significant evidence of opportunity assessment occurring between dissemination and implementation was identified above and will also be presented later within this section. Therefore, the occurrence of opportunity dissemination directly before opportunity implementation was discounted as was its occurrence directly before opportunity identification and individual benefit. This was for reasons of logic, for example individual benefit, such as the receipt of feedback, could only be provided after something had been assessed, and because more credible explanations were provided by other more commonly identified relationships.

**Figure 9: Relationships between opportunity dissemination and other events or states**



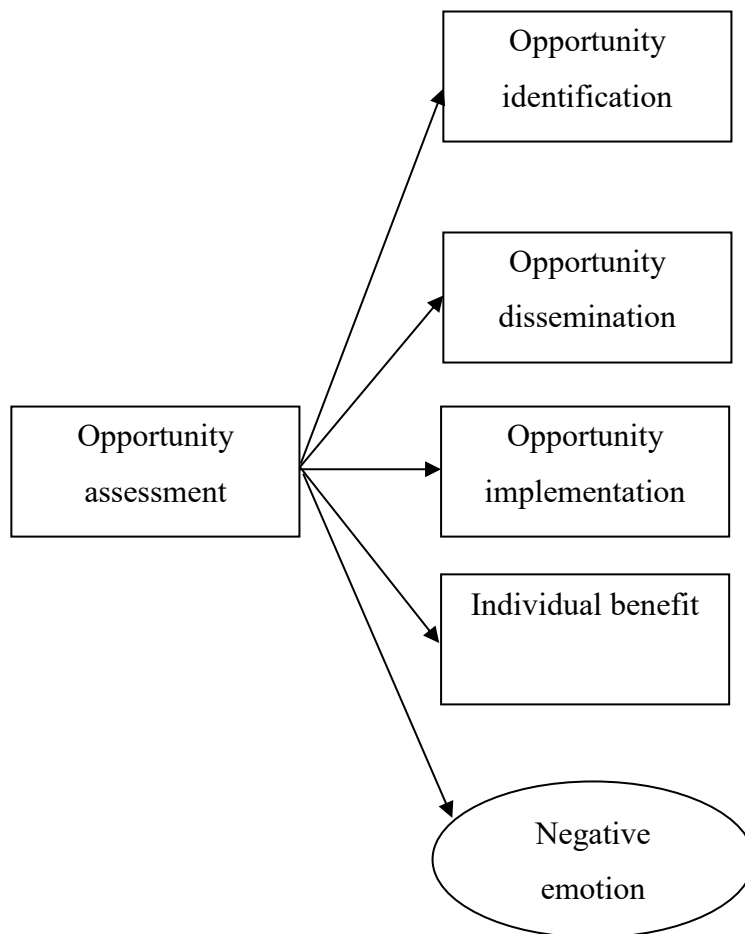
Opportunity dissemination was only explicitly identified as occurring directly before a negative emotional state by a non-managerial employee in case 1 where their involvement in or ownership of an opportunity ceased. Yet this was evidence that the roles that individuals played in entrepreneurship were determined by their group membership and that variations in these led to differences in the construction of the meaning of entrepreneurship within a community:

*“... but then you lose control of it, you’re not following through, they are... it’s the directors then who will discuss and take the matter further and implement it or not implement it, they are the ones that will deal with it.”*  
(Employee E, Case 1)

Opportunity assessment was identified in every case as occurring directly before opportunity dissemination, a negative emotional state, opportunity implementation, and individual benefit. Critically, the occurrence of opportunity assessment was the key junction in demonstrating that the activity of entrepreneurship was best represented as a system rather than a process as it created several significant alternate pathways resulting in the creation of feedback loops (Figures 10, 16 and 17).



**Figure 10: Relationships between opportunity assessment and other events or states**



The first pathway began where opportunity assessment occurred directly before opportunity dissemination. This happened where the individual who had assessed the opportunity did not have the authority to sanction its implementation:

*“We proposed it to our manager and they thought it was quite a good idea and they obviously had a look at cost implications and things and the kind of software we’d need... They then proposed it to a director because all our outgoings have to go through a director...” (Employee C, Case 1)*

It also occurred where the opportunity was rejected but the individual who had identified that opportunity had not received feedback from the individual who assessed it:

*“I saw the manager here and put my idea to them and they said, ‘No, no can’t do that’, and if I thought you just can’t be bothered to give me a substantial reason as to why I couldn’t [then] I would go and present it to someone else.”*  
(Employee B, Case 3)

The second pathway began where opportunity assessment occurred directly before opportunity implementation. This happened where the opportunity was viewed positively, deemed to be possible, and/or likely to benefit the individual and/or organisation:

*“... and if its possible and beneficial to the individual and the company, we would implement it.”* (Line Manager A, Case 3)

The third pathway began where opportunity assessment occurred directly before the development of a negative emotional state. This happened where no individual benefit, in the form of feedback or an explanation regarding the reasons for the outcome of opportunity assessment, was provided to the proponent of the opportunity:

*“If it’s a straight out no or if you don’t get any feedback on it at all and it kind of just fizzles out then I think that obviously makes you feel down and less likely to come up with ideas again. Whereas I think it’s different if, you know, maybe you’ve just missed the ball on this one and you’re given a no but these are the reasons why. You know, ‘we’re not looking to do this right now or have you thought about this?’, and if it actually makes you realise that oh this idea is not great then I don’t mind so much, and that wouldn’t put me off from coming up with new ideas.”* (Employee E, Case 4)

The fourth pathway began where opportunity assessment directly preceded individual benefit, in the form of the receipt of feedback by the proponent of the opportunity from its assessor, this happened where the opportunity had been rejected or discarded during its assessment:

*“If there was some sort of feedback it would be more encouraging in the long run. If I thought well they don’t like the idea but at least they’ve considered it and they’ve told me why it’s not going to work or why they don’t like it/can’t implement it. Rather than just say no or we’ll consider it but then nothing happens so it’s just like it’s been ignored.” (Employee A, Case 5)*

The final pathway that was much less prevalent but nonetheless identified in cases 1, 2, and 5 occurred where opportunity assessment directly preceded opportunity identification. There was a clear distinction between where this pathway was identified by owner-managers and where it was identified by a non-managerial employee. This further demonstrated how group membership could influence the construction of meaning of entrepreneurship within a community. For owner-managers this relationship occurred where they had both identified and assessed the opportunity, making the receipt of feedback unnecessary:

*“... I firmly believe that a big advantage to the business would be to replace the ERP system but you’re looking at somewhere in the region of half £1 million and for software that’s a phenomenal amount of money and the return on investment for that would be years... so I justify the fact that we have a system that works but there are aspects of it that a very frustrating. I think I’ve been able to identify a compromise a CRM module that links into our outlook and gives the sales team a log of interactions with customers...” (Owner-manager, Case 1)*

For non-managerial employees this happened where they demonstrated high levels of motivation at least in part based upon their desire to engage in entrepreneurial activities:

*“I am self-motivated, so I don’t feel down, I look back and say what’s missing when I tried to convince top management. Sometimes the same idea I make it right again, I go to present again, I go for second chance and it works. So the most important thing is just idea generation, you don’t feel down, not every idea will be a success. You just accept the fact and move on, I don’t feel frustrated or down.” (Employee B, Case 2)*

Opportunity implementation was identified as directly preceding either organisational benefit or individual benefit in all cases (Figure 11), though in each case the first of these relationships was most prevalent:

*“... X was not something that was done here traditionally, but we have now managed to bring a lot of that in-house... That’s had a significant impact on the business, before we brought that in we were spending £900k per year on outsourcing work and since we brought that in we probably brought £600k back in the business...”* (Line Manager A, Case 4)

In every case there was evidence that opportunity implementation could precede an individual, usually the proponent of the idea, being in receipt of some sort of benefit without an organisational benefit being recognised:

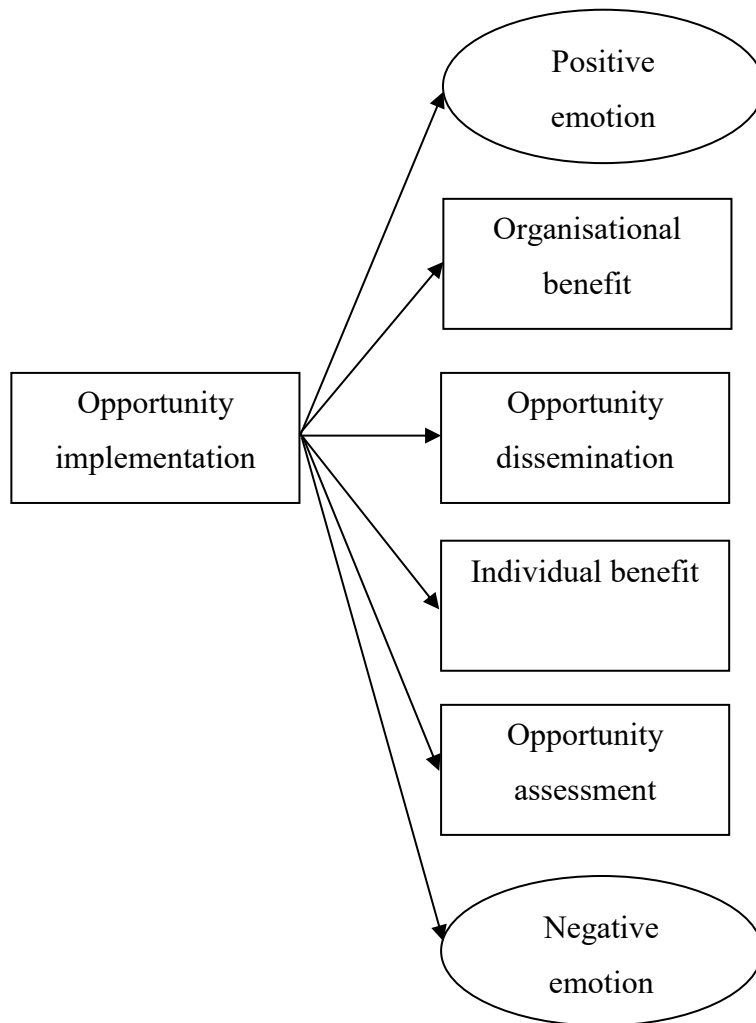
*“... a few years ago, we had thousands and thousands of rejects, and we would bail it. I turned round [sic] and said can I have them, that lot will be gone within an hour. I made a phone call and the bloke turned up with a truck and took it away... it was my idea and I was making money”* (Employee E, Case 1)

The occurrence of opportunity implementation directly before a positive emotional state without the prior realisation of an improvement in organisational or individual benefit was identified in cases 2, 4 and 5 but was significantly less prevalent:

*“I think that obviously if it had a positive effect then I would feel a lot better about it, but I think that just the fact that an idea was taken on board and implemented would have a positive effect.”* (Line Manager C, Case 5)

Similarly, the occurrence of opportunity implementation directly before a negative emotional state was only identified in cases 4 and 5. This happened where implementation was not followed by an organisational benefit:

**Figure 11: Relationships between opportunity implementation and other events or states**



*“... if it had a negative impact [on the organisation] obviously you would be disappointed” (Owner-manager, Case 5)*

It also happened where implementation was not followed by an individual receiving some form of benefit:

*“I would feel hurt because I would think hang on a minute, I’ve invested that time, yes it’s implemented... [but] I would expect something just to acknowledge what a good job I’ve done or a good idea or opportunity.” (Line Manager D, Case 4)*

Opportunity dissemination occurred directly after opportunity implementation in case 1 and case 3 where the individual who implemented the opportunity felt they had the authority to do so without seeking the consent of others:

*“I’ve just done something recently, I didn’t tell anybody, I just did it and of course they rang me and asked about it, so I told them...”* (Line Manager E, Case 1)

In all except case 3, there was also evidence that opportunity assessment took place directly after opportunity implementation as part of reviewing the effectiveness of implementation efforts:

*“... then we execute and then there’s a review on it and if it starts falling off the rails, falling behind or it doesn’t look like its working, we check the business case monthly, if markets change it gets chopped.”* (Owner-manager, Case 2)

This was confirmed during an observation of a meeting within case 2 where a recent modification to a production process was reported as not having worked as well as was hoped and was consequently identified as requiring further improvement (Appendix G).

Organisational benefits were identified as directly preceding either the receipt of an individual benefit, the development of a negative emotional state, or the development of a positive emotional state (Figure 12). The latter relationship was identified in every case:

*“I saw that the customer got a benefit, the company got a benefit. It did make me proud...”* (Line Manager A, Case 3)

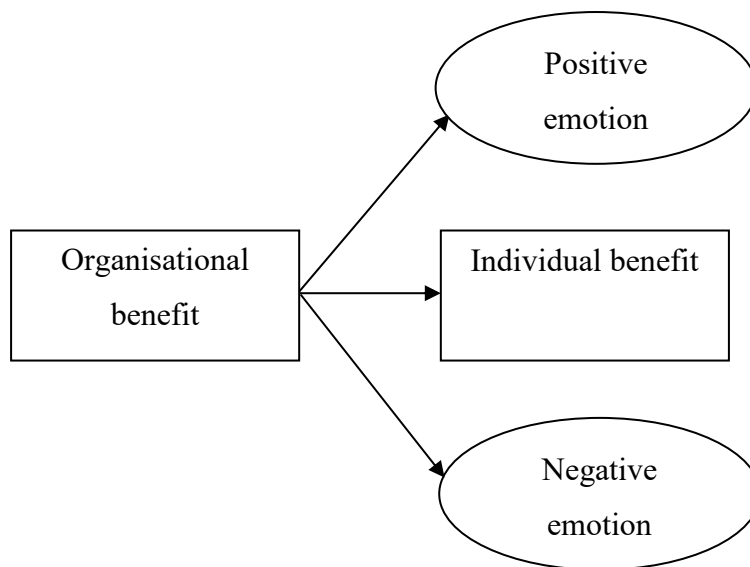
Whilst the receipt of some form of individual benefit by the proponent of the opportunity was identified as occurring immediately after some form of organisational benefit in all except case 2:

*“... if somebody was to identify a process or make a change that did result in a positive outcome and there was a risk element you’d look to reward the individual or at least offer praise.” (Owner-manager, Case 1)*

Organisational benefit was identified as occurring directly before the development of a negative emotional state where no individual benefit was realised by those involved:

*“... if you do something that helps the company out and makes them money or saves them money and you don’t get recognised for it then it has a negative effect. It can go both ways, if you get the praise you deserve then yes it encourages you to try, but if you don’t then you always end up with a feeling of why bother.” (Line Manager C, Case 1)*

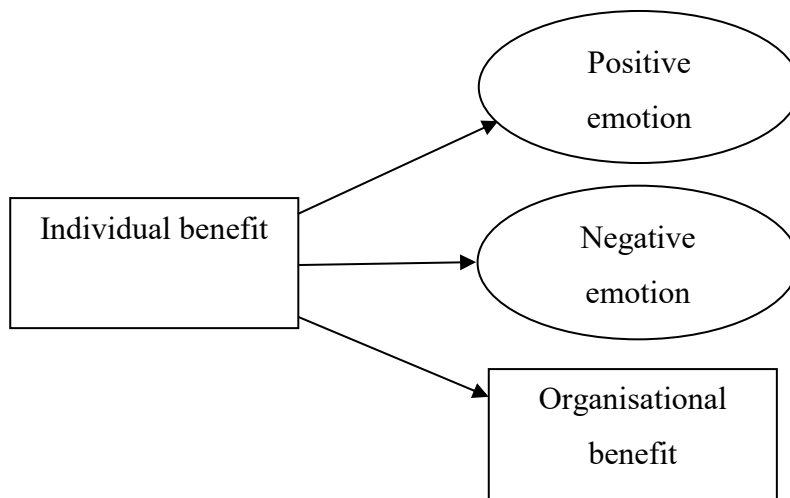
**Figure 12: Relationships between organisational benefit and other events or states**



The receipt of some form of benefit by an individual, namely the proponent of the opportunity, was identified as occurring directly before the development of a positive emotional state (Figure 13) in every case:

*“... if they’ve taken the idea that’s obviously a good thing but to get the praise for having thought of it and got it implemented would be a bonus. It would be more encouraging.” (Employee A, Case 5)*

**Figure 13: Relationships between individual benefit and other events or states**



Individual benefit was identified as directly preceding the realisation of an organisational benefit in one case:

*“... my intentions will be to make my workflow and my environment easier and more efficient, better et cetera which will ultimately benefit the company but predominantly it would be about my working environment...”* (Employee C, Case 1)

Whilst in cases 4 and 5, individual benefit in the form of feedback was also identified as preceding a negative emotional state where it occurred after an opportunity had been assessed and rejected:

*“... if I was given a reason why it wasn't going to be implemented, I would still be discouraged from suggesting things because I would think, I would be nervous...”* (Line Manager A, Case 5)

However, in one instance there was evidence that the receipt of feedback as an individual benefit in such circumstances could reduce the severity of any subsequent negative emotional state:

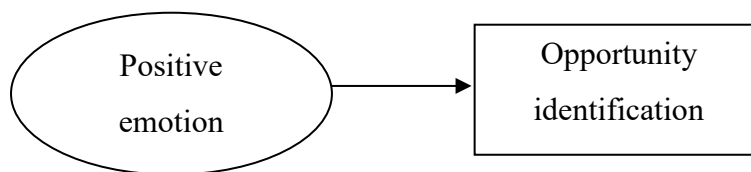


*“... it might have been a good idea but however we couldn't implement it because of this then it can make you think ah well they did actually listen and so you don't feel as bad about it.” (Employee C, Case 4)*

A positive emotional state was identified as occurring immediately before opportunity identification in all cases and in each instance at some point prior to this a previously identified opportunity had been implemented (Figure 14):

*“... it gives you more confidence to do more of the same thing... [you] look back and think I did it and now what's the next thing. Now I'm always thinking, looking for things, yes, I could improve that...” (Line Manager C, Case 3)*

**Figure 14: Relationships between positive emotional state and other events or states**



A negative emotional state was identified as occurring immediately before opportunity identification in cases 2, 4 and 5, or before an individual receiving feedback on an opportunity they had identified as a form of individual benefit in case 5 (Figure 15). The development of a negative emotional state directly before opportunity identification occurred in situations where an opportunity had previously been assessed and rejected by another party:

*“... if it wasn't implemented because my partners outvoted me then obviously yes, I'd be pissed off but... you would still think of improving things.” (Owner-manager, Case 5)*

This relationship also occurred where the opportunity had been assessed and rejected but feedback, as a form of individual benefit, had also been received and accepted prior to

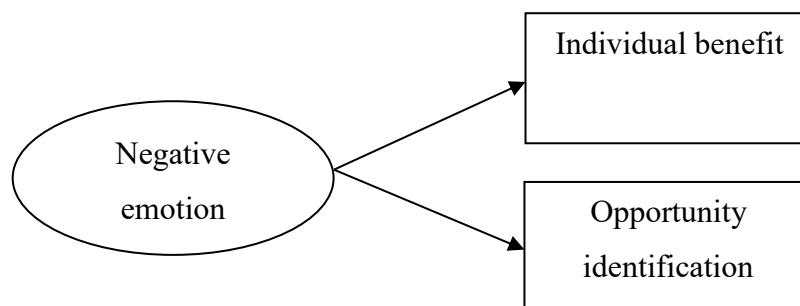
the development of a negative emotional state, though this relationship was eroded by repeated cycles of opportunity rejection:

*“... they’ll say, no, thanks, but no for whatever reason because it’s crap or resource or whatever then I would feel disheartened. If it’s proved that it’s really not a good idea, I guess I’d sulk. If it’s because, thanks, good idea but we just haven’t got the money to sort that at this time then I’d feel let down but it wouldn’t discourage me from keeping on doing it unless I kept getting knocked down and knocked down and knocked down. I would need to be told several times that it’s a really crap and useless idea before I completely got disheartened with it.”* (Line Manager D, Case 4)

The development of a negative emotional state directly before individual benefit in the form of receipt of feedback also only occurred in situations where an opportunity had previously been assessed and rejected:

*“Obviously you’d feel disappointed, but if there were valid reasons, then I would accept that.”* (Line Manager C, Case 5)

**Figure 15: Relationships between negative emotional state and other events or states**



When the direct chronological relationships identified above were combined, entrepreneurship was clearly constructed as a system of events, including HRM interventions, driven by emotional states. Whilst there were some variations across the different cases with regards to how they constructed the meaning of entrepreneurship as an activity, overall there was a high degree of consensus (Figures 16 and 17). The

formality of the HRM function had no obvious effect on the definition of entrepreneurship as an activity within SME communities. The only influence that industry sector had was on whether the act of entrepreneurship involved products, with regards to cases in the manufacturing sector, or services, with regards to those in the service sector.

The data from each case showed that HRM interventions are a fundamental part of entrepreneurship as an activity within SMEs and are vital to the development and sustenance of strategic entrepreneurship. Without the provision of feedback as an individual benefit after an opportunity had been assessed and rejected, all cases risked entering a spiral of declining engagement in entrepreneurship that could pose an existential threat to the organisation. Whilst the provision of individual benefits such as recognition or financial reward played a widespread role in sustaining entrepreneurial activity where opportunities had been implemented. However, individual benefit also included individuals making it easier for themselves to undertake their roles and so it is possible that some base level of entrepreneurial activity may be maintained without any HRM intervention but that this may not necessarily benefit the organisation.

It was noteworthy that a small proportion of owner-managers and line managers in some cases used certain characteristics to determine whether the systems outlined in Figures 16 and 17 should be labelled entrepreneurship or not. One such characteristic identified by owner-managers and/or line managers in cases 1, 2 and 3, was the level of innovation involved. Where this was radical the activity was labelled entrepreneurial but where the innovation was incremental the same activity was not deemed to constitute entrepreneurship:

*“... if you are innovative to a certain extent its something which is potentially already in existence but you are looking at it from a slightly different angle to achieve a similar outcome but it’s a different approach... Entrepreneurship is like almost blue sky thinking and taking it a level further...” (Line Manager B, Case 2)*

Similarly, in case 2, an activity was entrepreneurial only where it resulted in the creation of something of direct commercial value to external parties:

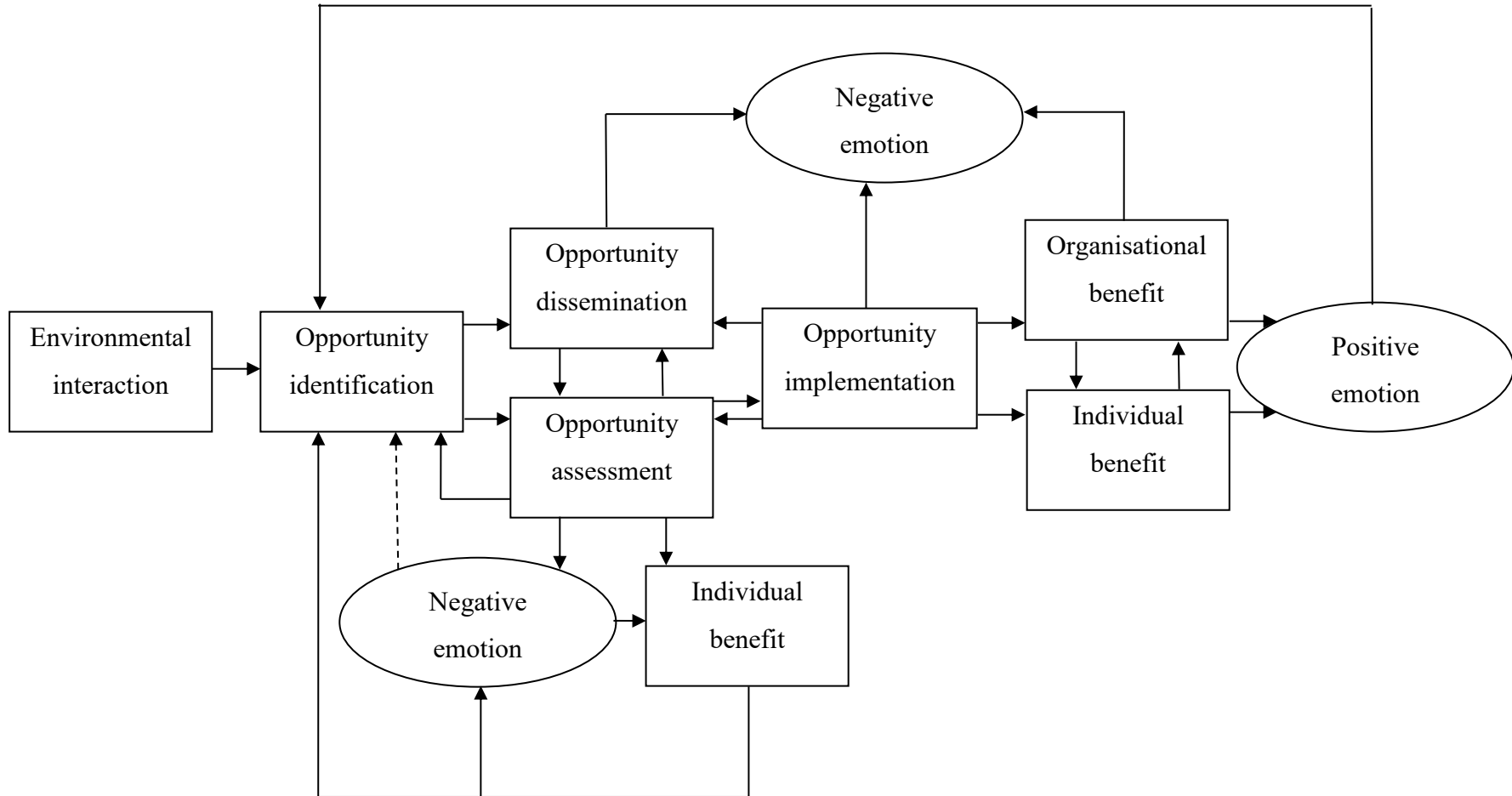
*“I differentiate creativity and innovation from entrepreneurship... Entrepreneurship is about making money. Innovation and creativity are part of that but to me entrepreneurship is, I define it as making money in its crudest sense. This is this whole idea of you spot an area in the market where there is a gap, where people will pay more for that solution than it costs you to provide that solution, that’s the creation of value.” (Owner-manager, Case 2)*

This implicitly excluded activities that resulted in increased efficiency in the internal processes of an organisation from the definition of entrepreneurship, yet such activities were widely considered to be entrepreneurial.

Whereas, in case 1, an activity was considered by one individual to be entrepreneurial where it was perceived to involve a relatively high level of risk but not where it was perceived that there was little or no risk involved:

*“... I think they would say that we are quite entrepreneurial because we have embraced change but in my definition I don’t think that is entrepreneurial, I think it’s all good business sense, it’s all good ideas, it’s all practical, there’s no risk...” (Line Manager B, Case 1)*

Figure 16: Event-state network showing all themes/relationships involved in the aggregate dimension entrepreneurship as a an activity





These examples were notable because they illustrated that in some cases owner-managers and some line managers defined entrepreneurship more narrowly than non-managerial employees. This had significant implications when considered in relation to the importance of feedback and individual benefit. If the groups within a community who had control over those critical HRM interventions defined entrepreneurship more narrowly than the groups who were subject to them, then they could inadvertently cause a decline in entrepreneurial activity within the community.

### 5.3 The influence of HRM architecture on engagement in CE within SMEs

Beyond the role that HRM interventions played in the construction of entrepreneurship as an activity, it was overwhelmingly clear from the data that the various elements of the HRM architecture of an SME had significant potential to either enable or inhibit the development of strategic entrepreneurship. The following sections will examine the potential that the HRM architecture had to influence individuals' engagement in the activities or behaviours comprising entrepreneurship within the roles they were employed, or CE. This will be achieved by first focusing on the main elements of the HRM architecture, such as leadership and HRM policy and practice, and then considering the features of those elements, such as the provision of reward or being inclusive.

#### 5.3.1 The influence of elements of the HRM architecture

Every participant across all cases identified at least one element of the HRM architecture as enabling their engagement in the activities or behaviours comprising CE. These elements included leadership, the behaviour of those occupying more senior positions in the organisational hierarchy than a participant, organisational culture, the behaviour of a

participant's peers or subordinates, organisational structure, the arrangement of tasks into job roles and alignment of those roles, and HRM policy and practice, the policies, procedures, or practices that related to the management of employment which were attributed to the organisation (Tables 30 to 33). For example, Employee C from case 4 stated that:

*"... [leaders] always ask for our feedback so that's encouraging us to speak up and give our ideas..."*

Similarly, the vast majority of participants in each case identified at least one element as inhibiting their engagement in entrepreneurship (Tables 34 to 37). For example, in relation to organisational culture, Employee A from case 1 stated:

*"If somebody comes across as being negative or dismissing things then you're not going to have that good working relationship where you bounce ideas off each other or are willing to discuss or share ideas because you know it's going to be brushed off."*

However, there were differences in the relative potential that each element of the HRM architecture had to influence individuals' engagement in the activities or behaviours comprising CE across and within different cases.



**Table 30: Data supporting the second-order theme “Features of leadership that enabled entrepreneurship”**

Associated first-order concepts	Representative quotes
Receptive to change	<ol style="list-style-type: none"> <li>1. “...the X director is brilliant, their office is right behind me and I know whenever I’ve thought of something, an idea or whatever, or way to solve a particular job or issue I can go in to see the operations director and they’ll listen...” (Employee A, Case 1)</li> <li>2. “...the managers or team leaders are always receptive to if you can come up with an idea to improve the department...” (Employee E, Case 2)</li> <li>3. “...listen to any ideas or thoughts I may have and, like I say, in the past they have implemented certain changes that I’ve suggested.” (Line Manager B, Case 5)</li> </ol>
Provides access to information	<ol style="list-style-type: none"> <li>1. “My immediate manager, they are the X and they are certainly someone who talks to customers and investors and presents the activities that we as a team are doing to the senior management team. So they are very good at feeding back the information we all need to help define what are the developments, what are the products that are required.” (Line Manager E, Case 2)</li> <li>2. “If there is an explanation as to why the manager doesn’t think its going to work then ok then you would look for another way to make it work.” (Employee D, Case 3)</li> <li>3. “...share more information with us... some more longer-term plans.” (Line Manager C, Case 4)</li> </ol>
Provides recognition	<ol style="list-style-type: none"> <li>1. “...from the board you do get praise for doing things that are entrepreneurial... if they are happy with my performance I have to continue to do this, being encouraged to behave that way, like Pavlov’s dog.” (Owner-manager, Case 2)</li> <li>2. “...they as a supervisor or manager are encouraging you or enthusing you... A bit of a cliché the occasional pat on the back for a job well done.” (Employee C, Case 3)</li> <li>3. “...my manager is pretty good at telling us when we do things well...” (Line Manager C, Case 4)</li> </ol>
Inclusive	<ol style="list-style-type: none"> <li>1. “...if somebody with a particular amount of clout turns around and says there’s a problem with this I must have a solution.” (Line Manager D, Case 1)</li> <li>2. “...they don’t encourage it as in using those terms of being an entrepreneurial person but within the section perhaps senior managers might say if you see anything that can be improved...” (Employee E, Case 2)</li> <li>3. “...the way they encourage me is to allow the forum to bring forward entrepreneurially discussions ... creating that environment does come from the top management...” (Employee C, Case 5)</li> </ol>

Sets goals	<ol style="list-style-type: none"> <li>1. "...whilst they won't dictate how something has to be done or what has to be done it gives clarity of purpose, a certain level of performance needs to be achieved, don't care how you do it but this is what we need by when, but if you can give me something along the way. They set the boundaries very well." (Line Manager E, Case 2)</li> <li>2. "...the senior management team say this is our goals and objectives for the whole company, its starts at the top and filters down ... we are encouraged to go, rather than yes I met this objective... you could say I exceeded expectations..." (Employee A, Case 2)</li> <li>3. "...it should be more like that, like asking a favour. Its not about direction, that helps, because if you make it too formal then people don't want to take a risk..." (Employee B, Case 2)</li> <li>4. "...they say, we are encouraging you to go out there and when you are on visits and looking at other systems we can maintain, additions to systems..." (Employee C, Case 3)</li> </ol>
Approachable	<ol style="list-style-type: none"> <li>1. "...the good things are that there is quite a good open door policy in the sense that I can chat the MD..." (Line Manager D, Case 3)</li> <li>2. "...all the managers have an open door policy so you know you can go and speak to any of them about any ideas you have for improvements..." (Employee A, Case 4)</li> </ol>
Provides autonomy	<ol style="list-style-type: none"> <li>1. "...the managing director gives me a free hand..." (Line Manager E, Case 1)</li> <li>2. "They give you freedom, they aren't down your neck every five minutes..." (Employee D, Case 2)</li> </ol>
Focused on improvement	<ol style="list-style-type: none"> <li>1. "This constant theme of the management team is to do things quicker..." (Line Manager A, Case 2)</li> </ol>
High level of respect	<ol style="list-style-type: none"> <li>1. "...there just has to be that respect between employer and employee..." (Employee C, Case 2)</li> </ol>
High level of trust	<ol style="list-style-type: none"> <li>1. "...they trust me and I trust them." (Employee B, Case 2)</li> </ol>
Provides reward	<ol style="list-style-type: none"> <li>1. "...I do get a bonus, so they reward me for being an entrepreneur." (Owner-manager, Case 2)</li> <li>2. "I know that they appreciate what we do that maybe they don't display it enough...if it's a big entrepreneurial idea or process and it benefits the company by a large amount then you should have a bigger, not reward, but you know a pay rise..." (Employee C, Case 1)</li> </ol>
Team orientated	<ol style="list-style-type: none"> <li>1. "...they're working with their team well..." (Line Manager A, Case 1)</li> <li>2. "...being involved in a team..." (Line Manager D, Case 4)</li> </ol>

High level of motivation	<ol style="list-style-type: none"> <li>1. "...if I see other people, like the MD or the directors and some managers, that sounds really weird, working hard then I'm going to be working hard and trying to improve..." (Line Manager A, Case 1)</li> <li>2. "...they are focused, driven..." (Employee D, Case 3)</li> </ol>
Provides group activities	<ol style="list-style-type: none"> <li>1. "...Provide us with meetings so we can discuss things." (Employee A, Case 3)</li> <li>2. "...get the whole management team together..." (Employee C, Case 5)</li> </ol>
Positive	<ol style="list-style-type: none"> <li>1. "Positive..." (Line Manager A, Case 1)</li> </ol>
Protective	<ol style="list-style-type: none"> <li>1. "Personally they protect me from the knock about politics of the senior management team..." (Line Manager E, Case 2)</li> </ol>
Provides exposure to external environment	<ol style="list-style-type: none"> <li>1. "...one of our senior leaders nine years ago started to do, we went round to look at sites, we only got round to seeing two but he said this is the best way you'll learn, and he said what you do is just go round and see the way other people are working... Just from going to see something else you can just get an idea that'll improve the business." (Line Manager B, Case 4)</li> </ol>
Tolerant of risk	<ol style="list-style-type: none"> <li>1. "You make a meeting with the senior management team and give an update on where we have got to and then say if we did this, this could happen but we need to do all this work to prove this, I might then be told just do it, just go for it, don't spend months testing it out trying to see if its right, just do it if you think its going to benefit, just do it. It does happen occasionally. As an X employee you want to do everything properly and make sure you are not risking the reliability of the product..." (Line Manager A, Case 2)</li> </ol>

**Table 31: Data supporting the second-order theme “Features of organisational culture that enabled entrepreneurship”**

Associated first-order concepts	Representative quotes
Provides access to information	<ol style="list-style-type: none"> <li>1. “They will moderate my ideas, or our team’s ideas, as to what is possible by when. So again helping us keep it real in the sense that what you are trying to achieve is achievable.” (Line Manager E, Case 2)</li> <li>2. “Come up with ideas which we can then develop...” (Owner-manager, Case 5)</li> </ol>
Receptive to change	<ol style="list-style-type: none"> <li>1. “...we do listen to each other and if any of us comes out with thoughts or ideas its going to be listened to...” (Employee C, Case 2)</li> <li>2. “...I just think people who are open to change and making things better, it just makes a better workplace for everybody... it would encourage other people or me...” (Employee F, Case 3)</li> </ol>
Focused on improvement	<ol style="list-style-type: none"> <li>1. “Act the same way, treat their jobs entrepreneurially too so there is a culture of going off at tangents to try and make things better rather than just doing the jobs they are given...” (Employee A, Case 2)</li> <li>2. “They will press me now to look at things that might be good for us going forward...” (Owner-manager, Case 4)</li> </ol>
Inclusive	<ol style="list-style-type: none"> <li>1. “...my colleague and I talk about work a lot and is there anything we can do to improve or make it quicker next time or is there an alternative that’s cheaper so we talk about work a lot so I’d say they are a massive encouragement...” (Employee C, Case 1)</li> <li>2. “...if somebody came to me and said I don’t know, we do things this way, is there a better way, someone asking the question, an open question to encourage, you know entrepreneurial ideas.” (Line Manager C, Case 5)</li> </ol>
Provides recognition	<ol style="list-style-type: none"> <li>1. “...just general praise between each other because you’re not in a... position of power...” (Employee C, Case 1)</li> </ol>
Team orientated	<ol style="list-style-type: none"> <li>1. “...as you can see everybody is trying to work as a team to make everything better and have entrepreneurship then that’s what you follow.” (Line Manager A, Case 1)</li> </ol>
Approachable	<ol style="list-style-type: none"> <li>1. “...just staff members being approachable...” (Line Manager C, Case 5)</li> </ol>
High level of motivation	<ol style="list-style-type: none"> <li>1. “...I like to see people doing that sort of thing, one of my other colleagues is like that, focused on work and dedicated...” (Employee B, Case 1)</li> </ol>

High level of trust	<ol style="list-style-type: none"> <li>1. "...as long as there is that trusting relationship between departments and peers... I think its going to happen naturally at least from a personal perspective." (Employee C, Case 2)</li> <li>2. "...if you have a trustworthy and reliable staff. Equally those traits and skills will improve the way you go out and carry out your role and enthuse you to do things better." (Employee C, Case 3)</li> <li>3. "...I've got partners who I know and trust... and therefore we can bat ideas around..." (Owner-manager, Case 5)</li> </ol>
High level of respect	<ol style="list-style-type: none"> <li>1. "...we have worked together for such a long time that we do have that mutual respect." (Employee C, Case 2)</li> </ol>
Negative	<ol style="list-style-type: none"> <li>1. "...you are trying to now fix their morale or situation, equally in theory it's calling on you to use those entrepreneurial attributes you've got because you are now trying to find solutions for all of their problems..." (Line Manager B, Case 3)</li> </ol>
Provides autonomy	<ol style="list-style-type: none"> <li>1. "...they will give you the freedom to create something to the best you possibly can." (Employee C, Case 2)</li> </ol>
Resistant to change	<ol style="list-style-type: none"> <li>1. "I suppose if they're saying my ideas are useless or crap or, no that would make me even more determined to nail it if they do." (Line Manager D, Case 4)</li> </ol>
Sets goals	<ol style="list-style-type: none"> <li>1. "...they come to you with a problem and you develop a solution ..." (Employee C, Case 2)</li> </ol>

**Table 32: Data supporting the second-order theme “Features of HRM policy and practice that enabled entrepreneurship”**

Associated first-order concepts	Representative quotes
Provides reward	<ol style="list-style-type: none"> <li>1. “...if there’s a cash reward or you get a day off or something but something to recognise that you have been thinking about it...” (Line Manager A, Case 1)</li> <li>2. “...the bonus is on how well the company, what we sold to what its cost, so that in a way is a form of encouraging not just me but the whole department to be at least slightly entrepreneurial.” (Line Manager D, Case 3)</li> </ol>
Provides group activities	<ol style="list-style-type: none"> <li>1. “...we do a monthly briefing around the business in small groups where everyone has the opportunity to open up and I that can be in anything, development, products, customers, all sorts, and we table a lot of that information to say ok this has been raised, why don’t we have a look at this, why don’t we push ahead with this.” (Owner-manager, Case 4)</li> <li>2. “I guess regular meetings can kind of encourage it...” (Line Manager E, Case 4)</li> <li>3. “I do think it’s encouraged, we have like a Monday morning meeting...” (Line Manager A, Case 5)</li> </ol>
Inclusive	<ol style="list-style-type: none"> <li>1. “You could have a suggestion box where people could put their ideas into a box...” (Employee A, Case 1)</li> <li>2. “...set up brainstorming workshops...” (Line Manager C, Case 2)</li> <li>3. “...some sort of forum that people can put their ideas forward from all areas of the business...” (Line Manager B, Case 3)</li> <li>4. “...something as simple as a comments box in each office or a confidential, I know they have had confidential surveys but simple things like that can encourage entrepreneurship that would benefit the company...” (Employee B, Case 3)</li> <li>5. “...if there is a set procedure and something you can follow and it has a paper trail then that might enthuse people to do it a bit more.” (Employee C, Case 3)</li> <li>6. “...if for instance if you had like a box somewhere, like even if it’s an anonymous box of some sort where you could put forward ideas, so that way like if you are a bit shy for instance and you don’t feel great about going up to talk about it...” (Employee C, Case 4)</li> </ol>

Provides recognition	1. "...there is something within my job contract that the company as a forward-thinking company value their employees' ideas and any recommendations that can help improve the business...." (Employee C, Case 3)
Focused on improvement	1. "...continual improvement is a core part of all of our standards and all of our systems, you need to do things better all the time." (Line Manager D, Case 2)
Provides training	1. "If you've got somebody who is trained and they feel confident in what they're doing and the way they portray themselves then the customer feels more comfortable and the entrepreneur in anybody comes out." (Line Manager D, Case 3) 2. "...I now feel more confident having had training and given this fairly new role of manager, I feel I'm even hungrier, more determined to prove my status to the company so I'm all the time wanting to help make better, make it more successful." (Line Manager D, Case 4)
Sets goals	1. "...the objectives type process, there is normally an objective in there that really stretches your imagination to showcase the best that technology..." (Line Manager E, Case 2) 2. "I suppose the appraisals because I've got some, I've agreed some key objectives so it's whether I achieve those or my group achieve those." (Line Manager D, Case 4)
Team orientated	1. "...have some sort of teambuilding exercise day or half a day, something like making boats out of trees, that sort of thing, a teambuilding exercise to break down the barriers so that there is not so much of us and them..." (Employee A, Case 1)
Provides access to information	1. "...in the past we did have a diary system which gave the ability for other managers to give you some kind of feedback on the work you have done and to be honest it does give you a little boost." (Employee C, Case 2)
Provides diversity	1. "...we are an old manufacturing organisation with a lot of people like myself who have many years' experience and know how it is done but maybe those ideas, skills, knowledge isn't applicable to what we do now so you want to bring in people with new ideas, skills, younger people." (Line Manager A, Case 2)
Provides exposure to external environment	1. "...just doing some case studies of other entrepreneurial organisations or people, looking at how did they become successful, what was the key differentiator for them, that's always good just having a benchmark, someone to aspire to." (Line Manager C, Case 2)

**Table 33: Data supporting the second-order theme “Features of organisational structure that enabled entrepreneurship”**

Associated first-order concepts	Representative quotes
Provides exposure to external environment	<ol style="list-style-type: none"> <li>1. “...whilst exhibiting at an expo or talking to a customer or potential customer the typical scenario would be, are you able to supply this, can you supply this product or that product, so you’ve identified in that moment that there is potentially a market now...” (Owner-manager A, Case 1)</li> <li>2. “...when you get to talk to the customers and obviously trying to come up with ways to help them...” (Line Manager C, Case 3)</li> <li>3. “...I suppose its because in a way I’m dealing with entrepreneurs all the time so I think it would help to know the clients...” (Employee D, Case 5)</li> </ol>
Provides autonomy	<ol style="list-style-type: none"> <li>1. “...I had a position of responsibility that didn’t require, because we were running our own region here and the position of responsibility was I was responsible for this region so I had the autonomy to do things from a financial aspect.” (Employee B, Case 3)</li> <li>2. “...if you were to apply entrepreneurship to the role we are carrying out you are constantly improving the way you are carrying out those activities... In essence sometimes you are your own boss even though you are employed and you’ve got managers above you, you have to take control and take charge of your day to day activities.” (Employee C, Case 3)</li> <li>3. “The beauty of being my business is if it looks like let’s do it, do it right now, get on with it...” (Owner-manager, Case 4)</li> <li>4. “...I am in charge of some of the X and it’s I suppose the final decision comes to me sometimes on how to approach a certain task, you know could be encouraging.” (Line Manager B, Case 5)</li> </ol>
Sets goals	<ol style="list-style-type: none"> <li>1. “In this size of organisation any MD that’s their function as a leader, otherwise they really are not the leader.” (Owner-manager, Case 2)</li> <li>2. “Its really our primary function to develop both human processes and physical processes to continuously improve both the team’s performance and the performance of the product.” (Line Manager E, Case 2)</li> <li>3. “...I had a position of responsibility that didn’t require, because we were running our own region here and the position of responsibility was I was responsible for this region...” (Employee B, Case 3)</li> <li>4. “...well a part of my role is as I say continuous improvement.” (Line Manager B, Case 4)</li> </ol>



Interdepartmentally orientated	<ol style="list-style-type: none"> <li>1. “There is quite a bit of interaction between departments within the manufacturing side of things we work closely with X department, Y department and of course Z department as well. We do influence the X department because they may suggest something that is clearly impossible to realise as a product so definitely that.” (Line Manager A, Case 2)</li> <li>2. “...that does come into my role, I’ve actually done some of that, so I feel because all the other departments, the work they do influences the work you do so for example the X team, if they are going to design something you can’t process you need to tell them so they can improve that.” (Employee D, Case 2)</li> <li>3. “It’s a fair part of my role because quite often I’m making or building workflows and ways of working that interact with other departments... so we try to automate and move it on so they touch things less, they can produce more in a quicker and more efficient way.” (Line Manager A, Case 4)</li> </ol>
Hierarchy	<ol style="list-style-type: none"> <li>1. “...being such a flat management structure here most people are responsible for their own areas and you are in small groups so ideas, entrepreneurial ideas or otherwise, can be made easily and implemented easily without a lot of red tape or stepping on other people’s toes...” (Employee D, Case 1)</li> <li>2. “I think its that flat structure that gives us that ability to roam a little bit, just to follow ideas...” (Line Manager E, Case 2)</li> <li>3. “It makes it easier, I shouldn’t think there is more than two levels before you get to the senior management level. So I don’t think anyone should be stuck behind a manager who is just going along doing what they are supposed to be doing stopping you doing your bit of thinking.” (Employee A, Case 2)</li> <li>4. “As the leader I have to set direction...” (Owner-manager A, Case 3)</li> <li>5. “...you’ve got your senior management team and then your line managers and staff under that so I suppose you have an idea of where the company is headed from that senior management level but then I guess you know you’ve got your manager you can go to and speak to about ideas and you know that will get followed up to senior management so I guess that structure is in place [for] those ideas and suggestions to go forward really.” (Employee A, Case 4)</li> </ol>

High level of problem demand	<ol style="list-style-type: none"> <li>1. "...it is a creative environment we are in and because the product that the company makes is generally custom-made there are not very often two jobs that are the same there are opportunities to add something or apply a new idea..." (Employee D, Case 1)</li> <li>2. "I'm having to juggle working for a variety of people because there's not a standard way of doing things across the board I've had to come up with ways of keeping on top of what I'm doing for who." (Employee A, Case 5)</li> </ol>
Focused on improvement	<ol style="list-style-type: none"> <li>1. "Its really our primary function to develop both human processes and physical processes to continuously improve both the team's performance and the performance of the product." (Line Manager E, Case 2)</li> <li>2. "...a part of my role is as I say continuous improvement." (Line Manager B, Case 4)</li> </ol>
Low level of problem demand	<ol style="list-style-type: none"> <li>1. "...because I had more time and I wasn't doing the X side of it and we had a bigger organisation you could do things..." (Line Manager D, Case 2)</li> <li>2. "...I do try to make some space to play occasionally, when we are quiet and have some downtime, I'll use that time to look at something that has been on the backburner for a while..." (Line Manager A, Case 4)</li> </ol>
Intradepartmentally orientated	<ol style="list-style-type: none"> <li>1. "...has a positive effect, because you'll have people working in each of the departments, and being such a flat management structure here most people are responsible for their own areas and you are in small groups so ideas, entrepreneurial ideas or otherwise, can be made easily and implemented easily..." (Employee D, Case 1)</li> </ol>
Multidisciplinary teams	<ol style="list-style-type: none"> <li>1. "...we've brought together four separate roles that have functioned on their own to amalgamate them into one department..." (Employee D, Case 4)</li> </ol>
Provides access to information	<ol style="list-style-type: none"> <li>1. "Because I see the bottom line, because I see financials, it makes me even more determined..." (Line Manager D, Case 4)</li> </ol>

**Table 34: Data supporting the second-order theme “Features of leadership that inhibited entrepreneurship”**

Associated first-order concepts	Representative quotes
Resistant to change	<ol style="list-style-type: none"> <li>1. “...you need to tell people that’s what you’re going to be doing, if they think don’t bother doing that, leave it then if that came from the top management it would never happen again I would stop dead in my tracks...” (Line Manager E, Case 1)</li> <li>2. “...if someone was unreceptive or your manager said well that’s how it is, then you wouldn’t would you I don’t think.” (Employee D, Case 4)</li> </ol>
Restricts access to information	<ol style="list-style-type: none"> <li>1. “If you go back to how do they not promote good ideas, what I’ve been banging on about, if they are too secretive with plans...” (Line Manager B, Case 1)</li> <li>2. “...I know sometimes we do put processes in and we just get a flat no, we don’t always get a reason why. That actually does discourage me actually to be honest with you...” (Line Manager C, Case 4)</li> </ol>
Does not provide recognition	<ol style="list-style-type: none"> <li>1. “...they could say you should have been doing that anyway, its not exceeding expectations, its part of your job to think of things like that, I guess that could be a knockback if you like.” (Employee A, Case 2)</li> <li>2. “I would be discouraged if the manager then went the partner and then didn’t say it was my idea. That’s just glory hunting really.” (Line Manager A, Case 5)</li> </ol>
Exclusive	<ol style="list-style-type: none"> <li>1. “A lot of things are decided at a higher level and then rather than involvement from the bottom up it maybe comes from the top down...” (Line Manager A, Case 4)</li> <li>2. “...obviously if they didn’t ask us, then we wouldn’t give our opinions...” (Line Manager A, Case 5)</li> </ol>
Restricts autonomy	<ol style="list-style-type: none"> <li>1. “...that’s just the way they want us to do it, but I’m trying to understand well maybe that’s not the best way for us to be doing something, have they thought of looking at doing such and such, but you’re not given that opportunity, it’s basically just do it and don’t ask any questions, which can be really frustrating.” (Employee A, Case 1)</li> <li>2. “...that manager wanted to vet everything I was sending over to them and just devalued the work I had already done... It restricted the way that I approached that certain job and being very regimented in the way I carried it out and not doing things out of the box as such...” (Employee C, Case 3)</li> </ol>

Sets goals	<ol style="list-style-type: none"> <li>1. “Being inconsistent with messaging so the CEO in my mind is quite famous for asking you to do something and three weeks later saying why are you doing that... if you think well actually its going to change in a couple of weeks why would I do that. ” (Line Manager E, Case 2)</li> <li>2. “...if you make it too formal then people don’t want to take a risk...” (Employee D, Case 2)</li> </ol>
Unapproachable	<ol style="list-style-type: none"> <li>1. “...if I couldn’t share it with my manager I would want to go to someone else...because they haven’t got that approachable friendliness about them, you just can’t express it to them.” (Employee C, Case 1)</li> </ol>
Does not provide reward	<ol style="list-style-type: none"> <li>1. “...if they stopped rewarding you. I guess that would indicate to me that they weren’t interested...” (Line Manager C, Case 3)</li> </ol>
Negative	<ol style="list-style-type: none"> <li>1. “...if it’s going the other way then I suppose that can have a negative effect if your managers or those above you are all of that negative mindset...” (Line Manager B, Case 3)</li> </ol>
Seeks to attribute blame	<ol style="list-style-type: none"> <li>1. “...that middle management layer is not keen to talk about a negative due to the fact that negative is then reflected back at them and creates a well are you doing something wrong because this problem has come up because this problem wasn’t there two weeks ago et cetera...” (Line Manager D, Case 1)</li> </ol>

**Table 35: Data supporting the second-order theme “Features of organisational culture that inhibited entrepreneurship”**

Associated first-order concepts	Representative quotes
Resistant to change	<ol style="list-style-type: none"> <li>1. “...putting down ideas, poo pooing ideas you might have to make things better.” (Employee A, Case 2)</li> <li>2. “I think if someone is continually negative or unwilling to try something that’s quite discouraging...” (Line Manager A, Case 4)</li> <li>3. “...colleagues as well I think because you know... colleagues on the same level... someone’s not prepared to take on board any suggestions...” (Employee D, Case 4)</li> </ol>
Insecure	<ol style="list-style-type: none"> <li>4. “...there seems to be this weird insecurity and unwillingness not because they don’t want to be bothered just because they don’t want to in any way be blamed... that’s the discouragement you’re in an environment, your sat there and looking around, you see lots of people who’ve got their head under the pulpit...” (Line Manager D, Case 1)</li> </ol>
Restricts access to information	<ol style="list-style-type: none"> <li>1. “...we don’t know what skills you have got, we don’t have your training records but some of them can be quite obstructive and that lets me know that they are not that interested in my entrepreneurship...” (Employee B, Case 3)</li> <li>2. “...not having exchange of ideas, perhaps if somebody really didn’t want to talk about any of their ideas...” (Line Manager C, Case 5)</li> </ol>
Exclusive	<ol style="list-style-type: none"> <li>1. “...I think if you didn’t have that communication with people... if you weren’t being involved for whatever reason...” (Employee C, Case 2)</li> </ol>
Low level of respect	<ol style="list-style-type: none"> <li>1. “I think if you didn’t have that communication with people, you didn’t have the respect of your peers...” (Employee C, Case 2)</li> </ol>
Negative	<ol style="list-style-type: none"> <li>1. “...if everyone in the company was very negative then that could have a negative effect.” (Line Manager B, Case 3)</li> </ol>
Does not provide recognition	<ol style="list-style-type: none"> <li>2. “...don’t appreciate what you are doing and you think why bother...” (Line Manager E, Case 1)</li> </ol>
Risk averse	<ol style="list-style-type: none"> <li>1. “...when they share their behaviour which is not willing to take a risk... Because you create fear in your colleague to be more open, to share an idea, to behave more entrepreneurially.” (Employee B, Case 2)</li> </ol>
Unapproachable	<ol style="list-style-type: none"> <li>1. “...if there was more of a culture of if you didn’t feel comfortable talking to your managers or other colleagues...” (Employee A, Case 4)</li> </ol>

**Table 36: Data supporting the second-order theme “Features of HRM policy and practice that inhibited entrepreneurship”**

Associated first-order concepts	Representative quotes
Restricts autonomy	<ol style="list-style-type: none"> <li data-bbox="757 400 2089 584">1. “Probably some of the systems, for instance, that it might come through saying it’s got to be done a certain way whereas you know you could, like for instance, it might come through ah it needs to be sent by this but you know it would actually be cheaper another way but because the system says it has to be that way you have to follow that, you see what I mean, so you can’t alter it to save...” (Employee C, Case 4)</li> </ol>
Does not provide reward	<ol style="list-style-type: none"> <li data-bbox="757 584 2089 695">1. “...there was a clause in the contract that said if you have an idea the company takes it and has no obligation to give you anything, how negative a statement was that, why would you say anything...” (Line Manager B, Case 1)</li> <li data-bbox="757 695 2089 767">2. “...if there is no reward or recognition of any of your endeavours that may discourage...” (Employee E, Case 2)</li> </ol>
Exclusive	<ol style="list-style-type: none"> <li data-bbox="757 767 2089 919">1. “...they have had confidential surveys but simple things like that can encourage entrepreneurship that would benefit the company so I would say it’s the lack of policies or procedures that hinder entrepreneurship more so than anything that is currently in place hindering entrepreneurship.” (Employee B, Case 3)</li> </ol>
Sets goals	<ol style="list-style-type: none"> <li data-bbox="757 919 2089 1102">1. “...most of the objectives we have are smart objectives... but its asking for a well-defined particular piece of work to be completed to achieve a certain level of performance and in some senses that can be limiting very clearly what you have to do to achieve that and you go through those processes. So maybe that could be seen to be inhibiting for entrepreneurial behaviour because it is a constrained piece of work.” (Line Manager E, Case 2)</li> </ol>
Provides group activities	<ol style="list-style-type: none"> <li data-bbox="757 1102 2089 1182">1. “...as a business, you ask me to go to meetings that are basically identical, you know, as I say, as an individual I see this as time wasting really.” (Line Manager B, Case 4)</li> <li data-bbox="757 1182 2089 1334">2. “...we have company briefings and it’s very much being told information, you’re less encouraged to voice your opinions in that scenario because you’re in a room full of people, and you know what it’s like when you’re in a room full of people, you don’t want to put your hand up and say what it is you’re thinking...” (Employee E, Case 4)</li> </ol>
Does not provide group activities	<ol style="list-style-type: none"> <li data-bbox="757 1334 2089 1402">1. “...lack of team meetings and lack of involvement in the general every day running of policies and stuff. You haven’t got that platform.” (Employee B, Case 4)</li> </ol>

Does not provide recognition	1. "...if you do something that helps the company out and makes them money or saves them money and you don't get recognised for it then it has a negative effect, it can go both ways if you get the praise you deserve then yes it encourages you to try but if you don't then you always end up with a feeling of why bother." (Line Manager C, Case 1)
Does not set goals	1. "...people aren't appraised or targeted throughout the year, certainly in this office and I don't think it happens in other offices, because they aren't targeted or appraised there isn't the opportunity to discuss entrepreneurship." (Employee B, Case 3)
Downsizing	1. "If there are redundancies, if there are pay freezes, if there is a salary reduction obviously you are not going to get the best out of your employees. But if the employees are generally happy then I think it's a natural part in at least my functions role to act entrepreneurially wherever possible." (Employee C, Case 2)
Inclusive	1. "...we have a gated development process and gate one is checking the opportunity and there is a business case requirement in that review, but more often than not that's missing when it's X department led activity but when its an Y department activity the first thing we are asked to provide is this marketing view which is itself a barrier to entry." (Line Manager E, Case 2)
Provides recognition	1. "The reward and recognition although it sounds a good idea I don't think in practice it is that rewarding, when you've got 140 people slogging their guts out on a daily basis and there will be a person pulled out for a moment of glory..." (Employee C, Case 2)
Provides reward	1. "...we do operate a reward and recognition system here, but to be honest I think that is more demotivates people more than it motivates people. Every comms session you will see the same people going up for the reward and recognition and although the monetary values are irrelevant, its ten pounds here, twenty pounds there, it doesn't make any difference to anyone. Some managers will put their employees forwards, some won't..." (Employee C, Case 2)

**Table 37: Data supporting the second-order theme “Features of organisational structure that inhibited entrepreneurship”**

Associated first-order concepts	Representative quotes
High level of problem demand	<ol style="list-style-type: none"> <li>1. “...when the pressure builds like that, when it does get tense, and extreme pressure it’s just a case of surviving the day basically, you’re not moving forward with things...” (Line Manager C, Case 1)</li> <li>2. “...ultimately I wouldn’t have enough time to do that with the activities and roles I have to carry out on a daily basis, there’s just not enough hours in the day...” (Employee C, Case 3)</li> </ol>
Sets goals	<ol style="list-style-type: none"> <li>1. “I have set daily tasks... and there is not really a lot that can change, any major changes that take place tend to be undertaken by the operations manager and the operations director.” (Line Manager C, Case 1)</li> <li>2. “...you have got set tasks that you’ve got to achieve...” (Employee E, Case 2)</li> </ol>
Restricts autonomy	<ol style="list-style-type: none"> <li>1. “What we do we’ve got set processes and I don’t think we can actually change them.” (Employee B, Case 4)</li> <li>2. “Fairly minimal to be honest with you. I’m mainly X function, a lot of it is set in stone, what needs to be done.” (Line Manager B, Case 5)</li> </ol>
Intradepartmentally orientated	<ol style="list-style-type: none"> <li>1. “...very departmentalised, so if a department doesn’t see it in their benefit they will tend to put up barriers to progress...” (Line Manager B, Case 1)</li> <li>2. “...the way another department is ran, if it doesn’t affect me directly its none of my business really.” (Employee A, Case 3)</li> </ol>
Hierarchy	<ol style="list-style-type: none"> <li>1. “...in that descending order you’ve got the authority and the resources to make decisions about the business and put entrepreneurial ideas into action, so at the very top you’ve got full reign and full resource to put forward those suggestions, and then to a lesser extent managers... and then really us humble employees at the bottom there’s really little that you can do other than in your own immediate environment...” (Employee B, Case 2)</li> <li>2. “...there is a strict organisational structure so you can only be as brave as the person above you.” (Employee A, Case 3)</li> </ol>



Restricts exposure to external environment	<ol style="list-style-type: none"> <li>1. “Its not part of my role to find customers or markets necessarily but to define products that serve those customers and markets that are defined for me. So I think I probably have a supporting role for entrepreneurial activity as opposed to a leading role.” (Line Manager E, Case 2)</li> <li>2. “I guess they are in contact with the wider world more, I don’t have any contact with the customers or potential customers...” (Employee E, Case 2)</li> <li>3. “...I’m more of an internal function, I’m not client facing or involved in the figures side seeing how we can be more profitable that’s why I don’t have any input into how that could change in the future.” (Employee E, Case 3)</li> </ol>
Restricts access to information	<ol style="list-style-type: none"> <li>1. “Because they are in charge of the entire company whereas I just work in my department so they have a much better overview of whats going on everywhere and they can think about what’s best for the company.” (Employee D, Case 2)</li> <li>2. “...they would have access to all the different factors it might impact, like money and figures of where our customers are based, whether it will be effective, I don’t have access to any of that...” (Employee A, Case 3)</li> </ol>
Low level of problem demand	<ol style="list-style-type: none"> <li>1. “...[most] of the time it is really just churning out work which is really my main function so there is not really generally a great deal of opportunity to be entrepreneurial...” (Employee D, Case 1)</li> <li>2. “My job’s quite repetitive, I just process tax returns all the time, so there’s only so much scope I really have to make adjustments...” (Employee A, Case 5)</li> </ol>

The formality of the HRM function was found to affect the influence that different elements of the HRM architecture had on individuals' engagement in CE. The data indicated that HRM policy and practice had greater potential to influence individuals' engagement in entrepreneurial activities or behaviours within cases that had a formal HRM function. For example, in case 5 which had an informal HRM function, Line Manager A stated, "*I definitely wouldn't say there are any policies [that influence me]...*". Whilst an owner-manager only identified that HRM policy and practice had the potential to positively influence or enable their engagement in the activities or behaviours comprising entrepreneurship in case 4, which had a formal HRM function:

*"...we do a monthly briefing around the business in small groups where everyone has the opportunity to open up and I that can be in anything, development, products, customers, all sorts, and we table a lot of that information to say ok this has been raised, why don't we have a look at this, why don't we push ahead with this."* (Owner-manager, Case 4)

Yet in all cases, line managers and non-managerial employees reported that their engagement in entrepreneurial activities or behaviours could be enabled or inhibited by HRM policy and practice. This undermined the assumption that all organisational agents, including those groups of agents identified in this study, could be treated as homogenous, and it highlighted that the adoption of an organisational level of analysis alone was insufficient to explain the relationship between HRM and CE.

Organisational culture, the behaviour of peers or subordinates, enabled and inhibited line managers in every case and in all except case 3 it enabled owner-managers, whilst in case 2 and case 4 owner-managers also reported that it could inhibit their engagement in entrepreneurial activity or behaviour. This demonstrated how the HRM architecture could have a bottom up influence on the relationship between HRM and CE. Whilst the top down influence was further demonstrated by evidence that leadership could have

more influence over non-managerial employees' engagement in the activities and behaviours comprising CE than organisational culture, "*It would probably make me want to try even more especially if it was a manager...*" (Employee D, Case 2). To further examine how the HRM architecture affects individuals' engagement in the activities or behaviours comprising CE, the influence of the different features of these elements of the HRM architecture will now be examined.

### 5.3.2 The influence of different features of the HRM architecture

The data showed that the HRM architecture of organisations could not be treated as one homogenous phenomenon when examining the relationship between HRM and CE. Most features that influenced individuals' engagement in the activities or behaviours comprising CE were associated with just two or three elements of the HRM architecture (Tables 30 to 37). Notably, only three features were associated with all elements of the HRM architecture with regards to enabling individuals to engage in CE, and none were identified in this way with regards to inhibiting individuals' engagement in CE. These three features were providing access to information, setting goals, and being focused upon improvement.

Providing access to information included providing feedback on participants' ideas in relation to entrepreneurial opportunities:

*"... they need to give you the information back this is why not and then right, fair enough, okay I understand and that wouldn't put you off, you'd just try against something else."* (Line Manager A, Case 1)

Setting goals was focused upon determining what tasks a participant was responsible for fulfilling:

*“... there might be an overall kind of target and we’ll have meetings that, it’s very much we’re given the space to experiment and do what we like.”*  
(Employee E, Case 4)

Being focused upon improvement involved individuals demonstrating or communicating an ongoing desire to improve what they were doing:

*“... within this business it is very clear that there is a need for constant improvement in order to sustain and maintain the business that we have. That comes across from the top down...”* (Employee D, Case 1)

Amongst the features that were identified as affecting whether an element of the HRM architecture enabled or inhibited individuals’ engagement in the activities or behaviours comprising CE, some were associated with the same element in all cases. Such features that were associated with leadership that supported or enabled individuals’ to engage in CE included being inclusive and receptive to change, providing others with access to information, autonomy, and recognition for their entrepreneurial behaviour, and setting goals. The importance of leaders being inclusive by proactively seeking the opinions of others was identified by Employee C, case 4 who stated that:

*“... they always ask for our feedback, so that’s encouraging us to speak up and give our ideas cos they do always ask for it and before they have handed out questionnaires at different times, like different improvement ones and stuff like that, asked if we can fill it out just generally giving our ideas and our takes on things so they could collect it all up to try and see if they can basically get anything from that information to help the business in any way.”*

This quote also highlighted that leaders could demonstrate that they were inclusive in different ways, either through direct verbal communication or by using tools such as questionnaires. Interview evidence was corroborated through an observation of a team meeting at case 4, where the owner-manager and a line manager actively sought input

from employees which directly led to an employee disseminating an opportunity they had identified (Appendix G).

Leaders demonstrated that they were receptive to change by reacting positively when presented with others' ideas for change, for example by showing interest in, listening to, and/or implementing such ideas:

*“... listen to any ideas or thoughts I may have and, like I say, in the past they have implemented certain changes that I've suggested. No major ones obviously, but you know, smaller ones, just in the way we do our... work. And I think it is quite encouraging that they do take it on board and listen.”* (Line Manager B, Case 5)

Providing access to information included the provision of constructive feedback regarding the nature or impact of other individuals' ideas or work:

*“... if people want to do something entrepreneurial you've got to give them the space to do it, you need to give constructive feedback, negative and positive...”* (Line Manager A, Case 4)

It also included the reporting of customer or investor requirements,

*“My immediate manager... they [talk] to customers and investors... So they are very good at feeding back the information we all need to help define what are the developments, what are the products that are required. So they are a good conduit to those stakeholders.”* (Line Manager E, Case 2)

Alternatively, providing access to information involved relaying information relating to the performance, aims or strategic direction of the organisation,

*“... it's important that the Partners communicate their views on where the business is going and if I can help or influence I have my input into that...”* (Employee C, Case 5)

In addition to the interview data, in all cases where observations were made there was evidence from those observations that the sharing of information between leaders and followers was facilitated through the provision of group activities. For example, in case 2 the owner-manager used a team meeting to share information about the strategic aims of the organisation and operational developments (Appendix G).

Leaders provided individuals with autonomy where they allowed them to make decisions about how they fulfilled their responsibilities, targets, or objectives. They did so by allowing followers to manage their own workload, not requiring followers to consult the leader prior to acting, and by allowing followers to control resources:

*“... if you got support, not so much support but if you’ve got freedom... the Directors... they might say there’s 55 people and £3 million I want you to turn that into £5 million and as long as I do that...”* (Line Manager D, Case 3)

Recognition of followers’ entrepreneurial activity by leaders was largely provided through verbal praise or displays of appreciation:

*“... to get the praise for having thought of it and got it implemented would be a bonus. It would be more encouraging.”* (Employee A, Case 5)

However, it was also provided through symbolic gestures that associated an individual with their entrepreneurial activity:

*“... maybe create a plaque, stick [it] on the wall maybe with [the] guys name on, this guy, through this idea, created this...”* (Employee B, Case 2)

These forms of recognition were observed during a team meeting within case 2 where the owner-manager presented an individual with a certificate in return for their engagement in entrepreneurial activity and simultaneously provided verbal praise (Appendix G).

The only feature that was associated with leadership inhibiting individuals' engagement in the activities or behaviours comprising CE in all cases was being resistant to change, which was also the only feature associated with organisational cultures that inhibited entrepreneurial behaviour or activity in all cases. Leaders demonstrated that they were resistant to change by reacting negatively to others' ideas for change, for example, by being dismissive of them and/or failing to implement them. The impact of leaders being resistant to change was identified by Line Manager C, case 2, who stated that:

*"... if my manager was just not open to any entrepreneurial thoughts or suggestions, [if] they were squashed, it would stop me spending that time and energy into any future suggestion."*

With regards to the other elements of the HRM architecture different features were identified as enabling or inhibiting the activities or behaviours comprising CE across all cases. For example, providing access to information was the only feature associated with an organisational culture that enabled entrepreneurial activity or behaviour in all cases. The information provided by participants' peers or subordinates included sharing ideas:

*"Come up with ideas which we can then develop because often I or my Partners know the clients better than anyone so someone says have they thought about doing that and then knowing the client that might actually trigger other thoughts."* (Owner-manager, Case 5)

Providing rewards and group activities were the only features associated with HRM policy and practice that supported individuals to engage in the activities or behaviours comprising CE in all cases.

Providing rewards involved a material or financial reward being provided to the participant contingent on their engagement in entrepreneurial activity or behaviour:

*“... if it’s a big entrepreneurial idea or process and it benefits the company by a large amount then you should have a bigger, not reward, but you know a pay rise or something...”* (Employee C, Case 1)

Providing group activities related to participants being given the opportunity to engage in a range of activities away from their immediate work space such as team meetings, away days, informal social activities, and induction processes:

*“... we have our quarterly planning meetings here as the senior management team, we start off with an agenda that the CEO sets with some inputs. They sometimes have an outside consultant to help with the facilitation of those sessions, but I am always amazed when we come out of those sessions how much creative thinking has been done within that day, which to me is the evidence of the need to have that time set aside away from the daily drum beat of the normal work we all have to get through...”* (Line Manager C, Case 2)

As with leadership, setting goals was associated with organisational structures that supported entrepreneurial activity or behaviour in all cases, as were hierarchy and providing exposure to the external environment. Providing exposure to the external environment involved a participant having the opportunity to interact with individuals or organisations outside of their employer organisation:

*“... my part of the business deals more directly with the customer in the initial stages, we are less removed from the customer than the factory is, so you see opportunities and you have to develop new ways, things are constantly moving in that particular area and changing...”* (Line Manager A, Case 4)

It was notable that in no two cases was the same set of features associated with leadership, organisational culture or HRM policy and practice that enabled or inhibited



entrepreneurship. Only in regard to organisational structure that inhibited entrepreneurship were the same set of features associated with the same element of the HRM architecture in more than one case. Some features were only identified in a small number of cases. These included downsizing, which was only associated with HRM policy and practice that inhibited entrepreneurial activity or behaviour in case 2:

*“Obviously things do affect people. If there are redundancies, if there are pay freezes, if there is a salary reduction obviously you are not going to get the best out of your employees. But if the employees are generally happy then I think it’s a natural part in at least my function’s role to act entrepreneurially wherever possible... but if you are unsure if you are going to be made redundant next week then obviously you are not going to be thinking about your job 100%, you are not going to have that clarity...”* (Employee C, Case 2)

Whilst being team orientated was only identified in case 1 and case 4 where it was associated with leadership, organisational culture, and HRM policy and practice that enabled individuals to engage in the activities or behaviours comprising CE:

*“If we are all singing off the same songsheet and everyone can see where we are going and there wasn’t a bit of, oh he’s doing that to give me more work or that’s going to affect how I do business we could just implement [changes] and everyone will embrace [them]...”* (Line Manager B, Case 1)

Furthermore, within each case some features were not associated with the same element of the HRM architecture as in other cases. For example, providing exposure to the external environment was associated with supportive leadership in case 4 but supportive HRM policy and practice in case 2. Whereas, providing training was associated with supportive HRM policy and practice in case 2, case 3 and case 4 whilst it was not identified in the remaining cases. The provision of training enabled entrepreneurial activity or behaviour by increasing an individual’s self confidence and motivation:

*“... I now feel more confident having had training and given this fairly new role of manager, I feel I’m even hungrier, more determined to prove my status to the company so I’m all the time wanting to help make better, make it more successful.”* (Line Manager D, Case 4)

There was some evidence that the industry sector that an SME operated in and the formality of an SME’s HRM function could influence the relationship between HRM and individuals’ engagement in the activities and behaviours comprising CE. With regards industry sector, leaders who provided group activities and organisational cultures that restricted access to information were only identified by individuals within those case organisations operating in the service sector (Tables 30 and 35). Whilst organisational structures that provided a low level of problem demand were only identified as enabling individuals to engage in those activities or behaviours comprising CE within case organisations operating in the manufacturing sector (Table 33). With regards formality of the HRM function, organisational cultures that were exclusive and where there was a low level of respect were only identified as inhibiting individuals’ engagement in CE (Table 35) by non-managerial employees within those cases with formal HRM functions, *“Perhaps looking down on what I do... and not asking you about it...”* (Employee E, Case 4). Whilst being focused upon improvement was also only associated with organisational structures that enabled individuals to engage in those activities or behaviours comprising CE within cases with a formal HRM function (Table 33).

Critically, in every case some features were associated with both HRM architectures that enabled entrepreneurial activity or behaviour and those that inhibited it. Such characteristics included setting goals, being resistant to change, being negative, providing group activities, providing recognition, providing reward, being inclusive, hierarchy, a high level of problem demand, a low level of problem demand, and being intradepartmentally orientated.

Setting goals was associated with all elements of the HRM architecture enabling entrepreneurial activity or behaviour and all elements, except organisational culture, inhibiting entrepreneurial activity or behaviour. It enabled individuals to engage in the activities or behaviours comprising CE where goals were clearly defined but allowed for a relatively high level of autonomy:

*“They just give you more end goals they don’t tell you how you need to get there. So if you got an end goal, a part of your process needs changing, you can then go away and think about how you are going to test that, they don’t tell you you must do it this way.”* (Employee D, Case 2)

Whereas, setting goals inhibited entrepreneurial activity or behaviour where there was a lack of consistency and goals were regularly changed:

*“... I think with this company having changed its core products several times since going in the current product direction, maybe we were having ideas around how to make the business better and the senior management team said no we aren’t moving in that direction, we’re moving in this direction so this is what you need to think about now, that could be discouraging...”* (Employee A, Case 2)

Individuals’ engagement in the activities or behaviours comprising CE was further inhibited where goals were too demanding, *“... if you’re up against it before you start, you’ve not much scope to go anywhere else”* (Line Manager C, Case 4), and where they were clearly defined but inherently restricted the participant’s autonomy:

*“...an objective that says how can I reach 200 X performance in a laboratory is very different to an objective that says I want the Y to reach gate four by the end of June, that’s a constrained particular piece of work, there is a process you have to follow, you crank the handle, you do all the measurements and tests etc, that’s constrained, whereas the how can we get 200 X is a free, open question, a free thinking activity, if there is too much of the former and not enough of the latter that could constrain innovation and entrepreneurship.”* (Line Manager E, Case 2)

One non-managerial employee also reported that the degree of formality with which goals were communicated would influence their engagement in entrepreneurial activity or behaviour:

*“... it should be more like that, like asking a favour. It’s not about direction, that helps, because if you make it too formal then people don’t want to take a risk...”* (Employee B, Case 2)

These examples demonstrated that it was not just the content of the goals that were set but the way in which they were set that influenced individuals’ engagement in CE.

Being resistant to change was associated with leadership and organisational cultures that inhibited entrepreneurial activity or behaviour in all cases, yet in case 4 one line manager associated this feature with an organisational culture that encouraged them to engage in the activities or behaviours comprising CE:

*“If I’ve got a really good idea and it’s successful and they knock it, to prove them wrong. I’m like a dog with a bone... I will put a case of what I want to change to someone at leadership level... then they’ll say, no, thanks but no for whatever reason... but it wouldn’t discourage me from keeping on doing it unless I kept getting knocked down and knocked down and knocked down. I would need to be told several times that it’s a really crap and useless idea before I completely got disheartened with it... It makes me probably the opposite, even more, trying to prove them wrong and this is quite a bitchy comment, I would want to expose them...”* (Line Manager D, Case 4)

This example clearly showed how individual characteristics such as resilience or motivation influenced the relationship between HRM and CE, in this case the individual’s characteristics reversed the influence that this feature more commonly had on participants’ engagement in the activities or behaviours comprising CE.

Providing group activities was most commonly associated with HRM policy and practice that enabled entrepreneurial activity or behaviour. However, where group activities were repetitive or used too frequently they were identified as inhibiting entrepreneurial activity or behaviour by Line Manager B, case 4:

*“... you ask me to go to meetings that are basically identical, you know, as I say, as an individual I see this as time wasting really.”*

Group activities were also identified as inhibiting individuals' engagement in the activities or behaviours comprising CE where they involved large numbers of people and those managers running the meeting were not well known to the participant:

*“... just because you don't have much to do with the people that are giving you the information, they're higher management so it might be difficult to voice your opinion to them because you don't have that kind of relationship with them and I think it's just a general thing about humanity where you don't really want to be the first one to raise your hand in front of a big group.”*  
(Employee E, Case 4)

This may reflect the influence of trust, whereby high levels of trust were associated with leadership and organisational cultures that enabled individuals to engage in entrepreneurial activity or behaviour (Tables 30 and 31). It also further highlighted the role that individual factors played in influencing the relationship between HRM and CE. Clearly, the relationships between individuals and an individual's level of self-confidence both influence whether group activities enable or inhibit individuals' engagement in the activities or behaviours comprising CE.

Providing reward and recognition was commonly associated with elements of the HRM architecture enabling individuals to engage in entrepreneurial activity or behaviour within their roles within the SME cases examined in this study. However, these features

inhibited such activity or behaviour where they were not applied consistently or where their value was perceived to be negligible:

*“Every comms session you will see the same people going up for the reward and recognition and although the monetary values are irrelevant, its ten pounds here, twenty pounds there, it doesn't make any difference to anyone. Some managers will put their employees forwards, some won't, to be honest personally I feel embarrassed going up, shaking hands with the CEO about something that kind of naturally would have come out of my day to day work naturally anyway... it's one of those things where, it sounds like a good idea but quite often what are you rewarding people for, for doing something naturally out of their job. It could be questioned about the justification... although it sounds a good idea I don't think in practice it is that rewarding, when you've got 140 people slogging their guts out on a daily basis and there will be a person pulled out for a moment of glory...” (Employee C, Case 2)*

Being inclusive was also commonly associated with elements of the HRM architecture enabling individuals to engage in those activities or behaviours comprising CE. However, this feature was associated with HRM policy and practice that inhibited such activities or behaviours where the procedure made it difficult for participants to submit their ideas for consideration by requiring them to draw on skills or knowledge that they did not possess:

*“... we have a gated development process and gate one is checking the opportunity and there is a business case requirement in that review... the first thing we are asked to provide is this marketing view which is itself a barrier to entry... I think it's possibly because from an X department standpoint we are probably not that close to the market its an additional area of research or expertise that we just naturally don't have whereas the guys who are talking to the customers out in the field have that knowledge... it would work better if an idea went to the Y team and those guys went out and saw if there was something for that.” (Line Manager E, Case 2)*

Organisational structures that were based on hierarchies were associated with HRM architectures that enabled entrepreneurial activity or behaviour and those that inhibited it in all cases. Hierarchies supported those activities and behaviours comprising CE where they were relatively flat by providing clear boundaries of responsibility and in doing so contributing to the provision of autonomy:

*“... being such a flat management structure here most people are responsible for their own areas and you are in small groups so ideas, entrepreneurial ideas or otherwise, can be made easily and implemented easily without a lot of red tape or stepping on other people’s toes. If you come up with a good idea and they like it you could be doing it tomorrow, it’s that easy. So I think that’s one of the strengths of our business that we are small enough that we can implement changes quickly.”* (Employee D, Case 1)

Relatively flat hierarchies enabled individuals to provide each other with access to information, in part by creating short chains of communication, and so contributed to the development of leadership and organisational cultures that were supportive of entrepreneurial activity or behaviour. This occurred horizontally:

*“... they’ve moved from a hierarchical to a flat structure but kept job titles. I think its that flat structure that gives us that ability to roam a little bit, just to follow ideas... It allows you to move across the organisation, to talk to whoever you like, discuss ideas with whoever you like...”* (Line Manager E, Case 2)

It also occurred vertically:

*“... there is not lots and lots of levels of management here, we’ve got the top level of management and a lower level and everyone else is below that so there’s not like scores and scores of levels you’ve got to get through for people to see what you are doing... It makes it easier, I shouldn’t think there is more than two levels before you get to the senior management level. So I don’t think anyone should be stuck behind a manager who is just going along doing what they are supposed to be doing stopping you doing your bit of thinking.”* (Employee A, Case 2)

Group membership affected the influence of hierarchies on the relationship between HRM and CE. Within the same case, hierarchies enabled owner-managers by increasing their autonomy and inhibited individuals who were not owner-managers by reducing their autonomy:

*“I’ve owned the business for 11 years, prior to that if I had had an idea like digital it would have been I’ve got to justify, dot all the I’s cross all the T’s and everything before I can go with it so I lose some of the impetus when I’ve got this big hierarchy to go through to get it signed off, approved and you do it but you always find its 6 months or a year later than you should have done it. The beauty of being my business is if it looks like let’s do it, do it right now, get on with it, so its interesting, the gratification is much higher.”* (Owner-manager, Case 4)

In all cases a high level of problem demand was associated with organisational structures that inhibited individuals’ engagement in the activities or behaviours comprising CE.

This occurred where participants experienced high workloads:

*“I think when the pressure builds like that, when it does get tense, and extreme pressure it’s just a case of surviving the day basically, you’re not moving forward with things its just a case of getting through the day and surviving and seeing what the next day brings.”* (Line Manager C, Case 1)

However, in some instances where a participant’s role was more bespoke and/or where they experienced an increase in workload this enabled their engagement in entrepreneurial activity or behaviour:

*“... because there’s not a standard way of doing things across the board I’ve had to come up with ways of keeping on top of what I’m doing for who... because I have more work put on me I need to make sure I’m doing the most efficient work possible whilst keeping the quality of my work.”* (Employee A, Case 5)

A low level of problem demand was associated with an organisational structure that enabled individuals to engage in the activities or behaviours comprising CE where participants experienced a reduced workload:

*“I do try to make some space to play occasionally, when we are quiet and have some downtime, I’ll use that time to look at something that has been on the backburner for a while, just to mess about with what we’ve got and expand the tools we have so that’s an entrepreneurial thing I guess.”* (Line Manager A, Case 4)



Whilst in some cases a low level of problem demand was also associated with an organisational structure that inhibited entrepreneurial activity or behaviour, where participants' roles were comprised of repetitive or routine tasks:

*“My job’s quite repetitive, I just process X all the time, so there’s only so much scope I really have to make adjustments...”* (Employee A, Case 5)

Organisational structures that were interdepartmentally orientated, whereby individuals' responsibilities or remits crossed organisational boundaries, enabled entrepreneurial activity or behaviour by assisting individuals to learn more about their organisation and by facilitating the development of a culture of providing access to information:

*“I guess when we are working with people as the result of a project, primarily, dependent on the focus of that project you will be looking at how they are doing things, you’ll be looking at the best way of doing something going forward and developing a solution around that. We are not going out willy nilly to other departments saying you should be doing this or you should be doing that, saying that that’s not always the case, I guess if we do see areas for improvement then it will get suggested and more than likely acted upon...”* (Employee C, Case 2)

Organisational structures that were intradepartmentally orientated were, in some cases, identified as enabling individuals to engage in the activities or behaviours comprising CE because they provided participants with clarity regarding their areas of responsibility and in doing so helped to provide autonomy:

*“... here most people are responsible for their own areas and you are in small groups so ideas, entrepreneurial ideas or otherwise, can be made easily and implemented easily without a lot of red tape or stepping on other people’s toes...”* (Employee D, Case 1)

However, in all cases intradepartmentally orientated organisational structures were associated with HRM architectures that inhibited entrepreneurial activity or behaviour for three reasons. Firstly, they limited or prevented the development of a team oriented organisational culture involving the provision of information by creating silos:

*“... it tends to make us very departmentalised, if a department doesn't see it in their benefit they will tend to put up barriers to progress, progress in brackets because I might see it as progress and they might see it as counteractive but sometimes it puts up that barrier to have that discussion. One thing the company is is departmentalised...”* (Line Manager B, Case 1)

Secondly, they limited participants' knowledge of the organisation and therefore their ability to identify opportunities in areas outside their role:

*“... [the senior managers] are in charge of the entire company whereas I just work in my department so they have a much better overview of whats going on everywhere and they can think about what's best for the company.”* (Employee D, Case 2)

Thirdly, they limited the extent to which participants' felt that their engagement in entrepreneurial activity or behaviour would be seen as legitimate and in doing so reduced their confidence:

*“... just for fear of being overruled because the way another department is ran, if it doesn't affect me directly its none of my business really.”* (Employee A, Case 3)

A number of the examples above demonstrated how elements of the HRM architecture may, in addition to having a direct effect on individuals' engagement in entrepreneurial activity or behaviour, also have an indirect effect on this through their influence on other elements of the HRM architecture. A further example of this was found where leaders sought to attribute blame to followers. It appeared that in addition to influencing

individuals directly, this could lead to the development of an organisational culture where individuals felt insecure, restricted access to information and were resistant to change:

*“... so I will say we have this problem et cetera and this is what I’m attempting to do and that will become... this individual is struggling is there an underlying problem, which then creates a scenario where... that middle management layer is not keen to talk about a negative due to the fact that negative is then reflected back at them and creates a ‘well are you doing something wrong because this problem has come up because this problem wasn’t there two weeks ago et cetera’, so for me it’s very difficult... but then are we back to that original thing of not blame but insecurity where if they say we could do this it’ll fix it then if it goes wrong do they then get blamed for something which if they kept their mouth shut they would be exonerated from... everyone is very critical of each other’s problems and solutions no one is afraid to chip in and say something is bad, they are always keen to do that because you can never be wrong if you’re negative. If someone can come up with a reason why something won’t work they will come up with it, if someone has something which may solve the problem that might mean it works they are too afraid to say it, but that’s the general insecurity of it I suppose.” (Line Manager D, Case 1)*

Consequently, not only could leadership that attributed blame to followers directly inhibit followers’ engagement in those activities and behaviours comprising CE, but it could indirectly have the same effect by creating a culture that inhibited such activities or behaviours.

Evidence of the potential for one element of the HRM architecture to act as a substitute for another was very limited. Within no case was an identical set of features associated with two different elements of the HRM architecture either enabling or inhibiting entrepreneurial activity or behaviour. Only in case 2 was leadership found to have the potential to act as a substitute for all features associated with an organisational culture that enabled individuals to engage in those activities or behaviours comprising CE. Only in case 5 was leadership found to have the potential to act as a substitute for all characteristics associated with an organisational culture that inhibited entrepreneurial activity or behaviour. More fundamentally, however, the data demonstrated the

dichotomous nature of the features identified as enabling or inhibiting individuals' engagement in the activities and behaviours comprising CE. This indicated that no element of the HRM architecture could be entirely benign. Therefore, the different elements of the HRM architecture could only reinforce or counteract each other, making substitution impossible.

#### 5.4 Summary

This chapter presented an analysis of the data collected from the five cases identified in section 4.3.2 in order to address the research aim, objectives and questions outlined in section 1.3.

The analysis of the data presented identified that the communities of organisational agents within SMEs constructed the meaning of entrepreneurship using a range of points of reference. Economic conditions, the media, educational experiences and regulatory structures were all points of reference derived from the external environment of the SME. Whereas, organisational performance, organisational structure, and organisational strategy were all derived from the internal environment of the SME. Work experience and business leaders were points of reference that were derived from both the internal and external environment (Figure 5). These points of reference had the capacity to contribute directly to the development of shared or differentiated constructions of the meaning of entrepreneurship within SMEs. The use of points of reference derived from the internal environment of the organisation provided a means by which an SME community could influence the extent to which members' constructions of the meaning of entrepreneurship were shared or differentiated. However, the use of points of reference derived from the external environment meant that it would be impossible to establish a stable, uniform

construction of the meaning of entrepreneurship within an SME. These factors make the meaning of entrepreneurship vulnerable to changes in the membership of the SME community and changes in the external environment that are beyond the control of the individual within the SME community. Instead, any shared construction of the meaning of entrepreneurship within an SME could only ever be partial and provisional.

Based upon the use of the points of reference outlined above, the SME communities examined in this case study constructed entrepreneurship as comprising of two symbiotic components. The first was individuals, referred to as entrepreneurs, who displayed characteristics or behaviours that could be categorised as relating to their motivation, analytical skills, interpersonal skills, ability to cope with uncertainty, and organisational awareness (Figure 6). The second was an activity comprised of a cyclical system of events driven by emotional states. This involved one or more individuals using their interactions with the internal or external environment to conceptualise modifications to their own behaviour or the internal environment of the organisational community, which if implemented in practice had the potential to result in some form of organisational and/or individual benefit (Figures 16 and 17). When these components were combined, entrepreneurship could be defined as follows. A cyclical, iterative learning process through which individuals or groups in possession of motivation, analytical skills, interpersonal skills, the ability to cope with uncertainty, and organisational awareness attempt to adapt to their environment with the aim of realising some form of individual and/or collective benefit.

In addition to being influenced by individual experiences stemming from the use of the points of reference outlined above, the data indicated that these constructions of the meaning of entrepreneurship could be influenced by organisational level factors, such as

the industry sector or formality of the HRM function. There was also evidence that they could be influenced by group level factors, though the precise nature of these could not be identified. Consequently, there were some minor variations in the precise nature of the characteristics or behaviours and activities associated with entrepreneurship both within and across each case.

Importantly, the systematic nature of the act of entrepreneurship was driven by and reliant upon the emotional states of the individuals involved, which in turn were directly influenced by the realisation of organisational benefits or individual benefits, with the latter being largely derived from the HRM architecture of the SME community (Figures 16 and 17).

The HRM architecture of SMEs comprised of leadership behaviours or activities, organisational culture, HRM policy and practice, and the organisational structure. In every case, each of these elements was found to have the potential to enable or inhibit individuals' engagement in the activities or behaviours comprising CE, and so influence the development of strategic entrepreneurship (Tables 30 to 37). It was notable, however, that the influence of these elements could be affected by organisational level factors such as the formality of the HRM function.

Clear differences could be observed with regards to which of the elements of the HRM architecture could influence different groups within SME communities. For example, in no case did owner-managers report that HRM policy and practice had the potential to negatively influence their engagement in entrepreneurial activities or behaviours, yet this was identified by line managers and/or employees in every case. Furthermore, there were also variations between individuals who were line managers. This indicated that any

study of the relationship between the HRM architecture and CE must go beyond the organisational level and include a consideration of the group and individual levels of analysis. It was also notable that in some cases organisational culture could enable or inhibit owner-managers' engagement in the activities or behaviours comprising CE, whilst line managers identified the same relationships in every case, this highlighted that organisational culture exerts a bottom up influence on the relationship between HRM and CE.

Certain features of the HRM architecture were identified as having the potential to enable or inhibit entrepreneurial activity or behaviour within SMEs. These features were often associated with more than one element of the HRM architecture within a particular case, whilst some were associated with the same element of the HRM architecture across all cases. It was notable that the data provided clear evidence that it was not just the feature but also its association with a particular element of the HRM architecture that dictated its influence. For example, the provision of information had more influence when it came from leaders than the organisational culture via an individuals' peers or subordinates. Furthermore, evidence was found to suggest that the industry sector and formality of the HRM function of an SME could influence which combinations of elements and features of the HRM architecture influenced individuals' engagement in the activities or behaviours comprising CE.

Evidence was presented that combinations of elements and features of the HRM architecture could directly influence individuals' engagement in entrepreneurial activities or behaviours and/or indirectly influence it through its effect on another element. For example, leaders who sought to attribute blame to followers could inhibit individuals from behaving entrepreneurially but the cumulative effect of this could lead to the

development of an organisational culture that also inhibited individuals' engagement in entrepreneurial activities or behaviours.

Certain features could enable individuals to engage in those activities or behaviours comprising CE in some instances and inhibit them in others (Tables 30 to 37). This was dependent upon how they were applied in practice, an individual's psychological characteristics or personal experiences, an individual's membership of a particular group of organisational agents, and the nature of relationships between different individuals. Therefore, it was not just the content of the HRM architecture that had the potential to influence the extent to which individuals' engaged in entrepreneurial activity or behaviour but also the process of its implementation.

The data indicated that SMEs that seek to develop strategic entrepreneurship should focus upon the alignment or configuration of each element of the HRM architecture rather than relying upon substitution. The dichotomous nature of the features that were identified as having the potential to enable or inhibit entrepreneurial activity or behaviour within SMEs and the patterns with which these were associated with certain elements of the HRM architecture undermined the idea that one element of the HRM architecture could be substituted with another (Tables 30 to 37). Instead they suggested that no element of the HRM architecture could be benign or neutral with regards to its effect on entrepreneurial activity or behaviour within SMEs. For example, leadership could either be receptive to change or resistant to it and each stance was strongly associated with either enabling or inhibiting entrepreneurship, there could be no third, neutral alternative.



This presentation of the analysis of the data provides a partial response to the research questions. The following chapter will develop this by comparing the findings presented here to the existing literature so that complete responses are provided to each research question, in doing so it will demonstrate that the aim and objectives of this research have been achieved.

## **CHAPTER SIX: DISCUSSION**

### **6.0 Introduction**

In this chapter the analysis presented in the previous chapter will be compared to the existing literature. The purpose being to provide complete answers to the research questions identified in section 1.3 and in doing so address the associated research objectives. The discussion is therefore structured such that each research question is discussed in turn.

### **6.1 How SME communities construct the meaning of entrepreneurship**

The findings of this study demonstrated that within any SME the meaning of entrepreneurship was constructed using points of reference derived from the external environment beyond the boundaries of the organisation and/or the internal environment or conditions within the organisation (Tables 13 and 14, and Figure 5). This supported the view that owner-managers, executives and line managers only have limited control over the creation of the shared entrepreneurial vision required to establish strategic entrepreneurship (Ireland and Webb, 2007; Hitt et al, 2011). Furthermore, the findings of this study indicated that the mechanisms that such groups may use to influence CE, such as organisational structure, may, through their very existence limit or even prevent the development of such a shared vision by fragmenting it.

These findings contributed to the debate regarding the influence that the external environment has on CE. They supported existing research that identified that elements of the institutional environment, such as regulatory structures, and shared cognitive

conceptions or perceptions could influence the nature or meaning of entrepreneurship (Kemelgor, 2002; Hellmann, 2007; Gomez et al, 2011). However, with regards the influence of economic change or hostility, this study contradicted the suggestion of Miller (1983) that environmental hostility may have no effect on smaller, simple organisations that are dominated by the leadership of a single individual or larger, planning organisations that are built upon the extensive use of processes and procedures. Instead, it was identified that changes in economic conditions could influence whether such organisations pursue CE through exploration or exploitation. The findings of this study also suggested that not only may environmental stability, with regards economic conditions and government policy, be more likely than competition to encourage CE in developing countries, but this may also be the case for SMEs in developed countries (Khandwalla, 1987; Mohamad et al, 2002). This is because any change in these conditions may disrupt the development of any shared vision or definition of entrepreneurship that the owners or managers of SMEs are trying to use to develop or maintain strategic entrepreneurship.

The influence of factors such as education, external work experience, economic conditions, media consumption and regulatory structures identified in this research supported the application of neo-institutionalism to the study of entrepreneurship within SMEs (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Oliver, 1997). However, it was apparent from these findings that some isomorphic mechanisms were more influential than others when it came to the construction of entrepreneurship within SMEs. The widespread reference to external business owners, external work experience and media consumption suggested that normative mechanisms were more influential than coercive mechanisms such as regulatory structures (DiMaggio and Powell, 1983; Scott,

1987). For example, this study found evidence that coercive mechanisms may only influence CE within SMEs operating in the service sector.

The use of points of reference relating to the internal environment of the SME such as organisational strategy, organisational performance, and organisational structure indicated that neo-institutionalism alone cannot fully explain how entrepreneurship is constructed within SMEs. Therefore, as with the study of HRM, the findings of this study demonstrate that neo-institutionalism should be applied in conjunction with the RBV, as this could explain the influence of these internal points of reference that relate to the management of the organisation. The RBV could also account for observed variations in the points of reference used within different SMEs that operate within the same environment (Wernerfelt, 1984; Barney, 1991; Oliver, 1997; Boselie, 2009; Jiang and Messersmith, 2018). However, the RBV could not explain differences that were identified within the same case, for example, that line managers or non-managerial employees used the organisational structure as a point of reference whilst the owner-manager did not. This finding suggested that it would also be necessary to apply agency theory to the study of the meaning of entrepreneurship or CE (Jensen and Meckling, 1976).

## 6.2 What entrepreneurship means to SME communities

Based upon the points of reference identified in sections 5.1 and 6.1, the SME communities examined in this study defined entrepreneurship both in terms of an individual's possession or display of certain characteristics and behaviours (Figure 6) and a systematic activity comprised of different events and states (Figures 16 and 17). This contributed to the ongoing debate regarding the definition or conceptualisation of

entrepreneurship. These findings provided partial support for the adoption of the great person, psychological characteristics, classical and intrapreneurship schools of thought identified by Cunningham and Lischeron (1991). They also built upon the classical school by identifying that whilst entrepreneurship may be a temporary process that individuals engage in, it may also be an ongoing continuous cycle of behaviour (Figures 16 and 17). Overall, these findings supported the view that whilst trait and contingency theory must be considered when examining entrepreneurship within SMEs, when applied individually they can only provide a partial explanation of the phenomenon (Drucker, 1985; Gartner, 1985; Gartner, 1989; Caird, 1990; Hisrich, 1990; Stevenson and Jarillo, 1990; Cunningham and Lischeron, 1991; Shane and Venkataraman, 2000; Casson, 2003; Shane, 2004; Goss, 2005; Sarasvathy and Venkataraman, 2011). Instead, broader conceptualisations, such as the individual-opportunity nexus, which combine both trait and contingency theory, and take into account how individuals' characteristics influence their interactions with the environment surrounding them should be adopted (Shane, 2004; Blackburn and Kovalainen, 2009). With regards to SMEs it is therefore not sufficient to treat entrepreneurship as a state of being, an act or a process as conceptualised in the wider entrepreneurship literature (Schumpeter, 1934; McClelland, 1961; Shane, 2004; Kuratko et al, 2015). Rather entrepreneurship may be more accurately conceptualised as a symbiotic relationship between a state of being and an activity as the two are at least partially reliant on each other for their existence. For example, the act of opportunity identification requires individuals who are creative and/or analytical.

This study contributed to the debate regarding which individual characteristics or behaviours are possessed by individuals who engage in entrepreneurial activity. It identified that such characteristics or behaviours could be categorised as being related to

an individual's motivation, interpersonal skills, analytical skills, ability to cope with uncertainty, and organisational awareness (Figure 6). Many of the characteristics identified such as creativity, cooperation, tolerance for risk, questioning or being inquisitive, social motivation or responsibility, confidence, resilience, and being autocratic reflected those identified in the existing literature (McClelland, 1961; Schrage, 1965; Hornaday and Aboud, 1971; Kets de Vries, 1977; Schuler, 1986; Luchsinger and Bagby, 1987; Caird, 1990; Hisrich, 1990; Hornsby et al, 1993; Littunen, 2000; Alvarez and Barney, 2007; Hitt et al, 2011; Shane and Nicolaou, 2014; Cacciotti and Hayton, 2015; Kuratko et al, 2015; Elia et al, 2017; Seeck and Diehl, 2017; Newman et al, 2018). However, others such as insecurity, anxiety and a dislike of routine tasks that were identified by Kets de Vries (1977) were not identified in this study.

Being approachable, team orientated and receptive to change, having good judgement, and being organised, adaptable and disciplined were also identified as entrepreneurial within this study. Whilst this appears to also contradict Kets de Vries (1977) who suggested that entrepreneurs are unwilling to change, are impulsive, lack judgement, and have limited ability to develop the organisational structures or processes necessary to share information. These findings do support Kets de Vries' (1977) proposition that where entrepreneurs exhibit such characteristics or behaviours this would be detrimental to the development of CE and the longer-term growth and success of the organisation.

Within the SMEs in this study, any individual demonstrating the characteristics or behaviours identified as entrepreneurial would be classed as an entrepreneur or engaging in entrepreneurship. Each of the five categories of characteristics and behaviours could be displayed through multiple constituent characteristics and these could be displayed in different combinations. Furthermore, certain characteristics were associated with both

independent entrepreneurship and CE. Whilst others, such as those related to organisational awareness, were only associated with CE. Therefore, this study provides further evidence to support the argument that independent entrepreneurs and corporate entrepreneurs or intrapreneurs do not represent distinct homogenous groups (Caird, 1990; 1991; Martiarena, 2013). In doing so, it demonstrated that entrepreneurship is not the sole domain of the owner-manager (Cantillon, 1755) and confirmed that owner-managers, line managers, and non-managerial employees all play a role in delivering strategic entrepreneurship (Burgelman, 1983; Carrier, 1996; Kuratko et al, 2005; Ireland et al, 2009). Furthermore, the variations in the characteristics that were identified across different groups within each case, and between each case, contributed empirical data from SMEs to build support for the suggestion of Caird (1990; 1991), that it may be more appropriate to identify a broader category of enterprising individuals who demonstrate entrepreneurial behaviour across different positions and environmental conditions.

The influence of individual characteristics on the act of CE is recognised by the process and system models of CE proposed by Hornsby et al (1993), Kuratko et al (2004) and Kuratko et al (2005). This study contributes to the debate regarding the conceptualisation of CE as an activity by providing additional detail with regards to the components of the act and the order in which they are experienced. For example, where entrepreneurship was found in this study to be defined as an activity comprised of a system of events driven by emotional states, the data only partially and loosely supported some elements of the process model of Hornsby et al (1993). This is because Hornsby et al (1993) did not recognise important events such as opportunity dissemination, and those representing the outcomes of opportunity assessment and implementation such as organisational and individual benefit (Figures 16 and 17). These findings also highlighted similar limitations in all of the other existing process and system models of CE identified in this study, which

provide significantly less detail with regards to how CE is experienced by individuals (Burgelman, 1983; 1984; Gautam and Verma, 1997; Zahra et al, 1999; Kuratko et al, 2004; Kuratko et al, 2005; Ireland et al, 2009; Bloodgood et al, 2015).

The findings of this study undermined the inherent assumption within existing process models of CE, such as that of Hornsby et al (1993), Hayton (2005) and Hayton et al (2013), that each episode of entrepreneurial activity could occur independently from those of the past or future (Bloodgood et al, 2015). Instead it was clearly demonstrated within each case that entrepreneurial activity within SMEs was experienced as being cyclical and involving multiple feedback loops (Figures 16 and 17), partially supporting the work of Burgelman (1983; 1984) and Bloodgood et al (2015). Feedback loops have been recognised as a mechanism for learning (Bloodgood et al, 2015) and the data from each case supported the conceptualisation of entrepreneurship as a learning process that occurs across the individual, group and organisational levels (Sambrook and Roberts, 2005). However, notably, it built upon previous research by showing that within SMEs it was possible for entrepreneurship to occur solely at the individual level as opportunity dissemination could be bypassed, meaning that in some instances group or organisational learning may not occur. This supported previous research that had identified that entrepreneurship could occur informally (Burgelman, 1983; Kuratko et al, 1990; Zahra, 1996; Zahra et al, 1999; Hayton, 2005; Sambrook and Roberts, 2005; Hellmann, 2007; Kuratko, 2009), where individuals may engage in entrepreneurial activity within SMEs outside of the knowledge or control of the owner-manager or line managers, and that this may have no organisational benefit.

The HRM architecture was identified as playing a critical role in influencing whether the feedback loops identified in Figures 16 and 17 resulted in the maintenance or degradation



of entrepreneurship within SMEs, and ultimately the development or destruction of strategic entrepreneurship. For example, the sharing of information in the form of feedback that is beneficial to the individual influenced whether individuals continued to engage in future cycles of entrepreneurial activity where the opportunity they had identified was not implemented, whilst the provision of reward as an individual benefit had the same effect where opportunities were implemented. This study therefore builds upon all of the existing process and system models of CE and the relationship between HRM and CE by illustrating more precisely how an individual's assessment of the outcomes of their entrepreneurial behaviour influence their ongoing engagement in CE (Kuratko et al, 2004; 2005). Consequently, the data also demonstrated the important role of agency mechanisms and social exchange relationships in the development of strategic entrepreneurship (Blau, 1964; Jensen and Meckling, 1976). However, the findings of this research showed that neither agency mechanisms nor social exchange relationships could fully explain the cyclical nature of CE and development or degradation of strategic entrepreneurship. This is because individual benefits included improvements in an individual's working conditions, often by making an individual's job easier, whilst some individuals would continue to engage in entrepreneurship even where there was a negative social exchange. The former example undermines the assumption of agency theory that the interests of principles and agents are always in partial conflict (Smith 1776; Jensen and Mackling, 1976), and the latter shows that the norm of reciprocity does not always apply (Gouldner, 1960; Cropanzano and Mitchell, 2005). These examples, supported by direct evidence from the data collected in this study identified that in a minority of instances it is an individual's motivation alone rather than any agency mechanism or social exchange relationship that influences their ongoing engagement in multiple cycles of CE. This again highlighted that managers of SMEs had limited control over CE and supported the application of system dynamics to CE, showing that CE is

most accurately represented as a cybernetic open system rather than a linear process (Wright and McMahan, 1992; Bloodgood et al, 2015).

Perhaps the most significant example of the failure of existing models to integrate individual and organisational level phenomenon uncovered by this study is their failure to consider the role of emotional affect in CE (Burgelman, 1983; 1984; Gautam and Verma, 1997; Zahra et al, 1999; Kuratko et al, 2004; Hayton, 2005; Kuratko et al, 2005; Ireland et al, 2009; Hayton et al, 2013; Bloodgood et al, 2015). The data from each case supported the representation of entrepreneurship as an emotional journey for the individuals, groups and communities undertaking it within SMEs (Cacciotti and Hayton, 2015). However, it demonstrated that different individuals or groups may experience different journeys and outcomes. The event-state networks identified in Figure 16 and Figure 17 supported the application of interactional ritual chain theory to the study of entrepreneurship. This is because these networks demonstrate how interactions between two or more actors within SMEs result in emotional outcomes and create feedback loops that may either result in the decay or consolidation of CE (Brundin et al, 2008; Biniari, 2012; Goss and Sadler-Smith, 2017). However, as discussed previously they also demonstrated that entrepreneurship might not involve any interaction between individuals as opportunity dissemination could be bypassed. The same event-state networks supported the existing literature that identified that emotional affect may be both an outcome and an antecedent of entrepreneurial activity and built upon this by showing at what points in the act of CE emotional affect is influential (Baron, 2008; Brundin et al, 2008; Biniari, 2012; Goss and Sadler-Smith, 2017). Furthermore, they supported the previously identified relationship between positive emotional affect and increased levels of opportunity identification, and negative affect and reduced levels of opportunity identification. However, they make a notable contribution to the existing research by

demonstrating that, within SMEs, these relationships can determine whether strategic entrepreneurship is maintained or eroded and eliminated.

Finally, whilst broad consensus is identified within and across SMEs regarding the definition of entrepreneurship as an activity, there was some evidence of important variations in the constructions of different individuals and groups within communities. For example, criteria such as the level of innovation involved in an activity were used by owner-managers and line managers to determine if that activity represented entrepreneurship. These demonstrate that entrepreneurship has both subjective and objective elements (Schumpeter, 1934; Shane and Venkataraman, 2000; Shane, 2004). They also further highlighted the requirement for organisational communities within SMEs to develop a shared understanding in order to successfully maintain strategic entrepreneurship (Ireland and Webb, 2007; Ireland et al, 2009; Hitt et al, 2011). This is because if owner-managers, line managers and non-managerial employees define entrepreneurship differently then some instances of entrepreneurship may go unacknowledged, leading to the deterioration and destruction of strategic entrepreneurship (Figure 16 and Figure 17).

### 6.3 The influence different elements of the HRM architecture have on CE

Whilst the HRM architecture played an important role in the construction of the meaning of entrepreneurship, in section 5.3.1 all elements of the HRM architecture were found to have the potential to enable or inhibit levels of engagement in the activities and behaviours comprising CE within all SMEs (Tables 30 to Table 37). The data therefore highlighted the need to include all of these elements in any framework, model or study that considers the relationship between HRM and CE. In this respect the data

demonstrated a limitation of the conceptual framework presented by Hayton (2005) whilst supporting the model presented by Hayton et al (2013). It also supported the view that the existing empirical research identified in chapter 3, none of which examined all four elements of the HRM architecture, is fragmented (Kuratko et al, 2015; Shipton et al, 2017a) and so cannot provide a comprehensive explanation of the relationship between HRM and the activities and behaviours comprising CE within SMEs.

The adoption of a universal, best-practice perspective when examining the relationship between HRM and CE was supported in the sense that in all cases all four elements of the HRM architecture were found to influence levels of entrepreneurship within SMEs (Huselid, 1995; Pfeffer, 1998; Boselie et al, 2009; Jiang and Messersmith, 2018). However, the data also demonstrated that there were clear limits to which the universal, best-practice perspective could be used to explain the relationship between HRM and CE as the formality of the HRM function of an organisation was found to influence this relationship. This contradicted Chandler et al (2000) whose findings indicated that more formalised HRM practices had a negative effect on CE and instead showed that the formality of the HRM function allowed it to have greater influence but did not directly affect whether this was positive or negative.

Therefore, greater explanatory capacity could be gained by applying both the universal, best-practice and behavioural, best-fit perspectives to relationship between HRM and CE within SMEs than by applying each one separately. However, even adopting such a hybrid approach cannot provide a complete explanation. This is because this study found that the influence of the elements of the HRM architecture, particularly leadership and organisational culture, was found to vary across different groups within the same organisation. Consequently, the assumption that all organisational agents can be treated

as homogenous in their reactions to the HRM architecture, which both perspectives are based upon, was undermined (Delery and Doty, 1996; Boselie, 2009; Jiang and Messersmith, 2018). Instead, the findings of this research supported previous studies that found that organisational agents perceive and react to HRM policy and practice in different ways and suggested that employees' experiences of HRM must be considered alongside those of managers (Legge, 1995; Kinnie et al, 2005a; Purcell and Hutchinson, 2007). Furthermore, it extended the existing research by identifying that such principles applied specifically to examining the relationship between HRM and CE within SMEs. In identifying that organisational culture, in terms of the behaviour of an individuals' peers and subordinates, could positively or negatively influence owner-managers' engagement in the activities or behaviours comprising CE. This study also provided evidence to support the idea that the relationship between HRM and CE could be influenced from the bottom up as well as the top down (Shipton et al, 2017a), and that employees within smaller organisations were not passive recipients and could actively influence their HRM architecture (Ram and Edwards, 2003). Finally, these findings supported Marlow (2010) who suggested that the employment relationship in medium-sized organisations involved complex negotiations between multiple parties and demonstrated that this included owner-managers, line managers and non-managerial employees.

Overall, these findings provided empirical support for the adoption of a multi-lens and multi-level approach to examining the relationship between HRM and CE (Oliver, 1997; Boxall and Purcell, 2000; De Kok and Uhlener, 2001; Marchington et al, 2003; Paauwe and Boselie, 2005; Jiang et al, 2013; Shipton et al, 2017a; Jiang and Messersmith, 2018). They also demonstrated the importance of understanding how different features of the

various elements of the HRM architecture and the dynamic between them influence CE as this may help to further explain the findings discussed in this section.

#### 6.4 The influence that features of the HRM architecture have on entrepreneurship

When examining the specific features of the HRM architecture that enable or inhibit individuals' engagement in the activities and behaviours comprising CE, further evidence was found which suggested that the HRM architecture could not be treated as one homogenous phenomenon with regards the relationship between HRM and CE. Only three features were associated with all four elements of the HRM architecture, most features were only associated with certain elements of the HRM architecture (Tables 30 to 37). This study also found evidence that it was not the feature alone but the association of a feature with an element of the HRM architecture that determined the potential influence that the HRM architecture had on individuals' engagement in the activities or behaviours comprising CE. Furthermore, different elements of the HRM architecture are found to have the potential to influence each other, yet in no case were the same set of features associated with two different elements. Whilst the characteristics associated with each element of the HRM architecture enabling or inhibiting entrepreneurial activity or behaviour were dichotomous, which indicated that no element of the HRM architecture can be considered benign in relation to CE. These observations undermined the idea that one element of the HRM architecture could act as a substitute for another (Chen et al, 2012; Bednall et al, 2018) and demonstrated that instead the alignment of the HRM architecture through the adoption of SHRM is vital for SMEs wishing to develop or maintain strategic entrepreneurship. Such findings also supported the model of Hayton et al (2013) which incorporated all elements of the HRM architecture, and highlighted the limitation of studies such as Hayton (2005) and Castrogiovanni et al (2011), which did

not consider all four elements of the HRM architecture and/or failed to associate characteristics with specific elements. Ultimately, this reiterated that the existing empirical research identified cannot provide a comprehensive explanation of the relationship between HRM and CE within any SME as no single study considers how all elements of the HRM architecture influence CE within their samples. Therefore, they cannot determine whether the influence of the features of the HRM architecture they identify is relatively large or small, nor can they be sure that it is the elements of the HRM architecture they examine that are the cause of any change in levels of entrepreneurial activity or behaviour. Consequently, these findings provided empirical evidence that these existing studies may have limited explanatory capacity (Shipton et al, 2017a; Hughes et al, 2018).

Focusing on the features of the HRM architecture provided further evidence to support the adoption of a universal, best-practice approach to the study of the relationship between HRM and CE within SMEs (Huselid, 1995; Pfeffer, 1998; Boselie et al, 2009; Jiang and Messersmith, 2018). This is because some features, such as being receptive to change (Table 30) were associated with the same element of the HRM architecture in all cases. However, the adoption of a behavioural, best-fit approach was also supported by the observation that in no two cases was the same set of features associated with leadership, culture or HRM policy and practice that enabled or inhibited individuals' engagement in the activities or behaviours comprising CE. Furthermore, some features were not identified in all cases and some were associated with different elements of the HRM architecture in different cases (Delery and Doty, 1996; Boselie, 2009; Jiang and Messersmith, 2018). The findings of this study provided some support for Laursen and Foss (2003) and Crowley and Bourke (2016) where they identified that the industry sector of an SME may determine which configuration of the HRM architecture will improve

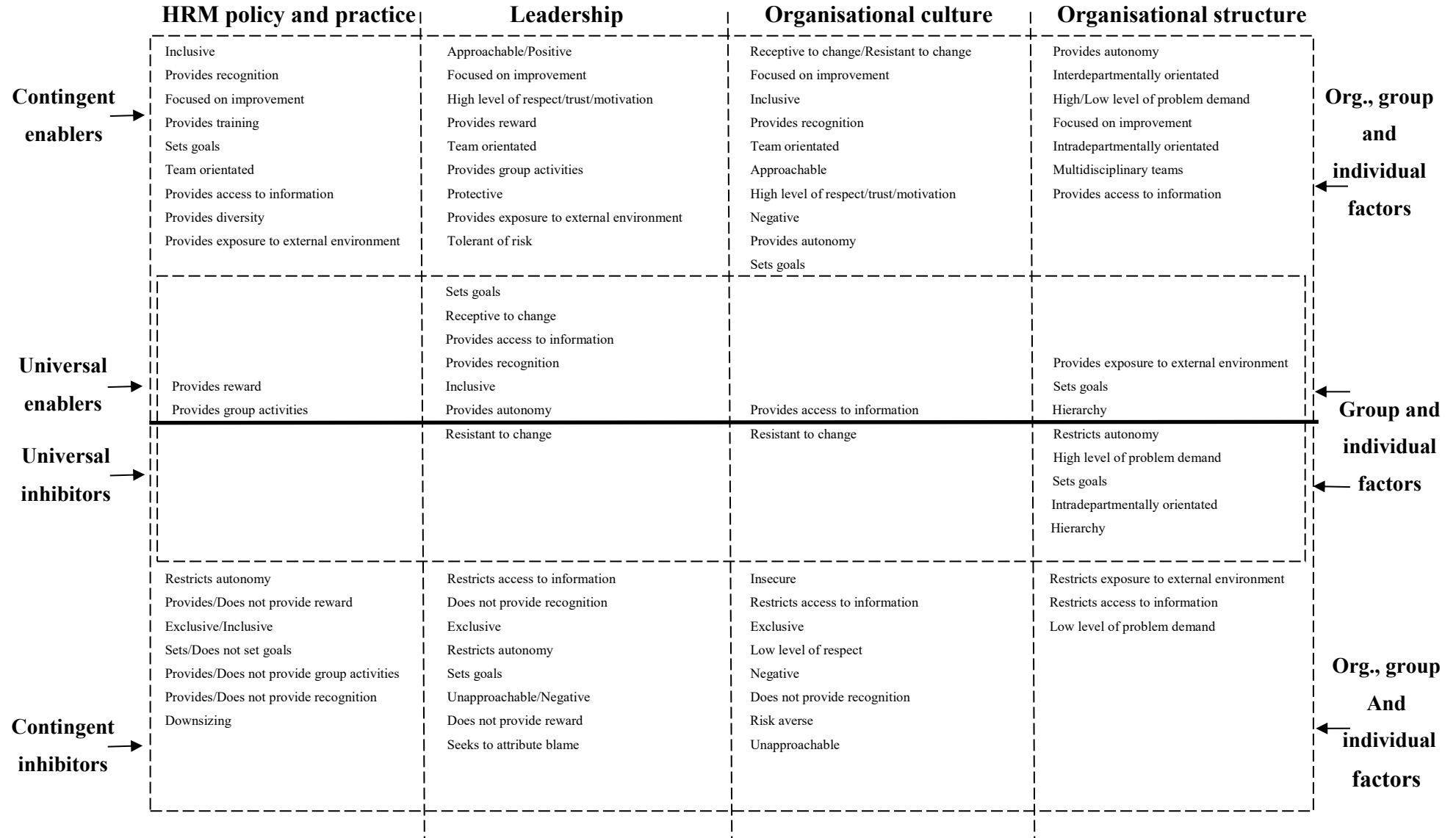
levels of CE. They also built on existing behavioural, best-fit studies by suggesting that the formality of the HRM function may affect the features of the HRM architecture that influence CE.

This data, however, reinforced that the combined application of the universal, best-practice and behavioural, best-fit perspectives is not sufficient to provide a complete explanation of the relationship between HRM and CE within SMEs. The assumption of both perspectives that all organisational agents can be treated as homogenous in their reactions to the HRM architecture was again undermined (Wright and McMahan, 1992; Delery and Doty, 1996; Boselie, 2009; Jiang et al, 2013; Jiang and Messersmith, 2018). Evidence was found within the cases that being a member of a particular group of organisational agents and an individuals' motivation or perception could affect whether the same feature of an element of the HRM architecture enabled or inhibited entrepreneurial activity. This provided further support for previous studies that found that different organisational agents will perceive and react to HRM policy in different ways and suggested that employees' experiences of HRM must be considered alongside those of managers (Legge, 1995; Kinnie et al, 2005a; Purcell and Hutchinson, 2007; Shipton et al, 2017a; Jiang and Messersmith, 2018). The identification of features such as the provision of reward and setting of goals suggests that this could be addressed through the application of agency theory. However, agency theory cannot explain the influence of characteristics such as the provision of recognition, trust, respect, being receptive to change, or being inclusive. Therefore, agency theory must be complemented with the adoption of additional theories such as SET in order for a complete explanation of the relationship between the HRM architecture and CE to be achieved (Blau, 1964; Jensen and Meckling, 1976; Hayton et al, 2013; Jiang and Messersmith, 2018).



Overall, these findings provided further empirical support for the adoption of a multi-lens and multi-level approach to examining the relationship between HRM and CE (Oliver, 1997; Boxall and Purcell, 2000; De Kok and Uhlaner, 2001; Marchington et al, 2003; Paauwe and Boselie, 2005; Jiang et al, 2013; Shipton et al, 2017a; Jiang and Messersmith, 2018). Consequently, they undermined the existing models of the relationship between HRM and CE provided by Hayton (2005) and Hayton et al (2013) which only adopt a universal, best-practice approach. Therefore, a new multi-lens, multi-level framework of the relationship between HRM and CE within SMEs is proposed as providing a more comprehensive explanation (Figure 18). This builds upon Hayton (2005) and Hayton et al (2013) by identifying a more comprehensive range of features of the HRM architecture that influence CE, how the association of features with each element of the HRM architecture influences the relationship between HRM and CE, and how this influence is affected by the level of analysis. In addition to developing our understanding of the relationship between HRM and CE overall, this study informs our understanding of the relationships between each individual element of the HRM architecture and CE, and so these will now be explored.

**Figure 18: Conceptual framework illustrating the relationship between the HRM architecture and CE**



#### 6.4.1 How features of HRM policy and practice influence entrepreneurship

The findings of this study (Tables 32 and 36) suggest that it may be possible to identify bundles of HRM policies and practices that will universally enable individuals to engage in CE, although no system of HRM practices can incorporate all of the policies or practices that could influence entrepreneurial activity or behaviour in every SME. Therefore, those studies that have adopted this approach can only provide a partial explanation of the relationship between HRM and CE (Zhang et al, 2008; Zhou et al, 2013; Seeck and Diehl, 2017; Curado, 2018).

The findings from this study supported much of the existing literature where it identified HRM policies and practices that incorporated performance-based pay and incentives, included promotion in reward systems, provided training, exposed individuals to the external environment or new experiences, and included goal setting as enabling entrepreneurship. This study also supported previous research that found that the same effect can be derived from HRM policies and practices that encourage higher levels of involvement, open communication, collaboration and teamwork, learning and intrinsic motivation, and innovation and risk-taking. However, no evidence was found to suggest that rigorous recruitment and selection processes had any effect on CE within SMEs (Morris and Jones, 1993; Laursen and Foss, 2003; Shipton et al, 2005; Shipton et al, 2006; Beugelsdijk, 2008; De Saá-Pérez and Díaz-Díaz, 2010; Castrogiovanni et al, 2011; Hayton et al, 2013; Seeck and Diehl, 2017). As identified previously, in addition to enabling CE, goal setting was found to have the potential to inhibit CE where goals restricted autonomy, this supported Hayton et al (2013) who observed that policies that overly regulated individual behaviour are detrimental to CE.

Crowley and Bourke (2016) found that HRM bundles relating to performance management, knowledge sharing and involvement in decision-making were positively related to CE in manufacturing and service firms and these findings were supported. However, there was no evidence in this study that flexible working or employment practices influenced CE in service firms. Similarly, the observations of Hayton (2005) that HRM practices that encouraged knowledge sharing, discretionary behaviour, and organisational learning enabled CE within SMEs were largely supported. However, there is evidence that group activities designed to encourage knowledge sharing can inhibit entrepreneurial activity or behaviour where they occur too frequently and so have a negative impact on some individuals' engagement in CE by reducing their time availability. Whilst for some individuals reward and recognition that was contingent on entrepreneurial activity could have a negative effect on levels of entrepreneurial activity where they are applied inconsistently or perceived to be of limited value. Therefore, it cannot be assumed that practices aimed at encouraging knowledge sharing and discretionary behaviour will universally enable CE within all SMEs. This clearly depends upon how such practices are designed or implemented, and how they are perceived by those subject to them. Consequently, these findings provided further support and built upon the work of Bowen and Ostroff (2004), Legge (1995), Purcell and Hutchinson (2007), Ostroff (2016) and Shipton et al (2017a) by identifying that both content and process elements of HRM policy and practice affect the relationship between HRM and CE within SMEs. This also demonstrated the limitations of applying the universal, best-practice and behavioural, best-fit perspectives without considering multiple levels of analysis.

#### 6.4.2 How leadership features influence entrepreneurship

Leadership features such as providing recognition of entrepreneurial activity, providing autonomy, possessing a high level of trust and respect, providing training, having a high level of motivation, and being focused upon improvement were identified as enabling entrepreneurship (Table 30). This provided support for previous studies that linked transformational leadership to increased levels of CE (Lee and Chang, 2006; Chen et al, 2012; Al-Edenat, 2018; Bednall et al, 2018). The identification of the provision of rewards that were contingent on entrepreneurial activity and the setting of goals provides more limited support for those studies that linked transactional leadership to higher levels of CE (Si and Wei, 2012; Hughes et al, 2018). However, features such as failing to provide recognition or reward were associated with leaders who inhibited entrepreneurship (Table 34). Therefore, the data provided partial support for both Vaccaro et al (2012) who suggested leaders of SMEs can use transactional leadership to enhance levels of CE and Yan and Yan (2013) who identified that relations-oriented leadership could have the same effect. Thus, this study built upon Reid et al (2018) by suggesting that leaders of SMEs who want to maximise CE within their organisation must combine elements of both transformational and transactional leadership, and that doing this effectively is essential to the development of strategic entrepreneurship.

All of the features associated with leaders who enabled or inhibited entrepreneurial activity or behavior did, however, support the association of strategic (Lin and McDonough, 2011), entrepreneurial (Newman et al, 2018), and inclusive leadership (Javid et al, 2018) with higher levels of CE. Similarly, the data supported previous studies that found that LMX may stimulate CE where leaders provide followers with the resources they need, build their confidence, and allow them high levels of autonomy and

discretion (Hughes et al, 2018). More specifically, the data appeared to support Newman et al (2018) who found that entrepreneurial leadership had a more positive effect on entrepreneurial activity than transformational leadership. However, not all features of each style were identified in every case and within each case they were not identified by every group. Therefore, as with HRM policy and practice, this study suggested that it may be possible to identify bundles of leadership features, or leadership styles, as being supportive of CE within all SMEs. However, it is not possible to identify a leadership style that incorporates all features that may influence CE within all SMEs.

Existing studies that identify individual leadership features such as communication (Gilley et al, 2008; Castrogiovanni et al, 2011), the provision of freedom or autonomy (Krause, 2004), being supportive of entrepreneurial ideas (Hayton et al, 2013), experimentation, openness, seeking information, risk-taking, being proactive, having a vision, and displaying positive emotions (Reid et al, 2018) as encouraging CE were supported. As was Reid et al (2018) who identified that displays of negative emotions had a negative effect on employees' engagement in entrepreneurial activity or behaviour (Reid et al, 2018). Whilst Lawal (2017) found no link between CE and followers' trust in leaders, this study found that higher levels of trust between leaders and followers was associated with higher levels of engagement in the activities and behaviours comprising CE. Leadership was found to have both a direct effect on levels of entrepreneurship and an indirect effect through its influence on organisational culture, which supported and added to previous studies that identified other such indirect relationships (Jung et al, 2003; Aragón-Correa et al, 2007; Gumusluoğlu and Ilsev, 2009; Michaelis et al, 2009; Al-Edenat, 2018; Bednall et al, 2018; Shafique and Kalyar, 2018).

### 6.4.3 How features of organisational culture influence entrepreneurship

The relationships between the various cultural types identified in section 3.4.3 and increased levels of entrepreneurial activity or behaviour (Lau and Ngo, 2004; Naranjo-Valencia et al, 2011; Liao et al, 2012; Wang and Rafiq, 2014; Brettel et al, 2015; Kang et al, 2016) were partially supported by the identification of features of organisational culture such as being receptive to change, providing access to information, and being inclusive (Tables 31 and 35). However, none of these types of organisational culture can account for all the relationships between different features of organisational culture and CE identified in this study. For example, rational, bureaucratic and hierarchical cultures are based upon stability and/or standardised work, yet several cultural features associated with change and flexibility were identified in this study as enabling entrepreneurial activity or behaviour. Whilst adhocracy, developmental, ambidextrous, innovative and group cultures are based upon flexibility, diversity, or change, yet in one case a culture that was resistant to change was identified as enabling entrepreneurial activity (Lau and Ngo, 2004; Naranjo-Valencia et al, 2011; Wang and Rafiq, 2014; Brettel et al, 2015; Kang et al, 2016).

The findings of this study supported previously identified relationships between increased levels of CE and individual features of organisational culture such as tolerance for risk, participative decision-making (Satsomboon and Pruetipibultham, 2013), decentralised decision-making (Zahra et al, 2004), being open to change, nurturing intrinsically motivated employees, encouraging and valuing free communication and new ideas, and empowering employees to generate new ideas (Antoncic, 2001; Auernhammer and Hall, 2014). Whilst the findings of Curado (2018) that low levels of trust and knowledge sharing were linked to reduced levels of innovation within SMEs were also supported.

#### 6.4.4 How features of the organisational structure influence entrepreneurship

The findings supported evidence from the existing literature that organisational structures where decision-making and control were either centralised or decentralised are associated with higher levels of CE (Miller, 1983; Arvanitis et al, 2016). For example, organisational structures that set goals were found to both enable or inhibit entrepreneurial activity, whilst those that provided autonomy were found to enable CE whereas those that restricted it were found to inhibit it (Tables 33 and 37). Overall, however, significantly more evidence was found in favour of decentralisation than centralisation. Therefore, this study built on the existing literature by indicating that those SMEs whose organisational structures emphasise decentralisation of decision-making and control whilst retaining a low level of centralised decision-making and control are likely to experience the highest levels of CE. The findings also supported those existing studies that found that organisational structures that were more integrated, incorporated teamwork, had flatter hierarchies, higher levels of cross-functional flexibility or multi-functional teamwork, and created interdivisional teams/cooperation were associated with increased levels of CE (Shipton et al, 2005; Hayton et al, 2013; Arvanitis et al, 2016; Crowley and Bourke, 2016; Dedahanov et al, 2017; Haneda and Ito, 2018). However, the assumption that these characteristics can influence all individuals or groups within an organisation was undermined, as within the same SME owner-managers identified hierarchies as enabling their engagement in entrepreneurial activity or behaviour whilst other groups identified them as being inhibiting. This study demonstrated that whilst it may be possible to identify sets of features of organisational structure that can enable or inhibit entrepreneurial activity in all SMEs, it may not be possible to identify a set of



features of organisational structure that represents all those that may influence CE within every SME.

With regards to job design, the findings supported previous studies that found higher levels of job control or autonomy were associated with increased CE (Buegelsdijk, 2008; Holman et al, 2012; Urbach et al, 2012; de Jong et al, 2015). Whilst this study also found that the observation that job roles that provide individuals with exposure to the environment facilitate CE applied within SMEs (Shipton et al, 2017b). High levels of problem demand or task complexity were associated with enabling entrepreneurial activity within the existing literature (Buegelsdijk, 2008; Holman et al, 2012; Urbach et al, 2012; de Jong et al, 2015), and this relationship was observed within some of the cases. However, within all cases high levels of problem demand were found to have the potential to inhibit individuals' engagement in the activities or behaviours comprising CE where this related to high workload rather than the complexity of tasks.

## 6.5 Summary

This chapter has systematically linked the findings of this research to the existing literature identified in the first three chapters of this thesis. It has identified areas where the findings support or undermine the existing research and in so doing it has provided an initial indication of how this research has contributed to theory and practice. Given the nature of the following chapter the detail of this will not be summarised here to avoid unnecessary repetition. The next chapter will draw together the main points and themes of this discussion to explicitly identify the contribution that this research makes to theory and practice, the limitations of this research, and avenues for further study.

## **CHAPTER SEVEN: CONCLUSIONS**

### **7.0 Introduction**

This chapter has three aims. It will revisit the aim and objectives of this research, identify the contribution that this research has made to both theory and practice, and consider the limitations of this research and any future opportunities for research resulting from the findings of this study.

### **7.1 Focus, aims and enactment of this research**

CE has been widely recognised as having the potential to enhance the performance of organisations of all sizes (Hayton, 2003; 2005; Bloodgood et al, 2015; Kuratko et al, 2015). A strategic approach to CE, also referred to as strategic entrepreneurship, has been identified previously as being based upon the development of a shared vision involving a long-term commitment to ongoing entrepreneurial behaviour (Ireland and Webb, 2007; Ireland et al, 2009; Hitt et al, 2011; Wright and Hitt, 2017). Whilst the initiation of strategic entrepreneurship is considered to be reliant upon owner-managers and/or executives, the perceptions and behaviours of line managers and non-managerial employees may shape its development (Burgelman, 1983; Hurst et al, 1989; Stevenson and Jarillo, 1990; Carrier, 1996; Hornsby et al, 2002; Damanpour and Schneider, 2006; Ireland et al, 2009). Consequently, elements of the HRM architecture of both large organisations and SMEs have been identified as playing an influential role in determining levels of CE (Wang and Zang, 2005; Shipton et al, 2005; Beugelsdijk, 2008; Castrogiovanni et al, 2011; Satsomboon and Pruetipibultham, 2013; Curado, 2018). This architecture comprises hardware and software elements, represented by the leadership,

organisational culture, HRM policy and practice, and organisational structure, where it supports entrepreneurship this may be referred to as a pro-entrepreneurial architecture (Burgelman, 1983; 1984; Kuratko et al, 1993; Zahra et al, 1999; Hayton, 2005; Kuratko et al, 2005; Ireland et al, 2009; Kuratko, 2009; Hayton et al, 2013).

A significant amount of existing research has considered how entrepreneurship may be defined. However, this has almost exclusively focused upon the measurement and observation of individual characteristics or behaviours and/or knitting together theoretical conceptualisations of the process or act of entrepreneurship based upon such studies (Cantillon, 1755; McClelland, 1961; Kets de Vries, 1977; Guth and Ginsberg, 1990; Caird, 1991; Hornsby et al, 1993; Ireland et al, 2009; Martiarena, 2013; Bloodgood et al, 2015; Kuratko et al, 2015). Only one study was identified that considered individual constructions of meaning. However, this focused on innovation as opposed to entrepreneurship, it only sought to examine what individuals constructions of innovation were and not how they were derived, and the findings were not reported (Satsomboon and Pruetipibultham, 2013). Yet a limitation of the former approach is that what is being observed or measured may not represent entrepreneurship as it is understood within the community and environment in which it occurs. Instead it represents a projection of the researcher's and wider society's constructions of entrepreneurship. Such studies therefore inherently lack ecological validity (Saunders et al, 2009). They have also limited the extent to which strategic entrepreneurship, which as identified previously is predicated upon the development of a shared vision, can be understood. The aim of this research, and its design, was in part intended to address such issues.

Similarly, a significant amount of research has focused upon the relationship between HRM and CE, which has predominantly adopted positivist ontologies focused upon the

measurement and observation of causal relationships (Miller, 1983; Laursen and Foss, 2003; Jiménez-Jiménez and Sanz-Valle, 2005; Shipton et al, 2005; Shipton et al, 2006; Zhang et al, 2008; Perdomo-Ortiz et al, 2009; De Saá-Pérez and Díaz-Díaz, 2010; Fay et al, 2015; Curado, 2018). Few studies have adopted a constructionist epistemology (Hope-Hailey, 2001; Castrogiovanni et al, 2011; Lee et al, 2011; Satsomboon and Pruetipibultham, 2013) and perhaps because of this most studies have sought to link the performance of the organisation with aspects of the HRM architecture rather than asking individuals which aspects of the HRM architecture influence their engagement in entrepreneurship. Even where such data was sought studies neglected the perspective of the owner-manager (Hope-Hailey, 2001; Lee et al, 2011) and/or failed to differentiate line managers from non-managerial employees (Castrogiovanni et al, 2011; Satsomboon and Pruetipibultham, 2013). Only Lee et al (2011) considered all elements of the HRM architecture though this was not explicit. This has resulted in the existing body of research being criticised for being contradictory and fragmented (Shipton et al, 2017a), and the recognition that there is a need for more research that takes both a multi-lens and multi-level approach to examining the relationship between HRM and organisational performance (Oliver, 1997; Boxall and Purcell, 2000; De Kok and Uhlaner, 2001; Marchington et al, 2003; Paauwe and Boselie, 2005; Wright and Haggerty, 2005; Jiang et al, 2013; Gonzalez-Loureiro et al, 2017; Shipton et al, 2017a; 2017b; Jiang and Messersmith, 2018).

The aim of this research was therefore to address these limitations in the extant literature by examining how strategic entrepreneurship within SMEs was influenced by the perceptions and behaviours of communities of organisational agents, and the interactions of different groups and individuals within those communities. As part of this, aim two objectives were identified, firstly, to explain how the meaning of entrepreneurship can

influence the development of strategic entrepreneurship, and secondly to evaluate how the HRM architecture of SMEs can influence the development of strategic entrepreneurship. These objectives were pursued through the adoption of a social constructionist philosophical position, which recognised that both entrepreneurship and HRM are based upon the subjective interpretation of an underlying objective or physical reality. An ethnographically influenced, multiple embedded case study methodology (Easterby-Smith et al, 2002; Charmaz, 2006; Saunders et al, 2009; Bryman and Bell, 2011; Yinn, 2014) was used to collect data from five SMEs located within the UK. Data was collected through 53 semi-structured interviews conducted with the owner-manager, line managers and non-managerial employees from each SME. This interview data was supplemented with data collected through observations and secondary documentary sources, allowing for triangulation (Easterby-Smith et al, 2002; Silverman, 2013). Thematic analysis using qualitative coding techniques was then applied to this data to determine the extent to which there was consensus within and across the SME communities (Glaser and Strauss, 1967; Eisenhardt, 1989; Braun and Clarke, 2006; Howell, 2013; Miles et al, 2014; Bryman and Bell, 2015).

## 7.2 Contribution to theory

In achieving these objectives this research made four contributions to theory.

Firstly, it contributed to the ongoing debate regarding the influence that the external environment has upon CE by providing evidence to support the existing literature that had identified economic change and regulatory structures as influential factors. It also challenged the findings of one of the established articles in this debate (Miller, 1983) by presenting evidence that environmental hostility may affect how smaller, simple

organisations that are dominated by the leadership of a single individual or larger, planning organisations engage in CE. Rather than having no influence, this study indicated that changes in economic conditions could affect whether such organisations pursue CE through exploration or exploitation.

Secondly, it contributed to the debate on which individual characteristics or behaviours might be associated with independent entrepreneurship or CE by identifying evidence that within SMEs the same characteristics or behaviours may be associated with both independent entrepreneurs and intrapreneurs or those individuals engaged in CE. Yet some characteristics or behaviours were only associated with individuals engaged in CE. Whilst certain characteristics or behaviours appeared to be contradictory. Therefore, this study lent further support to the idea that independent entrepreneurs and corporate entrepreneurs or intrapreneurs do not comprise completely distinct or homogenous groups.

Thirdly, it contributed to the debates regarding the conceptualisation of entrepreneurship as an activity and the role of emotion in CE. This contribution was made through the provision of two new frameworks that represented entrepreneurial activity within SMEs as a multi-level, activity comprised of a system of events driven by emotional states (Figures 16 and 17). Unlike most existing frameworks or models of CE these were directly derived from empirical evidence from a single study rather than being untested aggregations of the findings of numerous unrelated studies. These models demonstrated how the individual, group and organisational levels integrate during the act of entrepreneurship within SMEs. They also showed that CE could be undertaken entirely at an individual level and be both outside of the control of the host organisation and have no direct effect on it. These frameworks supported the idea that CE could be conceived

as both a learning process and an emotional journey. However, they built upon existing frameworks and models by more accurately identifying at what points different HRM interventions and emotional states influenced individuals' engagement in CE. In doing so, they highlighted that at specific points emotional affect and HRM interventions could determine whether or not individuals engaged in continuous cycles of entrepreneurial activity or behaviour. Consequently, they identified that emotional affect not only influences individual entrepreneurial activity or behaviour but also the development of strategic entrepreneurship at an organisational level.

Finally, it contributed to the debate regarding the nature of the relationship between HRM and CE by providing a rich examination of how all elements of the HRM architecture influenced individuals' engagement in CE that incorporated the employee perspective alongside that of owner-managers and line managers. In doing so this study enabled this relationship to be examined from a top-down and bottom-up perspective. A new framework explaining the relationship between HRM and CE was presented (Figure 18), which explicitly identified how the characteristics of all four elements of the HRM architecture could both enable or inhibit entrepreneurial activity or behaviour within SMEs. This provided a response to separate calls for more research into the relationship between HRM and performance that adopted a multi-lens or multi-level approach by combining both. Unlike most existing frameworks or models that had considered the relationship between HRM and CE, this was directly derived from empirical evidence from a single study rather than being untested aggregations of the findings of numerous unrelated studies. The framework also highlighted that the universal, best-fit and behaviour, best-practice perspectives were not mutually exclusive with regards to the relationship between HRM and CE, and instead a hybrid approach combining the two



must be adopted alongside other theoretical frameworks that recognised individual level factors.

### 7.3 Contribution to policy and practice

This study has implications for academic researchers, government policy-makers, the media and all those involved in the management of SMEs, namely owner-managers, line managers and, where present and distinct, HRM specialists.

Firstly, this research reiterated that practitioners, such as owner-managers and line managers, have limited control over how entrepreneurship is defined within SMEs and so they must accept that any attempt to create a shared entrepreneurial vision will never be completely or permanently realised. However, practitioners can maximise the adoption of such a shared vision by maintaining a stable organisational community.

Secondly, the evidence presented identified that CE can benefit both the organisation and the individuals working within SMEs. However, it also demonstrated that strategic entrepreneurship will only be maintained where practitioners create an HRM architecture that recognises individuals' involvement in CE, even where opportunities are not implemented.

Thirdly, this research indicated that practitioners are most likely to develop and sustain strategic entrepreneurship where they adopt a strategic approach to HRM that incorporates all elements of the HRM architecture. However, such an approach must take into account variations between the different groups of organisational agents and individuals that form those groups within SME communities. Consequently, any HRM

architecture must be tailored to the characteristics and context of the organisation whilst being flexible to the individuals within the organisation.

#### 7.4 Limitations and future research opportunities

It was recognised that this research had a number of limitations stemming from the methodology, participants, researcher, and context.

With regards to the methodology, the adoption of a multiple, embedded case study enabled some generalisations to be made, however, it limited the extent to which these could apply. These generalisations most strongly extended to medium-sized organisations within the UK, particularly those within the manufacturing and service sectors in England. This is because none of the case organisations were small or came from primary industries and none of the sites visited were located in Northern Ireland, Scotland or Wales. However, some argument could be made for generalisations extending to medium-sized organisations outside the UK. This is because whilst the nationality of participants was not formally recorded it was observed by the researcher that in addition to coming from England, participants also came from Ireland, Scotland, Canada, Poland, and South Africa. A further limitation of this design was that causal relationships could not be tested or proven. Instead this study was limited to identifying trends, patterns, and associations. Finally, this study focused upon CE and so was not able to identify how HRM influenced the specific activities or behaviours comprising CE.

This study highlighted that further research is required to enhance our understanding of CE and the relationship between HRM and CE within SMEs. Firstly, such research must consider a wider range of factors that differentiate groups of individuals, for example

focusing upon specific job roles or educational background instead of whether individuals are classed as line managers or non-managerial employees. Secondly, more research is needed that specifically seeks to identify those individual characteristics or behaviours that are associated with entrepreneurial activity or behaviour in different settings or associated with different job roles. Thirdly, more research is needed that examines how employees engage in entrepreneurial activity and how their engagement is influenced by different combinations of elements and features of the HRM architecture. Fourthly, more research is needed that adopts multiple levels of analysis and examines how these levels interact to influence the relationship between HRM and CE. Finally, more research is needed that considers both the content and process elements of the HRM architecture and top-down and bottom-up perspectives.

Steps were taken to reduce selection bias, for example, through the application of purposive sampling to select interview participants that were representative of the range of functions and individuals employed within the case organisations. However, it was impossible to remove all selection bias as for ethical reasons participants had to be volunteers. Furthermore, participants were, for the most part, only interviewed on one occasion and so the data only provides a cross-sectional snapshot. Consequently, further research is required that uses a longitudinal research design to test the findings of this study.

Whilst I attempted to remain objective throughout the interviews, the adoption of semi-structured interviews introduced the potential for interviewer bias to have occurred. Similarly, the use of participant observation introduced the potential for observer bias (Easterby-Smith et al, 2002; Anderson, 2009; Saunders et al, 2009; Howell, 2013) and for the data to be skewed by reactive effect (Bryman and Bell, 2011). Therefore, it would

be beneficial for future research to address the objectives of this study using either covert means of observation and interaction or by focusing upon the structured collection and analysis of quantitative data.

The intention is that this research should be published in academic journals. Beyond that this study has identified the need for further research to more accurately identify at what points in the act of entrepreneurship different individual characteristics or behaviours and HRM interventions are important. Further research is also required that explores how individuals within large organisations, public sector organisations, not for profit organisations, and different cultures or economies construct the meaning of entrepreneurship.

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## Appendix A: Qualtrics questionnaire used to select cases

Thank you for your interest in taking part in my PhD research which seeks to identify how small to medium-sized enterprises (SMEs) can enhance their competitive advantage by harnessing the entrepreneurial talents of their employees.

This questionnaire should take no more than 5 minutes to complete.

Your answers will be kept in the strictest of confidence, all reasonable steps will be taken to protect the identity of your organisation and ensure that the information you provide cannot be linked back to it. Your answers will be used to identify whether your organisation meets the criteria for inclusion as a case study in my research and may also be used for analysis. You may withdraw your consent at any time by e-mailing me at the address below.

If you have any queries or concerns I would be happy to address these, my e-mail address is [james.smith@plymouth.ac.uk](mailto:james.smith@plymouth.ac.uk).

Kind regards,

Jim Smith

*Q1.* Please enter your full name in the box below.

*Q2.* Please enter your job title or position in the box below.

*Q3.* Please enter your organisation's name in the box below.

Q4. In total how many people does your organisation directly employ?

(Guidance note: Do not include agency workers or external consultants)

- 250 or more
- 50 to 249
- 10 to 49
- 99 or less

Q5. Which one of these options best describes the ownership of your organisation?

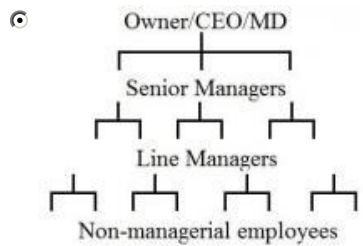
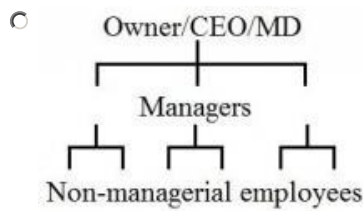
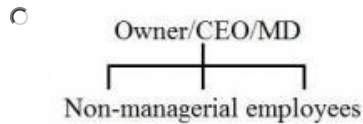
(Guidance note: if you as an individual own more than one Ltd company but they do not function as a group (see below) please base your answers throughout this survey on just one of the Ltd companies you own)

The organisation is part of a group of companies (two or more separate legal entities which hold shares in one another, for example Ltd company 1 owns shares in Ltd company 2) and decisions are made in the interests of the group.

The most senior manager is the majority shareholder or sole owner, or a member of the owner family and is responsible for short and long-term decision making. Decisions are made in the best interests of the organisation (The organisation is NOT part of a group of companies).

The most senior manager, who may be a minority shareholder or have no ownership stake, takes short-term strategic decisions but presents long term decisions to a board of owners who take decisions in their interests (The organisation is NOT part of a group of companies).

Q6. Which one of the three charts below best reflects the structure of your organisation?



Q7. Please rank (by dragging and dropping) the following statements according to how important they are to the competitiveness of your organisation, where 1 = most important and 3 = least important.

(Guidance note: if you wish to use the original order these statements are presented in you must first change the order and then return it to the order you want, otherwise the system will assume you have not answered the question)

- Continuous innovation and the frequent or ongoing development of new products or services.
- Adding new products or services to existing lines in response to competitors or market conditions.
- Increasing efficiency and cost control in relation to existing products or services.

Q8. Which of the options below best describes the style of Human Resource Management (HRM) in your organisation?

The Chief Executive, owner or another senior manager (e.g. Finance Director) has overall responsibility across the whole organisation for strategy/policy regarding issues such as recruitment, training and performance/discipline, and for advising other managers regarding people management issues.

A dedicated HR Director or HR Manager is employed within the organisation whose primary or only role is to be responsible across the whole organisation for strategy/policy regarding issues such as recruitment, training and performance/discipline, and advising other managers regarding people management issues.

No single individual has overall responsibility across the whole organisation for issues such as recruitment, training and performance/discipline, such activities are outsourced to external suppliers and/or conducted at the discretion of individual managers.



Q14. Based on your answer to the previous question, which of the following does the most senior person responsible for HR across your organisation possess? (Tick all that apply)

- Current membership of the Chartered Institute for Personnel and Development (AssocCIPD, MCIPD or FCIPD).
- A degree or postgraduate qualification in Human Resource Management recognised by the CIPD.
- A degree or postgraduate qualification in Human Resource Management not recognised by the CIPD.
- The most senior person responsible for HR does not possess any of the above qualifications or memberships.

Q9. Please rate the following aspects of Human Resource Management practice in your organisation.

	All	More than half	Half	Fewer than half	None
Proportion of HR policies (e.g. recruitment, disciplinary etc) that are written down and stored on paper or computer.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proportion of employees that have a formal, written job description.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Proportion of HR policies provided by an external consultant or outsourced provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10. Would you be interested in working with me to find out how to harness the entrepreneurial talents of your employees for the benefit of your organisation?

- Yes, please contact me.
- No, thank you.

Q11. Please enter your telephone number or e-mail address in the box below so that I may contact you (this will not be passed to any third party).

## **Entrepreneurship and HRM Research Project Information Sheet**

### **What is the project about?**

This research is aimed at helping small-to-medium sized enterprises (SMEs), with up to 250 employees, maximise the entrepreneurial/innovative talent within their workforce. It is a very practical study that seeks to develop a detailed understanding of those businesses that take part. It does not seek to make any judgement about what is right or wrong, or whether one business is more entrepreneurial than another, it simply seeks to develop a greater understanding of different approaches and the effects they have. The key themes include:

- What entrepreneurship means to you as a business.
- What you do to manage entrepreneurial/innovative behaviour amongst employees.
- Whether or not what you are currently doing is having the intended effect and why.
- What else you could do to maximise the entrepreneurial/innovative output of employees.

### **Why is this research important?**

Staying ahead of the competition by improving business processes and developing new, innovative products and services is a daily challenge for all organisations, particularly SMEs. Statistics from the Department of Business, Innovation and Skills show that in 2014 68% of SMEs were intending to grow by exploiting new markets and 58% by launching new products or services. Yet in the same survey only 28% and 48% of SMEs respectively perceived themselves as strong in relation to such activities. Whilst SMEs may not have the same access to financial resources as larger businesses, one of their key assets is the entrepreneurial talent within their workforce but this can be extremely difficult to tap into.

### **What benefit will my business get from participating in this research?**

In return for your involvement you will be provided with a bespoke report that will outline the findings from the research conducted within your organisation. This report will be written in a consultancy rather than an academic style and will include practical recommendations for actions you could take to maximise the entrepreneurial/innovative output of your employees. Once the whole research project has been completed you will also be provided with a report summarising the overall findings.

### **How do I get involved?**

The first step is to complete a short questionnaire which should take no more than 5 minutes, that can be accessed using the link below or by e-mailing [james.smith@plymouth.ac.uk](mailto:james.smith@plymouth.ac.uk). If you meet the criteria for the main study I will then contact you to discuss the practicalities of your organisation's involvement as a detailed case study. If you don't wish to continue to participate you may withdraw at any time.

Questionnaire link:

[https://plymouthbusiness.eu.qualtrics.com/SE/?SID=SV\\_4IQ4xHiFD66HMT7](https://plymouthbusiness.eu.qualtrics.com/SE/?SID=SV_4IQ4xHiFD66HMT7)

**What about anonymity?**

Your involvement will be kept in confidence and all reasonable steps will be taken to preserve the anonymity of your organisation and any individuals who take part.

## Appendix C: Copy of introductory e-mail

Good afternoon X,

My name is Jim Smith, I am a PhD student at University of Plymouth under the supervision of Dr Paul Jones. The reason for my e-mail is that I am currently looking for companies who would be interested in working with me on a research project I am running and Penny Hele suggested I contact you.

My research is focused upon entrepreneurship and Human Resource Management, in particular understanding how the entrepreneurial/innovative talents of employees can be harnessed by SMEs (with up to 250 employees). There is relatively little research in this area and so by participating you will be making a significant contribution that will be of real benefit to SMEs throughout the UK and beyond, as well as gaining greater insight into your own business.

In return for your company's involvement I offer the following:

- A bespoke consultancy style report based upon my findings within the organisation, including specific practical recommendations to help you maximise the entrepreneurial/innovative output of your employees.
- A report summarising the overall findings once the study is complete.

If you would you be interested in taking part then please complete my initial questionnaire which will help me identify how your business may fit into the research project. The questionnaire can be accessed through the link below and should take no more than 5 minutes of your time:

[https://plymouthbusiness.eu.qualtrics.com/SE/?SID=SV\\_4IQ4xHiFD66HMt7](https://plymouthbusiness.eu.qualtrics.com/SE/?SID=SV_4IQ4xHiFD66HMt7)

Any information you provide will be kept in the strictest of confidence and all reasonable steps will be taken to protect the identity of your organisation and to ensure that no outside party can connect the data you have provided to your organisation.

An information sheet is attached with further details, and if you have any queries please do let me know.

Many thanks for your time and interest.

Kind regards,

Jim Smith

### **Entrepreneurship research project individual consent form**

#### **Who am I and how can you contact me?**

My name is Jim Smith, I am an Associate Lecturer and PhD researcher at Plymouth Business School, part of University of Plymouth. I have previously worked in recruitment and HR management in the private sector and with charities. This research is funded by University of Plymouth as part of my PhD and is being conducted under the supervision of Dr Sue Kinsey. I can be contacted via e-mail using the following address: james.smith@plymouth.ac.uk.

#### **What is the purpose of this research?**

This research is aimed at helping small-to-medium sized enterprises (SMEs) harness the entrepreneurial/innovative talent within their workforce and in doing so improve the work environment for everyone within the business. It will involve up to 8 businesses and is a very practical study that seeks to develop a detailed understanding of those businesses that take part. It does not seek to make any judgement about what is right or wrong, or whether one business is more entrepreneurial than another, it simply seeks to develop a greater understanding of different approaches and the effects they have. The key themes include:

- What entrepreneurship means and its value.
- How individuals view/perceive their roles.
- How the organisation manages entrepreneurial behaviour.
- What encourages or discourages individuals from displaying entrepreneurial behaviour.

#### **Why is this research important to you and your organisation?**

This research will help your organisation to compete and sustain its success in the long term, by participating you will have the opportunity to contribute to the future growth of the business and influence the way you and other employees are managed. You will also be making a contribution to the long term economic future of the UK as this research may help other organisations to improve the way they manage people.

#### **What contribution are you being asked to make?**

Your organisation will be analysed as a case study. As part of this I may require you to participate in an interview for up to 2 hours (see below).

#### **How will I gather information?**

Interviews will be conducted in which you will be asked questions that relate to the key themes outlined above. These questions will focus on your own interpretations and experiences. Interviews will be conducted in a private room on your organisation's premises.

#### **How will the information be recorded?**

Depending on your preference, interviews may be recorded using a digital audio Dictaphone and/or through handwritten notes.

### **When will the information be gathered?**

The activities outlined above will be carried out between 2<sup>nd</sup> May and 8<sup>th</sup> June. Individual interviews will be scheduled within this period according to your availability and convenience.

### **Where will the information be stored?**

No interview recordings or notes will be shared with anyone else within your organisation. No notes or recordings will be left unattended at your organisation's premises or stored on equipment that is owned by or accessible to the owner or employees of your organisation. All audio recordings and notes will be kept in my possession at all times and where these are in electronic form they will be securely stored on my own laptop or one supplied to me by University of Plymouth with password protection. Following completion of the project, information will be stored within the University of Plymouth PhD repository in line with current practice and on my own secure, password protected laptop. Hard copy data, such as interview and observation notes, will be scanned and stored electronically and afterwards remaining hard copies will be securely destroyed.

### **What arrangements will be made regarding the confidentiality of information?**

As far as is possible, and in line with the below procedures, your participation in this research will be kept confidential and only shared with my supervisory team at University of Plymouth and any examiner appointed to assess the final project. Your involvement will only be revealed to other individuals within your organisation as far as is necessary to make practical arrangements for you to attend interviews.

Your name will be replaced with a pseudonym or code in all documentation (except for any correspondence involved in organising interviews) and as far as is possible in audio recordings. Your real name will not appear in any publication or report without your express permission being sought. Where direct quotes from interviews are used in my PhD thesis or subsequent publications these will be anonymised and pseudonyms or codes will be used to prevent them being linked to the individuals concerned (These documents will not be actively shared with your organisation unless any direct quotes have first been removed). No direct quotes or real names will be used in the reports produced specifically for your organisation and other participating organisations. This means the exact wording of what you have said will not be shared with anyone else in the organisation and all reasonable steps will be taken to ensure anything you say cannot be traced directly back to you by anyone in the organisation.

### **How will the findings be reported?**

Findings will be reported as follows:

- A consultancy style report summarising the overall findings and practical recommendations will be provided to your organisation.
- A report summarising the findings of the whole study will be provided to your organisation and other participating organisations upon completion of the project.
- The complete findings will be published within my PhD thesis which will be stored in the University of Plymouth PhD repository and accessible to staff and students of University of Plymouth, and those with University of Plymouth library access.
- Complete or partial findings may be reported through the publication of academic journal articles and/or other media articles/reports.

All of the above will be subject to the confidentiality arrangements outlined previously.

**What if you do not want to participate or decide to end your involvement in this project?**

You are under no pressure to participate in this research and if you do participate you may decline to answer any question posed or to be observed in specific circumstances. Your participation is entirely voluntary and you may withdraw without providing a reason at any time by notifying me in writing at [james.smith@plymouth.ac.uk](mailto:james.smith@plymouth.ac.uk). Should you choose to withdraw during or after taking part in this research, as far as is practical all data collected from you will be removed from the project and confidentially destroyed. However, in some circumstances it may be impractical to discard the information collected or to erase your involvement, for example if a paper has been submitted for publication prior to your withdrawal. In such circumstances only that information that has already been collected and analysed will be retained for use in the research, no further data will be collected or used from the point at which you give notice of your decision to withdraw, and your data will not be included in any further publications. If you as an individual decide to withdraw this does not mean that data collected from or provided by other individuals within your organisation will be excluded from this research unless they too have notified me of their wish to withdraw.

*To be completed by the research participant:*

I confirm that:

- I have read and understood the information on this sheet and have had the opportunity to ask questions: **Yes No** (please circle response).
- I understand that my participation in the above research is voluntary and I may withdraw at any time without reason: **Yes No** (please circle response).
- I agree to take part in the above research: **Yes No** (please circle response).
- I agree to the interview being audio recorded: **Yes No** (please circle response).

Name (please print):

.....

Signature:

.....

Position:

.....

Date:

.....







**Provisional research schedule – Case 4**

<b>Week</b>	<b>Date</b>	<b>Interviews</b> (Between 9:30am and 5:30pm, unless stated otherwise)	<b>Observations</b> (Locations TBC, up to 3 hours)
1	4 <sup>th</sup> May	Interview 1 (CEO):  Interview 2 (HR):  Interview 3 (Manager):	
2	9 <sup>th</sup> May	Interview 1 (Manager):  Interview 2 (Employee):  Interview 3 (Employee):	
	13 <sup>th</sup> May	1pm to 5pm  Interview 1 (Employee):  Interview 2 (Manager):	Observation up to 3 hours (Morning)  Starting at 9:30am
3	18 <sup>th</sup> May	9:30am to 2pm  Interview 1 (Employee):  Interview 2 (Manager):	Observation up to 3 hours (Afternoon)  Starting at 2pm
4	24 <sup>th</sup> May	1pm to 5pm  Interview 1 (Employee):  Interview 2 (Manager):	Observation up to 3 hours (Morning)  Starting 9:30am
5	8 <sup>th</sup> June  (Contingency to be confirmed nearer time if necessary)	Contingency 1 (Employee):  Contingency 2 (Manager):	Observation up to 3 hours

## Appendix E: Example interview transcript

### Case 3 - Manager

Researcher: What would you say is the overall aim or strategy of the business?

Subject: There is a business plan which is to grow the end user base in the belief that on the back of the maintenance user base there is more work for us. But our aim as it always was when I first started is to be not necessarily the biggest company but to be the best company in terms of quality and doing the right thing, doing a good job.

Researcher: How would you describe the way that human resource management or people management works within the business?

Subject: People management is not as structured as when I've worked for a corporate company which is very rigid, HR we've formed and created that to ensure there is due diligence and process. I think there is good support around you but there's not rigorous reviews every quarter or monthly or anything like that but once you've gone through the initial review process there isn't really too many regular reviews, formal reviews, it's more on-the-job feedback and communication.

Researcher: Who is responsible for dealing with HR or people management issues?

Subject: We have an HR Department now which is relatively new in the last few years, there has always been HR as such but I think it was a consultant that helps out and help management to dish out responsibilities and whatnot. Personally I manage my own team and I can recruit my own team and there is the support from the HR team that give the formal contracts to back you up. I think we are quite lucky we don't have too many HR issues, grievances and that stuff, but we do have mechanisms in place in the handbook for that.

Researcher: Within this organisation specifically, how do you think entrepreneurship would be defined?

Subject: I think there is a reasonable amount of entrepreneurship within the business because quite a lot of people are given a fair amount of autonomy, here are the guidelines and go make it work is an easy way to describe that. It's difficult how to define the entrepreneurial side of it. I've been quite lucky, I've been given quite a lot of free rein in what I do, when I started I was just office administrator for someone and then took over responsibilities and then just kept taking over more, and then took over X from the south-west perspective and then took over everything to do with X and where we were operating regionally I now manage that centrally. I put that forward and I now manage everything, from that sense I guess I saw an opportunity, said how to do it and we had the systems in place to deliver that. So from that perspective I guess it seems to work if that's how you deem entrepreneurship. In most parts of the business there are people who are given the opportunity to grow and develop departments or areas and they are given free rein maybe a bit too much sometimes I don't know but some things feel very structured and some things feel very unstructured. There possibly could be different levels of support throughout those.

Researcher: In terms of what you've just described to me, are they all things that you would describe as entrepreneurial within the context of the business?

Subject: Yes, that's the thing what's defined as entrepreneurial, I suppose that's a question you are asking me, for me entrepreneurial is seeing something that should work better and making it happen. Entrepreneurs usually find a gap in the market and then fill that gap and profit from it. Within our business its not so much profit driven, it's more service, so you are still getting the reward at the end of it, what we did made everything more efficient and released other people to do other things within the business from my own X side of things it made things smoother and I see that as opportunity or areas for improvement and you make it happen. It's not all top-heavy, fed down, it's the ideas coming from throughout the chain. I guess that's entrepreneurial, being an entrepreneur within the business. It depends on your definition... Seeing something, noticing it, putting forward a proposal and it being able to happen, but a significant proposal I guess.

Researcher: If you were to look at somebody else in the business, what kind of characteristics or behaviours would make you think that person was an entrepreneurial person within the business?

Subject: It's a difficult question there are different people doing different roles that could be classed as entrepreneurial but equally there are some people I believe that are in certain roles which would be the definition that we were saying who are given something to control and lead and have a completely different skill set to someone else and they do things in very different ways so it's quite a difficult thing to describe.

Researcher: If you broke it down into very fundamental behaviours or activities?

Subject: Like I said I guess you are finding an issue and then you are making a contribution to making that change. Not change for changes sake. Looking at it in detail, understanding it, making a conscious change rather than just changing it because someone thinks you should, actually exploring into the detail of it and seeing if that is right for the business and then following that through and delivering on it as opposed to just flippant remarks about how things should be or could be. Entrepreneurial characteristics I think are quite a hard thing to define I think some people would see them in different ways. In some instances some people might have been brought into the business just because of maybe on paper what it says they can do rather than their characteristics. So I think that's quite a hard thing if you're looking at recruitment, are you looking at the right type of person, are looking for their expense on paper or because they come from a company you deem to be respectable and because they're in a good position in that one...

Researcher: In order to follow through and deliver what you have to do, what does delivering mean?

Subject: I guess it's the difference between seeing something that isn't performing very well, finding a solution to improve that and then setting up the process to make it work and that at the end of it it does work and you've benefited from it and you put your name to it as opposed to people that might say that isn't working sort it out kind of attitude. A lot of people seem like they have the right ideas but actually making them happen is something different and that's probably what makes the entrepreneur... I think sometimes you see these awe-inspiring ideas from the top but do they actually work in principle is

another thing, that's the difference, an entrepreneur can see the issue, have the solution and then deliver the solution.

Researcher: Where does your understanding of what entrepreneurship means within the business come from?

Subject: Within the business I've only really thought of that within the interview. The understanding of an entrepreneur is silly things like Dragon's Den, people who've started with nothing and gone on to X, Y, and Z, you know who made an idea happen... That's probably what you think of as an entrepreneur. Talking to you now I can kind of see how you can see that within small businesses you want to encourage those sorts of people to help grow those businesses but to be honest I've never thought of it in that kind of way necessarily. But like I say entrepreneurship is seeing something that other people aren't seeing and putting the pieces together.

Researcher: To what extent is entrepreneurship valuable to this organisation?

Subject: I guess it's hugely valuable to any business really, if you've got people working for you that are constantly trying to push the company forward that's great. For me in my position and what I do, if I was employing my staff or how I employ my staff, you've got to get a fine mix of that entrepreneurial, want to push ahead, want to keep moving forward and the people who want to stick around, want to keep doing a job for X amount of time because otherwise you're going to have people who are too good for the job they are in and they will keep moving on or they are not going to be to the level that you want them and they will just stay in that mundane churn. It's the business's job to try and get a good balance of those people throughout the company because you can't have everybody being an entrepreneurial leader you need some followers to balance that out, but it's absolutely good for the business to have people wanting to push forward otherwise you stagnate and possibly end up going backwards. It's like the famous saying, we've always done that, those sorts of attitudes you want to get out of places, you want people to be well why have we always done that, why haven't we tried this, that's all going to be ways of getting your business to diversify and move forward.

Researcher: Why is entrepreneurship valuable to the business?

Subject: Like I said if you haven't got people pushing forward then you're going to stay still and potentially get smaller, most businesses operate on the sense of growth and profit and that's one element of it but it's also going to help all those other staff that are there as well to move forward with you whether they realise it or not. That creates value from a workers perspective and from a monetary perspective I suppose.

Researcher: What indicates to you that entrepreneurship is valuable to the organisation?

Subject: An example would be, one of the guys who works he has massive remit and they are keen to know what's going on, they've been with the business for a long time and one day they'll have their own business, that's what they want. As part of their job they will always take on additional responsibilities throughout the whole business and they are very good at linking those things so where there will be a number of different decisions in different places that seem to make sense regionally or departmentally they know enough about the business to join them up and make the right decision to help both of them or to make things financially cheaper or more cost-effective or whatever way to bring them together. So from that sense their entrepreneurial flair of wanting to know everything

about the business and having a bit of control of everything it enables them to put those links together to make a more informed decision which actually benefits the business as a whole, which will have a cost saving or a process saving which is of value to the business.

Researcher: Is it seeing them behave in that way that makes you then think that entrepreneurship is valuable to the business?

Subject: I think the right sort of mindset in the business is important and that attitude of wanting to get the right fix once, so that vision of seeing everything and putting that together, I've seen benefit to cutting out middlemen, I see that as an important thing in a business. Equally I do see it as a negative in this example because too much on one person's plate can mean the small things aren't getting done. There is value to be had but that's where you have to get the right sort of balance between the entrepreneurial elements and the people who are just going to get the job done.

Researcher: Is there anything in particular that if you saw it happening would make you think that entrepreneurship is valuable to this organisation?

Subject: I don't know I guess it inspires if you see somebody wanting to push forwards which creates morale... People always want to push forward, I don't know. My example of what I was saying before, when I was seeing what I was doing, I wanted to move forward, there's no natural progression within what we are doing within the business which is a possible flaw of ours in terms of the way we are set up. For us to make that decision and create a centralised process where previously we were working regionally that then inspired other parts of the business to also become national and now we run as a national business with local delivery so I'm not saying that I said I wanted to do it and we could do it, it was a discussion and then other things happened that formed that, so with a number of people's entrepreneurial yes that makes more sense, a consolidated approach to things. I don't know if that's entrepreneurialism or something else but for me that's the way I could progress, I wanted more. Whatever it was maybe that's what we class as entrepreneurship, or drive and ambition, I guess those are the characteristics of an entrepreneur. Because I had that and a few other people in the business had that drive and ambition then we were able to create that change and make it happen and have that cascading effect on the rest of the business and I guess hopefully that would always be in a positive way. So that's my example, it did give a benefit to the business to have people thinking outside of the local delivery and looking at the national side of things, what does it mean if we do that that will then enable us to do a lot more things that we couldn't have done if we were structured in the other way. So I guess it's planning ahead. That example provided value.

Researcher: Would there be any difference between how you feel or behave at work if entrepreneurship was valuable compared to if you thought it wasn't valuable to the business?

Subject: I guess it depends on your position a little bit, everyone wants to feel that what they have to say and what they can do is going to change things. Like I said before I think there are different types of people you have within the business, some people just want to come in and do their job and go home, and then there are other people who are those ambitious people who are entrepreneurial and want to push things forwards. So you would want to be within a business that promotes that and then helps you push forward and helps you try new ideas to benefit the business. I think that's important. How does it make me

feel? If I didn't feel that what I said or what I do isn't important then I would have a lot lower morale.

Researcher: If you thought that entrepreneurship wasn't valuable to the business would that impact on the way that you behave?

Subject: It's difficult to say... Yes I think it would affect the way you feel because like I said you would feel like you weren't valued or you can't change anything and things are always going to stay the same so that would put you in that mindset of if things were going wrong and you wish you could change it but you can't that would feel like it would be never-ending, if you are always told no or your opinions or values were suppressed I guess that would always affect the way that you're working.

Researcher: In what way do you think that would affect your behaviour?

Subject: I suppose your commitment, your morale, your general work ethic, it depends if that entrepreneurial thing is important to you. If you've got that mix of people I guess if you don't know that the company values that and it doesn't matter to you then it doesn't matter but equally if you have those traits and you don't know that your company values that and wants to listen to you that could be as bad because you could have someone who is great but feels that they can't for whatever reason approach those topics and they may leave for that reason.

Researcher: Under what circumstances do you think entrepreneurship would not be valuable to this organisation?

Subject: I think any position from bottom to top you have to have a portion of it, you have to have the qualities of an entrepreneur in some element because every task and every job role there must be some way of putting that particular thing forwards or to the next level or improving it or whatever it might be. There must always be some way, even if it's only in a small way, and that cascading effect is going to happen, the bottom of the chain think they should do that change and the other way. It's going to affect both directions.

Researcher: Thinking about the business as a whole, are there any circumstances where you think entrepreneurship would not be valuable to the business as an entity and what would they be?

Subject: Maybe one example of that would be one of our sales guys is looking at a new angle of how to sell something to someone because they've been asked to do it and they just say yes they want to do it because they are looking at it from that sense of getting a new customer getting a new sale, but the thing they are selling is something we don't support or aren't trained on and could actually cause more harm than good which just brings us back to the beginning of everyone has ideas it doesn't necessarily mean they are the right ideas and following that through to the end, they've thought about the training or wherever you're going to buy it from, all those things that come about within that, it's not just about saying yes all of the time, that's not the traits we are talking about, the traits are actually seeing an angle that will work the business and not just for themselves. So I guess selfish entrepreneurial traits. Arguably entrepreneurs are looking after themselves. Some people are in a job because it's paying their bills but in the background they have got their own things going on, that could be an entrepreneur in some people's definition, they've got lots of things going on all of the time, and in a business they're good at their job but it's not their main focus. Then some people who



you would consider to be an entrepreneur its their idea that got them so successful rather than a thing or money or anything in particular like that, they are not looking out for themselves it's just their idea that made them who they are.

Researcher: What would indicate to you that entrepreneurship was not valuable to this organisation?

Subject: If you've got too many people who are always thinking about what's next or their other projects like we just said, it could distract them from the day-to-day duties and maybe they won't be focused on the job they have to do, they will be too focused on what next. Everything in moderation I suppose.

Researcher: Is there anything that people do within the business that would indicate to you that it isn't valuable to the business?

Subject: I think what I said before about the salesman who thinks they are doing the right thing, they are trying to win a new customer or get a new sale, it seems like they are being proactive or gaining more for the business but actually what's the true cost of that, what's going to happen behind that. Another example might be hypothetically you have a sales person who sells a number of jobs and is constantly moving onto the next one and not supporting the things behind them because they are always thinking about the next thing which on the face of it seems good because they are creating growth but if it's not managed in the right way it could actually be affecting other areas but equally if they thought about it right and structured it in a way that's what they have left behind them is picked up on another mechanism then arguably that person has created the need to change the way that we do and manage that. It's not necessarily a bad thing, it's all contextual.

Researcher: To what extent is entrepreneurship part of your role within the organisation?

Subject: I think it's quite important on the basis that it's my responsibility to X... I need to be in a position to look for that gap, the gap in the market, what are we missing, what do we need, and be forwardthinking, obviously that's with other people. We'd all have to have that same mindset. Otherwise we're just going to sit and do the same thing that we do all of the time. The way that we are a growing business as well, a lot of the things that we are finding out that we need to do or we are stumbling across it, and we are having to change processes all of the time, personally I sit and I'm googling things all of the time and I'm looking at how other companies do it, or if there is a structure because there is no formal practice or process in place we've just set it up how we've set it up off the back of our former businesses so we can either sit there and continue to do that or look at ways to change to make things easier going forward. I see that as those traits we are talking about.

Researcher: As entrepreneurial?

Subject: Yes.

Researcher: So why would you say that entrepreneurship is part of your role?

Subject: Possibly because I've made it that way, as the business has grown different people have moved into different roles and from a general consensus some of the things that I do wouldn't be in my job title and the same would go for other people within the business. It's just the person that is in the role is fulfilling certain duties based on

experience, knowledge or capability as opposed to what should be expected from them in the normal realms of those jobs. For me for example I don't have any formal training in X or any qualification it's just sort of evolved, and so that is very difficult for me on a personal level of career progression of where would I want to go because I have arguably a skill set which is maybe only suitable for this type of business of this type of size in this type of industry, which is good for the business but possibly negative for me. Whereas other businesses may be structure themselves in certain ways that they look for a professional in a certain discipline and those people form careers within that, we don't really have that, we don't have a this is what we are looking for as such it very much changes with who is running it and who's doing it.

Researcher: Does that structure have any effect on the extent to which you are able to behave entrepreneurially?

Subject: In a way, it sometimes feels a bit pigeon holey, that's what they do because they're good at it, let them carry on with it, that works don't try and break it which is probably slightly anti entrepreneurial but it also comes back to my original thing that you have to have a few people who are good doers and can sit there and do it and the other people that can drive it forward if you have too many people doing the driving forward or the sitting still then something is going to go wrong so I guess for a business it's important to note to those people who have entrepreneurial tendencies and make sure they don't become stagnant or pigeonholed into certain areas and set it up in such a way that they can continue and equally those people who aren't progressing try and instil those traits into them.

Researcher: Does the way the structure works within the organisation have any enabling effect or inhibiting effect on you with regards to entrepreneurial behaviour?

Subject: I'd say it's slightly inhibiting, once you get to a certain point it's very difficult to know which way to go after that but equally in some respects in the short term it maybe focuses you on the job in hand and helps you to focus your efforts into that individual task or duty so you can make the most of that but in the long term if it's not addressed it can be inhibiting.

Researcher: In what way would it inhibit or prevent you from behaving entrepreneurially?

Subject: I think would start looking externally as opposed to internally, if the company can't feed that beast inside you or enthrall you into doing something then you are going to look for a challenge elsewhere if that's the mindset you are in if you want to keep pushing forward or keep innovating because there is only so much one person can do in one given area without input.

Researcher: In terms of inhibiting you is that incense from career progression and bring up to mid that then allows you to do other entrepreneurial things or is that just in the sense that it inhibits your ability to behave entrepreneurially because you're in this role and you have certain restrictions in that role?

Subject: I guess it's a bit of both. Career progression is one of them, because like I said at the beginning you want to feel part of it and want to keep moving forward. But there is also if you then get stuck in a certain position or role although you can help that develop it might possibly be at a slower rate or you might not have the same enthusiasm for it so

you change your focus and moving forward you might be looking outside at other things that actually interest you and encourage those traits more so.

Researcher: To what extent is influencing or managing the entrepreneurial behaviour of other people part of your role?

Subject: I don't know how much of a part of it, personally I am the sort of person who gives constant feedback, keeps talking to my staff, encouraging them to give ideas, if they want to change something or want to do something let's talk about it, let's do it, that's personally what I do. Obviously there are some things we can't do but things that we can I try to make sure that happens and make them feel part of that. I think I am encouraging them in that role, I wouldn't say necessarily it's in my job title to do such but I do that because that's what I like to do and that's how I like to be spoken to so that's how I speak to them.

Researcher: Why is managing the entrepreneurial behaviour of other people part of your role?

Subject: It's just the management of people in general I think, you have to keep people engaged, keep people motivated, lots of people have different ideas and different ways to look at it, that's the nature of entrepreneurship I suppose so they might see something you never would but as long as it's done in the right format and right way I think it works.

Researcher: If it's just a natural part of being a manager or your wider role, how is your role communicated to you?

Subject: I think you get inspired by the others that you work with, so my boss who employed me eight years ago, we went to college together, they have a great work ethic and I have one to, and it's partially instilled by them and partially my own former self before the company. It's not in your job description. In fact I don't actually have a job description. It's kind of a needs must job description.

Researcher: In terms of being inspired by others, can you give me some examples of how they would inspire you to see entrepreneurship as part of your role?

Subject: Personally, I just like to see a good job done, do the right thing sort of attitude, that's my attitude towards many things. I think the former owner of the company who started the business they didn't want to be the biggest they just wanted to be the best. I take that on board, you always want to be the best at what you're doing and to do that you always need to listen to the people around you because they can only make you better, there's no point closing off to at all and thinking you know best.

Researcher: How have you learnt your role from other people?

Subject: It's that nature nurture thing, some of it is definitely from working here in particular and some of it is just general life or work experience where I know what the right thing is to do so I want to make sure I manage that into my team and that they do the same sort of thing... I think lead by example is a good ethos.

Researcher: To what extent is it part of your role to identify new products or services the company could offer?

Subject: A big part of my role, I'm responsible along with others to choose the products that we purchase for sale, but a lot of it is driven by the industry or market et cetera but we still have a preferred list as it were.

Researcher: To what extent is it part of your role to identify new strategies or plans for the future goals of the business?

Subject: That is an interesting one, I'd say a reasonably large portion but equally with the fluidity of our structure as we talked about before, three years ago part of the senior management team were tasked to centralise all of the different departments and go from regional to central, and a couple of years later when everything is running smoothly other things and change within the business and new people are brought in and they are making the decisions and then my aspect of it in part is taken away, not taken away but it's not even consulted, and that happens without any real reason why, no negative or positive feedback on it so it's a bit of a weird one for me personally. But in general I think I have quite a lot to do with it and I am always consulted on the rest of it.

Researcher: To what extent is it part of your role to identify the need for new business units, departments or subsidiaries to be created?

Subject: As part of my role I'd say none, but what I actually do is I recognise the need for certain things on our own level at some point I'm going to need to get a bigger warehouse because we are near capacity but I don't think that's very well communicated within the business in that we are expected to do X amount of growth but I don't think we actually look at our capacity as a whole sometimes whether it be labour or physical space. I think it's more that the directors deal with that.

Researcher: To what extent is it part of your role to identify improvements to the way that your team or department works?

Subject: A big part, I created all the processes that they do, all the tasks that they do, I obviously get passed things down the chain as it were.

Researcher: To what extent is it part of your role to identify improvements to the processes in other departments or teams?

Subject: Like I said before three years ago I was tasked to and we did, we changed it all then we all took responsibility for which sections we were taking a lead on but I feel that I can make comments and try and influence change where possible for linkage but not necessarily, I can't personally make direct changes to other people but I can influence.

Researcher: It's part of your role to look at the processes within your department but the influence you have is weaker on the other departments, why would you say there is that difference?

Subject: At the end of the day someone is given ownership of something and it's their responsibility to manage that how they see fit but personally I will always pass comment and feedback and support where I can to help them change if that's what they need to do or suggest changes and things but I can't physically, I can't actually enforce the change myself that has to be by them. In my department I can do those things but I always consult other people that they might affect around.

Researcher: You were talking about it being the directors' role to create new departments or subsidiaries, why would it be their role and not your role?

Subject: I'd say that they have the ultimate decision definitely, I think we could suggest it and there are a number of people that do do that in the business but I still think that there is no forum that I'm aware of that enables us to have those discussions as a whole or when something happens to see if it is going to affect other people, it just seems to be this is happening here and that's how it is. Creating new departments and stuff we do do as a collective but I wouldn't say it's personally me.

Researcher: Is there any reason why you say that that is the directors decision as opposed to your own?

Subject: At the end of the day I would say it's probably more down to the financial sign off, they are the people who have to spend the money to implement these things, they would obviously take advice but they are the ones who then have to make the decision at the end of the day. We are definitely able to put forward suggestions but they are the ones who would ultimately have the final say if things are going to happen or not. I don't how relevant this is but we don't have budgets as such, so I don't have a budget of X amount of pounds that I can spend on what I want, so if that means this year I can afford to employ extra staff or get new premises, if that was in place I think I would be able to do that but we don't have any form of or I don't have any form of budget responsibility.

Researcher: What you do to encourage or enable other people in the organisation to behave entrepreneurially?

Subject: With my own staff it's just encouraging them that they can speak openly with ideas and suggestions and make sure that that is always welcome in the right forum. There is no structure to it or anything, it's more just conversational ideas and things, if we can change processes to make it better for everyone we will, if they think we need to do something differently or purchase something to make it easier we'll contemplate it and see if its the right thing to do. Give them ownership of some of the things that they are doing as long as it's not a financial cost or it's not impacting on anything if they want to do it a certain way that is different to the way that we would normally expect them to do it then we would encourage them to do that by all means, and again just leading by example.

Researcher: When you are encouraging people to speak openly and make sure that ideas are always welcome, what kind of effect are you looking for that verbal encouragement to have on them?

Subject: To get more engaged, so they are engaged in what they're doing and knowing that what they are doing does make a difference. Like I said everyone thinks and operates differently and has different experiences so they can see things in a different manner so I like to say there is no such thing as a stupid idea. We've probably thought of it but ask anyway and we'll go from there I think that makes them engage more in what they're doing or I hope so at least, some people thrive on it and other people don't in the sense that they are probably those people that are just wanting to sit there, come in and do their job and go home and they don't have those attributes that we are talking about, the entrepreneurship. I think it's good to feel encouraged and feel like you can make a change in the right structured way, we don't them more running off trying to do their own thing and that's the way I try and describe it to them. Ask the question why, why do we do this.

Researcher: So you are encouraging them to ask that?

Subject: Yes absolutely, that's one of the traits of the entrepreneur as it were to question why and question why do we always do this... I see the entrepreneur as the person who is not following the crowd, they are querying the norm or seeing something that someone else isn't seeing.

Researcher: Why do you say to people there's no such thing as a bad idea?

Subject: In the sense that no one may have ever asked it before or it's so obvious that we are all missing it, there must be a reason why we don't do something if it seems like it's the right thing to do, so as long as we all know why we're not doing that, if you don't ask then you're just going to keep doing the same thing over and over.

Researcher: If you're stood with someone and say there's no such thing as a bad idea what effect are you hoping that that will have on that person?

Subject: That they won't hold those ideas to themselves, simple silly little things might actually change a lot, the smallest idea, the biggest idea, they've all got to come from somewhere so I guess that's what I'm looking for. Equally something that we didn't used to do for a reason now actually might work so asking that question that we didn't ask five years ago is actually a valid question now and maybe we should change.

Researcher: You also mentioned giving them ownership of what they do, how do you give them ownership?

Subject: An example, our X man has a working area, I said I've set it up like this I think it's the most practical way to work but if you want to change it in any way, shape or form if you want the desk higher or lower let's talk about it, it's yours have it how you want it and giving them ownership of that and saying that it's there's, and every day they have cleaned it up because it's there's and they have ownership of it. If someone takes something that hasn't been booked out they make sure we know why and where, without having to tell them it's their job it's happened by giving them ownership of their area or role and letting them make their own mistakes so they learn from it. I'm quite a control freak as well and that's why I have to balance it as well.

Researcher: In giving them ownership, what are you trying to get from them?

Subject: If they have the ownership then they are going to look at it in a different way they are not going to look at it that they are doing it because they have been told to do it they are going to look at it because they think it is now the right way to do it and that's the way they have been asked to do it but equally is there another way of doing it because I'm allowed to change it if I want to. I guess that's the kind of mindset. If you are just told to do something all the time you are probably just going to go and do it and if you are told this is how we do it currently then when you know what you're doing let us know if you think it can be done better. That's important so what we are saying is you've got a task to do, achieve it but if you can find a better, quicker, more efficient way then by all means do it which is that entrepreneurial thing that we're talking about.

Researcher: You mentioned about leading by example, could you expand for me about what that means and what effect you're looking to get from that?

Subject: For me leading by example falls into taking ownership of the task in hand, I don't know if that's an entrepreneurial trait or not I guess I think it probably is. Taking responsibility, that's what I mean by leading by example, I don't know how else to explain it, personally I have quite a hard-working ethic and I expect that from those who work with me and around me and I think that's important and I try to instil that literally by example, I'm not a dictator as it were I won't shout and scream, if people are funny about doing something I will do it and show them how easy it was to do and get them to do it next time.

Researcher: In doing that are you looking for a particular reaction from the person you're being the example to?

Subject: I'm not necessarily looking for a reaction I suppose, they know what to expect of me is the easiest way to say it, if they can see me working hard and taking ownership of things than in turn I want them to do the same and then they know there's an issue if they're not doing it. But it's never been an issue really and if it has its resolved itself. One example, I said to one of my younger members of staff is I'll teach you and I'll drag you along with me was my expression in the sense that hopefully as I progress they will progress along with me and they will continue to develop. I suppose that's what I'm looking for.

Researcher: What do you do to discourage or inhibit other individuals from behaving entrepreneurially within this organisation?

Subject: I think it's what we said before, it's good to have ideas but they need to focus on the job in hand so I want them to do the job that is given to them as such is in their job description and then we are looking for them to do other things and take on other tasks but it would be thanks for the idea let's put it into the right forum. If it was affecting their day-to-day tasks that they had to get done then it would be an issue and it would be discouraged in that format I suppose but if their day-to-day stuff was being done to the right standard and this was extra then it would be encouraged. I think one of the things we say is if you are hungry for something just ask and keep asking for more, I guess that's where we encourage it as opposed to discourage it but there is certainly some people you know aren't fit for a certain role because they are always looking for something else, whether that's entrepreneurial or because they aren't fit for the role so I think that just has to be managed in the right way. I guess don't run before you can walk is a good analogy.

Researcher: In that scenario is there a particular approach you would take to discouraging that kind of entrepreneurial behaviour?

Subject: Not really, I used to have someone who worked for me who was a great guy and they used to have their own business and then they came to work for us probably as a bit of a bridge. They were a really good guy and great at the tasks you gave them to do but the general mundane stuff that had to be done still they weren't so great at because they were always looking for the next thing. They came with an idea on a particular subject and said I think we should do this what do you think? And we said it was a great idea but as a business we were already tackling it in this way and explained to them how it was working or was going to work. And it took about a year for it to come to fruition by which point they had left because they had found something else that they wanted to do and they are still doing which is great. So although they weren't discouraged necessarily, it was more of its a great idea, thanks and explaining how it is already taking effect or why it

couldn't take effect and then you've got to encourage them to keep thinking in that way. Basically don't discourage them but they still have to focus on the job in hand, and this person moved on which is why I say you have to have the balance between a level of entrepreneurs within your team's and having different people at different times, that's how you build a successful team to have that mix.

Researcher: In that example, why was it necessary to discourage that person from behaving entrepreneurially?

Subject: Because they weren't focusing on the job in hand I suppose... The way that they wrote the proposal was putting themselves up to do what they were proposing which is fine but we were at a stage where we needed a bit more stability so it was encouraged that yes it was a good idea but something else is going to happen and we need you to focus on this at the moment which they did which is fine but equally they were still looking outside of the business at other things and other avenues. And I would probably describe that person as relatively entrepreneurial.

Researcher: Why would you encourage somebody to behave entrepreneurially?

Subject: To create change, to improve things, you want change, you want to keep moving forwards I suppose, to look at something from a different angle rather than the same old way of looking at it, to try and encourage them to find a better way to do it that will hopefully promote change for the better.

Researcher: What do either your manager or managers in general who are more senior than yourself do that encourages or enables you to behave entrepreneurially?

Subject: I guess I'm given a fair amount of autonomy in the sense that I can do what I want in some respects in terms of how I run my department or team, but outside of that probably not a great deal. Like I said before a bit of that pigeonhole type scenario but equally sometimes, one of the directors gives me tasks to do sometimes but they are very off-the-cuff, very strange things that no one has done so they have thought they'll give me a chance which is good because they've maybe seen that I'm ambitious for that but quite often they are unachievable with the limitations provided. So although that is good it's also very difficult to do that, like I said before I'm not one to let it affect my day-to-day, I'd rather focus on that than this somewhat whimsical thing, so I guess it's giving that balance. If you were to change that and to encourage people to be entrepreneurial you have to give them the ability to be released from their general duties to enable them to follow those things otherwise without knowing it possibly you are stifling that.

Researcher: Would it be fair for me to interpret what you said as basically being under a certain amount of time pressure is something that prevents or inhibits you from pursuing some of those entrepreneurial ideas but that if you had that time resource and were under a bit less time pressure that would enable you.

Subject: Absolutely, I think that's possibly some frustration I feel, some people might come into the business and be given the opportunity to do X, Y, and Z but had the general duties been taken away from me for example I think I could have achieved that as well or better as those people. I think that's the difficulty of anyone, any manager, is identifying capability and then supporting it from all angles. You need to be able to release somebody from something to help them move on to this other task that you want them to do for them to do it successfully otherwise it's always doomed to fail because of the work that is



involved with it, especially if they don't understand the work that is involved with it themselves initially. Then for me I think I have somewhat failed within that task and maybe I wasn't capable but did I fail because of my aptitude or did I fail because of me not wanting to let down my core duties. So although you are encouraging that entrepreneurial side you could equally be causing damage in another way if it's not done in the right timeframe.

Researcher: Is there anything that your manager or other more senior managers would do that might discourage or prevent you from behaving entrepreneurially?

Subject: Only the pigeonholing side of things, it's kind of a complement, it's a backhanded compliment in a way, it's not broke let's not fix it, they are going to give their attention to things that aren't working as opposed to things that are because that's what draws their eye instead of thinking why is that particular area working and how can we imitate that and that person might be good at helping with that.

Researcher: That pigeonholing was seeing that you are good in your job and leaving you to do it?

Subject: Yes, because if you remove me from that situation and put me somewhere else then they've now got an issue where I was so I guess they prefer the lesser of the evils and so they just deal with the one issue that they've got because potentially what I would move into would be new for me and it would take time and resource or whatever and then they've got those two plates to spin.

Researcher: Does that have any particular effect on the way that you feel or behave with respect to being entrepreneurial?

Subject: Not necessarily, personally I've always been the person who will do whatever job I'm doing to the best of my ability, that's my mentality, doesn't matter if I'm cleaning tables or whatever I'll always do the best, so in some respects it's not going to change my personal mentality and I've got plenty of things I could do in what I'm doing now but at the end of it I still want to know that there is somewhere to go and that is one issue in our particular business there is no career path or progression path, no from here you go to here, which can be a bit detrimental to people's morale throughout the business at different stages and in turn it probably would affect the entrepreneurialism in some respects.

Researcher: How so?

Subject: Potentially, I would get to a point where I would think I can do as much as I can do in what I'm doing and I will try and involve myself in other things... I think there is a point where you can go as far as you can go with the remit you have I suppose so if you aren't going to be recognised internally then you are probably going to go externally and look to move to another industry or business because we all like to be challenged or I think entrepreneurial traits want to be challenged, they want to feel like they are making a difference, if it's just the same run-of-the-mill saying and there is not a lot else that can be changed or wouldn't be allowed to be changed then they are going to lose their steam for that and they will focus their attentions elsewhere.

Researcher: Is there anything that your colleagues or the people that work below you do that either encourages or enables you to behave entrepreneurially?

Subject: Like I said before you like to imitate or aspire to be like other people so if you see someone who is doing something that is arguably entrepreneurial then you want to follow or imitate that in your own way somehow, lead by example again. Personally things that I like to see is when we do make changes and you can see the physical effect that has on someone, you know a positive effect, whether that means they're working quicker or whatever, and you can see that makes them enjoy their work more then obviously that's going to encourage you to want to do that more.

Researcher: To clarify that, is that when you see somebody else come up with a change and make the change that improve things and then you want to do it or that you do that for someone else?

Subject: Both, I think both would have as much effect. I personally probably interfere with other people, if they say they are going to change something I will always ask why and understand what they are trying to change and then feedback to them how that's going to affect other people. Their change might make their life easier but in actual fact it might make somebody else's life harder. Constant feedback and asking why is what I do there and like I said when you see people change things for changes sake because it will make one persons element right, when you see that you instantly challenge it, you don't want see it happen again if it was a negative thing or you want to promote it if it has worked well.

Researcher: Is there anything that your colleagues or the people you work with in general do that would discourage or inhibit you from being entrepreneurial?

Subject: The others I don't think would discourage me, but that's probably just my personal mindset... One of my biggest things and I always pick people up on it is if they say typical company name, I would go to them and say really typical company, that means whatever is bad that is happening to you now is because of something that I've done because I work for that company and those negative things are because of my efforts and I make them realise what they are saying and try and change their attitude. So if anything it probably encourages me slightly if I see negative things, personally I always try and see the good in them and try and promote that the other way. I can see if everyone in the company was very negative then that could have a negative effect. It's a whole morale thing.

Researcher: In terms that negativity, how might that impact on entrepreneurial behaviour?

Subject: It would probably attract your attention away from it because you are trying to now fix their morale or situation, equally in theory it's calling on you to use those entrepreneurial attributes you've got because you are now trying to find solutions for all of their problems as well whether it's behavioural or attitudinal, physical problems in the workplace... I guess it depends on the actual situation and the person who is involved. If they are subordinates then you should have some weight to gee them up and change their attitude you would hope, if it's going the other way than I suppose that can have a negative effect if your managers or those above you are all of that negative mindset then that possibly could breed the beast of negative thoughts. Again it is about leading by example, you want to follow those who are going the right way.

Researcher: Are there any policies or practices within the business that either encourage or enable you to behave entrepreneurially?

Subject: Not that I can think of.

Researcher: Are there any policies or practices that either discourage or inhibit you from behaving entrepreneurially?

Subject: I don't think policies or practices, at the moment, you know when you are always busy and you're constantly busy and so there's no real time to stop, reflect and think almost. That's probably how I'm personally feeling the last X amount of time, too caught up in the day-to-day which means you obviously are not going to have the time to maybe explore the other options and have those entrepreneurial thoughts.

Researcher: Beyond what we have already discussed, is there anything else that either encourages or discourages you from behaving entrepreneurially within the organisation?

Subject: I don't know, I've not really given it too much thought, the good things are that there is quite a good open door policy in the sense that I can chat the MD or the FC or whoever about ideas, it's not you have to go through your manager who speaks to their manager and so on, it's not like that there is no hierarchical thing as such, but at the same time I think we miss sometimes some of the structured approaches that would maybe enable some of the ideas to come to fruition possibly. Again if there was a structure to push those things forward then maybe they wouldn't just be ideas because people are too busy to do them, they can't implement them, they can't deliver them.

Researcher: When you say a structured approach, is there anything specific you would include within that?

Subject: I suppose if you had an idea of changing X, Y, and Z at the moment they would probably be that's a good idea go ahead and do it, possibly the support network needed to deliver that possibly isn't there... This is very hypothetical I don't have any actual examples... An example from a different company, they had this workshop that they used to do, a big company, and every X amount of time, you put your name on a hat almost and they got people from every different department and you all sit in a big room and you discussed issues you had and at the end you had to do a presentation and give almost a mini business case about what needs to change, why it needs to change, how much time it would cost, how much money it will cost, and at the end you deliver it, and then as a group of people you decide on two of those six things that get presented and then the company put up a champion from senior management that would push it through and work with the person who led that group and between you you would make sure it happened and have review processes at certain stages. That is a very structured and corporate way of doing it and it probably works but on the flipside of that I did that once and I put forward the case of someone else's department, some idea that I had a vague idea about and it turned out after six months of properly looking into it that it was actually a no-go from the beginning because we didn't have all the information or the right people in the room to discuss it even though the workshop was geared up that it should have so that's kind of a false economy of thinking you are doing the right thing and having the right things in place but actually it wasn't, it was the wrong group of people maybe, or at least it should have had a review stage in the middle somewhere that would have looked at it in a different way. I don't know how that transpires into this particular business but what I'm saying is I know that there is nothing, there is that but there must be some middle ground.

Researcher: Could you tell me about a time when you've tried to behave entrepreneurially within this business?

Subject: The example I gave probably at the beginning where the regional X function, I managed that well we put it forward to centralise it because the other areas of the business didn't do it as well, we implemented it and made it happen. There are many contributing factors why that happened, it was the idea but also I think I was the right person to the job and I think it was my entrepreneurial skill sets that allowed me to see it and do it and actually deliver it and now it's working and it's happening.

Researcher: You touched on the key elements of that process, I think you said you had the idea, you put forward the case to your manager?

Subject: Yes, essentially I was doing it for the south-west and it was working very well, I had reservations about the way the other people performed and they were relying on me a lot for questions and answers and that sort of thing and at that point we were about to implement a new system that would have enabled us to do it so that was part of the process. Then we said we wanted to do it, we put it to the board and said we could do it, they let us do it and it happened, so it had buy in from the board and buy in from me and my manager and from the other regions to go along with it and it seemed to work. In fact it worked very well.

Researcher: When you say we put forward the case who was we?

Subject: Me and my manager.

Researcher: In the first instance was it yourself who came up with that idea or the two of you together?

Subject: I think the board always had it in the back of their mind to do it but I actively said that's what I wanted happen because I was tired of fixing the mistakes of the other people and I knew that the right way to do it was to put it under one central process where the knowledgebase could be put in one place. It was pushed forward and it was helpful that my manager was also implementing new system, we designed the system in such a way that it was set up for that process, so it was definite buy in from everyone. But equally it was my idea and then my manager also with the same vision that that needs to happen with the implementation of the new system and to tie the things in together. So that's that leading by example I had the idea because they had a similar idea.

Researcher: So having had the idea, what was the first thing that you did after you had the idea?

Subject: I think we just put together a plan of how we were going to do it.

Researcher: So you then went to him and discussed it?

Subject: We discussed a plan and then to get to the board and then agreed that that was the right thing to do, and then we thought about things like space requirements and those sorts of things all fell out of the back of it after we had had those group discussions. Speaking to the regions about what it meant for them and what they would like to see if it was happening...

Researcher: How does it make you feel when you are able to behave entrepreneurially?

Subject: Yes it's a sense of achievement I guess. You're proud of it when it's working because it's something you've put your name to, it does encourage you, and gives you the knowledge that you can achieve it and hopefully continue to do that in other forms.

Researcher: Does it impact on your behaviour?

Subject: Yes, like I said I currently now feel like I have autonomy whether it's misguided or not I don't know, but I feel I have ownership of that, what I created belongs to me and that fuels me to keep going I suppose. Arguably it has the reverse effect like we've talked about before of the I created it and I'm the only person that's going to make that work so let's leave me doing what I am doing, like we said before about the pigeonholing scenario, that's the only downside to it.

Researcher: If you were unable to behave entrepreneurially within the organisation, how that would that make you feel?

Subject: I probably wouldn't have been here so long. If I think about it I probably am being quite entrepreneurial and then sometimes probably not, it depends on the day, week, month or year. Through different parts of your career you could think you've done things in certain ways. It's a balancing act you can't be constantly all the time be looking for the change or something different, you sometimes have to gather and settle and get a job complete. I guess it's making sure you have the right tasks and deadlines and making sure you achieve them before you move onto the next thing.

Researcher: Let me take the specific example of a centralised your function, if in that scenario you had been unable to see that through and it had been halted or you had been prevented from pursuing that, would that impact on the way you feel or behave moving forwards?

Subject: I think it would only impact me on the way of why they wouldn't do it and understanding, I would need to know why, I would just need to know why, I would still push for that I would imagine or look at the next activity or the next way that we could improve things, or changing the reasons why we can't do it if we can. If it's a system thing can we get a new system in.

Researcher: Is knowing the reason why important how you'd feel?

Subject: I think so, I like to know the ins and outs of everything, but I think if you have an idea and you put it forward and your told no it's important to know the reasons why so you can learn from it and to know whether you had a misguided thought or it's a financial reasons or it's a timing issue. You need to know for your own sanity if what you are suggesting was a good idea and it just can't work for monetary reason or timing issue or if it was just the wrong thing and you are completely thinking the wrong way. Because then that would make you challenge if you are working for the right type of the people who are thinking the same way as you do or even if you are thinking the right way. Feedback is always important I think, understanding.

Researcher: If you weren't given that feedback that enabled you to have an understanding?

Subject: Frustration.

Researcher: Do you think it would have an impact on your behaviour as well as your emotional state?

Subject: I don't know, I guess it would have an affect on my behaviour in some way, it might inspire you to do something completely different, I just don't know.

Researcher: If you were advising this organisation, what else would you suggest that they could do to encourage entrepreneurial behaviour?

Subject: I guess may be some sort of forum that people can put their ideas forward from all areas of the business, I'm vaguely aware that there is something that happens, there used to be the management board which supposedly used to be the voice of all of us but that ended up being all of the senior managers that didn't at least pass it down our way but equally I'm confused about why I wasn't part of that board. From a personal perspective it's understanding my place within the business because I have a very fluid position within the business where sometimes I'm very key and influential and other times I seem to be missed of the memo as it were which is a frustrating thing. With regards to promoting entrepreneurial things, if there are things they want you to tackle its enabling the time to do it.

Appendix F: Example of interview summary from case 3

Interview details sheet

Information for participant: Thank you, aim of research, who I am and how I am funded, right to withdraw or not answer, outputs, confidentiality and anonymity, permission to record.

Code: C3 C19 MANOIS

Location: Board room

Date: 19 Jan 2016

Time: 3.10 PM

Setting (Room/Noise/Privacy etc):

Quite private

Interviewee job title/department: Procurement + Services Manager

Interviewee gender: M

Interviewee age: 31

Length of time interview has been employed by organisation: 8 years.

Attitude/Responsiveness of interviewee:

Positive, seemed to find it hard work.  
Open.

Misunderstood some questions.

Researcher's observations about how the interview went:

Hard to get him to answer some of the value questions as he didn't seem to grasp the question fully.

The interview was hard work but got there.

Researcher's initial reflection on themes/learning arising from the interview:

Pigeon holiz. is restrictive, when managers  
don't give opportunities. (Role ~~can't~~ Job control)?

Meaning - make improvements, identify / explain opportunities.

Value - significant positive

Mechanisms - giving authority / responsibility  
- encouraging verbally.

Role - authority / resources.

Documents referred to by participant:

JD?



## Appendix G: Examples of observation notes

### Observation – Case 1

Date: 14/09/2015

Time: 9:20am to 9:45am

Location: Meeting room

Present: MD (JS), Jim Smith, and about 10 members of staff (mainly managers)

#### **Immediate reflection**

Environment:

Quiet, table in the centre of the room, staff stood around the edge of the room facing the projector screen. MD stood in front and to the side of the screen and employees. Staff member sat at computer completing details on a spreadsheet relating to the meeting that is displayed on the screen.

Tone:

The meeting had quite a serious, formal tone initially, set by the MD. The staff appeared to be a little tense and quiet, although this may have been because it was first thing on a Monday. As the meeting progressed it became more relaxed at times (mainly when discussing things that had gone well or were of only minor concern), jokes were shared between staff and the MD from time to time and were instigated by both parties. It appeared that when negative issues were discussed these were focused/commented upon and dissected more than positive results, which were generally met with a brief thanks from the MD. However, potential means of resolving problems were either not discussed or only briefly touched upon in a general sense, e.g. we need to do something about that. Afterwards the MD told me that, “We like to do these things quickly, in and out”. The session was very much led by the MD who presented to employees and asked for them to feed in where he had queries or concerns or required information.

#### **Notes made during observation**

MD introduced me as Jim Smith, PhD student from University of Plymouth, “he’s spending some time with us, doing a social experiment on the caged animals”.

MD presented financial information, stated that factory cleanliness was important, ran through orders and asked staff for relevant information, and told staff about employee holidays for the week. The MD ran through which visitors were expected on site this week and asked staff if there were any others, staff informed MD of a couple of additional visitors.

(It appears to be mainly production staff in the room but it is hard to tell as they are all dressed quite similarly, only the MD is in a suit all others are in polo shirts and trousers. All male except one, and range in age from 20’s to 50’s/60’s)

MD mentioned training with XR Training (an external company), "...they have provided their report, which is very good, lots of plans for improving the business".

(MD went on to talk about maintenance at which point the room became more relaxed, staff and the MD shared a joke.)

Then MD went on to talk about sales. MD suggested a figure had been forgotten when employee mentioned it as an afterthought, the employee responded, "No, it was a Friday afternoon and done in a rush". MD responded, "Ok".

MD: "Orders were very good, we got one back from a competitor".

MD noted an example of untidiness when showing a customer around the factory which was "... embarrassing, we need everyone to be aware if work spaces are not clean we need to ask questions, customers look at this".

MD commenting on customer complaint, "...we didn't follow their instructions and got a scathing e-mail, it's a simple name change and the system fell apart, we need everyone to be aware, this is an ongoing issue with our main customer".

Manager response: "We're not sure why it's going wrong, we will manually put in the name".

MD: (Not pleased) "Ok..."

Manager: "...ongoing issues"

MD: "... but then gluing issues, disappointing"

MD: "If there's a shortage, why are we not flagging it?"

MD: "Can I suggest we sit down with the internal codes and check"

Manager: "We feel we physically checked but not receiving complaints until gluing is a problem".

MD: "Production jumped up, thank you" (No pause before moving on to focus on more negative issues).

MD: "New jobs?"

MD: (Joke lightened mood. Staff mainly provide information and explain issues/problems)

Manager: "Graphics are two behind and structural are 19 behind"

MD: "Got some catching up to do... That's your lot unless there's anything else".

Manager: "We have a customer visit from X which is very important".

MD: "Make sure your work areas are tidy".

Case 2:

22 Jun  
10 am

Contractor Presentation

CEO

~~CEO~~  
Approx 50  
people  
part  
managers +  
employees

SB

Final results presented

Strategy presented.

(Positive tone)

Project may be at risk but  
other options.

(Update focused on business projects/<sup>information</sup> projects)

(Staff listening quietly, seem interested)

Want to continue to grow the global business.

Lighting industry need to differentiate so  
our product is being very good for them  
to do that.

Highly potential and we are a threat.

Want to generate £130m sales and boost  
the volume.

(Clear link between activities and long term strategy)

Get FX on funding available over next 2/3 years.

Plenty of work to do that.

No lack of work to achieve our strategic intent.

Readjust of products is what we need

2016 objectives -  
- Supply  
- bookings  
- order growth

Need to be engaging with customers, immediate response so need supply.

Not happy needed to do harder now it be there in past.

Not happy, I'm looking further and Mike <sup>will be</sup> looking you

Get supply what others to get orders.

Sense of urgency today.

Need to do this before ship.

Key moments

Walked through process of <sup>finding</sup> ~~making~~ values

or

1. Ideals innovation

We had to help voters see why we as  
provide proposal / make case.

Gave example of new product and value  
it adds.

Substantiated growth strategy - Q1 surplus  
Q2 sales  
Q3 products

All <sup>in</sup> part of PPS if you weren't linked to it  
come to me.

All <sup>low my objectives are aligned to</sup>  
strategies

Case 2:

Observation form

Nature of observation (Meeting or general): PROJECT REVIEW MEETING (WEDNES)

Location: Boardroom (C2)

Date: 27/01/2016

Time: 2 PM - 3:40 PM

People present:

led by Ms (Director?)  
plus others and one over phone

Environment/Surroundings:

Comfortable meeting room  
Approx 12 chairs around board table  
Computer + projector at front

General tone:

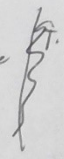
friendly, light <sup>hearted</sup> ~~hearted~~ one meeting

Freshly and prepared throughout

Constructive discussion, people share ideas to help and others appear receptive.

Appears to be high level of confidence and trust.

Researcher comments	Visual information	Dialogue
More serious tone, professional	Spreadsheet displayed on projector	<p>1/ leader</p> <p>1 - Have we got any board from X?</p> <p>2 - We're just meeting on data.</p> <p>1 - Sure when</p> <p>2 - Just need need.</p> <p>1. - Sure today?</p> <p>2. - Yes with SBS</p> <p>1. - so think done</p> <p>2. - Yes</p>

<p>Light tentat, shiny</p>		<ol style="list-style-type: none"> <li>1. Next one</li> <li>2. 16th Feb</li> <li>3. Voluntas day?</li> <li>4. Will go together (laughed)</li> </ol>
<p>Technical down what progress</p>		<ol style="list-style-type: none"> <li>1. Next one?</li> <li>2. Yes predicted what it will be up 50% </li> <li>2. Right ok.</li> <li>1. <del>How</del> putting others in place</li> </ol>
<p>More lighter shiny</p>		<ol style="list-style-type: none"> <li>1. Have you go through that?</li> <li>2. Yes had a sketch, <del>your</del> cross section do</li> </ol>
<p>Regulatory product development</p>		<ol style="list-style-type: none"> <li>1. So waiting for report?</li> <li>3. Not sure he has anything to do.</li> <li>4. Think wires wrong. Possibly you can see bond line and phasing. Some areas silver not thick enough. X going to den then up Also find unidentified layer between X and Y. Watch aging some appear then bright.</li> </ol>
<p>Design/ Collaboration Something not gone to plan So all constructively contributing to <del>state</del></p>		<ol style="list-style-type: none"> <li>4. Sounds like it</li> <li>3. No we read more X?</li> <li>4. Yes perfect</li> </ol>

Design  
Lots of design  
~~the~~ This way consistent

<p>Other / lighter lighter.</p> <p>2. Reports progress on project</p>		<p>1. Start <sup>X</sup> then <sup>Y</sup> as so then Y or go to back.</p> <p>2. Am I still buying?</p>
<p>Lots of technical jargon CR1</p>		<p>2. Prep</p> <p>1. When with product given be due</p> <p>2. X is doing <sup>we want it</sup> <del>this</del> at the need to plan -</p> <p>1. So when due?</p> <p>2. Two weeks -</p> <p>3. Yes but X needs to do training as well.</p>
<p>Constructive down Everyone seems confident about contribution</p>		<p>2. What to know what you want for the next build, just need to get those inputs -</p> <p>5. We probably want to get X in there building 80 but need 70 or too wide.</p> <p>3. When say 70-80 you mean X?</p> <p>4. Yes, before that we were doing, the date sheet is the thing and the X is ... otherwise the picture will be affected.</p> <p>1. Do we have what quality we need?</p> <p>2. We do CB know</p> <p>1. Oh well take it away is a work point.</p>



New supplier	Very detailed slides	6. We are sitting on site. 1. Good.
Gentle questioning / challenges		1. I'll send it on to the X team 2. Yes I sent it to Y but do send to X too.
Constructive / Collaborative		1. Oh 2. Problem 70cc cylinders to handle phosphorus load. It is a bit big, could they decrease 30. 3. So with set up the minimum showing is 300 30cc. 2. Yes that's the main thing put in 3. Sounds good - it will be good to get data if you can. 3. Take the you want me to go through dependant? 4. Lots of sitting of loads. We trust your judgment. (Mouse pressed road table) 3. Thought it was gonna readable for a minute? 5. Am the mouse.
Supportive		
No pressure.		
Trust		
Light hearted joking		

Process/Product  
review +  
improvement

Discussion  
Setting out  
why is  
well as  
helped,  
questioned  
and challenged  
but in  
constructive  
manner.

But more  
serious tone

Diverse involvement  
in down not  
clear leader,  
leader is  
judging where  
necessary  
but not  
too tightly.

1. Have we had a look at gate?

2. No. Let's talk so

1. It will be a long a look.

3. Have we not passed gate 2?

1. No

3. Process not from?

1. No

4. Need to hit X before that.

1. So what are you controlling on?

4. F8

2. I've been playing and suddenly people get  
X on track and it's not. Safety measures

4. Let's see what happens with from  
process. My expectation will improve.

5. That from lane height will improve  
but not F. It's different.

4. Early days. Not going to change process  
on whom. Either identify source of  
change or whether process is ok.

1. When expect X and Y not?

4. Tomorrow

1. Ok.

app compl → app assess  
/

<p>Sharing ideas / concepts</p> <p>Positive or neutral</p> <p>Language no negative language toward each other even when saying not working</p> <p><del>Productivity</del></p> <p>General ideas questioning / drawing what did do better</p> <p>very positive constructive tone</p> <p>bring information</p>		<p>7. Close to bubble-run worst process. Not working as well as we'd like so need to improve that.</p> <p>5. Yes do.</p> <p>5. How many widgets do we need to 4. A few so what do X instead</p>
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Case 4:

Observation form

Nature of observation (Meeting or general): *Meeting*

Location: *Training room*

Date: *06/06/16*

Time: *12.00pm*

People present:

*About 20 employees from factory and 2 execs*

Environment/Surroundings:

*(Lots of banter, quite relaxed and informal.)*

General tone:

Researcher comments	Visual information	Dialogue
<p><i>Chronic language</i></p> <p><i>Some quiet row exec priority.</i></p>		<p><i>Exec 1 - 9 topics today.</i></p> <p><i>April sales £1m and May same. Below budget not making up losses.</i></p> <p><i>Appreciate anyone working hard. Need to be as effective and efficient as possible.</i></p> <p><i>Accounts show turnover £12.7m, 10% profit.</i></p> <p><i>Very tight, essential we look to improve.</i></p>

Exec - healthy workplace,  
with arranged  
please let healthy workplace  
person know. Also  
give aside competition.  
like to get off the  
ground.

know local agencies want  
to take you on.

NMS looking for the  
provision of health  
checks. Always  
with interest.

Exec - may get done to  
get involved in raft  
race in local festival,  
and everyone can enjoy  
beer tent.

Exec - Holidays, few people  
have half entitlement  
not yet booked  
so please make  
sure you use  
holidays. Please make  
sure you both.

Exec - Team IT bought  
together to focus on they  
issues, meet regularly  
and report.

Three projects implemented  
they will look for the  
things - too any feel  
quite good.

Exec - Employee self service  
Training and sites have been  
provided.

Change our help, building  
and know who is having  
time off.

Exec - Markets sending out  
survey to be completed  
by end of month.

Exec - Markets migration forms.  
Have analyzed and  
collected planential  
feedback from briefings  
in April. Three

things - work installation,  
issues around paper,

Team IT working on these  
things.

Very  
positive  
tone  
of  
communication

We do need you to register  
form. May be it  
goes into black hole  
but we do look. Projects  
will take time but  
we are very interested  
in if there is ~~anything~~  
another way we can  
feedback to you.

Exec - Canon visit, thank  
you for today place  
look superb.

Visited floor in  
by Canon.

Only visiting one  
printer in Europe  
and we were  
selected.

They were very  
surprised and  
impressed.

They have 100.  
Market is so difficult.  
Pleased to learn from  
us.

<p>Transparent leadership</p> <p>Leaders give clear open explanation and answer to question.</p> <p>Employees feel a challenge.</p>	<p>Sab round table in large room pleasant bright room.</p>	<p>Think you to engage. Will give up floor to questions or comments.</p> <p>Employee 1 - Ask about profits are up from last year; we are 10% after others 4% is that kind of work of quality in or problems or factors?</p> <p>Esse 2 - Not enough sales, some sales problem. Budget not worked, made cost savings already. Competitors are started products and fast turnaround.</p>
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		<p>Need to strengthen relationships with clients - at right level and respond with quality and service eng-time and that's what engine here can do.</p> <p>Employee 2 - Any progress about getting our own printers a lot of our work is for small first time authors, we could be organizing?</p> <p>Exec 2 - We are 52% so don't have revenue but one of our clients is passionate with self-publishing authors. We could partner with them.</p> <p>Also digital side are doing that a bit.</p>
<p>Share ideas and suggest give feedback</p>		<p>Group about or steering info?</p> <p>ENV ↓ Apr 10?</p>

Positive  
Language.  
Full  
Explanation

You're right we need  
to do more of that.

Also we are doing  
activities. Usually we  
talk to product office.

Now saying about price  
do you need to  
improve that book.

Why say we are competing.

Doing a lot of changing  
on how we sell ourselves.

Employee 4 - Anyway we  
could boost our  
turn around?

Exec 2 - Yes we can  
but need to  
be a slow dge.

If did tomorrow

48 hour turnaround would  
be done.

What else activities.

Need formal  
procedure  
for  
important  
ideas ~~assess~~.

Transparency  
in idea  
suggestion is  
important.

Employees  
are.

Challenge  
from leaders  
and  
employees.

Manages exper-  
mental decisions.

Worth it at service one.  
Why not service another?

Employee - Being outside of product  
even seems more important  
than the inside.

Exec? - We need to understand  
what we are looking to improve  
efficiency.

Employee - Don't get the sense of  
the need for ~~improvement~~.  
Lack of experience?

Exec? - Absolutely. In any  
job I know where you  
lead in innovation and  
I want everyone to be  
accountable for what they  
do.

I do understand frustration.  
Why do we keep large print  
books? How many times do  
they ask for more?

Employee - Very much.

<p>2 way open communication</p>		<p>We lose a lot of time proofing. Why not edge reactivity. If you want proofs to 5 days from last comments.</p>
<p>Efficiency focus.</p> <p>Everyone listening engaged</p>		<p>That will help flow. Also look at better work.</p> <p>Because have sales issue difficult to plan about &amp; working in.</p>
<p>Employee collaborating</p>		<p>Exec 1 - Agree else?</p> <p>Employee - In national efficiency agree x not row diet. So low wage run out of board. Smelly strategists wrong.</p>

<p>Foundation.</p>		<p>Exec 2. - We have stocks of board but never have the right one at right time.</p> <p>Employee 5 - That's my point.</p> <p>Exec - Need to use up stock. Have to use old stock first before buying out stock we need.</p> <p>Employee 6 - So why are they bought?</p> <p>Exec - I don't know need to look in. 22 pallets of board I've brought in that have saved you money.</p> <p>If we can use that board then not having to use cash.</p>
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Employee 6 - Can't  
you send back?

Exec 2 - Only get 10%  
of value.

Employee 6 - So we we  
be sure of not board  
after used that.

Exec 2 - I can get board  
might need along  
in 4-8 hours.

Employee 6 - Time it takes  
to not I do 4  
the company takes  
into account.

Exec 2 - We certainly  
do. Makes sense  
to get not board  
but can never get  
anything in with  
still be sure board,  
that need to be at.

<p>Employees challenging Managers open to challenge.</p>		<p>Employee 4 - What then be more likely to be out? Exec 2 - Short term yes. But yes you're right I have a job to challenge people bringing board often someone taken up in process not thought that it I will deal with that.</p>
<p>Very open, frank, communicative Two ways. Sharing them.</p>		<p>I've seen which is open the less valuable the complex paper for pushing. Not high on my agenda as that on time but unless we cry.</p>

Employee 7 - Strick wrapping  
might be a better  
way. Save time.

Exec 2 - Yes could perhaps look  
at that.

Employee 7 - Used to strick wrap  
for X ester but then  
told can't.

Employee 4 - What was last month's  
made profits?

Exec 1 - April.

Exec 2 - Don't take anything  
as bad news.

Industry changing,  
we need to  
change, or it  
hasn't been done.

How can  
policy police  
U cut down.

I have to  
take what  
from you,  
a way  
to track,  
not sure going  
any further.

Employee 4 - I know people feel  
in industry against farmers.  
What's the pt?

Exec 2 - Is that because not getting  
feedback.

Employee 4 - I'm looking for  
with some  
giving it to people who



Appendix H: Examples of documentary evidence

Case 1:

<b>Job Title:</b>	<b>Account Manager</b>
<b>Reports to:</b>	<b>Sales Director</b>
<b>Employee Responsibilities:</b>	<b>n/a</b>
<b>Main Purpose of Job:</b>	
Responsible for the day to day management of existing customer accounts and the attainment of new business, to maximise profit, achieve revenue goals, and ensure customer satisfaction.	
<b>Main Responsibilities:</b>	
<ol style="list-style-type: none"><li>1. Act as the first point of contact for the customer, providing an effective, timely and professional service and resolving issues promptly to maximise customer retention.</li><li>2. Build and maintain strong customer relationships, developing an in-depth knowledge of the customer's business and sector in which they operate to seek opportunities to grow the account.</li><li>3. Act as an effective ambassador for The Company in our business and stakeholder communities to continuously raise awareness about the company's products and offering.</li><li>4. Maintain strong working relationships throughout the company to ensure all customer projects are handled effectively, maximising customer satisfaction and profit.</li><li>5. Negotiate and gain approval from existing or new customers for all projects and ensure that work is carried out to these agreements internally.</li><li>6. Research and identify appropriate potential new customers for The Company to drive business growth.</li><li>7. Deliver credible and professional sales pitches through cold calling, meetings and email campaigns to develop a pipeline of potential new customers.</li><li>8. Working in collaboration with colleagues across the business, prepare for and attend trade shows to increase awareness of the company's offering and generate new business.</li></ol>	

9. With the assistance of the design and commercial team, develop innovative customer solutions (financial or design) using the company's full product offering.
10. Mentor new employees, sharing your knowledge, to enable them to develop and build upon their understanding of the business and personal skills.
11. Prepare estimates and assist with tenders for new business to attract and attain new customers.
12. Think proactively on behalf of The Company, maintaining an awareness of industry progression and standards to provide fresh ideas and innovations for the company.
13. Complete relevant administration, including effectively maintaining records and assisting with the creation of sales orders, where required, to ensure the administrative processes operates smoothly.
14. Effectively maintain personal administration (expense forms etc) and ensure all company equipment (i.e. Mobile Phone, Laptop, Sat Nav) is kept securely and compliant with the relevant software.
15. Carry out customer and competitor surveys / analysis and produce reports accordingly to inform marketing initiatives and increase customer satisfaction.
16. Take on any other responsibilities or tasks that are within your skills and abilities whenever reasonably asked.

**Knowledge, skills and experience required:**

**Essential**

- Possess a full clean UK driving licence and be willing to travel throughout the UK
- Demonstrable sales and/or account management experience
- Proficient with Microsoft Outlook, Excel and Word
- Good communication skills in written and spoken English
- Experience of working and performing in a high pressured environment

**Desirable**

- Experience of working within the packaging industry
- Experience of developing new business opportunities and managing the sales process from start to finish

**Competencies:**

Business Acumen

Knows how businesses work; demonstrates judgement, insight and in-depth knowledge of industry/markets, competition, products and key trends.

#### Drive for Results

Demonstrates concern for achieving or surpassing results against an internal or external standard of excellence; can be counted on to exceed goals successfully; is constantly and consistently one of the top performers; steadfastly pushes self and others for results.

#### Initiative

Does more than is required or expected in the job; does things that no one has requested that will improve or enhance products and services, avoid problems, or develop entrepreneurial opportunities; plans ahead for upcoming problems or opportunities and takes appropriate action.

#### Innovation

Applies original thinking in approach to job responsibilities and to improve processes, methods, systems, or services; identifies novel approaches for completing projects more effectively or efficiently and works within the "established" system to push for "a better way." Reviews, selects and disseminates information regarding key technologies, best practices, and tools to others in the company; tries new approaches when problem solving, seeking ideas, or suggestions from others as appropriate.

#### Professionalism

Thinks carefully about the likely effects on others of one's words, actions, appearance, and mode of behaviour; selects the words or actions most likely to have the desired effect on the individual or group in question.

#### Balance

Is cool under pressure; is considered mature; can be counted on to hold things together during tough times; can handle stress; is not knocked off balance by the unexpected.

#### Customer Focus

Is dedicated to meeting the expectations and requirements of internal and external customers; gets first-hand customer information and uses it for improvements in products and services; acts with customers in mind; establishes and maintains effective relationships with customers and gains their trust and respect.

#### Sense of fun

<p>Enjoys the challenge of the assignment and the sense of accomplishment from doing it. Has fun at work.</p> <p><u>Open Communication</u></p> <p>Creates an atmosphere in which timely and high-quality information flows smoothly up and down, inside and outside of the company; encourages open expression of ideas and opinions.</p> <p><u>Negotiation</u></p> <p>Explores positions and alternatives to reach outcomes that gain acceptance of all parties.</p>
<p><b>Key Contacts:</b></p> <p><b>Internal: Managing Director, Sales Director, Design Team</b></p> <p><b>External: Customers</b></p>
<p><b>Prepared by:</b></p> <p>Name:</p> <p>Date: 30 June 2012</p> <p>Signature:</p>

Case 1:

<b>Job Title:</b>	<b>Forklift Driver</b>
<b>Reports to:</b>	<b>Operations Director</b>
<b>Employee Responsibilities:</b>	<b>N/A</b>
<b>Main Purpose of Job:</b>	

Operate forklift vehicles in line with safety regulations to load and unload goods to and from the warehouse and to company delivery vehicles.

**Main responsibilities:**

1. Safely unload deliveries to the warehouse and check the accuracy of arrivals against delivery lists.
2. Inspect the quality of goods prior to removal from the pallet line, returning faulty goods to Production, to maintain the company's reputation for quality.
3. Safely load customer orders to trucks and vehicles in line with delivery records to ensure an efficient order fulfilment procedure.
4. Maintain storage areas in a safe and tidy manner to ensure the smooth running of operations.
5. Comply with all health and safety regulations, including wearing a seat belt and personal protective equipment without exception, to ensure a safe working environment.
6. Ensure that high standards of hygiene and housekeeping are maintained using a 'clean as you go' policy to maintain efficient loading and unloading processes.
7. Use the company system (FLT) to record daily inspections and faults and follow all procedures to ensure the smooth running of the warehouse.
8. Report any faults, accidents or incidents immediately to the appropriate manager to ensure safety and quality.
9. Record information on loading sheets to provide the source of data for the raising of delivery notes.
10. Maintain the flow of raw material from the delivery vehicle to the machines, ensuring all documentation is passed through to the scheduler.
11. Maintain the flow of finished goods from the machines through to the finished goods area to ensure the operation of efficient processes.
12. Take on any other responsibilities or tasks that are within the post's remit whenever reasonably asked.

**Knowledge, skills and experience required:**

**Essential**

- Forklift driver's licence
- Experience of loading and offloading goods
- Experience handling stock and stocktaking
- Ability to handle heavy goods safely
- Experience working in a busy warehouse

**Desirable**

- Relevant experience within the packaging or similar industry

**Competencies:**

Attention to detail

Thoroughness in accomplishing a task through concern for all the areas involved, no matter how small. Monitors and checks work or information and plans and organises time and resources efficiently.

Collaboration

Develops cooperation and teamwork while participating in a group, working toward solutions which generally benefit all involved parties.

Quality

Produces results or provides services that meets or exceeds company standards.

Reliability

Demonstrates a high level of dependability in all aspects of the job.

Risk management

Performs job in a manner that minimises hazards to oneself, others and the environment. Maintains a physical work environment that contributes to the wellbeing of others.

Verbal and written communication

Effectively transfers thoughts and expresses ideas in writing or verbally in individual or group situations.

Caring

Demonstrates responsibility for the image and effectiveness of the company.

Adaptability

Changes behavioural style or method of approach when necessary to achieve a goal; responds to change with a positive attitude, willing to learn new ways to accomplish work activities and objectives.

**Key Contacts:**

**Internal:** Operations Manager, Transport Manager, Drivers, Production Supervisors,  
Boxshop Manager

**External:** Transport Provider

**Prepared by:**

Name:

Date:

Signature:

**Owner, CEO and HR interview guide**

1. What is the overall aim and purpose of this organisation?
  - a. Probe: How have you identified this aim and purpose?
  - b. Probe: What advantages does this organisation have over its competitors?
  - c. Probe: How does this organisation maintain its advantage over competitors?
  - d. Probe: What is the continued success of this organisation based upon and why?
  - e. Probe: What resources are most important for the continued success of this organisation?
  
2. How would you describe your role and responsibilities as the owner/CEO (or HRM specialist) within this organisation?
  - a. Probe: What is the overall aim and purpose of your role?
  - b. Probe: How are the aims, purpose and responsibilities of your role communicated to you?
  - c. Probe: Are there any other factors from within or outside this organisation that shape how you view your role and responsibilities?
  - d. Probe: What characteristics, behaviours and activities are of most value to the performance of your role?
  - e. Probe: Why have you identified these characteristics, behaviours and activities as being of most value to the performance of your role?
  - f. Probe: What characteristics, behaviours and activities are of least value to the performance of your role?
  - g. Probe: Why have you identified these characteristics, behaviours and activities as being of least value to your role?
  
3. How would you describe the role and responsibilities of managers within this organisation?
  - a. Probe: What characteristics, behaviours and activities is it most valuable to this organisation for managers to display or undertake?
  - b. Probe: Why have you identified these characteristics, behaviours and activities?
  - c. Probe: Can you give me some examples of how you encourage managers to display such characteristics and behaviours, or undertake these activities?
  - d. Probe: What characteristics, behaviours and activities is it least valuable to this organisation for managers to display or undertake?
  - e. Probe: Why have you identified these characteristics, behaviours and activities?



- f. Probe: Can you give me some examples of how you discourage managers from displaying such characteristics or behaviours, or undertaking these activities?
  - g. Probe: How would you describe the role and responsibilities of the HR specialist/team (or CEO/Owner) in this organisation and how does it differ from that of other managers?
4. How would you describe the role and responsibilities of non-managerial employees within this organisation?
- a. Probe: What characteristics, behaviours and activities is it most valuable to this organisation for non-managerial employees to display or undertake?
  - b. Probe: Why have you identified these characteristics, behaviours and activities?
  - c. Probe: Can you give me some examples of how you encourage non-managerial employees to display such characteristics and behaviours, or undertake these activities?
  - d. Probe: What characteristics, behaviours and activities is it least valuable to this organisation for non-managerial employees to display or undertake?
  - e. Probe: Why have you identified these characteristics, behaviours and activities?
  - f. Probe: Can you give me some examples of how you discourage non-managerial employees from displaying such characteristics or behaviours, or undertaking these activities?
5. In general, what characteristics, behaviours or activities do you associate with being an entrepreneur or the act of entrepreneurship?
- a. Probe: How have you developed this understanding of entrepreneurship?
  - b. Probe: Within this organisation specifically, how would you define entrepreneurship and what it means to be an entrepreneur?
  - c. Probe: Where does your understanding of what it means to be an entrepreneur or act entrepreneurially within this organisation come from?
  - d. Probe: To what extent is entrepreneurship valuable to this organisation and why?
6. Within this organisation whose role is it to be entrepreneurial?
- a. Probe: Why do you think this?
  - b. Probe: What do you do to encourage other individuals within this organisation to behave entrepreneurially at work or to discourage them from doing so?
  - c. Probe: Why do you encourage other individuals to behave entrepreneurially or discourage them from doing so?
  - d. Probe: What do other individuals within this organisation do that encourages you to behave entrepreneurially at work or discourages you from doing so?
  - e. Probe: Is there anything else that encourages, discourages or prevents you from behaving entrepreneurially in this organisation?

7. To what extent do you have the desire and opportunity to behave entrepreneurially in your role?
  - a. Probe: Why is this?
  - b. Probe: To what extent do you think managers, the HR specialist/team and employees would like to behave entrepreneurially?
  - c. Probe: To what extent do you want managers, the HR specialist/team and employees to behave entrepreneurially
  
8. Can you tell me about a time when a manager or non-managerial employee of this organisation has acted entrepreneurially?
  - a. Probe: What should a manager or employee do if they identify an opportunity for a new product or service that the business could offer and why?
  - b. Probe: If a manager or an employee has an idea for how a business process or system could be improved, then what should they do and why?
  - c. Probe: What should a manager or an employee do if they identify a new market that the business could operate in and why?
  - d. Probe: If a manager or an employee identify a new strategy that the organisation could adopt, what should they do and why?
  - e. Probe: Within this organisation whose role is it to take risks and be proactive, creative or innovative?
  - f. Probe: If you were advising this organisation, what else would you suggest could be done to manage levels of entrepreneurial behaviour?

## **Manager interview guide**

1. What is the overall aim and purpose of this organisation?
  - a. Probe: How have you identified this aim and purpose?
  - b. Probe: What advantages does this organisation have over its competitors?
  - c. Probe: How does this organisation maintain its advantage over competitors?
  - d. Probe: What is the continued success of this organisation based upon and why?
  - e. Probe: What resources are most important for the continued success of this organisation?
  
2. How would you describe your role and responsibilities as a manager within this organisation?
  - a. Probe: What is the overall aim and purpose of your role as a manager?
  - b. Probe: How are the aims, purpose and responsibilities of your role communicated to you?
  - c. Probe: Are there any other factors from within or outside this organisation that shape how you view your role and responsibilities?
  - d. Probe: What characteristics, behaviours and activities are of most value to the performance of your role as a manager?
  - e. Probe: Why have you identified these characteristics, behaviours and activities as being of most value to the performance of your role?
  - f. Probe: What characteristics, behaviours and activities are of least value to the performance of your role as a manager?
  - g. Probe: Why have you identified these characteristics, behaviours and activities as being of least value to your role?
  - h. Probe: How would you describe the role and responsibilities of the Owner/CEO and how does it differ from that of other managers?
  - i. Probe: How would you describe the role and responsibilities of the HR specialist/team in this organisation and how does it differ from that of other managers?
  
3. How would you describe the role and responsibilities of non-managerial employees within this organisation?
  - a. Probe: What characteristics, behaviours and activities is it most valuable to this organisation for non-managerial employees to display or undertake?
  - b. Probe: Why have you identified these characteristics, behaviours and activities?
  - c. Probe: Can you give me some examples of how you encourage non-managerial employees to display such characteristics and behaviours, or undertake these activities?

- d. Probe: What characteristics, behaviours and activities is it least valuable to this organisation for non-managerial employees to display or undertake?
  - e. Probe: Why have you identified these characteristics, behaviours and activities?
  - f. Probe: Can you give me some examples of how you discourage non-managerial employees from displaying such characteristics or behaviours, or undertaking these activities?
4. In general, what characteristics, behaviours or activities do you associate with being an entrepreneur or the act of entrepreneurship?
- a. Probe: How have you developed this understanding of entrepreneurship?
  - b. Probe: Within this organisation specifically, how would you define entrepreneurship and what it means to be an entrepreneur?
  - c. Probe: Where does your understanding of what it means to be an entrepreneur or act entrepreneurially within this organisation come from?
  - d. Probe: To what extent is entrepreneurship valuable to this organisation and why?
5. Within this organisation whose role is it to be entrepreneurial?
- a. Probe: Why do you think this?
  - b. Probe: What do you do to encourage other individuals within this organisation to behave entrepreneurially at work or to discourage them from doing so?
  - c. Probe: Why do you encourage other individuals to behave entrepreneurially or discourage them from doing so?
  - d. Probe: What do other individuals within this organisation do that encourages you to behave entrepreneurially at work or discourages you from doing so?
  - e. Probe: Is there anything else that encourages, discourages or prevents you from behaving entrepreneurially in this organisation?
6. To what extent do you have the desire and opportunity to behave entrepreneurially in your role?
- a. Probe: Why is this?
  - b. Probe: To what extent do you think the owner/CEO, the HR specialist/team and non-managerial employees would like you to behave entrepreneurially?
  - c. Probe: How does it make you feel when you are able to fulfil your desire to behave entrepreneurially and does this affect your behaviour?
  - d. Probe: How does it make you feel when you are unable to fulfil your desire to behave entrepreneurially and does this affect your behaviour?
7. Can you tell me about a time when a manager or non-managerial employee of this organisation has acted entrepreneurially?

- a. Probe: What should a manager or employee do if they identify an opportunity for a new product or service that the business could offer and why?
- b. Probe: If a manager or an employee has an idea for how a business process or system could be improved, then what should they do and why?
- c. Probe: What should a manager or an employee do if they identify a new market that the business could operate in and why?
- d. Probe: If a manager or an employee identify a new strategy that the organisation could adopt, what should they do and why?
- e. Probe: Within this organisation whose role is it to take risks and be proactive, creative or innovative?
- f. Probe: If you were advising this organisation, what else would you suggest could be done to manage levels of entrepreneurial behaviour?

## **Employee interview guide**

1. What is the overall aim and purpose of this organisation?
  - a. Probe: How have you identified this aim and purpose?
  - b. Probe: What advantages does this organisation have over its competitors?
  - c. Probe: How does this organisation maintain its advantage over competitors?
  - d. Probe: What is the continued success of this organisation based upon and why?
  - e. Probe: What resources are most important for the continued success of this organisation?
  
2. How would you describe your role and responsibilities as an employee within this organisation?
  - a. Probe: What is the overall aim and purpose of your role?
  - b. Probe: How are the aims, purpose and responsibilities of your role communicated to you?
  - c. Probe: Are there any other factors from within or outside this organisation that shape how you view your role and responsibilities?
  - d. Probe: What characteristics, behaviours and activities are of most value to the performance of your role?
  - e. Probe: Why have you identified these characteristics, behaviours and activities as being of most value to the performance of your role?
  - f. Probe: What characteristics, behaviours and activities are of least value to the performance of your role?
  - g. Probe: Why have you identified these characteristics, behaviours and activities as being of least value to your role?
  
3. How would you describe the role and responsibilities of managers within this organisation?
  - a. Probe: What characteristics, behaviours and activities is it most valuable to this organisation for managers to display or undertake?
  - b. Probe: Why have you identified these characteristics, behaviours and activities?
  - c. Probe: What characteristics, behaviours and activities is it least valuable to this organisation for managers to display or undertake?
  - d. Probe: Why have you identified these characteristics, behaviours and activities?
  - e. Probe: What is the role of the owner/chief executive/managing director in this organisation and how does it differ from that of other managers?
  - f. Probe: What is the role of the HR specialist/team in this organisation and how does it differ from that of other managers?

4. In general, what characteristics, behaviours or activities do you associate with being an entrepreneur or the act of entrepreneurship?
  - a. Probe: How have you developed this understanding of entrepreneurship?
  - b. Probe: Within this organisation specifically, how would you define entrepreneurship and what it means to be an entrepreneur?
  - c. Probe: Where does your understanding of what it means to be an entrepreneur or act entrepreneurially within this organisation come from?
  - d. Probe: To what extent is entrepreneurship valuable to this organisation and why?
  
5. Within this organisation whose role is it to be entrepreneurial?
  - a. Probe: Why do you think this?
  - b. Probe: What do you do to encourage other individuals within this organisation to behave entrepreneurially at work or to discourage them from doing so?
  - c. Probe: Why do you encourage other individuals to behave entrepreneurially or discourage them from doing so?
  - d. Probe: What do other individuals within this organisation do that encourages you to behave entrepreneurially at work or discourages you from doing so?
  - e. Probe: Is there anything else that encourages, discourages or prevents you from behaving entrepreneurially in this organisation?
  
6. To what extent do you have the desire and opportunity to behave entrepreneurially in your role?
  - a. Probe: Why is this?
  - b. Probe: To what extent do you think the owner/CEO, managers, and the HR specialist/team would like you to behave entrepreneurially?
  - c. Probe: How does it make you feel when you are able to fulfil your desire to behave entrepreneurially and does this affect your behaviour?
  - d. Probe: How does it make you feel when you are unable to fulfil your desire to behave entrepreneurially and does this affect your behaviour?
  
7. Can you tell me about a time when you have acted entrepreneurially within this organisation?
  - a. Probe: What should a manager or employee do if they identify an opportunity for a new product or service that the business could offer and why?
  - b. Probe: If a manager or an employee has an idea for how a business process or system could be improved, then what should they do and why?
  - c. Probe: What should a manager or an employee do if they identify a new market that the business could operate in and why?
  - d. Probe: If a manager or an employee identify a new strategy that the organisation could adopt, what should they do and why?

- e. Probe: Within this organisation whose role is it to take risks and be proactive, creative or innovative?
- f. Probe: If you were advising this organisation, what else would you suggest could be done to manage levels of entrepreneurial behaviour?



**Consolidated interview guide**

1. What is the overall aim or strategy of this organisation?
  - a. How has that aim or strategy been communicated to you?
  - b. How would you describe how HR or people management works in this organisation?
  - c. Who is responsible for dealing with HR or people management issues in this organisation?
  
2. Within this organisation specifically, how do you think entrepreneurship would be defined?
  - a. What characteristics, behaviours or activities would someone working in this organisation need to engage in for them to be considered entrepreneurial?
  - b. Where does your understanding of what entrepreneurship means within this organisation come from?
  - c. How has the meaning of entrepreneurship within this organisation been communicated to you?
  
3. To what extent is entrepreneurship valuable to this organisation?
  - a. Why is entrepreneurship valuable/not valuable to this organisation?
  - b. What indicates to you that entrepreneurship is/is not valuable to this organisation?
  - c. Given that you believe that entrepreneurship is/isn't valuable to this organisation, how does that affect the way you feel or behave?
  - d. In what circumstances would entrepreneurship be/not be valuable to this organisation?
  - e. Why would entrepreneurship be/not be valuable to this organisation in those circumstances?
  - f. What would indicate to you that entrepreneurship was/was not valuable to this organisation?
  - g. If you thought that entrepreneurship was/was not valuable to this organisation, how would that affect the way you feel or behave?
  
4. To what extent is entrepreneurship part of your role within this organisation?
  - a. Why is entrepreneurship part of your role?
  - b. How has it been communicated to you that entrepreneurship is part of your role?
  - c. To what extent is it part of your role to identify new products or services that the organisation could offer?
  - d. To what extent is it part of your role to identify new strategies or plans for the future goals of the organisation?
  - e. To what extent is it part of your role to identify the need for new business units, departments or subsidiaries to be created?

- f. To what extent is it part of your role to identify improvements to the processes that your team or department uses?
  - g. To what extent is it part of your role to identify improvements to the processes that other departments or teams use?
5. To what extent is influencing or managing the entrepreneurial behaviour of other people in this organisation a part of your role?
- a. Why is influencing or managing the entrepreneurial behaviour of other people part of your role?
  - b. What do you do to encourage or enable other individuals to behave entrepreneurially in this organisation?
  - c. How were those measures or actions intended to encourage or enable other individuals to behave entrepreneurially?
  - d. What do you do to discourage or inhibit other individuals from behaving entrepreneurially in this organisation?
  - e. How were those measures or actions intended to discourage or inhibit other individuals from behaving entrepreneurially?
  - f. Why would you encourage or enable someone in this organisation to engage in entrepreneurial behaviour?
  - g. Why would you discourage or inhibit someone in this organisation from engaging in entrepreneurial behaviour?
6. What do your manager and other senior managers' do that encourages or enables you to behave entrepreneurially?
- a. What do your manager and/or other senior managers' do that discourages or inhibits you from behaving entrepreneurially?
  - b. What do your colleagues or members of your team do that encourages or enables you to behave entrepreneurially?
  - c. What do your colleagues or members of your team do that discourages or inhibits you from behaving entrepreneurially?
  - d. What policies or practices encourage or enable you to behave entrepreneurially in this organisation?
  - e. What policies or practices discourage or inhibit you from behaving entrepreneurially in this organisation?
  - f. To what extent do you have the opportunity to behave entrepreneurially in your role?
  - g. How does the structure of the organisation influence the extent to which you are able to behave entrepreneurially?
  - h. What else encourages or enables you to behave entrepreneurially in this organisation?
  - i. What else discourages or inhibits you from behaving entrepreneurially in this organisation?
7. Can you tell me about a time when you have tried to behave entrepreneurially within this organisation?
- a. Why did you decide to behave entrepreneurially?
  - b. How does it affect the way you feel when you are able/unable to behave entrepreneurially?

- c. How does it affect the way you feel when the entrepreneurial ideas or opportunities you identify are/aren't implemented or exploited?
- d. How would receiving feedback on your entrepreneurial ideas affect the way you feel or behave in the future?
- e. If you were advising this organisation, what else would you suggest could be done to encourage entrepreneurial behaviour?

## Appendix K: Excerpt of field diary

### Reflection

09/09/2015

I originally wore a suit for interviews with the MD and Director but having observed that most people including Directors seem to wear polo shirts I thought it may be best to do the same in order to put people at ease. I discussed this with the Director and they agreed.

10/09/2015

Felt the day went well. The tour of the factory was interesting and so far the MD and Directors have been very accommodating and hospitable. It appears that the factory floor may not be the best area to observe as employees work in teams of up to 3 on a particular machine and everyone has to wear ear protection. Therefore there is little conversation, and it may be too obvious to participants that they are being observed, reducing the value of the observation. On that basis it may be more appropriate to observe in the canteen, which is quiet and where both office and factory workers sit. The amendments to the interview questions made yesterday appear to be an improvement. I'm a little unsure whether I'm really getting into the detail of the areas I'm trying to understand and so further revisions may be necessary. I think it may be necessary to reduce the more general early questions, however, they do seem to add value in the sense that often entrepreneurship appears to be a secondary issue until people are asked specifically about it. I'm also conscious of the need to explore the value of entrepreneurship in more detail. I had some discussions about ethics with my supervisors this week and have decided to take a slightly more pragmatic approach, to some extent this had to happen from the outset as I was unable to distribute information to all employees electronically and had to go through senior managers. The result of these discussions is that I am going to take a softer, less formal approach to gaining consent from participants regarding observations that requires less of an introduction to the work I am doing and so should have less impact on those being observed.

14/09/2015

It has just occurred to me that meetings in the factory take place in the hub which is on the factory floor and the Director said he sometimes thinks people can't hear him, why don't they do them in the canteen which is quiet?

Today we had to deviate from the initial schedule due to the availability of the interviewee as it was felt it was better for the business for them to be interviewed in the morning rather than in the afternoon slot originally identified. This has meant the observation that was supposed to take place in the morning is now taking place in the afternoon.

Observation of the boardwalk was useful as it gave me some insight into the real workings of the business. I think my presence could have had some slight effect on things initially as everyone seemed a bit quiet or maybe even a little tense but this became less as the meeting went on. However, having done my interview today I now think it might be possible that this is just the way meetings are, that employees feel reserved in meetings with more senior managers. I am conscious that some initial comments from interviewees

may have planted the seed in my head that the Directors are not as positive as they seem on the surface, however, I am trying to put that to one side.

Having done my first interview with a non-manager and a newly revised set of questions I feel much happier that the questions are now allowing me to get into the detail of the issues I wish to address. The semi-structured approach is working well as it allows me to probe the same areas in each interview but also to go with the flow of the interview, for example by changing the order of the questions according to the interviewees responses, adding questions to probe areas I didn't expect to come up or in greater detail, and not asking questions that have become redundant as a result of the subject's response. My only ongoing concern about the questions is the length of time spent on the earlier points that are on the surface more general, but in the interview today these led to a more specific conversation about later issues so they do have value. Furthermore, by the time we get to the more specific questions it is clear that interviewees have relaxed more and this in itself shows the value of the earlier more general questions. The value of a pilot project is becoming increasingly clear as a learning exercise, it demonstrates how you can think you have thought up good questions at your desk but then in practice they are not as effective as you thought they would be. What is also becoming clear is that the pilot is an evolutionary process, whereby things may be tinkered with or optimised from day to day, this not only allows research tools to be developed but also for the researcher to develop their own skills both in a general sense and in terms of their capability to undertake the specific project at hand. In my case I feel that my interviewing skills in general are improving but also that my ability to interview people on the specific topics of my research is improving. Do I need to specifically ask about influence of culture, leadership, organisational structure, HR policies/practices, job design on entrepreneurial behaviour?

A couple of responses have placed doubt in my mind about how genuine the responses of another interviewee were, however, on reflection I think that the interviewee in question was being genuine as first thought but that they may have been reflecting their intentions rather than what they actually do or are able to do.

I am still conscious that it would be beneficial to go back and probe a couple of issues further with interviewees to date, for example, there are a couple of questions that were not incorporated into the first two interviews. With one interviewee I would like to probe what the MD does that discourages entrepreneurship and with the other I would like to probe what effect any departmental splits have. With all four it would be helpful to expand on the value of entrepreneurship a little but that was covered to some degree.

Observation can be affected by the position taken. I suspect the benefit of observing from one place on the edge of a room is that people forget you are there but the disadvantage is that it may limit the extent of the observations that can be made. Unfortunately the location I adopted was determined by the Directors of the company.

I think wearing a polo shirt and jeans has helped me to blend in and to put people at ease during their interviews, although it's impossible to know for sure.

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