

## Building 21st Century Entrepreneurship

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**Building 21st Century  
Entrepreneurship**

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Aude d'Andria  
Inés Gabarret

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# Introduction

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## Who are the New Entrepreneurs, and How are they Creating Business Today?

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Over the last 30 years, entrepreneurship has developed around the world in accordance to the different cultural, political, economic and social contexts.

Governments promote entrepreneurship as a way to improve economic grow. Business creation is assisted through various means such as support structures (incubators and accelerators) and different types of financing (governmental loans without interest rate, crowdfunding, microfinance, etc.). Consequently, the entrepreneurial panorama evolves and no longer resembles what it was.

At the same time, if capitalism changes [BOU 99, BOU 15, HER 06], entrepreneurship also changes. New entrepreneurial forms emerge, and different entrepreneurs find their place in deconstructing existing, traditional and codified social relationships [ALT 12]. If being an entrepreneur has become a fashion, it is probably because entrepreneurship is a plural and complex economic and social fact which evolves in time and space according to the diversity of their ecosystems [ALR 11]. It is then necessary

to know how to decode it, according to time, situation and territory [TOU 06].

For example, while the spotlight is often focused on the American Silicon Valley or the British City Tech, it is clear that entrepreneurship is growing well beyond the developed economies of North America and the old Europe. Thus, going by the percentage of people in a country that own a company and pay wages, entrepreneurship is more present in Africa, Asia or South America. Indeed, according to the Global Entrepreneurship Monitor report [GEM 14], Uganda ranks first with the highest per capita business creation rate (28.1%), followed by Thailand (16.7%) and Brazil (13.8%). The United States is in the 41st place with 4.3% of entrepreneurs, and France is at the bottom of the ranking with a rate of new business creation of only 1.7%.

As Julien and Marchesnay [JUL 96] proposed, have we entered at the beginning of the 21st Century in the era of the “entrepreneurial and creative capitalism”? It seems to be the case, since even prestigious academic journals, although cautious when it comes to integrating less conventional research, devote special issues to the need to rethink old entrepreneurial models [JEN 05, ZAH 11, TED 12].

Despite the age of the concept (which probably dates from the 16th Century), entrepreneurship is paradoxically a relatively young discipline of study. Crossed by many currents, various debates were necessary to define “entrepreneurship” and understand the specificity of the entrepreneur.

It was only in 2000 that entrepreneurship started to be considered as an academic discipline in its own right with its own questions and theories. It probably began with the article of Shane and Venkataraman [SHA 00] “The Promise of Entrepreneurship as a Field of Research”, recognized by the Academy of Management as the best management article in the last decade. The prospects for research are broad.



They range from the study of the individual (the entrepreneur) to that of the company, the environment or the entrepreneurial process. Nevertheless, there is still much research based on economic approaches that take into account factors of utility, maximization or cost to explain the entrepreneurial activity. For example: labor economics focuses on the choice between starting a business (self-employment) and looking for a job; microeconomics studies the success and growth of the new enterprises; and macroeconomics analyzes the way of promoting economic growth. However, those economic theories struggle to explain the diversity of entrepreneurial profiles, especially when their goal moves away from a quest to maximize profits.

Often considered complex, entrepreneurship varies according to the entrepreneur's profile and the possibilities of the environment [GAR 85]. From the advent of the lifestyle entrepreneur to the development of the social entrepreneurship, new entrepreneurial figures emerge beyond the stereotype of the classical entrepreneur (Schumpeterian or Kirznerian). In so doing, they question the validity of the theories and analytical approaches to entrepreneurship, themselves still recent.

This book is in line with this reality, and describes some of the new profiles of entrepreneurs that are creating the entrepreneurial economy of the 21st Century as well as analyzing the contextual aspects. It presents a substantial body of knowledge about entrepreneurship in a theoretical and pragmatic way in order to help readers to understand what entrepreneurship means today. As an original essay supported by recognized academic readings, this book can be a reference for researchers interested in the evolution of entrepreneurship since it is based on academic literature. Moreover, it is also illustrated by socioeconomic information and case studies in an international scope that can be

used as course material for masters-level courses on entrepreneurship.

Two main questions are explicitly studied in this book: who are the new figures of entrepreneurs and how are they creating the companies of the future? Each issue is discussed in a part of the book. The rest of this introduction allows us to briefly present the two parts and the six chapters of the book.

### **First part: Who are the new entrepreneurs of the 21st Century?**

Following a line of research based on the observation of the new profiles of entrepreneurs, the first part of the book takes an in-depth look at understanding who the business creators of the 21st Century are. Therefore, the first chapters develop studies of various patterns such as women, the young, the old, the disabled and the social entrepreneur. The objective is to understand their motivation, the kind of companies they create, the particular problems they face and how they deal with them.

Chapter 1 “Entrepreneurship and high heels” focuses on women’s entrepreneurship. Entrepreneurship by women is a major question. It helps to understand not only the place of women in business, but also in society. Women’s entrepreneurship is now recognized worldwide as a leading global trend with significant economic, social and political consequences. But the panorama of women entrepreneurship has become complex and different motivational profiles coexist. In particular, the creation of business by women, their motivation and the type of company created will be related to the lifecycle of the women and their family.

We complete the first chapter with the analysis of three main types that appear regularly in research in women’s

entrepreneurship: women entrepreneurs by necessity, women in an entrepreneurial career (or career transition) and women entrepreneurs at the time of maternity (mompreneurs).

Chapter 2 “Entrepreneurship for all ages” points out that entrepreneurship is not limited by age. The generalization of the entrepreneurial spirit throughout society, as well as problems in the job market, has allowed the development of an entrepreneurial motivation among individuals of all ages. Following different paths and objectives, young people, middle career managers and seniors in retirement consider entrepreneurship as a valid career option.

Young people from Y generation wish to create a better world without limits through entrepreneurship and innovation. They do not accept relinquishing their personal time for a job or money. Thus, they decide to create their own business to be autonomous and to live their passion. For managers in their 40s, entrepreneurship appears as a new step in a career. This change of direction is not considered a break but continuity in their professional life. Most of them are disappointed by their job in big corporations. They do not find satisfaction anymore and are in search of a better life, with ethical values and a work–life balance. At the other end of working life, seniors in retirement are creating companies to complete their income, or because they wish to continue developing an active and fulfilling life.

Chapter 3 “Entrepreneurship without limits” is devoted to the understanding of very different kinds of entrepreneurs. We introduce two types of entrepreneurs who defend other values. First, the social entrepreneur, trying to solve social problems through business creation. Second, the handipreneur, or the disabled entrepreneur, who develops entrepreneurship as a way to create conditions allowing social integration.

The various types of entrepreneurial activity and entrepreneurs presented in Chapter 3 are far beyond the

boundaries of the classic profile of an entrepreneur, by opportunity or by necessity. Indeed, they are empathic entrepreneurs acting to solve critical social problems. We analyze their characteristics and challenges, and the way they behave, becoming a salvation cushion for our societies.

## **Second part: How are new entrepreneurs creating business today?**

The second part of the book presents alternative views to explain entrepreneurial behavior, based on how entrepreneurs do business in real life. The book proposes a useful and practical approach to the understanding of the way new entrepreneurs are creating business today.

Three perspectives are developed following the new trends in society: networks and social capital; entrepreneurial support and learning; and a presentation of some new theories of entrepreneurship.

Chapter 4 “The entrepreneurial connection” provides an overview of the important role of social interactions for the development of entrepreneurship. The entrepreneur is no longer seen as solitary, but as “embedded” in society. Scholars recognize that entrepreneurship is socially situated and that the social environment affects individuals and the organization, allowing opportunities for discovery and exploitation. Entrepreneurs need social interactions to build and run businesses. Networking becomes a crucial issue and individuals invest time and effort in building up their social capital, just as they do for other more tangible forms of capital. Chapter 4 describes major approaches to network and social capital theories. It also focuses on the relationship between entrepreneurial creation, social network, trust and social capital.

Chapter 5 “Improving the expansion of business creation” provides an overview of the different kinds of support developed for the creation of firms. Entrepreneurs need a nurturing environment, hands-on assistance and a variety of other resources and services during the startup phase. In the first section of this chapter, the focus is on business incubators. Business incubators are organizations that support the entrepreneurial process, helping to increase survival rates for startup companies. They provide infrastructure (so that firms can settle down at a reduced cost), transmission of information, and knowledge and access to networks to allow new enterprises to find sources of financing.

The first section of this chapter presents the different types of support structures, focussing on the issues of selection of projects, trust, contracts and transmission of knowledge inside incubators. The second section of this chapter discusses the contribution of entrepreneurial education to fostering entrepreneurial creation and shows as an example the case of France with the development of the “Pepite” program inside universities.

Chapter 6 “Building new theories to understand entrepreneurship” presents brand new approaches to the understanding of entrepreneurial behavior. As influential scholars have emphasized recently, entrepreneurship is a context-based phenomenon. Thus, the emergence of new profiles of an entrepreneur challenges researchers to adapt economic theories to explain those new realities of the business creation.

In Chapter 6, two key aspects of entrepreneurship are raised. In the first section, an adaptation to the push and pull model of entrepreneurial motivation is proposed. In this adaptation, entrepreneurial motivation is considered a complex subject, composed of multiple factors. The new approach allows individuals the choice and assembly of the different elements that better correspond to their motivation.

In the second section, new theories about the entrepreneurial process are developed. The classical point of view explains the entrepreneurial process as a causal one, starting with the fixation of objectives, the gathering of resources and the implementation of a strategy to attain those goals. Recent studies on entrepreneurial processes have questioned this approach and propose new alternatives to understanding better business creation, such as those of effectuation and bricolage, developed in the second section of Chapter 6.

We hope you enjoy reading.

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## Entrepreneurship and High Heels

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Entrepreneurship by women is a major question. It helps to understand not only the place of women in business but also in society.

The changes in society during the last century have allowed significant participation of women in the work market. In parallel, women started creating new companies in every country.

Although women constitute a critical part of the group of self-employed workers, their work is often recognized as secondary and subordinate to men's work. It is possibly a result of the pressure of domestic logics that pushes the devaluation of women's productive activities.

Female entrepreneurship is now recognized worldwide as a leading global trend with significant economic, social and political consequences. The increasing number of female entrepreneurs is contributing to a major dynamism in all economies worldwide. However, the level of female creation continues to be significantly lower than that of men.



*We Can Do It!* [MIL 43]

*Objectives of this chapter:*

- Understand the main characteristics of female entrepreneurs.
- Analyze the different types of female entrepreneurs.
- Raise awareness of the need to study female entrepreneurship in relation to the lifecycle of the woman and their family.

## **1.1. Entrepreneurship by women**

### **1.1.1. Definition**

Any woman who initiates, organizes and runs a business enterprise is a female entrepreneur.

The Global Entrepreneurship Monitor (GEM) is the world's leading study of entrepreneurship. Since 1999, it has provided information and comprehensive reports from international data collection to understand the entrepreneurial phenomenon.

It provides information to better understand for each economy:

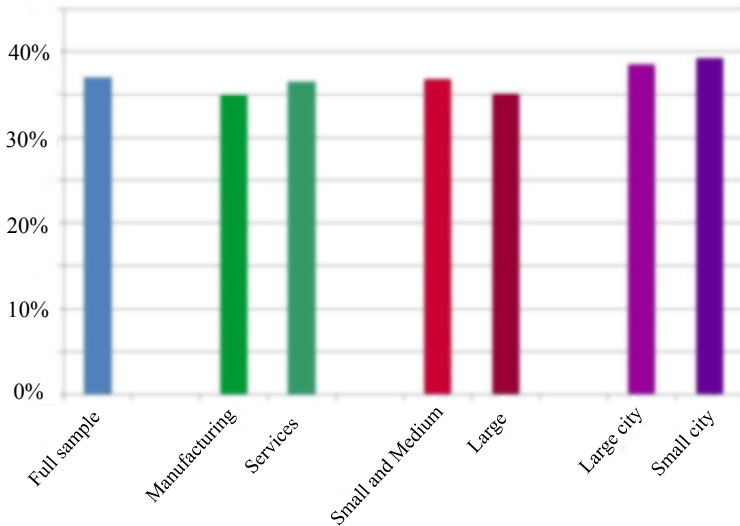
- the entrepreneurial behavior and attitudes of individuals;
- the national context and how that impacts entrepreneurship.

The last GEM Report (2015/2016) covers results based on 60 economies. According to the GEM [GEM 16]:

- More than 126 million female entrepreneurs are starting or running new businesses in 67 economies;
- An estimated 48 million female entrepreneurs and 64 million female established business owners currently employ one or more people in their businesses;



– In 5 years, 7 million female entrepreneurs and 5 million female established business owners are expected to grow their ventures by at least six employees.



Adapted from ICF – Banking on women 2013

**Figure 1.1.** *Percentage of firms with a female owner*

### **1.1.2. The GEM Special Report: Women’s Entrepreneurship**

The GEM Special Report Women’s Entrepreneurship facilitates understanding of female entrepreneurship by researchers, policy-makers, educators and practitioners. It offers an in-depth view of women who start and run businesses around the world.

The report provides information on female entrepreneurship rates and gender gaps in the following key areas:

- participation in multiple phases of activity;
- characteristics and motivations of female entrepreneurs;
- societal attitudes about entrepreneurship;

– impact of indicators among entrepreneurs.

The ultimate aim is to foster an environment that encourages women to see entrepreneurship as a viable career option; equips them with the tools to create the type and quality of business each wishes to build; and creates awareness among stakeholders who will support their efforts.

The last GEM Special Report Women’s Entrepreneurship (2015) examines 83 economies and helps to understand the substantial differences in women’s TEA rates (total early-stage entrepreneurship activity).

Regions	Female TEA	Male TEA	Ratio female/male
Africa	25	26	<b>0.96</b>
Latin America and Caribbean	15	19	<b>0.79</b>
Asia and Oceania (efficiency-driven)	14	15	<b>0.93</b>
North America	11	16	<b>0.69</b>
Middle East (innovation-driven)	8	14	<b>0.57</b>
Europe (efficiency-driven)	6	13	<b>0.46</b>
Asia and Oceania (innovation-driven)	6	11	<b>0.54</b>
Europe (innovation-driven)	5	9	<b>0.55</b>
<b>GEM average</b>	<b>11</b>	<b>16</b>	<b>0.69</b>

GEM Special Report Women’s Entrepreneurship [GEM 15:17]

**Table 1.1.** *TEA rates (average) by region and gender*

The TEA rate is a central indicator of GEM. It measures the percentage of the adult population (18–64 years) in the process of starting a new business: nascent entrepreneurs and new business owners (fewer than 42 months).

### 1.1.3. Portraits of three famous female entrepreneurs



Rosalía Mera Goyenechea (1944–2013) was a Spanish businesswoman and entrepreneur. At the time of her death, she was the richest woman in Spain.

Rosalía Mera was born in [A Coruña](#), Galicia, Spain, in 1944. She dropped out of school at age eleven to work as a sales assistant in a clothing shop.

In 1975, she co-founded the [Zara](#) retail chain with her then-husband [Amancio Ortega Gaona](#). Ten years after the opening of the first Zara store, she founded a holding company Inditex. The company grew to become the world's largest fashion retailer of which Zara is the flagship.

According to the 2013 Forbes billionaire list, Rosalía Mera was the wealthiest self-made female entrepreneur on the planet, with a net worth of over US\$6 billion.

<http://www.forbes.com/profile/rosalia-mera/>



Zhang Ying is a Chinese entrepreneur and businesswoman. She is one of the richest individuals in greater China.

Zhang Yin was born Zhang Xiuhua in 1957 as the eldest of eight children. She later changed her name to the more contemporary Yin. In 1985, she created Nine Dragons Paper with just only \$4,000.

Today she is the founder and director of the family company [Nine Dragons Paper Holdings Limited](#), a recycling company that buys scrap paper from the [United States](#), imports it into China, and mainly turns it into [cardboard](#) for use in boxes to export Chinese goods. Nine Dragons Paper is China's biggest paper maker.

In 2010 Zhang's personal fortune was valued at approximately US\$4.6 billion, making her part of the top 10 of the wealthiest self-made female entrepreneurs in the world.

[http://lexpansion.lexpress.fr/diaporama/diapo-photo/actualite-economique/les-femmes-d-affaires-les-plus-riches-du-monde\\_1491370.html](http://lexpansion.lexpress.fr/diaporama/diapo-photo/actualite-economique/les-femmes-d-affaires-les-plus-riches-du-monde_1491370.html)



Françoise “Dalida” Foning (1949–2015) was a Cameroonian businesswoman and entrepreneur.

She was also a politician.

Françoise Foning started as a simple employee in the tourism industry. In 1966, she opened a restaurant-bar named New-Style at Douala (Cameroon) to increase her revenues. The restaurant was so successful that its name would become that of a neighborhood in Douala. This was only the beginning of success. Foning then bought a car to use as a taxi and very quickly became the head of a cab company.

She diversified her business, buying a gravel extraction company and a furniture factory. Nothing could stop her. She then founded the Foning group, with import–export activities, and bought a clinic where she began to manufacture drugs. She was also involved in public works, in the construction of buildings and road infrastructures.

As a politician, she was involved in many organizations, particularly for women’s entrepreneurship. In 2005, she became the first black African woman to be elected World President of Women Heads of Global Enterprises.

<http://www.lesafriques.com/africain-de-la-semaine/francoise-foning-je-suis-nee-femme-d-affaires.html?Itemid=195>

## 1.2. Research on female entrepreneurship

Facing the growing number of women entrepreneurs, researchers started studying female entrepreneurship at the end of the 1970s and beginning of the 1980s. However, the study of female entrepreneurship has been painted by

myths and stereotypes<sup>1</sup>. Among them, the first one is to consider entrepreneurship as a masculine activity [STE 90, BRU 06, VER 13].

1. Women do not want to own high growth businesses	5. Women are not financially savvy and lack the resources to start high growth businesses
2. Women do not have the right to education	6. Women do not submit business plans
3. Women do not experience to lead high growth businesses	7. Women-owned ventures are in industries unattractive to venture capitalists
4. Women are not in a network and lack the social contacts to build credible ventures	8. Women do not access to equity capital

**Table 1.2.** *Common myths about female entrepreneurs*

### **1.2.1. Evolution of the research on female entrepreneurship**

The focus of research on female entrepreneurship has evolved during the last 30 years.

Three different periods appear:

1) During the first period, researchers studied female entrepreneurship by estimating similarities and differences between genders. Indeed, according to articles written from the 1970s to the 1990s, the authors compared women and men creating businesses. Thus, the question studied was to know if feminine and masculine entrepreneurship was similar or different.

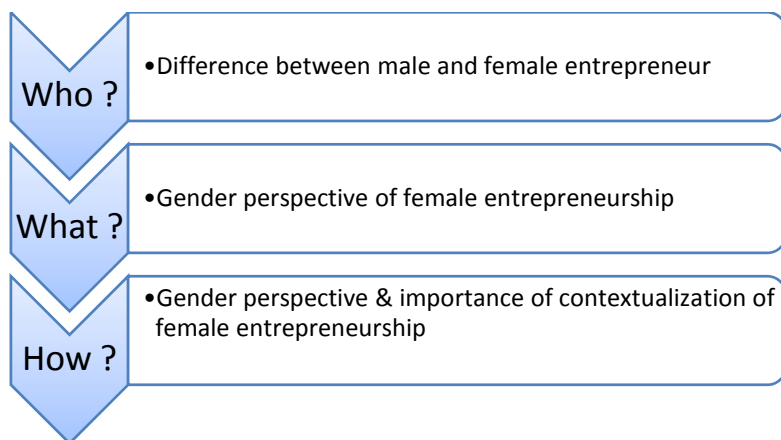
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<sup>1</sup> Myth: a widely held but false belief or idea.

Stereotype: a fixed and oversimplified image or idea of a particular type of person or thing.

2) From the 1990s, a theoretical framework emerges based on feminist theories which denounce inequality between the sexes. The concept of gender is then mobilized to explore and explain the entrepreneurial behavior of women. Researchers start considering that entrepreneurial activity does not vary with the gender [BUT 97].

3) Since the year 2000, authors decide to return to studying the difference between male and female entrepreneurs [KIR 09, JEN 13]. The question is not whether gender is a source of difference, but how the difference has occurred.

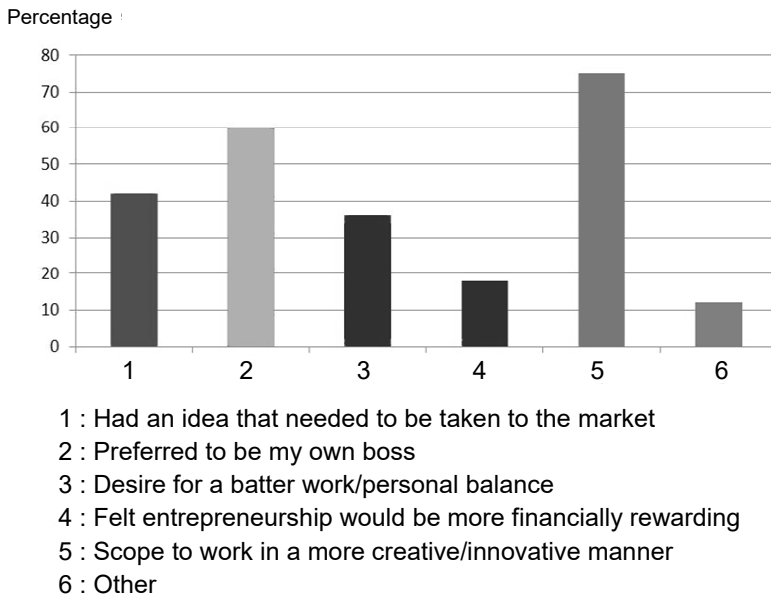


**Figure 1.2.** *Evolution of the focus of female entrepreneurship*

Today, many academic papers, books and specific conferences are contributing to the understanding of female entrepreneurship in four principal aspects: (1) a gendered phenomenon, (2) embedded in a family, (3) driven by opportunity or necessity and (4) looking for objectives that are not only economic [JEN 13].

### 1.2.2. Entrepreneurial motivations of women

The motivations for business creation for women as well as men are very diverse. The decision to go into business is the result of interactions between personal reasons, specific circumstances and context which is more or less favorable.



Adapted from: [www.womenweb.in](http://www.womenweb.in)

**Figure 1.3. Reasons for entrepreneurship**

Entrepreneurship literature traditionally considers the creation of businesses as chosen or imposed. Originally developed by Shapero [SHA 75] and Vesper [VES 80], the “Push and Pull” approach explains the reasons why an individual creates his/her own company. It distinguishes two principal classes of motivations: the “push motivations” and the “pull motivations”.

– Push motivation => necessity entrepreneurship. The individual, finding no alternative employment or feeling unsatisfied with his current work, is pushed to a business creation to deal with these situations perceived as negative.

– Pull motivation => opportunity entrepreneurship. The individual decides to create an enterprise because of a pull from an attractive business opportunity or from a desire to be independent, both factors considered as positives.

Push factors	Pull factors
Be unemployed	Desire for independence
Need to earn money	Desire to be one's own boss
Lack of recognition	Follow a business opportunity
Experience the glass ceiling	Build a project
- ...	-...

**Table 1.3.** *Principal factors of motivation*

Overall, the decision to go and start a business is more complex for women.

Their motivation is composed of traditional factors as well as others such as the need for balance between the professional and family life. Female entrepreneurs then need to arbitrate, whenever they can, the different spheres of their activities. Some of them will separate their activities, while others will completely integrate them.

It is, therefore, appropriate to consider a multiplicity of female entrepreneur profiles, in connection with their factors of motivation and the women's lifecycle (productive or reproductive). Indeed, different motivational factors will be in line with the various periods of life of the woman. For example, when family responsibilities are at their peak, looking for some flexibility between work and family life becomes an important factor for women. However, it seems



reasonable to assume that when children grow older, other factors will be more important for female entrepreneurs.

### **1.3. Female entrepreneurship: a variety of profiles**

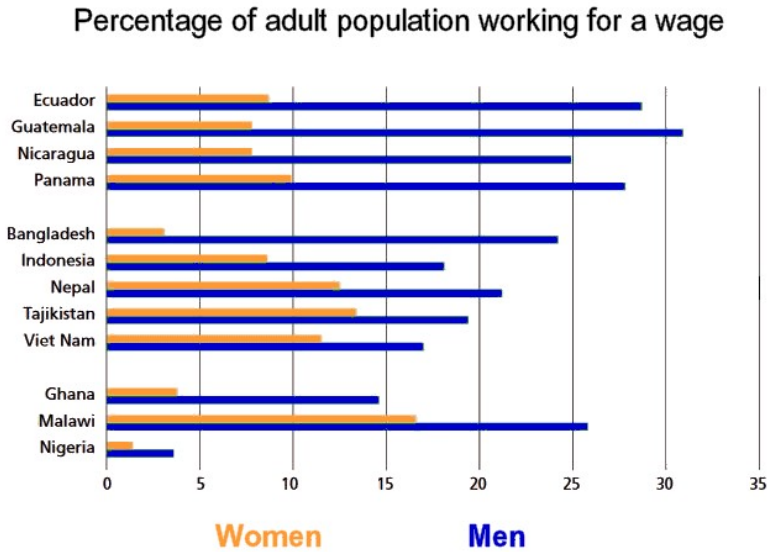
Female entrepreneurs are diverse and the companies they create are also different. These variances are a result of their personal stories, aspirations and environments in which they develop their business.

#### **1.3.1. *When necessity means female entrepreneurship***

Necessity entrepreneurs, women or men, create firms primarily for economic reasons. Their main motivations are based on push factors such as wanting to ensure their livelihood, to solve a problem of unemployment or to overcome discrimination or marginalization. This entrepreneurship by necessity allows them to ensure the satisfaction of their basic needs.

Moreover, in most countries, and regardless of its economic, social and cultural aspects, women have more barriers to employment than men. They are the last to be hired and the first to be fired [ELA 10]. Often relegated to household activities, women are forced to build their business because of a lack of employment or an unsatisfactory job for which the remuneration is often not sufficient to ensure the survival of the individual or her primary family group.

Female entrepreneurship seems to be more frequent in low-income countries, among illiterate and poor communities with high birth rates. Generally, beyond the lack of (or less) formal education, women have found a way to enter the local economy through entrepreneurship [ASC 12, LAN 07].



Source: Food and Agriculture Organization (2011)

**Figure 1.4.** *Participation of women in rural wage employment*

Research shows that women in poor and developing countries dedicate themselves to small-scale food production, as a way to fulfill family needs. This is the case in Uganda, where 80% of all cultivated food is produced by women [DAV 12]. Moreover, the growing number of female entrepreneurs is an indicator of the social and economic transformation of some countries [ASC 12]. Regarding this situation, we could interpret that women are acquiring more autonomy and self-confidence to build successful companies.

The International Day of Rural Women recognizes “the critical role and contribution of rural women, including indigenous women, in enhancing agricultural and rural development, improving food security and eradicating rural poverty.” The International Labour Organization is working to promote skills in the agricultural sector and small and medium enterprises.

For example, in Tanzania, Kenya and Uganda, over 2,900 women entrepreneurs were trained to start their own business [ILO 14]. Results were significant:

- training boosted their confidence;
- one new company has been created for every two entrepreneurs trained;
- two jobs were added to each new business which was started after training, including the job of the firm owner.

In developing countries, female entrepreneurship could be favored by access to microcredit institutions and also through family dynamics, allowing the collaboration of household members on the entrepreneurial project. Access to micro-finance empowers women, improves their level of aspirations and diminishes marginalization. However, results of studies developed in Africa show that access to microfinance does not improve the quality of life of those female entrepreneurs. Indeed, they continue to live at a precarious (subsistence) level without growth of the created companies [WEL 13].

However, the idea that women in developing countries are creating necessity business while women in developed countries are creating opportunity business has to be reconsidered to evaluate the social and economic changes in every country.

For instance, several studies developed in Great Britain show a presence of female entrepreneurship by necessity since the 1990s. Coughlin and Thomas [COU 02] explain it as a consequence of divorce, monoparental families and also the restructuration of companies with the elimination of jobs destined to women. Consequently, the responsibility for the subsistence of the family pushes women to entrepreneurship, whatever their geographical origins.



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### ***1.3.2. Entrepreneurship as a transition career for high-qualified women***

Among the variety of profiles of women entrepreneurs, one group is distinguished by their motivation for challenge, creativity and independence. It is a group of women searching for self-fulfillment. Women look for accomplishment in the economic area and also in the personal or familiar sphere. They are motivated principally by pull factors.

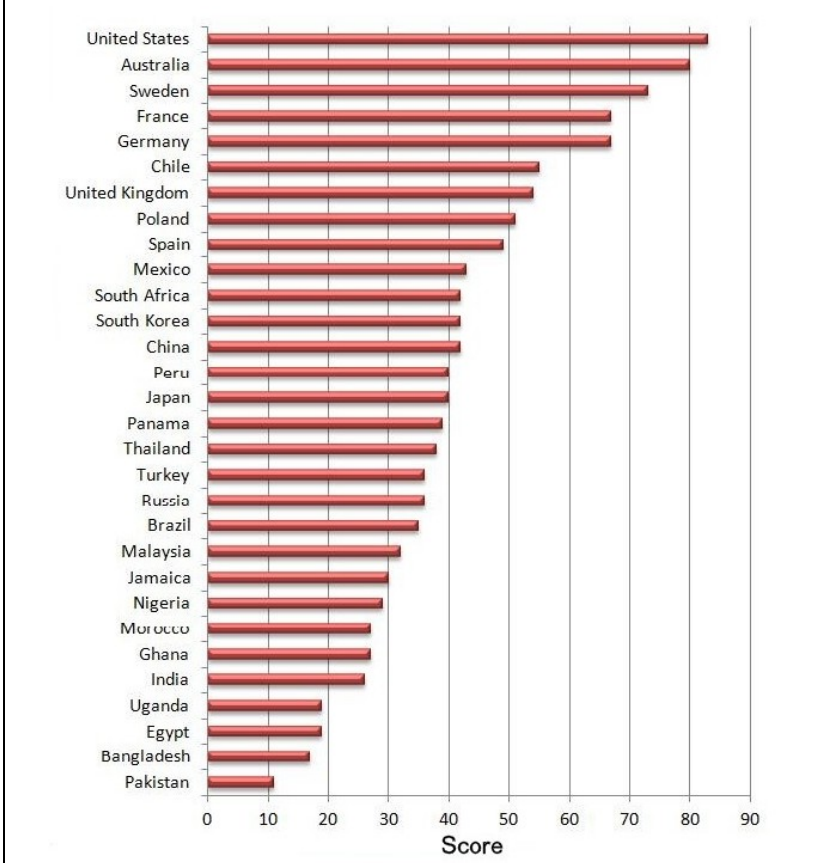
In the article of Hughes [HUG 06], more than the half of the Canadian women interviewed correspond to this category. The author calls them “classic entrepreneurs.” It is the case of women who decide to create by choice and not by need. Some of them will take a decision to pursue on an entrepreneurial career soon after the end of their studies. Others will consider entrepreneurship as a continuation of their professional career after a wage employment. Research on career logics outlines the central role of the individual in the construction of the professional path [BOW 86].

Literature on entrepreneurship shows that, in developed countries, women deciding on an entrepreneurial career as a first choice are generally more educated than men [LAN 07]. A substantial number of those women have university studies [HUG 06], and develop high grow companies that require external funding [GAT 09].

Regarding women creating business after previous work experience, their choice is conceived as a continuation of their career path and not a rupture. Buttner and Moore [BUT 97] studied 129 women who decided to leave their jobs to create their own companies. Two principal motivations emerge from the study: challenge and independence. They are also in search of an equilibrium between their professional and family life. However, other studies show that female executives are not different from men regarding the search for a balance between personal and working life [KON 91, MOR 95].

 <p>CC0 Public Domain - Pikabay.com</p>	<p>47.7% of women in the United States believe that they are capable of starting a business</p> <p>9.1 million women-owned businesses</p> <p>Employment : 7.8 million</p> <p>Revenue : 1.4 million \$</p>
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Commissioned by Dell, the GEDI is the world's only diagnostic tool that measures potential female entrepreneurship by analyzing entrepreneurial ecosystems, business environments and individual aspirations across 30 developed and developing economies spanning multiple regions.



From: Dell Women Gender Index (2014)

Figure 1.5. The Gender-Global Entrepreneurship and Development Index

1	Chicago	30%	7	Tel Aviv	20%
2	Boston	29%	8	Toronto	20%
3	Silicon Valley	24%	9	Singapore	19%
4	Los Angeles	22%	10	Kuala Lumpur	19%
5	Montreal	21%	11	London	18%
6	Paris	21%	12	Moscow	17%

Adapted from Global Start up EcoSystem (2015)

**Table 1.4.** *The world's top cities for female startup founders*

While entrepreneurship is a voluntary choice for many highly qualified women, others will embark on entrepreneurial activities to overcome frustration caused by discrimination.

Discrimination could mean a lack of progression in the hierarchical ladder or responsibilities (glass ceiling). It can also be more subtle, such as in the case of wage differentials for men and women regarding the same job description.

Among the different forms of discrimination, the glass ceiling is an engine for entrepreneurial creation in the case of highly-qualified women [COR 04, KIR 09]. This situation is true in any country, independent from the level of development of the country [DAV 12].

Consequently, female entrepreneurship as a career transition is a good solution to overcome discrimination in a work environment. Moreover, highly qualified women can expect to earn better revenues in entrepreneurship than in the job market [ELA 10].

### **1.3.3. Mompreneurs or the art of conciliating all the roles of women in society**

The impact of maternity on entrepreneurial motivation was hidden behind the search for balance between professional and personal life.

McGowan *et al.* [MAG 12] show that even if big companies care about the problems of balance, proposing flexible schedules or home working, family life has a negative impact on the careers of women. Indeed, women leave their posts to become full-time mothers, and some of them will never return and will create their business instead [WIN 04].

For women, entrepreneurship could be a way to take care of their professional career and their children at the same time [CRO 87]. Indeed, as entrepreneurship allows flexibility concerning place and hours of work, it permits women to adapt better to their children's needs. Unsatisfied with their corporate career, women perceive entrepreneurship as a tool to adjust career and family duties [SIM 06].

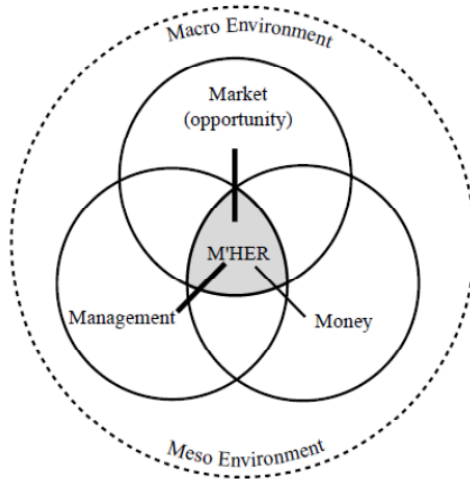
In the classification of female entrepreneurs by Hughes [HUG 06], the group of work-family entrepreneurs is composed of women principally motivated by a job-life balance, flexible schedules and home working. They are younger than the classic entrepreneurs, married or living in a couple (85% of the cases of her study).



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Consequently, the impact that maternity has on the factors of motivation has to be examined with more attention by the researchers.

In 2009, Brush *et al.* propose a conceptualization of female entrepreneurship called the 5M model.



**Figure 1.6.** *The 5M model of female entrepreneurship [BRU 09: 9]*

This model is based on three principal dimensions of the entrepreneurial creation:

- market: the access to business opportunities;
- money: the access to financial capital;
- management: organization and human capital.

The model also considers two levels of analysis:


- meso/macro environment: society expectations, culture and regional institutions;



– motherhood (« M’Her »): a metaphor of the family context and the place of the female entrepreneur and her role of utility maximizer along with her partner.

In this new equilibrium between external factors (macro and meso environment) and internal factors (microenvironment), maternity will allow the development of entrepreneurial motivation in a perspective of family embeddedness [ALD 03], in which family will have an influence in the business and *vice versa*.

Beyond the context of a family–work balance, a new growing literature emerges to define and analyze a new profile of female entrepreneurs: mompreneurs or mumpreneurs [DAN 14]. It first appeared in the 1990s in Canada and the United States and grew to 6–7 million in America in the last years.

<p><b>Mompreneur, mumpreneur or mampreneur (in French)</b></p> <p>Behind the neologism meaning mother and entrepreneur, it is a new reality in which the company and the child are both conceived at almost the same time.</p> <p>A mompreneur identifies herself as a mother and business women. She decides to create and manage an organization to succeed a work–life balance that is almost impossible in the job market. The business opportunity is in general in relation to maternity and child-rearing [RIC 13].</p>	
<p>Originally, the first story in the media was that of a Canadian mompreneur, Sandra Wilson, founder of the company Robeez Footwear</p>	 <p>The image shows the Robeez logo in blue text with a red outline. Below the logo are four pairs of children's shoes: two pink shoes with white laces, two light blue shoes with a black mustache graphic, two orange shoes with a smiling face, and two white shoes with pink bows.</p>
<p>It was 1994. Sandra Wilson, a young wife and mother, was downsized out of her airline job. Wishing to spend more time with her 18-month-old son Robert, Sandra saw this as an opportunity</p>	<p>After the overwhelming response of her first exhibition, in 1994 at the Vancouver Gift Show trade exhibition, Sandra decided to start a business: Robeez Footwear. Sandra hired her first</p>

<p>to start her own home-based business. For inspiration, she looked to her son's tiny feet. Sandra set out to handcraft a pair of brightly colored, soft-soled leather shoes for young Robert. Sandra decided to name the shoes after her son. "Robeez" shoes were born.</p>	<p>sales representative in March 1995, and by May 1997 Robeez was online. It was the beginning of an incredible growth story. The first recommendations and pediatricians' advice did the rest. For 10 years, Sandra Wilson grew her business by creating new product lines and entering new markets.</p>
<p>In September 2006, Robeez was acquired by the Stride Rite Corporation.</p> <p>Today, Robeez is recognized as the world's leading manufacturer of soft-soled leather footwear for newborns to 4-year-olds. Robeez Footwear now has close to 400 employees and sells shoes in over 4,500 stores in countries throughout North America, Europe, Australia and parts of Asia.</p>	

[http://www.robeez.eu/histoire\\_robeez\\_en.html](http://www.robeez.eu/histoire_robeez_en.html)

According to Korsgaard [KOR 07], the primary motivation for the mompreneur is to reconcile professional life and family life to find a balance between her workplace or career and the needs of her family. Similarly, Jean and Forbes [JEA 12] show that push factors are behind the entrepreneurial motivation of Canadian mompreneurs. They studied 20 cases, and found that mompreneurs create businesses to combine their personal project with their family life. However, the research developed by Nel *et al.* [NEL 10], based on three in-depth case studies of Australian mompreneurs, indicates that both push and pull factors motivated them. The authors identify several factors of motivation such as the balance between work and family life, the desire for achievement, personal satisfaction, increased income, the opportunity to earn respect and the search to become independent.

The study of Ekinsmyth [EKI 11]) emphasizes the importance of taking into account the impact of geographical and economic criteria on entrepreneurial practices of

mompreneurs. The study, developed in the south of England, includes the difficult economic context and the sharp rise in unemployment in Birmingham since the 1990s. The author considers mompreneurs as a subgroup of women at the interface between the world of paid work and motherhood. Also, Duberley and Carrigan [DUB 12] show that mompreneurs engage in entrepreneurship at the time of birth of a child. They search to become independent and to escape from being perceived as housewives. These results confirm the integration of the macro and micro levels of analysis by the model of Brush *et al.* [BRU 09].

### **Mompreneurs in the UK**

Over 1.5 million mompreneurs are now established in the UK, and their numbers are rising fast. The number of self-employed women grew by over 167,000 in the last 2 years according to the Office for National Statistics (March 2016). What is behind the boom in mum's start-ups?

According to Laura Rigney, founder of MumpreneurUK, "most mumpreneurs start their business when they are on maternity leave, many discover a gap in the market related to children or babies. They decide they want the flexibility of being their own boss and don't want to leave their kids and go back to work. And with the cost of childcare now so high, it often just doesn't pay for mums to go back to their job and find one or more nursery places". But mumpreneurs still face barriers to starting up. "The biggest is people not taking them seriously as business women, particularly family and friends. Everybody sees their business as just a hobby". Access to finance is less of a problem, as "a lot of these women tend to start a business which doesn't need a lot of funding, most do it with as little as £500. Mums use savings that they've built up or borrow from their family. There are also quite a few angel investors who are keen to invest in mum-owned businesses, as mums are seen as a lower risk".

George Derbyshire, ex-chief executive of the National Enterprise Network, says that "high-profile female entrepreneurs have helped give other women the confidence that they can do it too". "Traditional barriers to women starting businesses don't seem to be here anymore; most people are bending over backwards to support women entrepreneurs". Moreover, "a lot of women have realized that running a business from home is

manageable. Add to that the developments in internet technology are making it easier for people to work from home and it explains the upsurge”.

**Sam Willoughby, founder of online business What’s On 4 Little Ones?**

“I didn’t return to work after having my baby as my employer didn’t offer me any flexibility with my role. I was at a very low point where I felt that my years of career building had been for nothing, and my experience was of no value. But what this actually gave me was an opportunity to make my own flexible career.”

“I had the idea for my business when I was trying to find local activities to go to with my baby. It was near-impossible to find accurate and comprehensive information. I linked this problem with my own experience working as a project manager for a well-known directory company, and What’s On 4 Little Ones was born.”

**Anna-Louise Simpson, founder of herbal tea business Mama Tea**

After 3 years of trading, and with a string of UK supermarket stocking her Mama Tea product, former corporate lawyer Anna-Louise’s caffeine-free herbal infusions have attracted wholesalers from around the world.

“Being a stay-at-home mum was the most difficult job I’ve ever done. Just doing the same thing every day, and playing with things like craft kits, means you do not have much time for yourself. But with the business I have grown, it feels fantastic to be doing something for myself and spend time with the kids. That is probably what drives many of us mumpreneurs”.

<http://www.startupdonut.co.uk/startup/start-up-business-ideas/running-a-business/what-s-fuelling-the-ever-growing-army-of-women-who-balance-babies-with-workin>

## 1.4. Summary

Nowadays, women are responsible for a significant amount of the economic activity in every country. The creation of companies by women has been extensively studied in relation to men’s entrepreneurship. With the rise of the presence of

women in the work market, not only as employees but also as entrepreneurs, the panorama of female entrepreneurship has become complex, and different motivational profiles coexist.

In this chapter, we presented three main types that appear regularly in research in women's entrepreneurship: female entrepreneurs by necessity, women in an entrepreneurial career (or career transition) and female entrepreneurs at the time of maternity (mompreneurs).

In particular, the creation of business by women, their motivation and the type of company created will be related to the lifecycle of the women and their family.

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## Entrepreneurship for All Ages

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Even if the myth of the entrepreneur paints him as a young male adult who is following an opportunity, the generalization of the entrepreneurial creation and the problems of the job market allowed the emergence of different profiles of entrepreneurs from all ages.

Today, entrepreneurship is not limited to the innovative Schumpeterian entrepreneur.

Indeed, from young people to seniors in retirement, the entrepreneurial creation is understood as a career option and follows different paths and objectives.



“L’oiseau de ciel” by Magritte (1965)

The entrepreneurship index calculates the percentage of the adult, non-business-owner population that start a business each month, providing a national measure of business creation by specific demographic groups. It is the percent of individuals (ages 20–64) who do not own a business in the first survey month, and who start a business in the following survey month with 15 or more hours worked.

The index shows that entrepreneurs come in all ages but have trended older since 1996.

Ages	1996	2013
[20–34]	35%	23%
[35–44]	27%	24%
[45–54]	24%	30%
[55–65]	14%	23%

From Kaufman Index of Entrepreneurial activity (2013)

Estimates calculated by Robert W. Fairlie, UC Santa Cruz using the Current Population Survey

**Table 2.1. Age and entrepreneurial activity**

Objectives of this chapter:

- Understand the characteristics of young entrepreneurs creating business;
- Be aware of the problems regarding the traditional career and the way people adopt career transitions to entrepreneurship.
- Develop knowledge about the creation of business in retirement.

## **2.1. Young entrepreneurs: values and motivation of generation Y**

### **2.1.1. Who are millennials?**

There is an extraordinary amount of information and articles in the media discussing the characteristics of millennials or generation Y.

It is not easy to define a generation. For instance, demographers will consider the date of birth, while historians will look at the facts and stories shared by a group [BRI 12, BAY 13]. A generation generally covers a period of 20 years [PIC 10].

What about generation Y?

- They are the demographic cohort following generation X.
- It can be considered that generation Y corresponds to individuals being born between 1980 and 2000.
- Different names have been attributed to this cohort such as Internet generation, E-generation, millennials, echo boomers, etc.

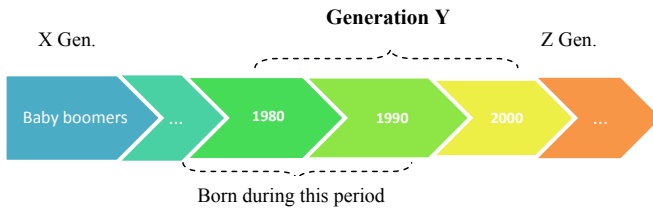



Figure 2.1. Generation Y

<p style="text-align: center;"><b>Mark Zuckerberg and the modern entrepreneurial legend</b></p> <p>The fairy tale recounts that while studying at Harvard University, he decided to launch a website for the election of the most beautiful girl in the campus by hacking student accounts.</p> <p>However, he did not intend to stop there, and in 2004 he founded Facebook the Internet social network. The modern entrepreneurial legend of Mark Zuckerberg was born.</p> <p>In 2007, at just 23 years old, Mark Zuckerberg became one of the youngest billionaires in the world. Today, Zuckerberg’s shares of Facebook are worth over \$ 45 US billion, placing him among the top 10 wealthiest entrepreneurs in the world.</p>	<div style="text-align: center;">  </div> <p style="text-align: center;"><b>Mark Zuckerberg, President, founder, and CEO of Facebook</b></p> <p>Mark Elliot Zuckerberg was born on 14th May in 1984 in White Plains (NY).</p> <p>He founded in 2004 with his Harvard University fellow students Eduardo Saverin, Dustin Moskovitz and Chris Hughes “Facebook” the Internet social network.</p>
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However, away from the lack of precision regarding the name or dates, the majority of articles agree that youth today is entirely different from in the past. This difference concerns principally the image of authority, the relation to time and the importance given to a private life and free time [BAY 13].

### ***2.1.2. Generation Y: young entrepreneurs who want more than money?***

Millennials are considered an entrepreneurial generation.

**Study: Millennials are the true entrepreneur generation**

A new survey released by Bentley University suggests that millennials sense that career success will require them to be more nimble, independent and entrepreneurial than past generations.

If previous generations dreamed of the prestige and perks that come with a corner office in the executive suite, the dream of the millennial generation (also known as generation Y) appears somewhat different: starting a new business and developing flexibility at work are among the principal factors.

<http://www.forbes.com/sites/robasghar/2014/11/11/study-millennials-are-the-true-entrepreneur-generation/#21bbccca5e92>

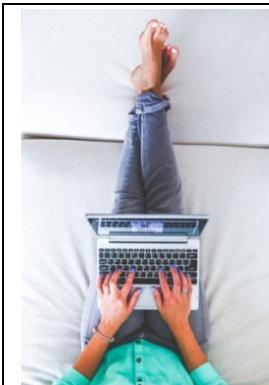
However, they are developing businesses in a different way [CLA 12, HOL 12]. Nowadays, young entrepreneurs seem to be attracted by values other than economic success, such as following a passion, having a balance between the private and professional life and having an impact on society.

Equipped with different motivations, and in a different context, companies created by the millennials move away from the old stereotype of a commercial business [CLA 12].

Those born after 1980 have also grown up with the Internet, and so generation Y is the first working-age generation to be considered “digitally native”. This generation has a holistic outlook on the world. They love

challenges, seek personal growth, develop a positive social impact and search for financial stability [HOL 12].

The results of the study by Minifie and Otto [MIN 11] show that millennials desire flexibility, to “work smart rather than hard” and work–life balance. They also consider that “doing” is more important than “knowing.” From these results, the authors conclude with the importance of a pedagogy centered on action, such as “learning by doing” or “experiential learning,” when it comes to young people today. Companies created by millennials are small, flexible, connected, with little seed capital and few employees, and allow the entrepreneur to work whenever and wherever he wishes.



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Gabarret *et al.* [GAB 16] analyzed values and group motivation of young entrepreneurs doing a master’s degree in entrepreneurship in a Business School at the time of creation of their companies.

Macroeconomic environment and work conditions are important factors in their career decision. By prioritizing job fulfillment over financial gain, millennials are sure to shape the workplace in the years to come.

Young entrepreneurs seem to be motivated by a combination of push and pull factors, such as dissatisfaction with the wage employment and a search for independence.

The study by Gabarret *et al.* [GAB 16] shows that entrepreneurial decision is linked to the value given to the concepts of stability and authority. As generation Y is more unstable and does not easily accept authority, being an entrepreneur is a good career option for them.

They also prefer working to live than living to work.

Research on generation Y shows that for the youngest generation entering the workplace, financial security is not the most important aspect of achieving. A recent study

[CLA 12] indicates that even if economic achievement is important for the youth, success is a composite measure that goes beyond profit. Young people have also been criticized for having unrealistic expectations about what can be achieved in the workplace.

<b>They say what it looks like</b>	
<p>“Generation Y views a job not just as a means to pay the rent, rather a route to exploring their passions, hobbies, and philosophies,” says Arthur Kay, a recent graduate who set up the social business Bio-bean, an enterprise that collects waste coffee grounds and turns them into fuels)</p>  <p><a href="http://www.bio-bean.com/">http://www.bio-bean.com/</a></p>	<p>“We have had the chance to truly appreciate the link between the local and the global. At the global level, we are more likely to have traveled abroad, to have friends from other countries, or simply to have grown up with the internet for a core part of our lives. At the local level, we are more likely to have moved away from our communities. The social enterprise and charity sectors, I think, benefit from having people like this who have an understanding of the larger picture”.</p>
<p>“I was always told to follow what I believed in,” says Hannah Catmur, the founder and designer of Pocket Explorers, a social enterprise that aims to inspire children to play more outdoors.</p>  <p><a href="http://www.pocketexplorers.com/">http://www.pocketexplorers.com/</a></p>	<p>“When I left university, there was a huge competition for jobs, and I needed to differentiate myself in order to impress. There was nothing to lose and much support for social enterprise ...</p> <p>I believe Generation Y have the right skills for social business – they want to change the world, and social entrepreneurship offers an excellent way to do so”.</p>
<p>Bethan Vincent has founded Bright Ethics company. Her social enterprise committed to promoting responsible business models and empowering consumers to choose ethical businesses</p>  <p><a href="http://www.brightethics.com/">http://www.brightethics.com/</a></p>	<p>“I believe facing an environment with reduced economic opportunities has provided our generation with the drive to seek positive change through business,” she says. “Older generations have gained greatly from the pursuit of wealth and this has left many young people wondering if there is more to life than getting rich quick”.</p>

Rhiannon Colvin, recent graduate and cooperative social entrepreneur in Altgen ([www.altgen.coop/](http://www.altgen.coop/)) sums up her career expectations.

**“It’s simple: work should allow us to generate an income, do what we love, and have a positive impact on the world”.**

Adapted from: <https://www.theguardian.com/social-enterprise-network/2014/feb/19/generation-y-millennials-job-seekers-money-financial-security-fulfilment>

### ***2.1.3. Entrepreneurship by the young: developing the sense of initiative***

The sense of initiative in entrepreneurship refers to an individual’s ability to turn ideas into action. It includes creativity, innovation and risk-taking, as well as the capacity to plan and manage projects in order to achieve objectives.

#### **Essential knowledge, skills and attitudes related to the sense of initiative and entrepreneurship**

– Necessary knowledge includes the ability to identify available opportunities for personal, professional and/or business activities, including bigger picture issues that provide the context in which people live and work, such as a broad understanding of the workings of the economy and the opportunities and challenges facing an employer or organization. Individuals should also be aware of the ethical position of enterprises, and how they can be a force for good, for example through fair trade or through social enterprise.

– Skills relate to proactive project management involving, for example, the ability to plan, organize, manage, lead and delegate, analyze, communicate, debrief, evaluate and record, effective representation and negotiation and the ability to work both as an individual and collaboratively in teams. The ability to judge and identify one’s strengths and weaknesses, and to assess and take risks as and when warranted, is essential.

– An entrepreneurial attitude is characterized by initiative, proactivity, independence and innovation in personal and social life, as much as at work. It also includes motivation and determination to meet objectives, whether personal goals or aims held in common with others, including at work.


Chapter 7 of the European Reference Framework on Key Competencies for Lifelong Entrepreneurship

Entrepreneurship by the young can be categorized into groups based on age.

15–19 years	The formative stage of pre-entrepreneurship (*)
20–25 years	The growth stage of budding entrepreneurs
26–29 years	The prime stage of emergent entrepreneurs

(\*) Additionally, the age category of 10–15 years can be added, labeling this as the awareness stage of entrepreneurship.

**Table 2.2.** *Differentiation of youth groups*

	<p style="text-align: center;"><b>Lemonade Day</b></p> <p>Lemonade Day is a North American experiential education program that teaches children about business and entrepreneurship.</p>
<p>In 2007, founder Michael Holthouse had a vision to empower today’s youth to become tomorrow’s entrepreneurs through helping them start, own and operate their very own business...a lemonade stand. The lemonade stand is an American icon that symbolizes the entrepreneurial spirit of the United States. Lemonade Day is a non-profit national event that educates youth in elementary and middle school about entrepreneurial skills.</p> <p>Through the Lemonade Day program, kids receive fun, free educational materials that provide 14 lessons in how to open and operate a lemonade stand. It teaches kids the impact of a well-thought out business plan, from how you will afford to start your business through customer service. The highlight of the program occurs on the annual Lemonade Day in May when participants all over the country open a lemonade stand for business.</p> <p>Since its launch in 2007 in Houston Texas, Lemonade Day has grown from serving 2,700 kids in one city to 1 million children across United States and Canada.</p> <p style="text-align: right;"><a href="https://lemonadeday.org/">https://lemonadeday.org/</a></p>	

Even if youth entrepreneurship is encouraged in every country, young entrepreneurs face a variety of barriers:

- Lack of potential awareness for entrepreneurship among role models;

- Lack of encouragement or even negative social attitudes;
- Lack of entrepreneurial attitudes and skills in education and training programs;
- Lack of prior work and entrepreneurship experience to business start-up and entrepreneurship performance;
- Fewer financial resources and difficulty obtaining external finance, including debt finance, hampers business start up;
- Limited business networks and business-related social capital.

In Europe, youth entrepreneurship is an important tool to combat youth unemployment and social exclusion as well as to stimulate innovation among young people.

Entrepreneurship can constitute an important element with regard to the autonomy, personal development and well-being of youth.

#### **Young Entrepreneurship on the EU political agenda**

- Fostering youth entrepreneurship is one of the objectives of the Europe 2020 strategy and its Youth on the Move flagship initiative.
- Employment and Entrepreneurship are one of the eight fields of action promoted by the EU Youth Strategy (2010–2018).
- Entrepreneurship is a key competence in the European Reference Framework on Key Competencies for Lifelong Learning (2006).
- The importance of youth entrepreneurship is stressed in the Council Conclusions on promoting youth entrepreneurship to foster social inclusion of young people (2014).
- The Erasmus+ programme (2014–2020) has a strong focus on innovation and entrepreneurship, particularly in the Key Action 2 through strategic partnerships and transnational youth initiatives.

[http://ec.europa.eu/youth/policy/youth\\_strategy/empl\\_entrepreneurship\\_en.htm](http://ec.europa.eu/youth/policy/youth_strategy/empl_entrepreneurship_en.htm)

The EU Council conclusions promoted in 2014 young entrepreneurship and gave particular attention to social entrepreneurship that combines a social and entrepreneurial dimension.

## **2.2. Mid-career managers: from employment to entrepreneurship**

The support given by governments to entrepreneurship, on the one hand, and changes in the working environment such as restructuring, corporate mergers and new employment flexibility on the other hand, weaken the perceived value of a traditional career. Moreover, labor representations have become less uniform and increasingly fragmented. In the actual challenging organizational environment, business creation is presented as an alternative to a professional career.

### ***2.2.1. The phenomenon of the gray ceiling***

One of the reasons to explain why mid-career managers are leaving their jobs could be the fact that the existing workforce of baby boomers prevents the slightly younger generation Xers from advancing or being promoted. The combination of prolonged slow job creation and baby boomers who just will not quit work is threatening the orderly flow of employees from hire to retire. Indeed, generation X feels threatened and trapped between the baby boomers and the new generation Y that advances from below. This phenomenon is known as the gray ceiling.

#### **What is the gray ceiling?**

Generational gaps have existed for as long as there have been adults and children. Traditionally, as one generation aged, they moved out to make room for the youngest generation moving in. This shift made way for the middle generation to move up to the top of the organizational chart. With older workers working longer, young workers cannot move in, and the next generation of leaders cannot get promoted. Consequently, this trend induces the inability of younger generations to be promoted and move up the organizational chart.

Part of the blame for this succession is an unprecedented sociologic and demographic event. For the first time in history, four generations are working side-by-side. This scenario is not just a brief passing of the torch moment either. For as long as baby

boomers and their predecessors decide to keep working, the multigenerational workforce is here to stay. And even if the tides turn, a fifth generation will shortly be filling out job applications.

Ira Wolfe, September 15, 2012

[http://www.huffingtonpost.com/ira-wolfe/jobs-unemployment-generations\\_b\\_1676594.html](http://www.huffingtonpost.com/ira-wolfe/jobs-unemployment-generations_b_1676594.html)

During the voluntary departure of employees, several possibilities exist. Some employees will redirect to another employment relationship, while others are moving toward entrepreneurship. Entrepreneurship could be defined as a business creation (*ex-nihilo*, spin-off) or as a takeover of an existing company.

### **2.2.2. Mid-career: new entrepreneurs by choice**

Despite media attention about the entrepreneurial spirit of the younger generation, the average age of an entrepreneur to start a first business is 38.5 in France, 40 in the US and 47 in the UK.

There are two competing visions when explaining the particular case of the entrepreneurial motivation of the employee who leaves his post to start a business. On the one hand, a discovery of a business opportunity will motivate the employee to entrepreneurship [SHA 00]. On the other hand, dissatisfaction with the job will push the individual toward entrepreneurship [BRO 80, COO 71, STO 82]. However, dissatisfaction with the previous job could lead the person to look for another post. Authors consider that the decision to create a new activity, instead of looking for a job, is related to the intensity of dissatisfaction:

– according to Brockhaus [BRO 80], it is possible that entrepreneurs have been so unhappy with the previous job, that they would have considered it unlikely to find satisfactory employment in another organization;



– according to Stoner and Fry [STO 82], a relationship between the intensity of the dissatisfaction in the previous job and the type of business or industry selected for the project. High dissatisfaction seems to lead people toward a change of industry.

The recent study by Gabarret and Vedel [GAB 12] shows that entrepreneurial motivation of mid-career managers leaving their jobs is essentially a composition of non-economic variables of dissatisfaction (push) and desire for independence (pull). This group of factors refers to the previous job, as well as goals, desires and personality of the individual. It also relates to the external environment. In most cases, it appears that the transition to entrepreneurship does not provide higher incomes.

The dimension of dissatisfaction as interpreted by Gabarret and Vedel [GAB 12] has seven non-economic variables, including boredom at work, problems with the hierarchy, disrespect, favoritism for some over others, occupational instability, the career ceiling and stagnation by age. The dimension of independence is also composed of seven factors. Among them, a search for autonomy, the ability to choose their place of work, freedom to organize their job in relation to family life, freedom of creation, ability to reduce the amount of working time, the freedom to do what we can and want to do and the choice to follow the example of the successful ones.

The analysis of executives in career transition by Gabarret and Vedel [GAB 12] shows that the attraction for entrepreneurship is not enough to trigger the creation. If the individual is not in the presence of the factors of dissatisfaction in his work, the entrepreneurial creation will remain as a future project, not necessarily accomplished. Similarly, if an employee is facing push factors but does not feel attracted to entrepreneurship, his voluntary departure will lead him to another job.

### **The 40s: the perfect age to start a business?**

For many, being a 20 something is characterized by career uncertainty and debt, while a lack of experience working for other companies could make starting your own a risky business. Your 30s is the era of children and mortgages: a combined responsibility that could rule out taking a leap into the unknown. The 40s, on the other hand, represents an attractive combination of financial security and business experience.

“I think experience, greater perspective and in some cases a little more resource to prime the pump means in many ways your 40s are a great time to start a business. (...) By your 40s, you have typically made plenty of mistakes to learn from, built great networks but still have passion” says Duncan Cheattle, 47, a serial entrepreneur who has founded several startups. (...) “You know what you’re good at and what you’re not – and therefore need to delegate”. It also means you are more likely to have built a strong network of contacts and a good industry reputation, which can open doors when raising capital.

Lottie O’Connor, September 2, 2015

<https://www.theguardian.com/small-business-network/2015/sep/02/fabulous-forties-perfect-age-to-start-a-business>

“Before the birth of my son, I was an accounting secretary. Since I did not want to continue working in this area, I set up a family daycare center. During the six years I held my daycare, I had to find new educational toys for children, including some specialty games for a disabled girl. It was complicated, there was no shop specialized near, nor an advisor to guide my choices. I then had the idea to open my own small toy store.

When I embarked on the adventure, I knew absolutely nothing! I rented a room and set up my business at the same time as my daycare. The summer when everything started, I even brought the kids to the store so they could help me put the games on the shelves!

To find the down payment needed to start my project, my spouse and I had to do a mortgage refinancing. According to my suppliers, I would have had to invest much more. They kept telling me that my store was not full enough, that it would not work.

Marcelle Geoffroy, 41, owner of La Jouetterie (Quebec, Canada)

<http://www.coupepouce.com/vie-perso/argent-et-consommation/article/creer-son-entreprise-a-40-ans-c-est-possible>

### **2.2.3. Mid-career nascent entrepreneurs taking over a business**

For nascent entrepreneurs, there are two modes of entry to entrepreneurship: they can either start a new venture (business start-up) or take over an existing one (business transfer) [BLO 13, PAR 12]. While entrepreneurs favor a business start-up because it is more challenging and rewarding, they may also be interested in business transfers. Business transfer is an interesting issue because of the outperformance regarding start-ups on survival, turnover, profit, innovativeness and three times as much to overall employment [MEI 06]. With the retirement of many business owners in industrialized countries, demand for successors that are not family members is to increase in the years to come [PAR 12].


According to the European Commission [EUR 11], around 450,000 firms and over two million employees are transferred to new owners every year. Thus, taking over an existing company is a worthwhile alternative to setting up a new business. Entrepreneurs can benefit from an established reputation, a production structure, a customer network and a preserved employment.


The study of Geraudel *et al.* [GER 09] shows that potential buyers are predominantly men, aged 40–50 and having graduate studies. However, there are different profiles. Authors identified three types of possible takeover entrepreneurs: the cautious, the adventurous and the indifferent. Cautious entrepreneurs are individuals who only look for healthy businesses. Mostly unemployed, they seek to buy a small industrial or service company, which they acquire by external financing or by going into debt.

The second profile, the adventurous takeover entrepreneur, has a taste for risk and likes to face entrepreneurial challenges. They prefer companies in

difficulty (the ones that have been in deficit for more than 2 years) but under certain conditions. They primarily target small businesses (0–20 employees) in a sector they know well and finance their projects through bank loans and external financing.

The indifferent is the third profile of a takeover entrepreneur introduced by Geraudel *et al.* [GER 09]. The indifferent has exercised managerial functions, prefers capital financing and seeks to take over companies in all types of sectors.

<b>Sébastien Gerondeau, CEO of Abri-Plus</b> <b>“Becoming an entrepreneur was not my dream” and yet!</b>	
<p>After having been a financial director in two different companies, he became unemployed at the end of 2002. He spent several months on unsuccessful job searches until he discovered the world of business takeover “I stopped looking for a job.”</p> <p>But despite his knowledge of finance, he had no special skills for a sector. When he came in contact with Abri-Plus, a company specialized in the design, manufacture and installation of shelters for supermarket’s trolleys, it was a thunderbolt. “I saw the company, and I immediately had plenty of ideas and projects.”</p> <p>This Parisian then moved to the West. He took over the company in January 2004, with 20 employees and launched the company in new segments. Since then, the company has continued to diversify and grow.</p>	 <p><b>la solution pour tout abriter</b></p> <p>No. 1 shelter company in France                  Located in St-Philibert de Grand Lieu                  (Loire Atlantique).</p> <p>Specializing in the manufacture and installation of trolley shelters, passenger shelters, bike-motorcycle shelters, etc</p> <p>80 employees</p> <p><a href="http://www.abri-plus.com/">http://www.abri-plus.com/</a></p>

<b>Laurent Ostrowsky, CEO of Piscines Magiline</b> <b>“I always wanted to be an entrepreneur!”</b>	
 <p>Swimming pool manufacturer located in Troyes (Aube).</p> <p>90 points of sale in France</p> <p>International presence, 87 patents and numerous quality labels including the Label Origin France guarantee, 120 employees</p> <p><a href="http://www.piscines-magiline.fr/">http://www.piscines-magiline.fr/</a></p>	<p>Laurent Ostrowsky could be satisfied with his career: first, at L’Oréal and then as general manager of Alain Afflelou. “It was fascinating; I had a good business card, prospects of evolutions, envied jobs ... But I felt the need to be an entrepreneur.”</p> <p>After several attempts of taking over existing businesses without success, Laurent Ostrowsky discovered Magiline, a swimming pool company. “I am an engineer; I love innovation, R &amp; D, industrial apparatus.” With its 84 patents, Magiline seduced him. Above all, he was convinced that the pool market is extremely promising and that its development will come from the international market.</p> <p>A successful bet. Today, Laurent Ostrowsky says he has no regrets. “Without my experience, I could not have acted as I do today.” And if he had to “break the piggy bank” to acquire the business, it was a purchase “with the heart.”</p>

<http://www.journaldunet.com/economie/magazine/selection/reprise-d-entreprise-des-entrepreneurs-qui-ont-reussi/les-secrets-de-repreneurs-d-entreprises-qui-cartonnent.shtml>

### 2.3. Seniorpreneurs: starting a business in retirement

The European Commission promulgated the year 2012 as the European Year of Active Aging and Intergenerational Solidarity. This nomination explicitly aimed at improving the employment opportunities and working conditions of the elderly, to help them play an active role in society and encourage healthy aging. This innovative European initiative reminded us that older people constitute a demographic and economic potential. They represent a

category of key actors in all current debates such as the use of new technologies, health, self-care and others.

**2.3.1. Definition**

Senior entrepreneurship can be defined in a first approach as the creation or takeover of business by retired or close to retired individuals.



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Senior entrepreneurs, those who embark on the adventure of creation after 50 years of age, or even at the age of retirement, is a category of entrepreneurs that must not be forgotten.

Senior entrepreneurship can be understood as a combination of the increase in life expectancy and a deterioration in the conditions of employment and income.

**Late Bloomers**

For some, it is a product of too many years working for a boss. For others, retirement just is not an option. And for others, inspiration just hit them late in life. Call them seasoned. Call them experienced. But whatever you do, do not call them old. These entrepreneurs waited until after 50 to start their businesses, and they are putting the gold in golden years.

<https://www.entrepreneur.com/slideshow/200236>



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More specifically, Maâloui *et al.* [MAA 12: 71] define the senior entrepreneur as an individual who has begun an entrepreneurial experience after 45 years of age. He wants to avoid social disengagement and extend his professional activity. This fringe of the population aspires to transmit to future generations its knowledge, experience, expertise and

possibly also a heritage. Moreover, the senior entrepreneur wants to generate income to complete his revenues.

### **2.3.2. The main factors explaining the rise of elderly entrepreneurship**

According to Kautonen *et al.* [KAU 11], two major factors explain this evolution. On the one hand, an increasing number of individuals are excluded from the labor market because of their age and are then obliged to create their own activity in order to make a living. On the other hand, more and more young retirees with know-how and financial resources want to remain economically active in order to maintain their lifestyle while enjoying some flexibility.

#### **Carol Gardner, 61**

Gardner was 52 when she found herself divorced, in debt and with two broken legs. Then, she met Zelda, the lonely bulldog puppy she brought home in lieu of a therapist, and the inspiration for “Zelda Wisdom”, her greeting card and gift company.

“Our life experiences are like pieces of a jigsaw puzzle, and how we put together those pieces results in the success of our final portrait,” says the former creative director. “The more pieces you have, the better the portrait.” Gardner’s portrait in this case has become more like a valuable work of art – one that is worth about \$50 million a year.

#### **Sam Teitelbaum, 74**

After more than 25 years in the clothing business, he founded AllerAir at the age of 61. The Montreal-based company manufactures residential and commercial air purification systems and has seen 20% growth every year for the past 12 years. For Teitelbaum, a large part of that success is making things fun. “When you laugh and have fun, it doesn’t mean you’re not a serious or successful business person,” he says. “Indeed, laughing makes you feel so good that success follows suit.”

<https://www.entrepreneur.com/slideshow/200236>

For Colovic and Lamotte [COL 12], the growth of the entrepreneurial creation by the elderly is good news for the

economies of OECD countries. Indeed, entrepreneurship leads to an increase in overall growth and welfare through the creation of jobs, innovation and productivity gains.

Moreover, and as cited in the study of Kibler *et al.* [KIB 12] conducted in the British context, elderly entrepreneurship would also be a way to reduce the cost of aging for states facing increasing financial pressures.

In France, this category of entrepreneurs represents the largest group of creators with a rate of 33%.

Age	Percentage
Less than 25 years old	5%
[25–30] years old	14%
[30–35] years old	15%
[35–40] years old	17%
[40–45] years old	16%
[45–50] years old	13%
More than 50 years old	20%

Source CCI (2015)

<http://www.cci.fr/web/creation-d-entreprise/le-profil-des-createurs>

**Table 2.3.** *Start-up in France by age*

This “gray” dynamism is expected to increase and form a new component of economic activity. The French demographic data are very explicit. They show that by the year 2020, 25 million French people will be over 50, and probably 30.5 million in 2050, compared with 19 million in 2000. If these figures distress the pension and unemployment agencies, it also seems that with the longer lifespan and the improvement of living conditions in general,



more and more seniors decide to engage in the creation of their own activity. In 2020, therefore, we must expect to see a significant number of “neo” entrepreneurs aged 70 and over.

### **2.3.3. *Entrepreneurship of the elderly: another way of thinking and managing economic creation***

After having developed their careers, seniors seem to be interested in entrepreneurial activities in an active and uncomplicated way. This unprecedented phenomenon deserves to be studied and better known. For Maâlaoui *et al.* [MAA 12], seniors have relatively greater economic potential and purchasing power than younger generations. They argue that with age, financial constraints are at a minimum, loans are paid, children have grown up and they can be self-funding their business.

According to Brasseur [BRA 12], the concept of senior refers to three different dimensions of a person’s trajectory: their life course, their professional career and the development of their skills. At the time of retirement or preretirement, the senior often approaches the three aspects as outcomes, taking some consciousness of their finitude. Hence, it is paradoxically the awareness of finitude which will allow the individual to set a goal and follow him with conviction and passion. Moving away from the constraints, the senior entrepreneurs look for a valuable “project-work.”

From this perspective, the experience, skills and knowledge of professional circles are decisive. These assets give a certain credibility to the senior entrepreneurs, who often place the transmission of this know-how as a fundamental objective of creation. Communication is perceived all the more urgent because time is more valuable

to them than to young creators. This aspect will increase with the qualification and responsibilities already exercised.

#### **Are senior start-ups the answer?**

New business creation by the 55 to 64-year-old age group is up sharply over the past 15 years – from 14.3% of all entrepreneurs in 1996 to 20.9% in 2011, according to the Kauffman Index of Entrepreneurial Activity, 1996–2011.

In June, an AARP/Society for Human Resource Management (SHRM) survey of 50 + employed workers revealed that one in 20 plans to start their own business; nearly one in five unemployed workers would prefer to do the same. Research released by Encore.org, a think tank on boomers, work and social purpose, shows that approximately 25 million people – one in four Americans ages 44–70 – are interested in starting businesses or non-profit ventures in the next 5–10 years.

According Elizabeth Isele, “Many seniors are creating legacy businesses, which will, in turn, be handed over to a younger member of their family-someone in their 20s or 30s. They’ve been having trouble finding jobs, too. The younger generation has all the technical savvy, all the social media and marketing skills that the senior in that family may not have. But the senior has all the life experience and work experience skills that the younger person doesn’t have. They each have their dreams, and they recognize the value of the other generation to help them fulfill their dreams.”

<http://www.forbes.com/sites/kerryhannon/2012/09/09/are-senior-start-ups-the-answer/#6d26af518a8b>

## **2.4. Summary**

Young entrepreneurs from Y generation are creating businesses by passion or a desire to be autonomous. They try to imagine the world without limits through the Internet and they do not accept to lose their personal time for a job or money.

Middle age managers from big corporations decide to leave their jobs for dissatisfaction, ethical concerns or work–life balance. They are the new figures of a career transition in which entrepreneurship appears as a new step and not a disruption.

At the other extreme of the working life, seniors in retirement are creating companies to continue an active life. They are “seniorpreneurs” and are challenging the myth of the old retiree who desires to travel and rest. Beyond their wish to continue being in the market, sometimes the creation of business by seniorpreneurs is a result of poor subventions in retirement, expressing a necessity to complete their revenues.

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## Entrepreneurship Without Limits

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Traditionally, entrepreneurs are defined as individuals who follow a market opportunity and are in a search of a maximization of profit. Another definition for entrepreneurship concerns people who are outside the job market. These two situations have given place to the classification of entrepreneurs who are either opportunity driven or necessity driven.

However, the entrepreneurial field is composed of a broad and varied types of profiles. Worldwide, there are many initiatives headed by entrepreneurs who do not seek economic performance and defend other values such as solidarity or inclusion.

Among them, two different groups of entrepreneurs emerge: social entrepreneurs and handipreneurs. They share the same characteristic: to go beyond the limits of the classical definition of an entrepreneur.



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### *Objectives of this chapter:*

- Identify a social business and its characteristics.
- Understand the drivers of motivation of a social entrepreneur.

– Be aware of the specific situation of the disabled entrepreneurs.

### 3.1. Social entrepreneurship: what is it really about?

Recent years have seen a growing interest in social enterprise around the world driven by an increasing recognition of the role a social enterprise can play in tackling societal and environmental challenges and in fostering inclusive growth.

#### 3.1.1. Definition

It is difficult to determine who is a social entrepreneur because of the variety of forms and business models for social business. However, a general assumption is that a social enterprise combines entrepreneurial activity with a social purpose. Its main aim is to have a social impact, rather than to maximize profit for owners or shareholders.

The main characteristic of social entrepreneurship in modern society is to offer an altruistic form of entrepreneurship that focuses on the benefits that society may reap thanks to creative and non-traditional strategies.


The principal foundations for the development of social entrepreneurship, such as Ashoka, Skoll or the Schwab Foundation, identify social entrepreneurs as individuals searching for innovative solutions to social problems, who are changing the system (Ashoka), transforming fields such as education, health, environment and enterprise development (Schwab Foundation).



<https://www.ashoka.org/node/4384>

Social entrepreneurship is a field in which entrepreneurs tailor their activities to be directly tied with the ultimate goal of creating social value. In doing so, they often act with little or no intention of personal gain.

Social entrepreneurs all over the world have shown their capacity to propose performant and innovative solutions to a variety of economic, social and environmental problems. Indeed, social entrepreneurship has a significant potential for economic and social transformation.

<p style="text-align: center;"><b>Banker of the Poor</b></p> <p>Pioneering the concepts of microcredit and microfinance, Muhammad Yunus founded in 1977 the Grameen Bank (“village bank”) to fight poverty through the access to financial capital for the most poor populations of Bangladesh. Microcredit loans are given to entrepreneurs too poor to qualify for traditional bank loans.</p> <p>He was nominated for the Nobel Prize of Economy in 2005, and was awarded the Nobel Peace Prize in 2006 “for their efforts through microcredit to create economic and social development from below.”</p>	 <p>Muhammad Yunus (born 28 June 1940) is a Bangladeshi social entrepreneur, banker, economist and civil society leader.</p>
<p>Grameen Bank is a banking system based on trust and creativity, specialized in very small loans (microcredit). It is present in more than 50,000 villages. The repayment rate of the “bank of the poor” is around 99%, a guarantee of the seriousness of the organization in the selection of projects.</p>	<p>The 94% of the Grameen Bank is owned by microentrepreneurs, mostly women, and only 6% by the Bengali government. This feature strengthens its social credibility and gives him some independence.</p> <p style="text-align: center;"><a href="http://www.babyloan.org/fr/muhammad-yunus">http://www.babyloan.org/fr/muhammad-yunus</a></p>

### 3.1.2. Challenges of social entrepreneurship

Given the economic, social and environmental challenges that the world is facing, there has been an increase in the initiatives to develop economic activities in the service of

man and society. This “other economy” is particularly interesting for international policy makers, local actors and the public opinion.

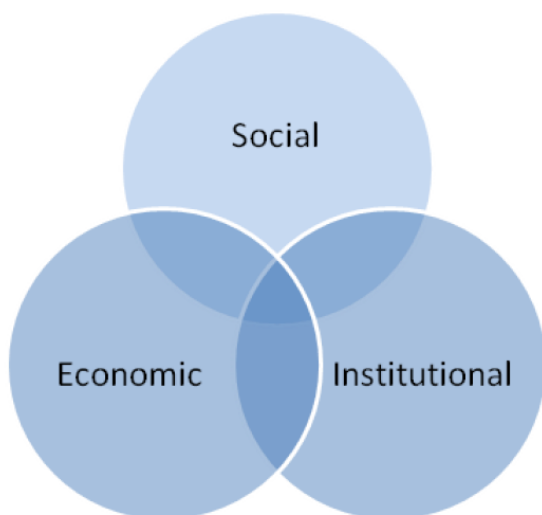
Social entrepreneurship’s challenges are related to three fundamentally distinct worlds: the social world, the commercial world and the institutional world.

Thus, three dimensions characterize social enterprise:

– An economic component comprising a continuous activity of production of goods and services, involving a significant degree of risk and a minimum of salaried jobs.

– A social dimension with an explicit objective of service to the community, an initiative by an individual or a group of citizens with limiting benefits.

– A political dimension based on a governance structure with a high degree of autonomy and a decision power such as a participatory process involving various stakeholders.



**Figure 3.1.** *Social entrepreneurship dimensions*

However, despite the interest, and the emergence of inspirational disruptive social enterprises, there is relatively little knowledge about the scale and characteristics of the emerging sector.

### **3.1.3. Back to the basics**

The interest of studying social entrepreneurs comes from their role in addressing critical social problems and the dedication they show in improving the well-being of society: “The term itself shows up frequently in the media, is referenced by public officials, has become common on university campuses, and informs the strategy of several prominent social sector organizations, including Ashoka and the Schwab and Skoll Foundation foundations” [MAR 07].

To understand social entrepreneurship, we need to start to consider what entrepreneurship is. Entrepreneurship has been defined by different authors. Among the first ones, the French economist Jean-Baptiste Say (early 19th Century) explains that “the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield”. The Austrian economist Joseph Schumpeter (early 20th Century) says that “the entrepreneur identifies a commercial opportunity and organizes a venture to implement it”. He innovates to the point of “creative destruction” and develops “alertness” to discover business opportunities. According to the American economist Israel Kirzner, “alertness” is the most critical ability of an entrepreneur.

Later on, with the development of the field of entrepreneurship, scholars start conceptualizing the entrepreneur as an individual who sees the world and envisions the future in a different way.



<b>Authors</b>	<b>Definition</b>	<b>Core characteristics</b>
Schumpeter [SCH 34]	An entrepreneur is an innovator who implements entrepreneurial change within markets, where entrepreneurial change has five ways: introduction of a new improved good (1); a new method of production (2); opening of a new market (3); exploration of a new source of supply (4); and carrying out of a new organization (5)	Innovation Change
McClelland [MCC 61]	The entrepreneur is a person with a high need for achievement. He is an energetic moderate risk taker	Achievement Risk
Shapero [SHA 75]	An entrepreneur takes initiative, organizes social and economic mechanisms and accepts risks of failure	Initiative Organization
Kirzner [KIR 78]	The entrepreneur recognizes and acts upon market opportunities. He develops alertness attitude to discover new business	Discovery Alertness
Carland <i>et al.</i> [CAR 84]	The entrepreneur is a person with an innovative behavior and uses strategic management practices to run his business	Innovation Strategic management
Kao and Stevenson [KAO 85]	The entrepreneur is an attempt to create value through recognition of business opportunities	Value creation Opportunity awareness

Adapted from [ABU 12, p. 23]

**Table 3.1.** *Definition and core characteristics of the entrepreneur*

Social entrepreneurship is a relatively new research topic and, despite the growing interest it generates in the literature [NIC 10, SHA 07, ZAH 09], there is a variety of definitions for social entrepreneurs.

Authors	Definition	Core characteristic
Bomstein [BOM 96]	A social entrepreneur is a path breaker with a new idea which combines visionary and real-world problem-solving creativity, has a strong ethic fiber and is totally possessed by his or her vision of change	Problem solving Change Ethics
Dees [DEE 96]	A social entrepreneur plays the role of change agent in the social sector by: adopting a mission to create and sustain social value (1); recognizing new opportunities to serve that mission (2); engaging in a process of continuous innovation, adaptation and learning (3); acting without being limited by the resources available (4); and exhibiting an amplified sense of accountability to the stakeholders for the outcomes created	Change agent Social value creation Innovation
Thompson <i>et al.</i> [THO 00]	A social entrepreneur is a person who realizes where there is an opportunity to satisfy some unmet need that state welfare system will not or cannot meet. He or she gathers together the necessary resources (people, often volunteers, money and premises) and uses these to “make a difference”	Organization Social value creation
Zahra <i>et al.</i> [ZAH 09]	A social entrepreneur is an individual who develops alertness attitude to discover, defines and exploits opportunities to enhance social wealth by creating new ventures or managing existing ones	Innovation Alertness Initiative

Adapted from [ABU 12, p. 24]

**Table 3.2.** *Definition and core characteristics of a social entrepreneur*

In the term social entrepreneurship, “social” modifies the word “entrepreneurship.” Social means a relation to human society, the interaction of the individual and the group and the welfare of human beings as members of society.

The combination of the principal definitions and characteristics of the entrepreneur and the social

entrepreneur defines a social entrepreneur as someone who develops innovation and alertness to identify a social opportunity and then organizes a venture that shifts economic resources to care for the welfare of human beings as members of society.

Shared characteristics of both types of entrepreneur	Unique characteristics of social entrepreneurs
Innovation Changemaking Organization Alertness Initiative	Problem-solving Ethics Social value creation

**Table 3.3.** *Shared and unique characteristics of the entrepreneur and social entrepreneur*

### 3.2. Social entrepreneurs doing business beyond profit

In the academic literature, the term “social entrepreneurship” was used to describe companies that prefer to generate social benefits instead of financial benefits. However, while some authors define social enterprises as companies with a social vocation even if it is profit-oriented, other authors only include non-profit organizations in the field of social entrepreneurship [LIG 06].

#### 3.2.1. Boundaries of social entrepreneurship

Social entrepreneurship, thus, can be understood as a new and innovative approach to dealing with complex social needs especially in the face of diminishing public funding. Globally, there are increasing demands for social policy to meet the health and well-being needs of populations. In this vein, social entrepreneurs complete the activities of the public sector and the third sector (voluntary and charitable organizations) to solve social problems.



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Traditionally, social enterprises have been associated with education, churches, charities, philanthropy, the not-for-profit sector and voluntary organizations [SHA 07].

Today, social enterprises are also other types of organizations, searching to be financially self-sufficient.

In other words, social entrepreneurship represents a new trend in business creation that is wider than the traditional idea of social business (associations, cooperatives, etc.). This new meaning of social entrepreneurship concerns the creation of business ventures with two characteristics:

- search for meaningful activities: the social mission gives sense to the business venture;
- reinvestment of profit: profit is generated and then reinvested into the venture to fulfill the mission.

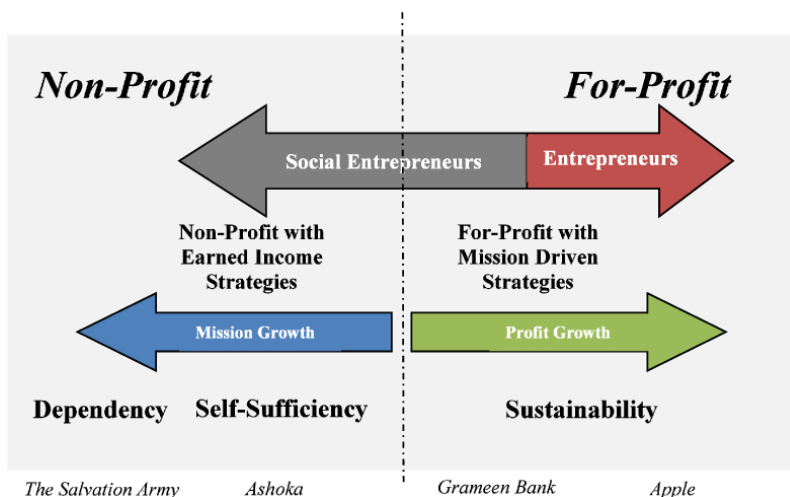
Social entrepreneurs are then individuals who design strategies to generate revenues to accomplish their social mission. They develop social and profit-oriented activities to be able to deliver social value while remaining financially self-sufficient, and reducing their reliance on donations and subsidies.

According to Abu-Saifan [ABU 12], social entrepreneurs operate within the boundaries of two different business strategies:

- 1) Non-profit with earned income strategies: a hybrid social and commercial enterprise.

In this scenario, revenues and profits generated are used to improve the delivery of social value.

2) For-profit with mission-driven strategies: a commercial enterprise developing social activities. In this scenario, the organization is financially independent, and the founders and investors can benefit from personal monetary gain.



From [ABU 12, p. 26]

**Figure 3.2.** Boundaries between entrepreneurship and social entrepreneurship

Moreover, one of the major networks of social entrepreneurs, The Schwab Foundation, identifies three different organizational models for social enterprises.

In their classification, the non-profit organizations or third sector<sup>1</sup> is also included:

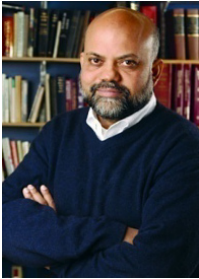
- Non-profit organizations covering a market or government failure, and based on outside philanthropic funding.

<sup>1</sup> The third sector is represented by non-profit, non-governmental organizations such as charities, voluntary and community groups, cooperatives, etc.

– Hybrid non-profit ventures, selling goods and services to be able to sustain the social activities.

– For-profit business providing a social or ecological product or service. The main aim is not to maximize financial returns for shareholders but to develop the social activity. Wealth accumulation is not a priority and profits are reinvested in the enterprise.

**3.2.1.1. An example of a for-profit organization doing social business: Iqbal Quadir, Grameen Phone and the Phone Ladies**



Iqbal Quadir is an advocate of business as a humanitarian tool. With GrameenPhone, he brought the first commercial telecom services to poor areas of Bangladesh. His latest project will help rural entrepreneurs build power plants.

Iqbal Quadir tells how his experiences as a kid in poor Bangladesh, and later as a banker in New York, led him to start a mobile phone operator connecting 80 million rural Bangladeshi – and to become a champion of bottom-up development.

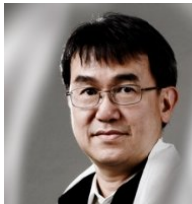
The idea for GrameenPhone came to Iqbal Quadir during an afternoon of on-the-job frustration in 1993. His investment banking office’s computer network had failed, stymieing his efforts to work. As he sat there, he recalled another wasted day in 1971 when he was 13 and living with his family in a rural village in Bangladesh to escape a war that was ravaging the big cities. Since there were no phones, his mother sent him to a nearby village to fetch medicine. He walked 8 miles only to find that the pharmacist was gone for the day and he had wasted the day walking. All for the lack of a telephone to call ahead.

Sitting in front of his disconnected computer in New York City 22 years later, a realization dawned: if connectivity meant productivity, then it must be a weapon against poverty.

<https://www.wharton.upenn.edu/wp-content/uploads/125anniversaryissue/quadir.html>

<p>Grameenphone, the leading telecommunications operator in Bangladesh, is a joint venture between Telenor and Grameen Telecom Corporation, a non-profit sister concern of the microfinance organization and community development bank Grameen Bank.</p>  <p>grameenphone</p>	<p>Telenor, the largest telecommunications company in Norway, owns a 55.8% share of Grameenphone, Grameen Telecom owns 34.2% and the remaining 10% is publicly held.</p> <p>Before Grameenphone's inception, the phone was only available for a selected urbanized few. The cell phone was a luxury: a flouting accessory for the selected elite. The masses could not contemplate mobile telephony as being part of their lives. Grameenphone started its journey with the Village Phone program: a pioneering initiative to empower rural women of Bangladesh. The name Grameenphone translates to "rural phone".</p> <p><a href="https://www.grameenphone.com/about/our-story">https://www.grameenphone.com/about/our-story</a></p>
<p>There are about 250,000 women retailing telephone services in 60,000 villages giving access to about 100 million people.</p> <p><a href="http://socialinnovation.lv/en/business-models-beyond-profit-social-entrepreneurship-lecture/">http://socialinnovation.lv/en/business-models-beyond-profit-social-entrepreneurship-lecture/</a></p>	

### 3.2.1.2. *An example of a non-profit organization: Jack Sim, Founder of World Toilet Organization (WTO), Hero of the Environment*

 <p>Jack Sim, Founder of World Toilet Organization (WTO) (<a href="http://sg.linkedin.com">sg.linkedin.com</a>)</p>	<p><b>Why did you decide to found the World Toilet Organization (WTO)?</b></p> <p>Having achieved financial success in my 40s, I felt the need to change direction in my life and give back to humanity.</p> <p>One morning, my Prime Minister said that we should measure our graciousness through the cleanliness of our public toilets; I thought this is a really interesting thing. I discovered that toilets were often neglected and grew concerned that the topic was often shrouded in embarrassment and apathy; talking toilets was a taboo.</p> <p>In 1998, I established the Restroom Association of Singapore (RAS) whose mission was to raise the standards of public toilets in Singapore and around the world.</p>
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<p>Through RAS, Jack’s vision was to put Singapore on the “world map” by taking the initiative to provide clean public toilets.</p> <p>As Jack began his work in Singapore, he realized there were other existing toilet associations operating in other countries. It soon became clear that there were no channels available to bring these organizations together to share information, resources and facilitate change. There was a lack of synergy. As a result, in 2001, Jack founded the World Toilet Organization (WTO).</p>	<p>In 2004, Jack was awarded the Singapore Green Plan Award 2012 by Singapore’s National Environment Agency (NEA) for his contribution to the environment. In 2007, Jack became one of the key members to convene the Sustainable Sanitation Alliance (SuSanA) composed of over 130 organizations active in the sanitation sector.</p> <p>Jack Sim is an Ashoka Global Fellow. In 2008, he was named Hero of the Environment by Time Magazine. Jack also sits in the World Economic Forum’s Global Agenda Councils (GAC) for Water Security and on the GAC for Social Entrepreneurship.</p>
<p><b>What stimulates you in your day-to-day tasks? What do you like about being a social entrepreneur?</b></p> <p>Every day, I feel useful and want to do creative things I have never done before, creating things that do not exist. I learn a lot. I launched six other non-profit organizations while directing WTO. What motivates me is knowing that I have very little time on this Earth. It is crucial to try to be helpful at all times.</p> <p style="text-align: center;"><a href="http://www.entrepreneurship.org/blog/entrepreneurshipwork-jack-sim-world-toilet-organization">http://www.entrepreneurship.org/blog/entrepreneurshipwork-jack-sim-world-toilet-organization</a></p>	

### 3.2.2. Social entrepreneurs and their motivations

One way to understand the social entrepreneur is through the study of their motivation behind creating a social business. There are few studies on the motivation of social entrepreneurs, and the approach is diverse. Austin *et al.* [AUS 06] and Shaw and Carter [SHA 07] made comparisons between for-profit entrepreneurs and social entrepreneurs. The results of the Shaw and Carter study suggest that there are significant differences between the motivations of social entrepreneurs and business entrepreneurs.

Social entrepreneurs seem to be motivated primarily by non-economic aspects such as the search for an improvement



to society [AUS 06, CAR 11, SHA 07, ZAH 09]. Other factors such as the desire for independence, financial security and the wish to be one's own boss have not been identified as determinants of motivation.

There is not yet a unified model in the literature to explain the motivation of social entrepreneurs and the few articles studying this subject are based on very different approaches.

**Different approaches to the study of the motivation of the social entrepreneur**

– Zahra *et al.* [ZAH 09] identify three types of social entrepreneurs with different motivations: social constructionists, social engineers and social bricoleurs. Their motivations vary according to their personal, economic and social aspirations. However, they consider that all the social entrepreneurs are proactive individuals, with strong values, independent and able to take risks. Their principal motivation in all the cases is to fulfill a social or environmental need.

– Neck *et al.* [NEC 09] highlight several external factors, such as the sources of opportunities, the importance of stakeholders and how to measure performance can explain a decision to engage in the creation of a social enterprise.

– Miller *et al.* [MIL 12] propose to study the motivation of social entrepreneurs from the perspective of “compassion” and “pro-social motivation”. These concepts involve helping others, helping the community or aiding the economic development. They argue that compassion can encourage the entrepreneur to create a social enterprise based on emotions, as opposed to selfish motivations.

– Renko [REN 13] concludes that the prosocial and selfish motivations do not involve mutually exclusive or opposite desires. Following this idea, social entrepreneurs can follow prosocial and financial objectives (selfish) simultaneously.

In a recent study, Gabarret *et al.* [GAB 17] explored how to adapt the push and pull model<sup>2</sup> of motivation to explain the motivation of social entrepreneurs. The authors show the

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<sup>2</sup> The push and pull approach considers that an individual will become an entrepreneur for two exclusive reasons: (1) a desire for independence or an opportunity to earn more money (pull); and (2) lack of a job or dissatisfaction with their current job (push).

complexity of the social entrepreneur's motivation by comparing it with that of a commercial entrepreneur.

In general, the motivation of the classic (commercial) entrepreneur is push or pull, and it is considered at an individual level. Indeed, the entrepreneur could:

- feel dissatisfaction with their job [BRA 05, BRO 80, COO 71];
- desire to be autonomous [HES 08, HUG 03];
- find an opportunity to earn more money [ACS 05, REY 02];
- want to leave unemployment [ACS 05, REY 02].

The analysis of the motivation of the social entrepreneur shows two important differences. The first one is that social entrepreneurs are motivated at several levels. Beyond the micro (individual) level, they develop motivational factors at meso and macro levels. The second one is that their motivation is a composition of various factors, a mix of push and pull dimensions. More specifically, the authors found that the motivation of the social entrepreneur is a composition of dissatisfaction (push factor), social opportunity and independence (pull factors).

### 3.2.2.1. *Dissatisfaction*

Social entrepreneurs declare dissatisfaction not only at a personal level (dissatisfaction with his/her job), but also at meso and macro levels. Indeed, some social entrepreneurs were able to demonstrate a wider discontent related to firms' management and employment conditions. It is a kind of rejection and frustration with big companies and wage labor.

Beyond working conditions and firms' managerial issues, social entrepreneurs are subject to dissatisfaction regarding the social structure and environmental problems (at a local, national or even international scale). It seems that

governments are not accomplishing their social and environmental missions, and this has led to dissatisfaction.

### *3.2.2.2. Opportunity*

In the literature on entrepreneurship, the discovery of a business opportunity is one of the main motivations for starting a business. It is considered as an economic opportunity for enrichment [KEL 11]. However, in the context of social entrepreneurship, it is a social/environmental opportunity that motivates the social entrepreneur. The recognition of a gap or a social need will be a driving force for creation [CAR 11, SHA 07, ZAH 09].

### *3.2.2.3. Independence*

Independence is an important determinant of entrepreneurial motivation and different levels of independence have been identified. Some are directly related to personal aspirations, but others seem to be more complex and universal.

Although a large proportion of entrepreneurs proclaim their desire for independence, other social entrepreneurs do not identify “independence” as a primary determinant of their motivation. However, they embrace entrepreneurial endeavors because it is the only way they have to attain their objective. A majority of social entrepreneurs believe that the search for autonomy is an important factor that led them to the launch of their own business.

Independence is not only considered at a personal level. Social entrepreneurs also desire access to forms of fulfillment by freeing society from social injustice. By offering these alternatives to society, social entrepreneurs expect the emergence of a free population, aware of their ability to achieve things for themselves, independent and seeking to hold their destiny in their own hands.

**3.2.3. Sources of social entrepreneurship**

According to a report published by the European Commission [EUR 14], social enterprises exploit a range of sources (Table 3.4).

<i>Revenue derived from market sources</i>	<i>Revenue comes from the private market through the sale of goods and services to other businesses and final consumers</i>
<i>Revenue derived from public contracts</i>	<i>Social enterprises work with public authorities and agencies to receive fees for defined services (quasi-markets). The structure of these payments can be quite different, varying from direct payment by public authorities to social security systems, voucher systems or indirect payment through third-party intermediaries</i>
<i>Direct grants</i>	<i>Subsidies provided to social enterprises by public authorities, e.g. grants for specific project-based activity, employment subsidies are often made available to associations as “compensation” for employing people with impaired work ability and for the resulting productivity shortfall</i>
<i>Individual or corporate voluntary funds</i>	<i>Membership fees, donations and sponsorship</i>
<i>Other forms of revenue</i>	<i>Income from renting assets (such as property), penalty payments, prize money or income from endowed assets, and non-monetary forms such as in-kind donations (e.g. old IT equipment, food or building material) and volunteering time</i>

**Table 3.4.** *The main revenue streams of social entrepreneurship*

While for-profit enterprises usually base their business models on revenues generated through trading activity, social enterprises typically adopt a hybrid business model based on a combination of revenues from:

– market sources, e.g. the sale of goods and services to the public or private sector;

– non-market sources, e.g. government subsidies and grants, private donations, non-monetary or in-kind contributions such as voluntary work, etc.

### 3.3. Handpreneurs: integrating disabled people through business creation

Even if countries are making efforts to allow the disabled into the workplace, there continue to be problems of inequality at work.

Although “handicapped” is widely used in both law and everyday speech to refer to people having physical or mental disabilities, those described by the word tend to prefer the expressions disabled or people with disabilities.

The origin of the word handicapped is in the phrase hand in cap, actually derived from a game of chance but sometimes mistakenly believed to involve the image of a beggar.



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#### 3.3.1. The integration of disabled people in the job market



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##### **Convention on the rights of persons with disabilities**

The purpose of the present Convention is to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity.

– Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others (Article 1).

– States Parties recognize the right of persons with disabilities to work, on an equal basis with others; this includes the right to the opportunity to gain a living by work freely chosen or accepted in a labor market and work environment that is open, inclusive and accessible to persons with disabilities (Article 27).

<http://www.un.org/disabilities/convention/conventionfull.shtml>

The establishment of regulations to integrate disabled people into the workplace, as well as the application of equal opportunities principles at work, are major challenges [PAG 07]. For instance, in France, 5.5 million people are registered as disabled (French National Institute of Statistics and Economic Studies, 2013) and even though the law protects hiring disabled employees, the unemployment level among this population remains quite high (Observatory of Inequality, 2013).

**Europe tour with arms: a message of  
solidarity and hope for young people with disabilities**

Yves Pucheral, paraplegic, and Guy Genin, suffering from polio in the lower limbs, met on the road in Île-de-France where they practiced their favorite sport. “Our primary goal is not to perform any sporting challenge, says Guy Genin. We wish above all develop the potential of disabled workers and send a message of solidarity and hope to the youngest of them”.

Both athletes have led exemplary professional careers. Yves Pucheral graduated from the Special School of Public Works in Paris has established three companies in 30 years. As for Guy Genin, he served for 44 years in different positions of responsibility in both the public service and private sector. But, they are nevertheless aware of the difficulty for young people with disabilities to integrate the job market.

<http://www.faire-face.fr/2014/05/14/l%E2%80%99europe-%C3%A0-tour-de-bras-un-message-de-solidarit%C3%A9-et-d%E2%80%99espoir-pour-les-jeunes-en-situation-de-handicap/>

### 3.3.2. A handipreneur is a person with a disability who decides to create a business

Given the high unemployment level among the disabled, many individuals with a disability could decide to create their own companies and seek a better quality of life at the workplace through entrepreneurship [PAG 09].

A superficial analysis could lead to consider disabled entrepreneurs as necessity entrepreneurs, given the difficulties accessing the job market and the high level of unemployment. However, if a disabled entrepreneur could be identified only as a necessity entrepreneur, we may expect a weak rate of survival and growth. In the study of Maâlaoui *et al.* [MAA 15], one of the interviewed disabled entrepreneur mentions “more than half of disabled entrepreneurs remain in business after three years as opposed to non-disabled entrepreneurs for whom the three-year success rate is much lower”. Also, since entrepreneurs with a disability are a minority, entrepreneurship could be considered a means of integration into economic life [DEC 11]. In-depth research concerning this population reveals different characteristics.

#### **The incredible destiny of Didier Roche, entrepreneur in the dark**

Didier Roche is one of the blind cofounders of the chain of restaurants and spa “In the dark?” in which customers are served and massaged by blind people.

He made a concept from his handicap. Didier Roche became blind in childhood. For him, mainstreaming disability in the workplace is not a constraint but an advantage.



<http://www.youphil.com/fr/article/06641-didier-roche-spa-dans-le-noir-entrepreneur?ypcli=ano>



The spa that employs visually impaired practitioners was established in 2011 after the success of the restaurants of the same name now established in several European countries.

Didier Roche refuses to be identified as a solidarity entrepreneur. However, his investment company Ethik Investment, his restaurants and his care institutes employed nearly 50% of blind people. Opposed to any notion of quotas or subsidies, Didier Roche believes that disability must be valued outside protected areas.

“I use the blind because they are the best in the dark,” he said. “In a dominant economy, it is possible to show that the differences have their place in the value chain. Accept subsidies to survive would mean that the model is wrong”.

**UPTIH: Professional Union of Independent Disabled Workers**

Since 2008, Didier Roche is the head of an association wishing to facilitate the creation and development of “social” companies. The association promotes mutual support, particularly in terms of banking and lending institutions funding.

In 2008, Pauline Blanchard, a student of the Social Entrepreneurship Chair Essec, presents a project for the Self-Employed Disabled to Didier Roche, himself blind, cofounder and coleader of the restaurants “In the dark?” and the Ethik Investment group.

Pauline brings to the project its expertise acquired in business school, and a personal sensitivity to disability issues. Didier brings his entrepreneurial experience with disability. Since 2010, the UPTIH experiences steady growth.





### **3.3.3. Disability, a factor of entrepreneurial motivation?**

A recent French study showed that disabled entrepreneurs are motivated by a mix of factors involving opportunity and necessity [MAA 15]. The handipreneur sees in his disability drivers that push him into the direction of finding alternatives. He (or she) also shares certain characteristics of minority or ethnic entrepreneurs. Indeed, just like other minorities in entrepreneurship, the handipreneur transforms a weakness into a business opportunity by developing companies that are generally connected to a strategic niche related to their disability.

Disability seems to boost individuals to find solutions. It is a weakness that they have to overcome every day. To stay active, they need to circumvent their handicap. Some of the principal motivations are a need to feel active and also a means for social and economic insertion as a way to fight isolation due to their disability. They must be organized to mitigate the problems and overcome the barriers of their handicap. This situation allows for the development of creativity, imagination and empathy. In this way, they develop their character to be better prepared to handle any problems. Moreover, the complexity of the life course of the disabled and their relationships with their environment allows for the development of specific characteristics such as resilience and optimism. All these characteristics help them to become good entrepreneurs.

Maâlaoui *et al.* [MAA 15] show that disabled people see the opportunity to create value out of their difference. Their disability allows them to propose products or services adapted to the needs of the people in the same situation. It constitutes a strategic niche in which they are legitimate. Indeed, by doing something to improve their lives, they are

also improving the life of others. Moreover, services or products aimed at improving their quality of life can become interesting for any population group, such as pregnant women, elderly people or families with young children. In this aspect, a niche market can evolve to a mass market.

Maâlaoui *et al.*'s [MAA 15] study identifies several factors present in the field of handipreneurs. Among them, we can find internal factors such as a search for meaning, fulfillment, passion and a need for recognition. Other factors are external, some of them are positives, for instance the presence of role models, the family support and the financial assistance. Others are negatives such as the isolation in society and the way other people think about them. Curiously, disabled people do not think of themselves as handicapped. Disability is just a part of their lives.

<b>Entrepreneurship and disability: yes you can!</b>	
<p><b>Who is Pierre Achache ?</b></p> <p>Pierre Achache is blind. He is also a French entrepreneur. Young professor of economics, he became blind when he was 25 years old. In 1985, he creates Oxone, a company specialized in telecommunications.</p> <p>Today, Oxone Technologies is present in England, Switzerland, Spain, Belgium and France.</p>	 <p><a href="http://rhdenoe.com/entrepreneuriat-et-handicap-tout-est-possible/">http://rhdenoe.com/entrepreneuriat-et-handicap-tout-est-possible/</a></p>
<p>In 2012, Pierre Achache creates <b>Magic Vision</b>, a social start-up to produce innovative and cheap technological products for disabled people.</p>	

The **Magic Box** is a smartphone for blind people and people with other disabilities. It could be also an interesting product for seniors. The phone speaks to the user, has a physical dial to scroll through apps and is equipped with a physical keypad on the back for dialing. It also has sensors at the base that can detect objects and alert the user when they get close.

This project was funding by a crowdfunding platform. Participants became shareholders and can buy the product at 50% of its market price.

“For me, certain issues such as selling products for the disable has to be considered as a social issue more than as a business. Companies must have a profit, but the profit is not the priority”.

#### **Is disability a brake for your entrepreneurial activity?**

Maybe a little, but not.

“At the beginning, I have had the feeling that because of my disability I could never be like everybody else again. But it is not true. It is after a long internal journey that I finally understood that you could transform a weakness into force.

Look at Stephen Hawking; his disability has not prevented him from having a social life, a phenomenal career, and multiple awards.

In my case, I'm the manager of an association; I also have created several enterprises, and I give yoga courses. My disability is not a problem”.

<http://www.magicavision.fr/accueil/on-en-parle>

### **3.4. Summary**

This chapter has examined different types of entrepreneurial activity that are beyond the boundaries of the classic profile of an entrepreneur. We specifically studied two kinds of entrepreneur: the social entrepreneur and the disabled entrepreneur. In both cases, their motivation is a mix of pull and push drivers which are related to their environment. For this reason, they cannot be classified as opportunity nor necessity entrepreneurs.

There are some issues involved in identifying and understanding particular groups of entrepreneurs. Through

this chapter, we developed awareness about the complexity of the entrepreneurial profiles. Therefore, attempting to enclose the multiple entrepreneur profiles into limited categories involves a risk of bias in the comprehension of the created company.

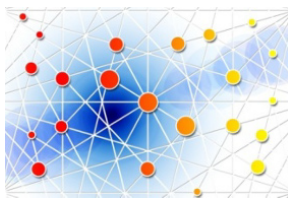
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## The Entrepreneurial Connection

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People live out their lives within a web of human relationships with family, friends, neighbors, colleagues, competitors, suppliers and customers. This is true for anyone and even more for the entrepreneur.

The possibility to meet people and develop social interactions, both in the workplace and outside, plays a crucial role for the entrepreneur to build and run his business. Thus, entrepreneurs should pay attention to networking and invest time and effort in building up their social capital, just as they do for other more tangible forms of capital.



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The scientific community increasingly accepts that entrepreneurial activity integrates social relations (networks) allowing entrepreneurs an easier access to the resources they need [STA 14].

The literature clearly indicates that shared connections (networks or social capital) enable the entrepreneur to identify opportunities [BHA 10], mobilize resources and build the legitimacy of their businesses [ELF 03, ZIM 02].

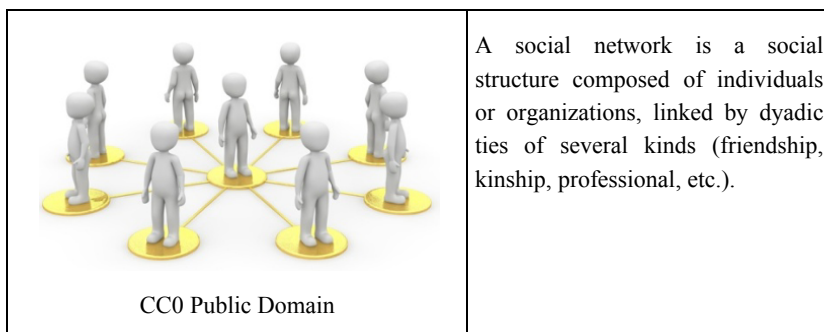
Objectives of this chapter:

- create awareness about the importance of the social network to develop entrepreneurship;
- recognize the relationship between the concepts of social network, trust and social capital.

#### 4.1. The importance of the social network

According to social network theory, society is built as sets of relations or ties between individuals or organizations known as nodes. Nodes can represent individuals, groups, companies or even countries. Thus, a network structure is made up of nodes which are connected by one or more types of relationships, called ties.

In the study of social networks, individuals are not considered independent or isolated, and their choices are not purely rational but influenced by their social ties [LAV 00].



According to Spencer and Pahl [SPE 06], there are eight different types of relationships:

- favor friends: they help each other out in a functional manner but not in an emotional manner;

– fun friends: they socialize together primarily for fun without a deep relationship to provide each other with emotional support;

– helpmates: they display characteristics of both favor friends and fun friends. They socialize together for fun and also help each other out in a useful manner;

– comforters: they are similar to helpmates but with a deeper level of emotional support;

– confidants: they disclose personal information to each other and enjoy each other's company, but they are not always in a position to offer practical help;

– soulmates: they display all of these elements and are the people closest to you;

– associates: they do not know each other well and only share a common activity, such as a hobby or sport;

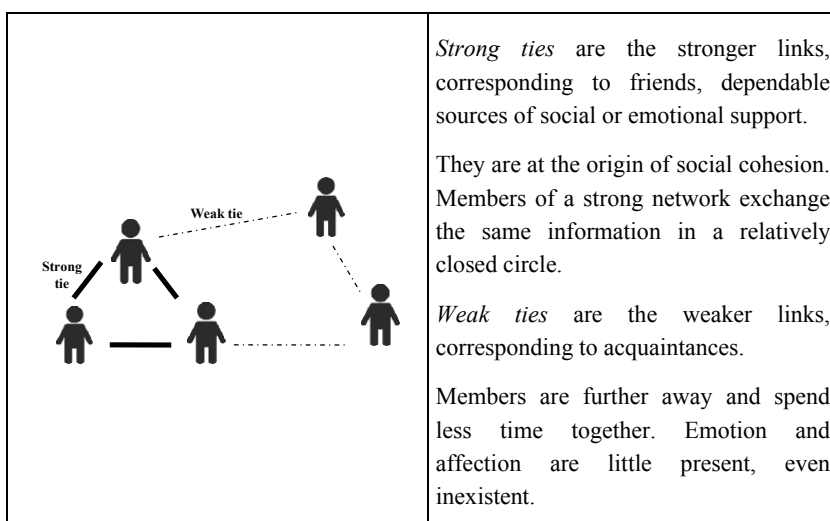
– useful contacts: they exchange information and advice, typically related to their work or career.

#### **4.1.1. *Strong and weak ties***

The premise of social networks theory is based on the existence of weak and strong ties linking individuals. The strength of a link is a combination of the amount of time, emotional intensity, intimacy (or mutual trust) and reciprocal services that characterize this relationship.

The different types of links will provide access to various types of resources [GRA 73, STA 14].

Strong ties prevent opportunistic behavior (by bonding) but, at the same time, they can produce a community fragmentation. Individuals connected by strong ties share information and knowledge. In opposition, weak ties provide access to new resources, which are not present in their close network, and thus facilitate the discovery of opportunities (by bridging). Thus, the weak links will be useful to seize opportunities.



While weak ties provide access to wider information, the strong ties based on personal relationships improve cooperation between structures or individuals and problem solving [BØL 05].

Strong ties are based on the local network. These networks are sending strong signals. Weak ties can acquire new information (weak signal networks). Weak signals challenge the known [JUL 00], can accelerate the speed of information acquisition and reduce its cost [CAB 02].



Mark Granovetter is known for his work in network sociology and economic sociology.

In network sociology, Mark Granovetter has formalized the theory of the strength of weak ties and showed that weak social bonds allow access to more diverse social groups and new information than so-called strong bonds.

In economic sociology, he introduced the concept of embeddedness in social networks. According to this, economic transactions are influenced by the social network.



<http://www.babelio.com/auteur/Mark-Granovetter/98955>

Mark GRANOVETTER (born in 1943).  
American sociologist at Stanford University

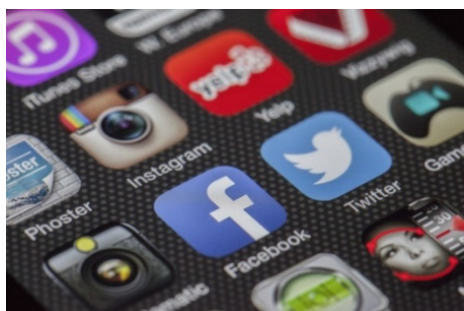
### “The Strength of Weak Ties” [GRA 73]

Granovetter’s paper is a highly influential sociology paper about social networks. In marketing, information science or politics, weak ties enable us to reach populations and audiences that are not accessible via strong ties.

The concepts and findings of the work on networks were also published in the monograph, *Getting a Job: a Study of Contacts and Careers* (1974), an adaptation of Granovetter’s doctoral dissertation at Harvard University’s Department of Social Relations, with the title: “Changing Jobs: Channels of Mobility Information in a Suburban Population”. In his thesis, he examined the process of getting a job in a suburb of Boston. Some people used job agencies and classified ads to find their jobs. However, most of the interviewed people declared that they use informal networks (principally weak ties) to find the information on available posts.

The study proves that it is not “what you know but who you know” that matters. He then hypothesized that new information comes via weak ties and also demonstrates how social activity influences labor markets. Granovetter examines the link between job contacts and social structure and recognizes networking as a crucial link between motivation and labor mobility.

Even if Granovetter’s approach about the strength of weak ties is largely recognized, some studies show that both strong and weak ties play a role in job search [WIL 08].



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**How do you can extend your social networking?**

Strong and weak ties are both relevant and important in your social networking interactions. They perform different functions. Using and maintaining your socially weak ties can extend your network far beyond your average reach, allowing far-reaching benefits outside of your normal relationships.

Think about how you use LinkedIn or Facebook, for example.

Are all of your relationships “strong ties?” Do you consider all of your connections as good friends? Or, are they colleagues who you occasionally interact with? Are they important to you? Should they be? You will probably find several sets of weak ties in your social networks once you start looking. Do you connect with them? Do you watch their activity feeds? Do they look at your feeds to keep in touch?

As humans, we can have both strong and weak tie relationships in our normal networks. We can multiply these relationships. We are weak ties to some of our connections and strong ties to others.

Think about strong and weak ties in the following way:

A strong tie is someone who you know well. You have probably got their number on your phone. You interact with them on social networking sites. There is a good two-way conversation, and even if you do not know everything about them, you know them pretty well, and information flows freely.

A weak tie is a more tenuous relationship. Once a year, you may send them a Christmas message promising to be in touch more often. If you call them, they are surprised to hear from you. You have different interests and do not interact much. You might have kept their business card in case it comes in handy one day.

From Eileen BROWN, June 30, 2011

<http://www.socialmediatoday.com/content/strong-and-weak-ties-why-your-weak-ties-matter>

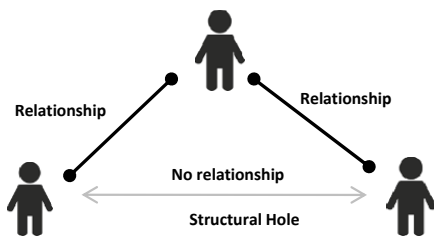
Continuing and completing the work of Granovetter on networks, Ronald Burt studies the ways that social networks create a competitive advantage in careers, organizations and markets.

He develops the concept of “structural holes”. A network rich in structural holes is known as an entrepreneurial network, and the individual who benefits from structural holes is considered as an entrepreneur. In fact, individuals with contact networks with several structural holes can exercise control over more interesting opportunities, because opportunities come by the holes in the social structure. The entrepreneur is then the person who is going to build interpersonal bridges to span the holes [BUR 01].

Ronald Stuart Burt is notable for his research on social networks and social capital, particularly the concept of structural holes in a social network.

A structural hole is understood as a gap between two individuals, such as a lack of connection.

It is the absence of ties between two individuals that may be beneficial for a third party.



<http://alchetron.com/Ronald-Stuart-Burt-207602-W>

Ronald Stuart BURT (born 1949) is an American sociologist and Professor of Sociology and Strategy at the University of Chicago Booth School of Business.

The holes in a social structure create a competitive advantage for the individuals who are connected to both parties. This is a consequence of the flow of information. Indeed, at each side of a structural hole, information is

different. “Structural holes are thus an opportunity to broker the flow of information between people, and control the projects that bring people together from opposite sides of the hole.” [BUR 00, p. 5].

#### **4.1.2. *Networking and entrepreneurship***

Following the work of network sociology, the notion of social capital [BOU 80] and the concept of embeddedness (the way in which economic activity develops inside social networks) [GRA 85], the entrepreneur is no longer seen as solitary but as “embedded” in society.

Weak ties are important in entrepreneurship to discover opportunities or the possibility to enter new markets. The quality of the relational network or the manager’s address book is among the most cited conditions for the success of a new business [VER 06].

According to Aldrich and Zimmer [ALD 86], entrepreneurship must be seen as an economic and social model embedded in networks of social relations. Szarka [SZA 90] defines three types of networks of social relationships in which the entrepreneur is embedded. The first one is the personal network, including contacts with family, friends and acquaintances. The second one is the commercial network, composed of organizations with which the entrepreneur conducts business transactions. The third one is the communication network, including organizations and individuals through which the entrepreneur obtains information about his or her activity such as consultants, local institutions, etc. Completing this classification, Julien and Lachance [JUL 06] identify the fourth type of network: the social network (which facilitates the insertion of the company into its environment). The latter is similar to the symbolic network developed by Johannisson [JOH 87], which

refers to community links as opposed to the personal network (made up of friendships) and to the production network (consisting of transactions with organizations on the market).

The reality of the entrepreneurial connection is much more complex. Indeed, concerning the personal network of the entrepreneur, links can be both personal and professional and economic transactions can be a source of information and at the same time a facilitator for the insertion into an environment [SAL 07]. The development of a personal network is essential during the creation of a company since it is necessary to have contacts and to mobilize resources to pursue opportunities. It also means asking others to provide funding and efforts for a company whose future is uncertain.

Therefore, entrepreneurship is essentially a networking activity. Most entrepreneurs create their business in a geographical context of proximity, within the same community and political jurisdiction. This allows them to have multiple contacts to find funds, suppliers, customers, etc., reducing the risks. Thus, by creating in contexts that are familiar, the entrepreneur can get the maximum amount of useful information but, above all, does not take the risk that some people benefit from his vulnerability. Indeed, embedding in a familiar context makes economic relations also social. There are many reasons for the use of social rather than market relations, such as the possibility to obtain resources at a lower cost or even to have access to resources that are not on the market [STA 90].

Networking, the activity to build, grow and mobilize your personal network, has a significant effect on the entrepreneurial performance. The study of Chell and Baines [CHE 00] shows that entrepreneurs who are the most

“networkers” have higher performance levels than those who are less or not at all. However, there is a threshold effect beyond which the entrepreneur’s network activity is excessive and counterproductive.

Networking, building up and mobilizing a personal network, requires certain social skills. Baron and Markman [BAR 03] identify those that are most useful in entrepreneurial activity: social perception, first impression management, persuasion and influence, social adaptability and expressiveness. These capacities depend on the entrepreneur’s professional experience and personality.

The personal network evolves through time. The model of Butler and Hansen [BUT 91] identifies three phases in the evolution of the personal network of the entrepreneur.

First phase : before creation	<ul style="list-style-type: none"> <li>– The social network of the entrepreneur plays a critical role in providing information and resources to identify business opportunities.</li> <li>– A more professional network is developed. It includes individuals and organizations able to meet the immediate needs of the firm.</li> <li>– The social network continues to provide useful information to identify new opportunities. It constitutes a kind of “stock of relationships” for the entrepreneur to create his professional network.</li> </ul>
Second phase : start-up	<ul style="list-style-type: none"> <li>– The professional network is hybrid. It includes both contacts from the pre-existing social network and new individuals and organizations with whom the entrepreneur has professional links (suppliers, customers, capital providers, etc.).</li> </ul>
Third phase : grow	<ul style="list-style-type: none"> <li>– The professional network is becoming a strategic network.</li> <li>– Links with some contacts can evolve toward asset sharing (such as technical knowledge or reputation).</li> </ul>

**Table 4.1.** *Evolution of the entrepreneurial network*

### Using the network to build entrepreneurial teams

Many studies focus on the use of social networks for business development, but what are the risks of mobilizing the social network to find the right partners for a business creation? To answer this question, Gabarret *et al.* [GAB 14] studied the process of building social ties. They analyzed a company from its creation. During a first phase, three partners met through their social network (as weak ties) and decided to start working as a team. A second stage begins when one of the partners leaves the company. This decision broke the fragile bonds of trust between the partners. In their article, Gabarret *et al.* [GAB 14] show that the relationship between the partners (weak ties) had been constructed on a fragile balance. The remoteness of one of them causes a loss of this balance and puts the created company at risk. The authors mention the importance of gradually building trust within the entrepreneurial team. Trust development will strengthen the weak ties and allow the survival of the start-up.

Their research also questions the use of networks to build entrepreneurial teams. Is it better to work with strangers (weak ties chosen through the network), or to create a team with people that you already know (strong ties)? Weak ties allow entrepreneurs to develop their projects better. However, it is essential to strengthen these ties by developing trust, mutual understanding and respect to find the means to establish a lasting collaboration [GAB 14].

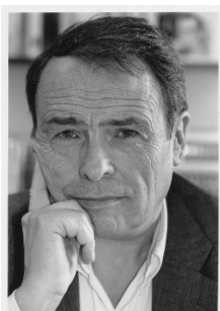
To complete these results, the work of Bayad, Naffakhi and Schmitt [BAY 07] indicates that conflicts within entrepreneurial teams can arise when the members of the team belong to different social groups. Emotional or relational conflict, characterized by friction, frustration and disputes among team members, will be detrimental to the entrepreneurial project.

## 4.2. The development of social capital for the creation of a business

Social capital is defined by Bourdieu [BOU 86] as the set of resources related to belonging to a group. It is “made up of social obligations (connections), which are convertible, in certain conditions, into economic capital”. Membership allows the individual to gain profits that come from the

solidarity developed inside the group. In this interpretation, social capital is the sum of the resources, actual or virtual; that accrue to an individual or a group by possessing a more or less institutionalized network.

According to Bourdieu [BOU 86], the existence of a network is not a natural given, it is constituted and the product of individual or collective strategies aimed at establishing durable obligations. Network activities bring together individuals who are quite homogeneous. Inside a network, the reproduction of social capital is not a natural given either. It presupposes an effort of sociability, exchange and recognition.



Pierre BOURDIEU (August 1, 1930–January 23, 2002) was a French sociologist, anthropologist, philosopher and renowned public intellectual.

“Social capital is the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition -or in other words, to membership in a group- which provides each of its members with the backing of the collectivity-owned capital, a 'credential' which entitles them to credit, in the various senses of the word”.

*The forms of capital*, Pierre Bourdieu [BOU 86].

According to Burt [BUR 01], social capital can be created inside networks with strong interconnections (the closure argument), or inside networks in which individuals can broker connections between disconnected segments (the structural hole argument).

Social networks, trust, reciprocity and cooperation are central to social capital. It is known that trust influences the



flow and quality of information inside the network. Trust, defined by Granovetter [GRA 85, GRA 05] as the certainty about the way others will behave, grows inside networks. Coleman [COL 90] goes even further by considering the concept of trust as the glue “that holds closely knit organizations together.”

**The social capital metaphor**

“The social capital metaphor is that the people who do better are somehow better connected. Certain people or certain groups are connected to certain others, trusting certain others, obligated to support certain others, dependent on exchange with certain others. Holding a certain position in the structure of these exchanges can be an asset in its own right. That asset is social capital.”

Burt, *Structural Holes vs. Network Closure*, May 2000, p. 2

#### **4.2.1. Social capital and trust**

Social capital is studied by Coleman [COL 90] and defined as any social relation that can be of help to an individual when she/he tries to realize her/his interest. A firm represents, for example, a form of social capital, even if social capital is usually the unintended result of some action, undertaken for a different purpose. Coleman is also very interested in the ability of the firm, once people have created it to realize their interests, to develop interest of its own. To Coleman, the firm is basically a social invention, and agency theory is particularly useful for analyzing it.

Coleman’s point of departure is that it is not enough to speak of actors and their interests; you also have to add what he terms “resources” and “control”. The main idea is that if an actor has something that is of interest to someone else, the two will want to interact. Or, using Coleman’s terminology, if actor A has control over a resource that is of interest to actor B, or

*vice versa*, they will interact. Coleman develops different dimensions for social capital: (1) relationships of trust and obligation between individuals; (2) relations with known people inside the social network; and (3) norms and authority relationships. Social capital could be created or destroyed and it depends on the stability of the social structure.

In the same vein, Burt [BUR 92] considers social capital as composed of “friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital” [BUR 92, p. 9].

#### **Foundations of social theory [COL 90]**

Coleman’s book *Foundations of social theory* (1990) contains a number of analyses that are relevant to economic sociology. Three analyses of particular importance deal with trust, social capital and modern corporation. Coleman characterizes trust as a conscious bet. You calculate what you can win and lose by trusting someone, and under certain circumstances you go ahead and trust this person. This way of understanding trust would seem to suit business quite well; even though you trust people, you are cautious in your trust.

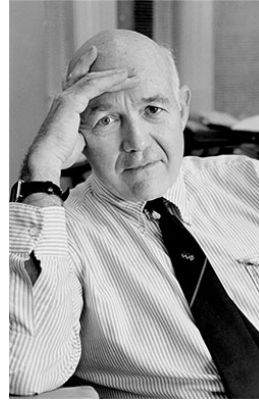
Trust is generally assumed to be an ingredient in building relationships [CLA 03, RIN 92]. Trust can be defined as confidence in others’ goodwill, the predictability of one’s expectations [GUL 95, RIN 92, UZZ 97], or a positive belief in the other’s competency [NAH 98].

Partners who trust each other are more willing to take risks [RIN 92] and believe the information they share [UZZ 97]. Indeed, cooperative interactions often occur when trust between partners is high [NAH 98]. Trusting reduces the likelihood of opportunism [LAR 92], enables people to cope with changes [PUR 09] and helps solve problems quickly [CLA 03].

Nevertheless, trust needs time to develop [PUR 09] and new relationships are thus not yet based on trust [PPO 02] because a history of interaction is lacking. Trust also functions as “informal safeguards”, preventing deviant behavior between individuals [COL 90].

“Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors –whether persons of corporate actors- within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others”.

“Social Capital in the Creation of Human Capital”  
[COL 88]



James Samuel COLEMAN  
(May 12, 1926–March 25,  
1995) was an American  
sociologist, theorist and  
empirical researcher, based at  
the University of Chicago.

#### **4.2.2. Social capital and entrepreneurship**

Three types of capital can be observed in organizations, ranging from the more to the less tangible, we can mention: physical capital (tools that facilitate production), human capital (skills and capabilities) and social capital (relations among people).

Scholars recognize that entrepreneurship is socially situated, and that the social environment affects individuals

and organization, allowing opportunity discovery and exploitation. Social capital, involving relationships of trust and reciprocity inside social networks, seems to allow entrepreneurial success in both individuals and collectives, in new ventures as well as in established organizations [GED 13].

Larson [LAR 92] highlights the importance of “social control” in relational networks and identifies three stages of relationship building in which the intersocial aspect is important:

- 1) the construction of the relationship, based on personal relationships and reputation, which reduces uncertainty;
- 2) the establishment of the values of both parties;
- 3) the operation of a business.

Even if there is a shared idea that social capital enhances entrepreneurship, some authors show that it can also obstruct entrepreneurship [DAN 12]. Certainly, membership in social networks improves the possibility of perceiving business opportunities. However, closed social networks can exclude potential entrepreneurs from resources, being counterproductive to develop entrepreneurship. From a negative perspective, rigid networks can limit individual freedom of action.

The concept of social capital has been used to understand various aspects related to entrepreneurship, such as entrepreneurial intent, creativity, growth and performance, innovation, family business and new venture financing [GED 13]. Another important aspect is the development of social capital in the case of incubated firms. Incubation processes help entrepreneurs to create and develop their business. One principal mission of the incubator is the transmission of knowledge. The development of social capital and trust is crucial to facilitate this communication.

### **Social capital and trust in the incubation of firms**

Interactions between managers of the incubator and hosted entrepreneurs are shaped by trust relationships [AHM 11, SCI 09]. Yli-Renko *et al.* [REN 01] show that the quality of the relationship has a positive impact on knowledge acquisition of young firms. A learning alliance facilitates the acquisition of new knowledge and its exploitation [LAN 98] and by doing so opens the range of opportunities. Social relationship provides the opportunity to obtain external knowledge and creates the context for its acquisition [NAH 98, YLI 01].

Trust also has an influence on the degree of information exchanged within a dyad manager/hosted entrepreneur. Anderson and Narus [AND 90] underline that past communication between individuals deepens trust and that trust in turn enhances future communication. In this vein, trust is a precondition for any collaboration or exchange of information [MCA 07]. It is the basis for building “healthy” social capital [TOT 05]. But trust is not only related to the interactions between the managers (coaches) of the incubator and the entrepreneurs, but it is also a critical issue in the interactions between the different incubated firms.

However, sometimes tenants do not share firm-specific information with other tenants or incubator staff. The decision to hide information from other tenants could come from the expectations and secrecy needs of the incubated firm [MCA 07, VAN 12]. Also, tenants may feel that sharing information with managers is unnecessary [TOT 05]. This can be related to the “openness to interaction” described by Vanderstraeten and Matthyssens [VAN 12] and, to avoid this situation, managers should evaluate the future tenant’s readiness to share at the time of selection. Another explanation may be the tenant’s feeling of vulnerability: the fear that sharing important information will result in opportunistic behaviors [CAN 99]. In all these situations, the development of trust should be seen as a way to foster and stabilize communication.

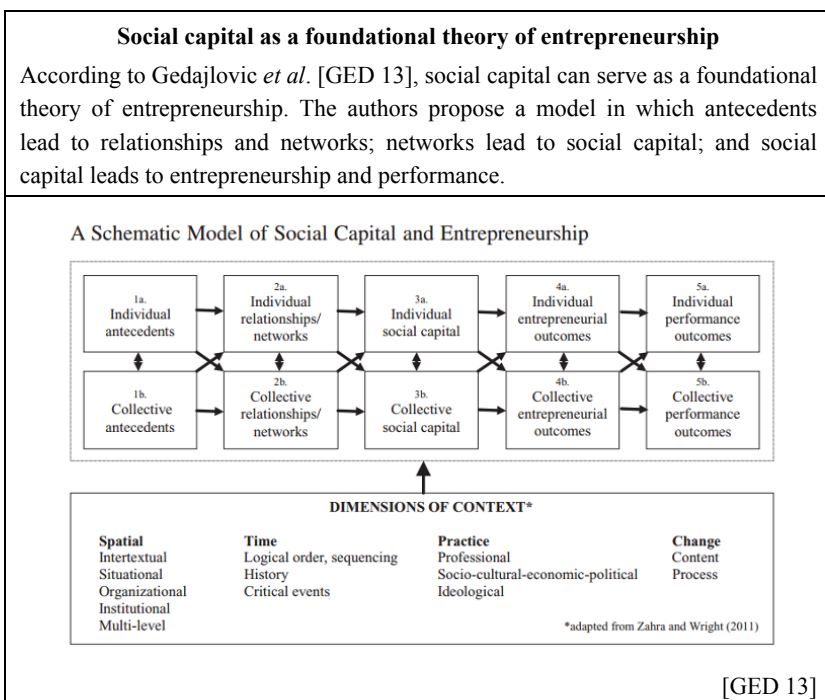
Adapted from Vedel and Gabarret [VED 14]

As there is an increasing importance given to social relationships in the study of entrepreneurship, Gedajlovic *et al.* [GED 13] propose to understand social capital theory as a comprehensive and integrative theoretical framework for

entrepreneurship. They have elaborated a model connecting both concepts: social capital and entrepreneurship.

**Contract and trust in the incubators**

One way to improve the development of trust in the case of incubated firms is by establishing a contract delimitating rights and obligations of both parties at the beginning of the incubation process. The study of Vedel and Gabarret [VED 14] demonstrates that there is a relationship between establishing contracts between the incubator and the entrepreneurs and improving trust inside the business incubator. The results of the study show that a more complete and precise contract has a positive impact on knowledge acquisition and information disclosure. This positive impact is mediated by a bonding dimension: trust. A contract can help entrepreneurs to trust the incubator and this confidence increases communication between entrepreneurs and coaches, which in turn creates social capital and ensures a better transmission of knowledge.



Social capital can be understood by following two different but complementary perspectives. The first one is the bonding perspective, and the second one is the bridging perspective. The former is based on the ideas of Coleman [COL 88] of strong connections and norms of reciprocity and trust. The latter is based on the work of Burt [BUR 82] who sees the entrepreneur as an individual who generates profit for being the bridge of structural holes, facilitating the diffusion of information.

Also, social capital can be studied through its dimensions. Nahapiet and Ghoshal [NAH 98] identified three dimensions of social capital: relational (trust, norms and obligations), structural (ties) and cognitive (values and language).

Finally, it is important to differentiate the characteristics of the resources attained through social capital and those of the network structure. While a social network is characterized by its structure (closure and holes) and by the kind of relationships (strong and weak), social capital is described through its dimensions such as trust, norms or values, among others.

### **4.3. Summary**

The entrepreneur is no longer seen as solitary but as “embedded” in society.

Scholars recognize that entrepreneurship is socially situated and that the social environment affects individuals and organization, allowing to discover opportunities and exploitation. Thus, entrepreneurship must be seen as an economic and social model embedded in networks of social relations.

Therefore, entrepreneurs should pay attention to networking and invest time and effort in building up their social capital. Social capital, involving relationships of trust and reciprocity inside social networks, seems to allow entrepreneurial success in both individuals and collectives, in new ventures as well as in established organizations.



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## Improving the Expansion of Business Creation

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Interest in business creation has dramatically increased in recent years. According to the Global Entrepreneurship Monitor, the number of entrepreneurs grew significantly reaching more than 388 million in 2012 and is going toward 1 billion in 2025 [GEM 14].

With more entrepreneurs, the level of competition for limited resources increases. It is the case for the access to capital, experts, investors, knowledge, qualified personnel and business supporting environments. Entrepreneurs then require the implementation of programs to help them create their companies, build networks and find the resources they need.

Governments also demonstrate an interest in developing business creation. This interest manifests in public policies such as the creation of a flexible legal status, the strength of technology transfer and the establishment of support structures for creation.

	<p>Today, the support for the creation of businesses has become more sophisticated. The spread of entrepreneurship has enabled the emergence of a multiplicity of actors, with various missions and appellations.</p> <p>The incubation process is at the heart of many recent studies that seek to better define the role of business support and to identify their diversity [MES 13].</p>
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Moreover, beyond business incubators, universities and business schools show an increasing interest in entrepreneurship by developing courses and seminars. The proposition is significant: from traditional business models classes to the new approaches to entrepreneurship such as effectuation or bricolage; from the classic courses at the school to learning by doing programs for student entrepreneurs.


Objectives of this chapter:

- understand the type and role of business incubators for the development of entrepreneurship;
- provide a comprehensive overview of the teaching of entrepreneurship within higher education institutions.

### 5.1. The role of incubation in the creation and growth of start-ups

Incubators are politically embedded structures that guide the development of new firms. Thus, business incubators are one of the most useful tools for helping entrepreneurs to create their emerging businesses and increasing the likelihood to

survive and be successful [TOT 05]. The business incubator is a kind of infrastructure seeking to support and foster the establishment and growth of small- and medium-sized enterprises (SMEs) [BØL 05].

	<p>The primary mission of an incubator is to assist the companies in creation to help them to succeed, that is to survive, develop and create employment.</p> <p>An incubator provides access to multiple resources: managerial, relational, financial, legal, rental, etc. And, as new projects often lack resources and skills, this assistance helps to improve survival rates.</p>
<p>CC0 Public Domain – Pixabay.com</p>	

The incubator offers three types of resources to new entrepreneurs: infrastructure, business support and mediation [BER 08]:

- infrastructure includes physical business facilities, office equipment and other tangible items that new business needs, but cannot necessarily buy on its own;
- business support refers to the intangible resource of managerial advice and education that are equally essential to success;
- mediation, which is assisting with networking, contributes to the other two resources as tenants are introduced to individuals outside the incubator that can also provide physical resources or services.

The combined set of these services increases the probability of survival and improved entrepreneurial performance [BOL 05].

### **5.1.1. *The different types of incubators***

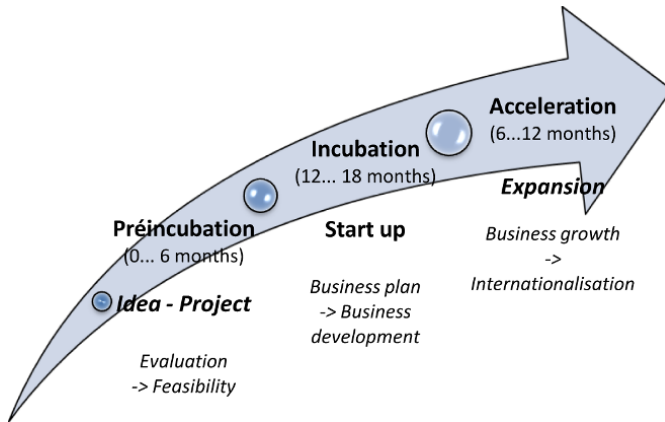
Aernoudt [AER 04] and Bollingtoft [BØL 12] point out that the word “incubator” is a generic term that covers several realities. The term incubator is an umbrella concept that encompasses a broad range of institutions that are heterogeneous in their aims, configuration, resources, services offered, etc. [BØL 05, SCI 10].

The diverse names used to identify the business incubators, such as a technological incubator, preincubator, local incubator and so on, generally reflect their strategic mission. Accordingly, these different structures have been marketed and studied with multiple labels. Among them, we can recognize: “Business Accelerators”, “Research Parks”, “Science Parks”, “Knowledge Parks”, “Seedbeds”, “Industrial Parks”, “Innovation Centers”, “Technopoles” and “Networked Incubators” [BØL 05].

The literature identifies several generations of incubators [BRU 12]. The first generation, which appeared in the early 1980s, provided non-value-added resources (such as office space, secretarial services and office equipment). Projects used to be incubated for extended periods (more than 5 years). The second generation appeared in the early 1990s. They used to propose a qualitative range of services (consulting and training) and also provided funds for tenant companies. The third generation of incubators started in the early 2000s. These new structures focus primarily on technology projects [BØL 12] and the provision of resources through networks [BRU 12]. Periods of incubation are shorter, so are learning curves [VAN 05].

The developmental stage of an incubator also has a direct influence on the services and resources it can offer [LAL 99]. In this situation, the team, the availability of resources and the relationship with sponsors are of great importance [RIC 95]. Incubators that are just starting out may suffer from

the “liability of newness” [STI 65]. New incubators, like other small organizations, may have limited resources [CLA 05] and face a complex political environment.



**Figure 5.1. Steps of incubation process**

#### Focus on France

In France, there is a distinction between “incubator” and “*pepinière*” that separates the structures dealing with projects before and after administrative creation. However, this distinction is not always very clear and depends on the sponsor’s objectives.

French incubators are mainly financed by public bodies (at European, national and local level). The French government, interested in technological transfer and the development of spin-offs companies from the results of scientific research, created in 1999 the university technology incubators (or “*Allègre*” incubators, from the name of the minister of the research and technology).

Local authorities (regional councils, general councils, *agglomérations* and *communauté des*) have other objectives, mostly concerning territorial economic development aimed at creating jobs. They are at the origin of small public incubators (SPIs).

Incubators can cover a particular geographical area (local, regional or national). They can focus on one industrial sector (specialized incubators) or on a variety of sectors (diversified

incubators). They can also decide to target a particular segment, such as technology transfer, or a particular population of entrepreneurs such as women entrepreneurs, social entrepreneurs, etc. [AER 04, COL 02, SCH 12].

#### **Small public incubators (SPIs)**

Small public incubators (SPIs) are small structures with few incubates. They generally depend on small cities and often face difficulties due to a lack of resources and inadequate competitiveness in comparison with well-equipped, more dynamic incubators that may sometimes be geographically close by.

Small incubators are created to develop territorial attractiveness and improve job creation. They can adopt large, intuitive and flexible selection processes. These initiatives build portfolios of heterogeneous projects, which may be positive for an incubator [RIC 95]. The selection of projects is the keystone in the development of these small structures. Indeed, the choice of hosted companies and entrepreneurs is one of the principal factors in the survival and sustainability of SPIs.

The literature indicates that small incubators are not capable of the same economies of scale as large structures, but they can propose personalized services. The study developed by Gabarret *et al.* [GAB 14] shows that SPIs have limited resources and often lack the necessary skills to cover all the incubatee needs. In response to these problems, SPIs develop networking and “peer support” among the incubatees. Closer relationships promote incubatee involvement in the daily life of the incubator and might prompt “older” entrepreneurs to share their knowledge, experience and competencies with the newer tenants [JAO 06].

According to Gabarret *et al.* [GAB 14], SPIs can play a social role by recruiting the “excluded entrepreneurs”, or those who have been rejected by other incubators. But, by filling the incubator with weak projects, no space is available for new, more interesting, projects.

#### **5.1.1.1. *Incubators and accelerators, are they the same?***

While most players in the eco-system do not make a difference, incubators and accelerators, in fact, provide a differentiated response according to the needs of creators and the progress of their project.

	<b>Incubator</b>	<b>Accelerator</b>
<b>Income model</b>	<i>Rent</i> It is necessary to rent an office, a “chair” or space monthly.	<i>Investment</i> Participation in the share capital
<b>Incubation’s length</b>	<i>Up to 1 or 2 years</i> Possibility of leaving before. The incubator accepts start-ups throughout the year within the limits of the available places.	<i>From 3 to 6 months</i> Short and intense program. Candidatures open during certain periods of the year and only the best projects benefit from the program.
<b>Intensity of assistance</b>	<i>Low to medium</i> The incubator centralizes and facilitates access to an ecosystem of people and resources.	<i>Strong</i> The accelerator brings a methodology, a network and resources : accommodation, capital, advantages with partners, among others.
<b>Capital contribution</b>	<i>0 €</i> The incubator does not invest in the startups.	<i>From 5 to 7% of the share capital</i> 50,000\$–120,000\$ internationally
<b>Network strength</b>	<i>Medium to strong</i> The incubator aims to create a robust ecosystem by bringing together start-ups (sometimes from the same industry). The incubator organizes events, does partnerships with experts (lawyers, accountants, etc.), proposes training courses and facilitates access to public funding.	<i>Medium to strong</i> The accelerator offers opportunities by leveraging the size of the network, and introduces mentors to the start-up during the program. At the end of the program, the accelerator organizes a Demo Day which is an event where each start-up presents his project to investors and journalists.

Adapted from: M. Pico, Managing Director Startup42  
<https://medium.com/startup42-stories/incubateur-vs-acc%C3%A9l%C3%A9rateur-m%C3%A9me-chose-78ed840d573#.ekx70a8f5>

**Table 5.1. Incubator and accelerator**

### Accelerators : new generation of incubators

Inspired by the Y Combinator, the American accelerator which supported Airbnb and Dropbox; a new form of support for start-ups “made in California” with equity participation made its entrance in 2005, first in the United States and then in Europe. In France, for example the Family, 50 Partners and Startup42, among others, are accelerators of start-ups.

The number of European incubators and accelerators is now estimated at 800, and about 80 of them are located in France (half in the Paris region). Paris will inaugurate in 2017 a large space (34,000 m<sup>2</sup>) called “Station F”. The aim is to create the largest start-up campus in the world by bringing together in one place a complete entrepreneurial ecosystem with thousands of founders, partners and investors..

From : E. Krieger, Les Echos.fr, 12/10/2016

<http://start.lesechos.fr/entreprendre/actu-startup/la-france-championne-du-monde-des-incubateurs-de-startups-6107.php>



<https://www.ycombinator.com/>

### Y Combinator: a famous American accelerator

Y Combinator was created in 2005 by Paul Graham, Jessica Livingston, Robert Morris and Trevor Blac.

It is an American seed accelerator located on Mountain View, CA. It provides seed funding for startups in return for small stakes in the founded companies.

YC has now funded 1,200 companies including Dropbox, Airbnb, Coinbase ... and helped more than 2,500 founders.

## 5.1.2. Selection of projects and support

To recruit start-ups, each incubator will set up admission and exit policies in line with their objectives [ALL 90]. Incubator managers can adapt the strategies as needed. Lumpkin and Ireland [LUM 88] and Mian [MIA 97] show that selection criteria vary depending on how crucial it is to have



the incubator filled and how much importance is given to this need.

For-profit incubators, searching for financial autonomy; will look for companies able to pay rent after a short period of incubation [GRI 05]. Incubators with innovation-oriented strategies will require strong relationships with universities and laboratories and will need to be located in urban areas to have better access to consultants, intellectuals, etc.

The selection strategy will also have an influence on the characteristics of the projects that will be hosted, the assistance they will receive and the added value for the incubator [BRO 86]. For Rice and Matthews [RIC 95], an incubator will improve its services if it develops a good portfolio of projects. They assume that a good portfolio of projects should include several types of firms.

	Degree of maturity	Potential for growth
<b>Superstar firms</b>	They are more developed than others They require less assistance from the incubator	Attractive companies They improve the incubator's reputation and provide role models for other hosted companies
<b>Up-and-coming companies</b>	They need more assistance from the incubator and more time to develop	They may at some later date move on to the superstar category
<b>Long-shot companies</b>	They need a supportive environment and much more time	They do not require proactive assistance from the incubator
<b>Anchor tenants</b>	They do not require assistance from the incubator	They can pay rent and provide services to other tenants

Adapted from Rice and Matthews [RIC 95]

**Table 5.2.** *Portfolio of incubated projects*

The incubator can develop the selection process in a strict or flexible way. In a strict selection, the incubator will favor few projects with a high potential for success. Strict selection requires the establishment of many levels of control to ensure the recruitment of projects that are in line with the incubator's development strategy. This kind of selective recruitment allows the incubator to host, for instance technological companies [VAN 05], which are likely to create more value, although they also consume more resources [RIC 95]. In a flexible selection, the incubator will look at a large number of projects. Flexible selection builds a portfolio of diversified companies. However, as they are not acting specifically in technological sectors, the value added per project will be lower than that achieved by strict selection.

The entrepreneur/manager relationship is conceived by Rice [RIC 02] as a coproduction system, in which a cooperative effort of both parties is needed. In this particular relationship, the entrepreneur can conceal information and act opportunistically because he works for himself and not for the incubator [HAC 04]. In order to avoid this type of problem, the coaches must evaluate the ability of the entrepreneurs to cooperate and interact before selecting them [VAN 12].

#### **The importance of a contract**

For the incubator to be successful, the managers must interact productively with the hosted entrepreneurs. A good relationship is based on cooperation and compromise between the two parties [RIC 02]. To develop this relationship, incubators can use signed contracts and trust created through interaction [VED 14]. These variables will improve the exchange of information between the entrepreneur and the manager, as well as the transfer of knowledge from the incubator to the entrepreneur. The signing of a contract is a good start for the development of a relationship between the manager and the hosted entrepreneur [RIN 92]. Nevertheless, a formal contract is not enough, and trust is necessary because the contracts are incomplete. The contract can help the incubatees to believe in the incubator [VED 14], and allow them to develop trust.

Social capital theory sees the interaction between the entrepreneur and the manager as a relationship of trust [AHM 11, SCI 09]. Trust is the predictability of behavior of others [GAN 94, GUL 95, RIN 92, UZZ 97, NAH 98]. Trusting partners, believe the information they share [UZZ 97]. Confidence reduces opportunistic activities [LAR 92] and helps to solve problems more quickly [CLA 03]. Trust is the key to establishing a strong internal network and cooperation and it can reduce opportunistic behavior [TOT 05, UZZ 97]. Tötterman and Sten [TOT 05] indicate that cooperation between tenants is linked to a trustworthy environment and this is mainly obtained by the incubator manager's choice to incubate tenants in the same place (same building and same roof). Nevertheless, developing trust takes time [PUR 09]. The research developed by Vedel and Gabarret [VED 14] shows that trust plays a mediating role between the contract and the transmission of knowledge. Formalizing the relationship through a contract facilitates the flow of information [LUO 02, MAY 04] and promotes learning [LAN 01].

#### *5.1.2.1. Incubator support and transfer of knowledge*

Incubators have, as a main mission, the transfer of knowledge to improve the performance of incubated companies. The activity of the incubator develops through the relationship created between the entrepreneur and the manager of the incubator.

The transfer of knowledge will vary depending on the characteristics of the entrepreneur and the coach. For example, a high level of human capital enables project holders to have better capacities to make strategic decisions [COL 10], and to less appreciate received advice. In the case of experienced entrepreneurs, they develop a tacit knowledge and a desire to be autonomous, being less able to evaluate the quality of the assistance received [LOF 02]. Business owners with experience in the same industry tend to listen less and learn less. The perception of the utility of support services decreases as the business evolves [MCA 08]. Nevertheless, when the company is more mature, the link with the incubator can become an embarrassment because it gives an image of weakness and inexperience of the enterprise.

The theme of the assistance of the entrepreneur on the road to success takes a prominent place in all the approaches, practices and methods supported by the various players in the eco-system.

Practices	Characteristics
<b>1- Training</b>	It is based on the transmission of standardized knowledge disseminated by an expert to a collective of learners. It leaves little room for unique or original situations.
<b>2- Expert advice</b>	It is based on the mobilization of a recognized person in the field to analyze a particular problem and to formulate the recommendations for its resolution. It is a market relationship in which the expert sells his knowledge and analytical skills.
<b>3- Tutoring</b>	It is a way of articulating theory and practice. It helps to develop the know-how of an individual by helping him to understand his role in and through work.
<b>4- Mentoring</b>	It is a form of tutoring but in a more emotional way. The mentor is often someone experienced who transfers knowledge and guides the person he protects.
<b>5- Coaching</b>	It is an individualized care. The coach is a benevolent partner. He is attentive to the needs of the coachee, but also knows how to take distance. The principal objective is to help a person make decisions that are appropriate to the situation at a particular moment.
<b>6- Counseling</b>	It is a practice also based on listening and dialogue, but it aims to help the person on a personal level.

**Table 5.3.** *Different support practices*

As Paul [PAU 04] points out, the word “*accompagnement*” induces a multitude of practices and representations. It

distinguishes three fundamental aspects: conduct, orientation and support:

- Conduct highlights the idea of a relationship of authority between both parties: one “who knows” and one who “must learn”. This register concerns, for example training, transmission of knowledge or know-how.

- Orientation happens when one part, aided by his counselor, chooses his own objectives and the means to achieve them. In this register, both parties are interrelated.

- Support refers to different resources (human, technical, financial, etc.) that one part proposes to help the other part.

From these three registers, Geindre *et al.* [GEI 14] propose an analysis of the characteristics of six relatively common accompanying practices. They note, however, that behind each terminology, sometimes less standard practices can also be observed.

The literature on entrepreneurial support highlights a combination of more or less formal approaches, ranging from collective structures to individualized or *ad hoc* techniques in a dyadic relationship between the creator and his companion [RIC 13].

	<b>A COLLECTIVE DIMENSION</b>	-- --	<b>AN INDIVIDUAL DIMENSION</b>
	<i>Standard support</i> (Training, monitoring, financing, accommodation).		<i>Customized support</i> (Watch over, monitor, and awake).
<b>Goal</b>	Give the entrepreneur the best material conditions (general support).	AND	Reveal the entrepreneurial potential and make it autonomous, under the best intangible conditions (specific support).
<b>Means</b>	Reception structure, financial and technical (“management”) relays.		Guide, Maieutics, Catalyst, etc.
<b>Actors</b>	Experts in “management”		Mentor, Tutor, Coach (Expert in “mental”).
[RIC 03: 101]			

Figure 5.2. Approaches for entrepreneurial support

In the collective approach of the entrepreneurial support, we find different actors such as the entrepreneur, financiers and the incubation structures [MES 10]. Despite their differing objectives and issues, they all aim at the success of the entrepreneurial project.

Depending on the case, entrepreneurs opt for a specifically dedicated place, such as an incubator [ALB 03]. Overall, these structures provide a rather standardized support and services of advice, training and transmission of knowledge. In other cases, entrepreneurs turn to more institutional venues, such as chambers of commerce or management boutiques, for example offering short and targeted training courses and then directing creators to thematic networks.

At an individual approach, entrepreneurial support emphasizes the idea of revealing the entrepreneurial potential of people [BAR 11]. Depending on the case, and according to the tools used (mentoring, tutoring, coaching and counseling), support will be more or less structured [PAU 04]. Whatever the technique, the aim of individualized support is to develop a certain number of skills to make the creator more autonomous [SAM 03].

## **5.2. The teaching of entrepreneurship within higher education institutions**

For the past 20 years, the development of entrepreneurship has become an instrument of the public authorities both as an economic vector through the creation of new activities and also as a tool for social and professional inclusion to fight against unemployment. As Boutillier and Uzunidis [UZU 15] point out, enterprise creation tends to become, in the minds of politicians, an entirely acceptable plan of salvation for populations who cumulate social handicaps (gender, age and lack of diploma). But also for the individuals who, because of

their high level of qualification, have become too expensive and therefore unfit for business [BOU 15].


Consequently, economic and social changes partly explain the interest of people in entrepreneurship, but also of public authorities and educational institutions to develop entrepreneurship training programs.

### ***5.2.1. Can entrepreneurship be taught?***

There is a long lasting discussion about whether entrepreneurs are born or made. Some researchers consider that the entrepreneur is a successful, powerful and wealthier individual, endowed with exceptional qualities, such as intuition, persistence and self-esteem [CUN 91]. These individuals are supposed to be born with unique characteristics that make them different from others. According to this point of view, entrepreneurship is something that some people can develop but not others. In this way, entrepreneurial education, teaching someone how to be an entrepreneur, is not possible.

However, other authors consider that entrepreneurship is not a personality trait. It is a feature to be observed in the actions of people or institutions. According to Drucker [DRU 85], innovation is the specific instrument of entrepreneurs. It can be presented as a discipline; it can be learned and practiced. Entrepreneurs need to look for sources of innovation. They must know and apply the principles that enable these innovations to succeed.

Based on the concept of entrepreneurship as a process of identifying and exploiting opportunities, teaching programs must then focus on how to discover and evaluate opportunities, but also on methods and tools to foster innovation for the creation of new products and services.

	<p>For those who consider entrepreneurship as a means for economic improvement, through the creation of value and employment, entrepreneurship is seen as a learning object in itself. The focus will be on developing knowledge about entrepreneurship and training programs for businesses creation and management.</p> <p>For those who consider entrepreneurship as a way toward the emergence of a more entrepreneurial society, in which autonomy, proactivity and sense of initiative develop, entrepreneurship is seen as a learning tool that generates an entrepreneurial culture. Their aim is to disseminate and promote the entrepreneurial spirit among young people.</p>
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Whatever the purpose, entrepreneurship remains a systemic process for which the acquisition of knowledge is inseparable from the entrepreneurial dynamics to be impelled by training. Entrepreneurship is therefore a series of learned activities and can be taught.

The management school of entrepreneurship [CUN 91] defines an entrepreneur as someone who organizes or manages a business. In this aspect, the entrepreneur develops strategic thinking, elaborates a business model and a business plan, searches financing, plans the development and growth of the company, etc. Consequently, training on all of these aspects can be done.

If entrepreneurship is a way to behave, then it can be taught and learned. Thus, the question is how to teach entrepreneurship?

Politis [POL 05] describes entrepreneurial learning as an experiential process in which three main components are important to succeed: the career-experience, the transformation and the entrepreneurial knowledge. Entrepreneurial experience develops entrepreneurial knowledge. Individuals learn



throughout their professional lives, but past experiences have to be transformed into knowledge. Politis [POL 05] illustrates that the learning process must help to improve the effectiveness of opportunity recognition and allow entrepreneurs to cope with the liabilities of newness.

The empirical research of Johannisson [JOH 91] pointed out that qualified experience and social skills are more crucial than formal education. In this way, entrepreneurial learning has to be done in a contextual approach in which personal and organizational resources are completed by social resources present in the entrepreneurial network. Entrepreneurs need to develop knowledge in different areas, to improve their entrepreneurial competencies, namely:

- “know why” (formation of individual ambitions and motives);
- “know how” (developing important qualifications);
- “know who” (building networks);
- “know when” (training abilities and intuition);
- “know what” (gaining expert knowledge).

Wilken [WIL 79] identifies three phases in the establishment of enterprises:

- “the motivation phase” (entrepreneurs discuss the initial idea and develop their business concept);
- “the planning phase” (entrepreneurs prepare to set up a firm, getting the necessary knowledge and resources);
- “the establishment phase” (entrepreneurs establish and run a firm, or take over an existing firm, they focus more narrowly on daily activities and on problem solving).

Considering that entrepreneurial learning is an evolutive and contextual process, entrepreneurship courses have to be

organized respecting all the different aspects and the various levels of the development of an entrepreneurial project.

**Education and training: entrepreneurs' level of support**

Concerning education and training, G20 entrepreneurs' views pointed out France as the first place among the G20 countries (G20 Entrepreneurship Barometer, 2013). They agreed that a specific education is a prime concern to become a successful entrepreneur (84%). A full half of entrepreneurs (52%) say that university and business school courses for entrepreneurship have improved in their country. Moreover, sharing success stories is ranked as the most impactful way to inspire people to become entrepreneurs.

	<b>Country</b>		<b>Country</b>
<b>1</b>	France	<b>11</b>	South Africa
<b>2</b>	Australia	<b>12</b>	Saudi Arabia
<b>3</b>	United States	<b>13</b>	Italy
<b>4</b>	South Korea	<b>14</b>	Russia
<b>5</b>	EU	<b>15</b>	Mexico
<b>6</b>	United Kingdom	<b>16</b>	Japan
<b>7</b>	Germany	<b>17</b>	Turkey
<b>8</b>	Argentina	<b>18</b>	China
<b>9</b>	Canada	<b>19</b>	Indonesia
<b>10</b>	Brazil	<b>20</b>	India

From: Ernst & Young, G20 Entrepreneurship Barometer\* (2013)


(\*) The EY G20 Entrepreneurship Barometer ranks each of the G20 countries on the level of support provides for entrepreneurs. It captures the voice of the entrepreneurs, using a survey of more than 1,500 entrepreneurs across the G20 countries. It is designed to help the G20 countries to progress and perform across the entrepreneurial ecosystem: access to funding, entrepreneurship culture, tax and regulation, education and training and coordinated support.

<http://www.ey.com/gl/en/services/strategic-growth-markets/ey-g20---education-and-training>

**Table 5.4.** *Education and training: entrepreneurship barometer in G20 country*

### 5.2.2. Entrepreneurial learning: a focus on France

It is a reflection of the reality that young individuals are more interested in business creation and at the same time, they are more coached in their entrepreneurial activities.

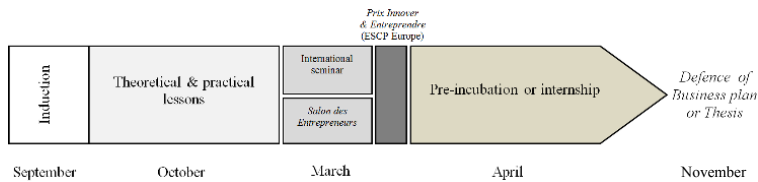
 <p>Pépité Pôle Étudiant Pour l'Innovation, le Transfert, l'Entrepreneuriat</p>	<p style="text-align: center;"><b>The French “pepité program”</b></p> <p>Since 2012, the French public authorities have developed a new policy for student entrepreneurship. The Pepite program (in French: Pôle étudiants pour l'innovation, le transfert et l'entrepreneuriat) aims to foster an entrepreneurial spirit among young people in higher education and the transition to the entrepreneurial act.</p> <p>The overall objective is to reach 20,000 new business start-ups or takeovers by 2020.</p>
<p>With this program, any student who wishes to become an entrepreneur can be trained on his/her campus. The program is supported by higher education institutions (universities, business schools and engineering schools), local authorities and business start-up actors in each territory, working together to foster entrepreneurial creation.</p> <p>Among the many aspects of the pepite program, there are three flagship measures:</p> <ul style="list-style-type: none"> <li>– The obligation for all students in the higher education to follow courses in entrepreneurship and innovation. Classes can take various forms and must be integrated into the paths of all future graduates who are preparing to enter the workforce.</li> </ul> <p>Between 2014 and 2015, more than 120,000 students were involved in entrepreneurship awareness and training.</p> <ul style="list-style-type: none"> <li>– Creation of the Student Centers for Innovation, Transfer and Entrepreneurship (PEPITE) throughout the country.</li> </ul> <p>There are currently 29 poles. These poles work with the actors in the regional ecosystem, and propose several initiatives in the fields of awareness-raising, training and support (organization of events, pedagogical support, advice and guidance for students carrying out projects, student incubators, etc.).</p> <ul style="list-style-type: none"> <li>– Creation of a “Student-Entrepreneur” status and a Student Entrepreneur Diploma (D2E).</li> </ul> <p>These actions aim to legitimate and facilitate the tasks of students and young graduates carrying out entrepreneurial projects.</p> <p style="text-align: right;"><a href="http://www.pepité-france.fr/">http://www.pepité-france.fr/</a></p>	

**Example of an entrepreneurship training program in France**

Ranked # 1 in 2016 among the best entrepreneurship training courses in France (\*), the Specialized Master in Innovation and Entrepreneurship (ESCP Europe) aims to offer a comprehensive entrepreneurship training program to future entrepreneurs.

The program lasts 1 year. It consists of:

- Courses “to avoid mistakes and go faster” (management, brainstorming and creativity to think differently, leadership to federate teams, etc.).
- Learn by doing courses which replicate entrepreneurship (mission in startup, accelerated simulation of project launches, creation of website and mobile application, etc.).
- Networking with the entrepreneurial ecosystem.



Adapted from : [http://www.escp europe.eu/fileadmin/user\\_uploads/Programmes/Specialized\\_Masters/Flyer\\_MSD.pdf](http://www.escp europe.eu/fileadmin/user_uploads/Programmes/Specialized_Masters/Flyer_MSD.pdf)

(\*) Ranking of Specialized Masters in Entrepreneurship in 2016 in France

1	ESCP Europe
2	ESSEC Entrepreneurs
3	Grenoble Ecole de Management
4	EM Lyon Business School
5	SKEMA Business School
6	IAE Lille
7	Université Paris-Dauphine
8	HEC

<http://www.meilleurs-masters.com/>

**“You don’t need to wait for the idea of the century to launch your company”**

**Troccauris.com**

A community platform for bartering objects and services between individuals. Created in 2016 by Jérôme Guilmain and Audrey Bouvier, two young entrepreneurs graduated from Grenoble School of Management (GEM).



<https://www.troccauris.com/>

“It’s simple, secure and responsible! Our particularity: to have our currency on the site, the cowry. This shell is used as a coupon (1 euro = 10 cowries) and thus makes it possible to simplify exchanges”.

Step 1: “We started working on the project during our last year at GEM. Then, at the end of our studies, we decided that this project could not remain just a simple student project.

We then embarked on an entrepreneurial adventure at 100% of our time.”

Step 2: “the incubaGEM incubator's support was essential. The advantage: a quick market return and a low cost! We conducted a test phase of approximately 6 months in Grenoble. We then officially launched the platform.”

“Being incubated makes it possible to see if the idea can become a business. It is reassuring and gives access to 3 main elements: support from the pedagogical team and group of experts; a vibrant and dynamic ecosystem of entrepreneurs at different stages of development; and a logistic support.”

Step 3: Laureate of the call for projects GreenTechVerte launched by the Ministry of the Environment in the circular economy category, the young startup Troccauris is today recognized as an innovative digital actor in the service of energy transition.

It means that young creators will benefit from technical and scientific resources, a financial aid of 50,000 euros, accommodation and personalized coaching.

Step 4: The objectives of Jérôme Guilmain and Audrey Bouvier for 2017 are of course to grow: to reach 30,000 members of trokers, spread throughout France, and succeed their first fundraising of 600,000 euros.

Wally Borda, 09/12/2016

[https://diplomeo.com/actualite-entrepreneuriat\\_etudiant\\_troccauris](https://diplomeo.com/actualite-entrepreneuriat_etudiant_troccauris)

### 5.3. Summary

Entrepreneurs play a critical role in the development of local, regional and national economies through the creation of jobs and the generation of profits. But, they need a nurturing environment, hands-on assistance and a variety of other services during their first years of development.

Entrepreneurship is growing in several countries, principally reinforced by incubation structures, university courses, training, loans and new status, such as the auto-entrepreneur in France that facilitates the creation of a company.

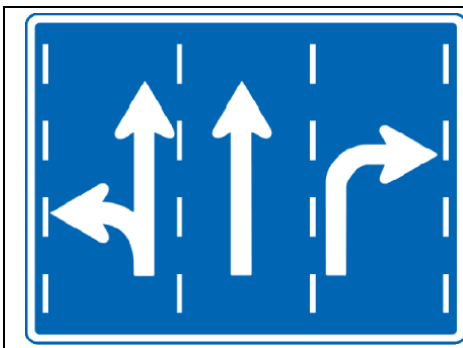
Business incubators are organizations that support the entrepreneurial process, helping to increase survival rates for startup companies. They provide infrastructure (so that companies can settle down at a reduced cost), support to transmit information and knowledge, and access to networks to allow new firms to find sources of financing. Moreover, innovative programs (such as PEPITE in France) support the creation by students, therefore reducing the number of academic courses and proposing coaching for the project instead.

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## Building New Theories to Understand Entrepreneurship

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Traditionally, the entrepreneur is an individual who perceives a business opportunity, such as an innovation or a gap in the market, and creates a company to pursue this opportunity that will allow him to increase his revenue. Following this characterization of the entrepreneur, most of the theoretical approaches to explain entrepreneurship have economic origins.



However, the emergence of new profiles of an entrepreneur, such as social entrepreneurs, female entrepreneurs or young and connected entrepreneurs, challenges researchers to adapt economic theories to explain those new realities of the business creation.

Two principal aspects of an entrepreneurial creation are the motivation of the entrepreneur and the process developed for the creation of the firm.

According to the first one, an entrepreneur is motivated by: (1) a lack of job or dissatisfaction (push motivation, necessity entrepreneurship); or (2) by a desire for independence or more revenue (pull motivation, opportunity entrepreneurship). This way of understanding motivation needs to be revisited and adapted of understanding the motivation of a broader group of entrepreneurial profiles.

The second concept developed concerns the process of creation. The entrepreneurial theory used to explain this process is a causal one, starting by the fixation of objectives, the gathering of resources and the implementation of a strategy to attain these goals. However, recent studies on entrepreneurial processes have questioned this approach and propose new alternatives to understand business creation, such as the ones of effectuation and bricolage.

Objectives of this chapter:

- Review and extend the understanding of entrepreneurial motivation.
- Introduce the new approaches to explain the entrepreneurial process.


### **6.1. A fresh approach to the study of entrepreneurial motivation**

As Carsrud and Brannback pointed out in their article in the *Journal of Small Business Management* in 2011, entrepreneurial research may have abandoned too early without thoroughly exploring some fields of study. Among them, they cite the theories and approaches to entrepreneurial motivation [CAR 11].



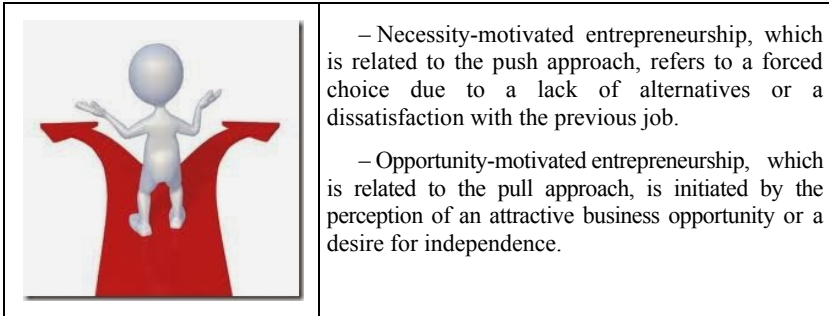
### 6.1.1. *The opportunity/necessity model of entrepreneurship*

Much of the economic literature on entrepreneurship assumes that the decision to start a business is the result of a maximization process in which the individual compares the incomes from different activities and chooses the one that will provide the highest return [ARE 05].

<p>It is widely acknowledged that entrepreneurs exploit opportunities and pursue economic goals.</p> <p>An entrepreneurial opportunity is the discovery of the possibility of earning entrepreneurial profit [SHA 00]. Entrepreneurial profit is made when new goods or services can be sold at a higher price than their cost of production [CAS 03].</p> <p>Opportunity-driven entrepreneurship thus concerns those individuals who are looking to become independent or to improve, and not just maintain, their income [KEL 11].</p>	
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According to the entrepreneurship literature, motivation can be studied through two types of theories: “drive” theories and “incentive” theories. The former is focused on internal tension (need) and holds that reducing the tension activates motivation. In this approach, a tension pushes individuals through entrepreneurial creation. The latter suggests that certain goals will pull the individual toward entrepreneurship. Pull factors dominate in incentive theories, whereas push factors dominate in drive theories [CAR 11].

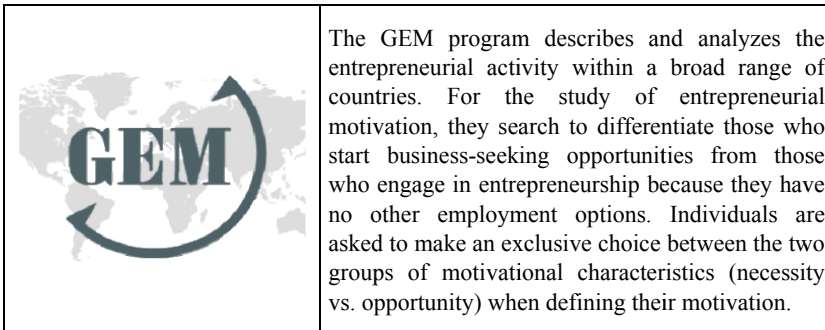
The research on entrepreneurial motivation is therefore divided into two broad theoretical streams: “push” and “pull” [SCH 07, GIL 86]. These streams gave birth to the necessity/opportunity approach.



Literature considers opportunity entrepreneurs as the output of an entrepreneurial culture [HUG 03]. It is viewed in a positive light as it is an individual and voluntary choice [KIR 07]. The two main factors grouped in this dimension (the discovery of a business opportunity and the search for independence) will attract the individual toward entrepreneurial creation.

In opposition, the entrepreneur by necessity is an individual who is pushed toward entrepreneurship. It can be considered as a person rejected by society and seeking self-esteem through business creation [GIL 86]. A substantial literature examines the relationship between dissatisfaction at work and entrepreneurship [BRA 05, BRO 80]. Dissatisfaction at work is a highly researched topic in human resources management and is usually associated with the concept of turnover. According to Brockhaus [BRO 80], some individuals may find themselves in situations of dissatisfaction that will lead them to creation, instead of seeking another position.

The push/pull approach is very easy to use, and this is one of the reasons for their universal application [EIJ 13]. It is still the most used model in research in entrepreneurial motivation [KRU 94, WIL 12], and in particular in the Global Entrepreneurship Monitor (GEM) surveys.



The necessity/opportunity approach is developed worldwide. However, despite the broad dissemination of this tool, some limits can cause a bias in the understanding of entrepreneurial motivation.

A first problem is the exclusivity of choice. Entrepreneurs need to choose between motivation by necessity or opportunity. Considering the negative appreciation of entrepreneurship by necessity face with opportunity [KIR 07], those who do not feel identified by either position could choose the latter and provoke a bias to the study of motivation by overestimating creation by opportunity [BOS 09].

Business creation is generally the result of a combination of both negative and positive factors [SHA 82]. Consequently, the exclusivity of choice is increasingly challenged by authors such as Eijdenberg and Masurel [EIJ 13, WIL 12, KIR 09] and [HUG 03]. These authors propose the study of the entrepreneurial motivation as a continuum along which different combinations of factors may exist. According to this observation, a recent article develops a classification of three types: push, pull and mixed motivation [VER 10].

A second limitation of this approach is the weakness of the push–pull opposition. The article by Hughes [HUG 03]

presents the ambivalent nature of the dimensions of motivation. For example, the desire for independence can attract the entrepreneur toward the creation (pull) but can also push the individual toward entrepreneurship when faced with a lack of autonomy in his work (push). The ambiguity of the push/pull dimensions can be the explanation for the contradictions in scientific studies on entrepreneurial motivation.

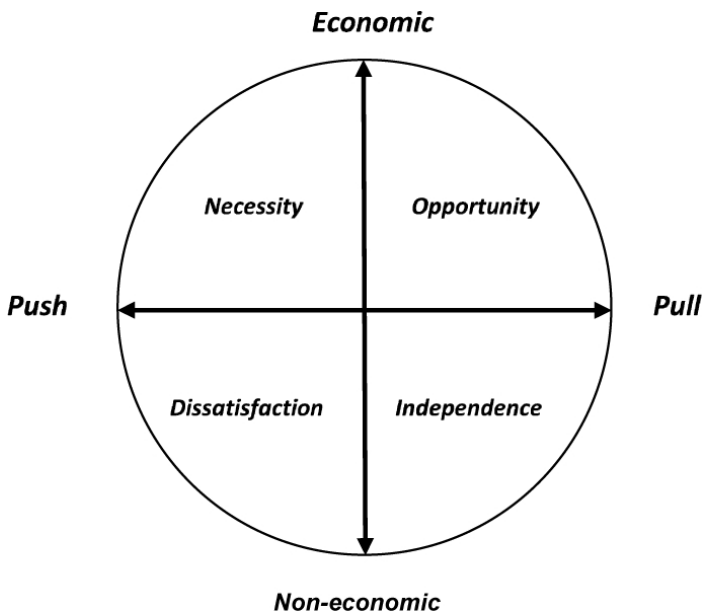
Explaining entrepreneurship as a response to an economic need (push, necessity) or a desire to increase income (pull, opportunity) is limiting when considering other profiles of entrepreneurs. Indeed, the motivation of new entrepreneurs cannot be explained as an economic problem. Consequently, another question has emerged about the adaptation of the measurement tool.

### ***6.1.2. A disaggregated model of entrepreneurial motivation***

In the literature, entrepreneurial motivation is considered a complex subject [KIR 07], composed of multiple factors. Nevertheless, beyond the complexity, some elements are recurrent [ROB 01, KUR 97].

Taking into account the broad outlines of research on entrepreneurial motivation for over 30 years, and their limitations, the recent work of Gabarret and Vedel [GAB 15] proposes a new approach to understanding motivation. They started by deconstructing the model in its compounds to reconstruct it in a novel way, allowing an analytical tool to account for a greater representativeness of the entrepreneurial situations observed. The authors propose two adaptations to the push/pull motivation approach to overcome the two primary criticisms of the founding model [GAB 15].

The first adaptation of the tool removes the exclusivity of choice allowing a better representation of the motivation. The authors propose a disaggregation of the two dimensions (push and pull) and a posterior rearrangement of the four factors of the push and pull model. On the one hand, the need to ensure subsistence or the desire for income improvement is considered as an economic dimension of motivation. On the other hand, the search for job satisfaction and the desire for autonomy are non-economic aspects.



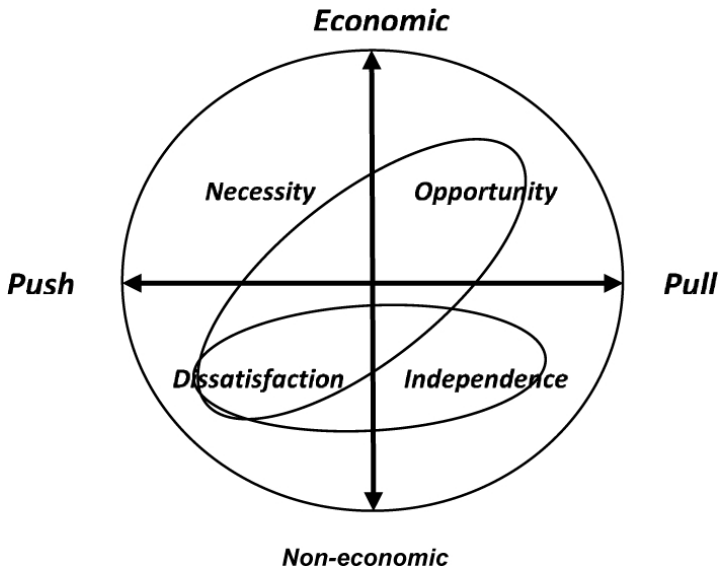
From Gabarret and Vedel [GAB 15]

**Figure 6.1.** *The four factors of the entrepreneurial motivation*

By removing the constraint of choice, the model evolves from two to four independent dimensions: (1) necessity (the creation of one's own job in the face of a lack of work), (2) the

desire to seize a business opportunity, (3) the search for satisfactory work, and (4) the desire for independence and autonomy.

Presenting the model in this way allows the individual to compose groups of factors to explain his motivation better. For example, as shown in Figure 6.2, an entrepreneur may have discovered a business opportunity, but also be dissatisfied with his job (case 1: pull + push). Also, an individual may feel unsatisfied and develop a desire for autonomy (case 2: push + pull). In these cases, the push/pull tool is not adapted to understand their motivation.

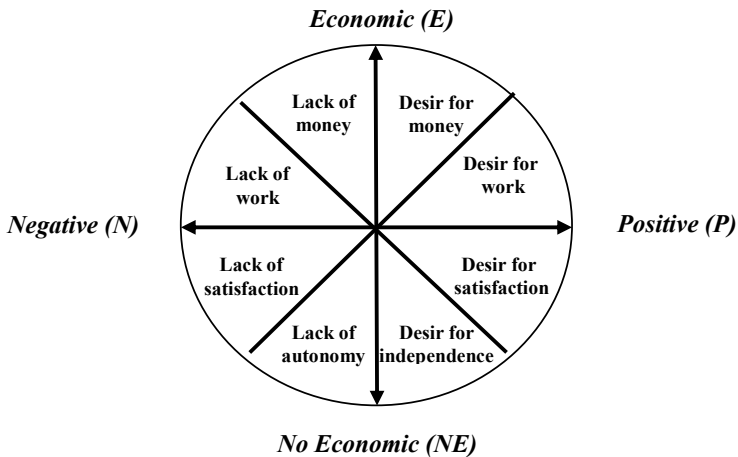


From Gabarret and Vedel [GAB 15]

**Figure 6.2.** *Entrepreneurial motivation by factor groups*

The second adaptation of the model focuses on the ambivalence of the push/pull classification and shows that each dimension can be considered both as positive and

negative. Thus, dissatisfaction at work (negative factor) can also be seen as the desire for satisfaction (positive factor). This approach also fits the other dimensions of motivation, such as lack of independence versus a search for autonomy; lack of employment versus the desire to work; and a lack of wealth versus the possibility of improving earnings. Considering that the four dimensions can be seen as either push or pull, Gabarret and Vedel [GAB 15] propose a second adaptation by eliminating the push and pull approach and replacing it by a negative/positive point of view.



From Gabarret and Vedel [GAB 15]

**Figure 6.3.** *The disaggregated model of entrepreneurial motivation*

The contribution of this double adaptation is to propose a flexible tool for analyzing entrepreneurial motivation. As Gabarret and Vedel [GAB 15] specify, it becomes possible to interpret entrepreneurial motivation with the four dimensions, leaving individuals the choice of assembling the factors that correspond better to their motivation.

### Motivations of social entrepreneurs

Social entrepreneurs develop some different motivational aspects than commercial entrepreneurs. To understand their motivation, Gabarret *et al.* [GAB 17] studied a group of social entrepreneurs and propose a novel adaptation to the disaggregated model of motivation.

A first result that emerges from the analysis is the presence of empathy in the case of social entrepreneurs. This ability to feel what others feel changes the way in which motivation manifests. It is no longer limited to an individual (ego) need or factor, but also to social factors.

Therefore, motivation concerns different levels. While in the case of classical entrepreneurs, motivation is individual, for social entrepreneurs, it develops at the individual, organizational and national level. They will not only act to solve their personal problems, but also to help others, finding solutions to social problems as well. Thus, beyond the complexity of factors in each of the four dimensions of motivation, there are also levels (micro, meso and macro) to be considered.

What social entrepreneurs say:

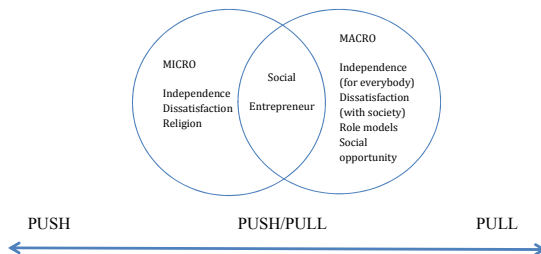
– *I want to feel useful in relation to a societal problem or to respond to an environmental concern (...) I had a serious disillusion, I tried to get involved in voluntary associations, to find a meaning (AM).*

– *To work to improve things was part of my motivation (...) The benefit is both social and environmental (AU).*

– *It is this desire to change things. I think it is more philosophical than that ... I like it when people are happy. Sounds silly but it's true. It is also a way to have an impact and change things, which is good for oneself, and that makes one happy (CH).*

– *I question the functioning of public territorial action (...) There are NGOs that spend millions and millions in a wrong way.*

– *When you work in the industry, and you know that it generates a lot of pollution and that it is harmful, it doesn't really make any sense ... yes, it engenders a lot of frustration (AU).*





### Motivations of mompreneurs

The results of the studies in female entrepreneurial motivation are varied. Economic factors are intertwined with a work–family balance and a societal contribution.

In the case of mompreneurs, work–life balance appears to be a major dimension [KOR 07, NEL 10, JEA 12]. But this critical aspect is not the only one because of the lifecycle complexity of women, between family and work, and the psychological and social changes which are concentrated at the time of motherhood.

The results of a recent study by d'Andria and Gabarret [DAN 17] about the motivation of mompreneurs in France show that their entrepreneurial motivation is based on a combination of push and pull factors. They declare principally a dissatisfaction (and search for satisfaction) and a desire for independence.

The vast majority of the interviewed mompreneurs reported a dissatisfaction with their previous job due to a lack of flexibility at the time of their maternity leave. In this way, the dimension of (dis)satisfaction is seen as a continuum ranging from dissatisfaction in the old job to the search for satisfaction through the possibility of following their passion and develop their professional skills.

Concerning the need for autonomy and independence, mompreneurs declare an apparent desire to obtain freedom in their professional life while choosing a more fulfilling family life.

What mompreneurs say:

*– I had my baby, and I could not find a joint arrangement with my boss to get back into activity while enjoying my baby (Mom # 1).*

*– I wanted to leave my job in which I did not feel well, such as a sense of loss. I did not see myself in 20 years doing the same thing in the same place (Mom # 2).*


*– My first motivation was to win my freedom! Freedom of action, but also the freedom to surpass me. I made a skill assessment that showed an enormous need for independence, especially self-realization as a professional, but also as a mom (Mom # 4).*

*– Successfully create my job, live decently without being accountable to anyone. Being an entrepreneur offers many benefits, including being a decision maker of her life, creating her job (Mom # 5).*

*– Need freedom, need to create, need to make something permanent, that makes sense. I thought that if I wanted to do things well, I have to do them myself (Mom # 6).*

## 6.2. Effectuation and bricolage as original ways to succeed a business creation

Effectuation theory [SAR 01] challenges the shared approach to entrepreneurship, in which an individual defines a goal, and then gathers resources to achieve it. This traditional (theoretical) view of entrepreneurship (called “causal logic” by Sarasvathy, 2001) is questioned by observing the “practical” way entrepreneurs do business. Saras Sarasvathy [SAR 01] introduces the concept of “real logic” in the study of the entrepreneurial process.

	<p>Saras D. Sarasvathy is a Professor in Strategy, Entrepreneurship and Ethics at Darden School of Business, University of Virginia. Also, she teaches in doctoral programs all around the world.</p> <p>She won awards both for her academic research and active engagement with students. She has also developed several cases and other materials to teach effectuation.</p> <p>Saras D. Sarasvathy received her Ph.D. in information systems from Carnegie Mellon University. Her thesis on entrepreneurial expertise was supervised by Herbert Simon, 1978 Nobel Laureate in Economics.</p>
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The current of bricolage knows an increasing growth in management sciences research, particularly in entrepreneurship [BAK 05, DES 13, JAO 14].

Effectuation and bricolage are subtly related to entrepreneurship [SAR 11]. Effectuation proposes a process approach, while bricolage is akin to a set of practices, and is positioned as a descriptive approach [JAC 14].

Bricolage means fending with what is within reach [LEV 66] and combining available resources to create new opportunities. It can be seen as an “action-oriented” or “hands-on” approach [FIS 12].

Refusing to be limited to the known use of existing resources [PHI 07], bricoleurs use these resources for other purposes to which they were not originally designed [BAK 05]. This recombination, transposition and reassembly of resources are considered as a “creative reinvention” [FIS 12].

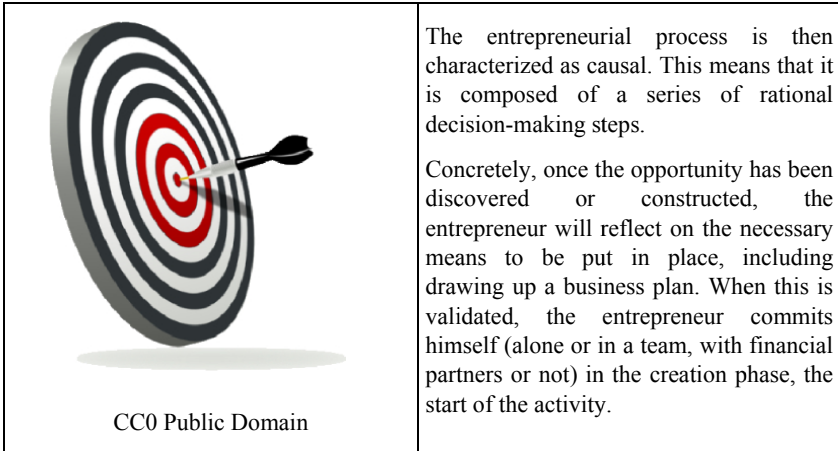


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### 6.2.1. *The effectual point of view*

According to the early studies of the Austrian school [KIR 73, KIR 79, KIR 09], the entrepreneur is a vigilant individual who discovers unexploited opportunities in a preexisting market and implements a strategy to exploit them. Moreover, far from being passive, entrepreneurs participate in the construction of the opportunity. They create their environment while being the product of their environment. The entrepreneur then becomes an actor in the “production” of the opportunity [GAR 03]. Consequently, the emergence of the opportunity is no longer determined solely by the entrepreneur’s vigilance but also by his ability to interpret the possibilities of his economic and relational environment and to interact with them. He needs time to assess the opportunity, testing its potential, seeking additional information, exchanging with experts and engaging stakeholders’ interest.

However, research done on the entrepreneurial process by Sarasvathy [SAR 01, SAR 08] shows that the above description does not correspond to the reality of a substantial number of entrepreneurs. In opposition to the causal logic, Sarasvathy [SAR 01] introduces the effectual approach in the early 2000s.



From a study of 27 expert entrepreneurs who successfully set up their business, Sarasvathy [SAR 01, SAR 08] shows that most of the time, entrepreneurs started with a rather simple idea, or even no idea at all [SIL 12, SIL 14]. Then, in a very pragmatic way, the objectives emerged as his entrepreneurial project progressed. Thus, it is step-by-step, according to his desires, knowledge and the networks he met that the entrepreneur gave shape to his entrepreneurial project.

Effectuation then means to start with what is at hand, to take advantage of the unexpected and to develop action-oriented planning [SAR 11, SIL 14]. The underlying idea is that, under certain conditions of uncertainty, entrepreneurs adopt a decision logic that differs from the more rational model (named “causation” by Sarasvathy) of the classical school [SHA 00]. The starting point of the entrepreneurial behavior is based on the availability of resources, rather than on a predetermined objective (i.e. entrepreneurial intention and the identification of an existing market opportunity). In other words, the myth of the rational entrepreneur, inspired by a great innovative idea, developed according to a plan he executes, cannot resist the accurate observation of entrepreneurial practices [SAR 11].

In effectuation, the means determine (and change) the final goal. Thus, the opportunity initially perceived is not a clear object but is subject to change (depending on the personality, experiences, resources, surprises and meetings which the entrepreneur will face). The company is then an object under construction (artificial sciences) and the role of contingency plans is very limited. There is no need to control the future rigidly because it is malleable. This type of non-predictive control strategy in an uncertain environment is opposed to strategies involving the study of trends or learning to monitor market developments [WIL 06].

**Specifically, how does an effectual entrepreneur operate?**

According to Sarasvathy [SAR 01, SAR 08], first the entrepreneur will try to answer three questions:

- Who am I? (features, preferences and skills);
- What do I know? (education, training, expertise and experience);
- Who do I know? (social and professional networks).

Only then, the effectual entrepreneur will:

- Identify what to do and what paths to take regarding the affordable loss;
- Develop a group of stakeholders through the exchanges with the members of his/her network;
- Consider new larger goals or move toward new markets based on new resources (material, financial and human) received from stakeholders.

The effectual process consists of five major principles of action [SAR 01, SAR 08]. In Table 6.1, we present the five principles and the effectual actions related to these principles. We also show the causal actions in opposition to the effectual logic.

The contribution of effectuation represents a paradigm shift in understanding the dynamics of the entrepreneurial process. Indeed, it helps to explain how individuals act in

situations where the assumptions of causal logic are not respected and more specifically at the beginning of creation.

	Principles of action	Actions related to an effectual logic	Actions related to a causal logic
(1)	Bird-in-hand principle	Start with what you are, what you know and who you know	Start with predefined goals
(2)	Affordable loss principle	Invest what you can afford to lose	Expect a return on investment
(3)	Crazy quilt principle	Build your network of stakeholders looking for success	Conduct analysis of competition
(4)	Lemonade principle	Consider to welcome unforeseen facts	Guard against unforeseen
(5)	Pilot-in-the-plane principle	Switch from the prediction logic to control by focusing on action and analysis	Monitor trends

Adapted from Sarasvathy [SAR 01]

**Table 6.1.** *Effectual principles of action*

However, there is little research about entrepreneurship and effectuation. The lack of empirical research is surprising given the potential that effectuation should bring to the entrepreneurship literature [PER 12].

In high uncertainty, such as at the beginning of activity, Sarasvathy shows that the effectual logic is the most appropriate. However, she also proposes a transition to a causal logic when new organization is already created and markets have emerged. In other words, when the situation becomes less uncertain, and therefore more predictable, causal logic resumes its relevance.

### **An illustration of the effectual process carried out by mompreneurs**

From an exploratory research of French mompreneurs, d'Andria [DAN 14] highlights the effectual logic of their entrepreneurial process. Results suggest that the theory of effectuation is an appropriate and innovative framework for understanding mompreneur business creation.

Mompreneurs decide to start-up business in agreement with their means and in a relatively short time:

*– I was watching TV; they presented young people in the process of raising funds. And I said to myself: If they succeed, why not me? (...) and I created my company before having defined my project.*

*– I was surfing a lot on the Internet, especially about pregnancy clothes, but I found the offer rather poor. I said to myself: What can I do with it? It was then that I had the idea to create a site offering both information and products of high quality and not too expensive.*

They define acceptable losses:

*– To start my company, I used family savings.*

*– I started small, with just 30,000 euros to buy products to start and see if it could work.*

They build a network:

*– I talked about it, and then I formed a small team of testing mothers.*

*– When you do not know how to do it, you just have to ask for advice and surround yourself with skills from the network of friends or relationships established during your professional life.*

They decide to create their universe:

*– I wanted to make all this happen, but I will not just sell the products of others, but create my clothing line.*

## **6.2.2. Bricolage in entrepreneurship**

Used to characterize organizational practices, bricolage applies to both decision making and innovation practices. It means mixing the organized with the spontaneous, the routine with non-routine and the automatic with the

controlled [BAK 03, AND 08]. Thus, it implies a significant resilience in unstable situations.

Literature distinguishes two types of bricolage: strategic and out of necessity [DES 13, JAO 14]:

– Bricolage out of necessity is a temporary practice that forces the entrepreneur to work with the limited resources available [BAK 03, DES 13]. It often leads organizations to make use of available and low-cost resources [DES 13]. This reactive behavior aims to achieve rather “acceptable” goals, with limited resources, for the survival of the organization.

– Conversely, strategic bricolage is a proactive behavior. It involves the deliberate creation of new resources and dynamic capabilities to develop new ideas and to create value [PHI 07]. It stimulates creativity and innovation [MIN 01, AND 08] and allows for competitive advantages. These opportunities are created from cheap resources. Therefore, bricolage can fit a strategic approach adopted by a company with a disadvantage in resources compared to its competitors. In this case, bricolage is not a constraint but rather a choice.

Dimensions	Actions
Fundamental principles	Adopt identifiable actions to solve problems “Store” resources or skills without having a priori determined their use. Combine existing resources to create new solutions and solve problems (reuse) Work on rules and standards in the institutional environment (bypass) Substitute one resource for another Divert an object from its original function, without, however, causing it to lose its identity The final arrangement of resources, always unpredictable, is considered satisfactory as long as it “works” without any specific performance requirement
Production	Use forgotten, discarded, worn-out material to create new solutions Use the resources available, rather than seeking to find elsewhere Reuse resources to achieve objectives other than those for which these resources were initially mobilized Divert resources from their primary use



HRM	<p>Use the available skills before seeking to find them elsewhere</p> <p>Encourage the use of acquired competencies in a self-taught or amateur way that otherwise would not have been mobilized</p> <p>Look for additional skills that can “palliate”/replace, at least temporarily, current deficiencies</p>
Information system	<p>Create custom (ad hoc) tools for decision making</p> <p>Set up the IS measurements yourself</p> <p>Improve tools incrementally and responsively.</p> <p>Ensure the tools “derive” progressively from their original function according to the needs</p>
Marketing/relations with the environment	<p>Adopt free or inexpensive solutions to promote the company (social networks and personal network of the leader)</p> <p>Involve clients, suppliers or members of the entourage in the project and the solutions implemented</p> <p>Solicit your network of contacts to include them on a whole set of tasks required during the launch phase</p>

Adapted from Jaouen *et al.* [JAO 15]

**Table 6.2. Bricolage, dimensions and actions**

<p style="text-align: center;"><b>Effectuation and bricolage: similar or different?</b></p> <p>Even if there are areas of overlap between effectuation and bricolage, these concepts must not be confused.</p> <p>Regarding the entrepreneurial bricolage, there are two successive phases:</p> <ul style="list-style-type: none"> <li>– The first one is the accumulation of resources without objective.</li> <li>– The second one is the use of those resources to solve an unexpected problem.</li> </ul> <p>Concerning effectuation, the entrepreneur does not expect to accumulate resources to use one day. Rather, the entrepreneur will work with the available resources and will look outside for those that are necessary for the project.</p>
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### **Effectuation and bricolage inside a small public incubator**

Jaouen *et al.* [JAO 15] studied the creation of a small public incubator. This exploratory study at the intersection of the logics of action and incubation is based on the idea that an incubator is also a company, and, in this way, it could be studied with entrepreneurial theories of action. The authors sought to explore how bricolage practices could enable local incubators, with few resources, to ensure their survival and to develop their attractiveness in a highly competitive environment. For this, they studied a process of building a new small public incubator in the South of France.

The development of the analyzed structure passes through two phases. A first period is marked by effectual type logics. The structure accepts all the projects. There is no selection process. This is because, in the beginning, it is important to fill the incubator to justify its existence. The structure will then accept projects without asking for requirements.

These selection practices can be described as bricolage in the light of the criteria identified in the literature. The director “accumulates” the resources (the projects that can fill the incubator: the first stage of bricolage), without formalized selection criteria. This accumulation allows, in a second time, to identify possible combinations and synergies between the projects (second stage of the bricolage). However, during the selection phase, the first director, and then the team that followed the chosen projects “could have connections” but without having a clear idea on how to have synergies. The selection is rather more quantitative than qualitative.

Four years after the creation of the structure, a second period begins, with a transition to a causal logic. Sponsors had new requirements. The aim was to improve the visibility and economic impact of the incubator. For this, they impose the setting up of a business park, housing the mature businesses of the incubator and thus freeing up space for new entrants. During this stage, the sponsor is much more present and imposes his strategy on the new management team.

Beyond this transition from an effectual to a causal logic, bricolage practices can be identified throughout the period studied. Bricolage made it possible to overcome the deficiencies of resources and internal skills, without heavy investment, focusing on the diversion and the reusing of competences. This approach has ensured the sustainability of the structure.

The results of the research by Jaouen *et al.* [JAO 15] showed that the different logics of action: effectual, causal and bricolage are not antinomic and that the development of an incubation structure depends on the ability of management to use these different practices in a complementary manner. Moreover, the authors conclude that bricolage practices can combine with other logic of actions since they were omnipresent both during the effectual and the causal period.

### 6.3. Summary

The emergence of new profiles of entrepreneurs challenges researchers to adapt economic theories to explain the new aspects of the business creation. Principal points involve the motivation to create businesses and also the logics of actions in the entrepreneurial process.

Individuals have particular personality characteristics (optimistic, pessimistic, etc.), desires and perceived possibilities.

The way of explaining entrepreneurial motivation from multiple combinations of factors allows entrepreneurs to define their motivation in a better way regarding their specific situations.

The entrepreneurial process is not a predetermined one. The contributions made by new theories such as effectuation and bricolage are major for the understanding of the entrepreneurial process. Their impact is significant when the causal logic does not work, principally during the start-up phase.

# Conclusion

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## What's Next? New Business Models for a New Economy

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Each era is accompanied by its share of turbulence. In the 21st Century, change has not only become a constant feature of economic and social life, but it has also accelerated. The transformations in the economic, political, social and environmental contexts and the power relations between the developed countries and those emerging have direct repercussions on all productive systems, their structures, methods and individuals.

In this book, we acknowledge this change and present the new profiles of entrepreneurs and the novel ways to understand entrepreneurship. However, these aspects are only a reflection of a bigger phenomenon that has been happening since the beginning of this century. It is the mainstream which is changing. Globalized capitalism is currently in a process of massive transformation.

Multinationals boomed during the last 20 years of the 20th Century, in a global scope in which, for example, American companies started producing in China to sell products to other Asian and European countries, generating jobs in developing countries and capital for developed ones. However, in recent years, multinationals's profits have

dropped, and their growth has become slower than that of local firms<sup>1</sup>.

Moreover, new ways to develop economic activity have recently emerged, such as the sharing economy, social entrepreneurship, hybrid business models, the concept of shared value [POR 11], etc. It is then necessary to understand, analyze and study the mutations of the global economy and its consequences in this new way in order to do business in the 21st Century.

Every aspect is to be reconsidered because all the patterns are now different. The bases of the capitalist model, which include concept of private property, maximization of profits or the existence of markets, are being challenged by actual behaviors of people and companies. The concept of private property seems to be less important for people who prefer to share than to sell or buy. Maximization of profits is no longer necessary for increasing the number of individuals doing social business. Markets are no longer attractive if people decide to do business without using money.

The worldwide economy is undergoing a transformation. Big corporations seem to be losing their attraction as small businesses become the new star inside the emerging entrepreneurial economy. Moreover, it is also the concept and boundaries of the entrepreneurial economy that need a redefinition.

In this conclusion, we will open paths of research and questions concerning those modifications. Starting by the mutation of the global economic system, and following by the concept of entrepreneurship and its redefinition.

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<sup>1</sup> “The multinational company is in trouble”, The Economist, January 28, 2017, <http://www.economist.com/news/leaders/21715660-global-firms-are-surprisingly-vulnerable-attack-multinational-company-trouble?fsrc=scn/fb/te/bl/ed/inretreatthemultinationalcompanyisintrouble>.

## What about our global economic system?

Since the 1980s, the globalization of economic activity has been shaped by a capitalist market economy that is present in almost every country in the world.

The globalization of trade, the transformation of markets, the increasingly rapid evolution of technologies and the changes in society are both causes and consequences of upheavals that oblige organizations, as well as individuals, to adapt continuously. They are encouraged and constrained to respond to this external and internal instability.

Among the changes, the beginning of the 21st Century is already witnessing the integrated global network, the Internet of Things, connecting everything with everyone. This internetworking of physical devices and infrastructures, such as buildings, connected with electronics, sensors and software, enables the exchange and collection of data, transforming the real world into computer-based systems that reduce human intervention. Practically every aspect of economic and social life is now connected to a network which creates Big Data.

This connectivity also allows us to obtain a variety of things almost for free. Jeremy Rifkin [JER 14] is one of the first authors to recognize that today there is an increasing number of products made at a zero marginal cost, in a collaborative networked world. Starting with music, videos, news and knowledge, and followed by renewable energy, and 3D printers, among others, this change represents just the beginning of a new order in the way individuals develop their economic activity to fulfill their needs.

The market economy is prepared to understand a reduction of marginal costs, allowing to propose more competitive prices and conquer market share. But, this

economic system is not ready to survive with marginal costs near to zero, and abundant priceless goods and services.

A new economic model is emerging, in which several systems compete and collaborate. On the one hand, the shared economy (or collaborative commons as Rifkin called it, in a sympathetic allusion to the Commons of a traditional precapitalist economy), and on the other hand, the market economy. In addition, we have the social economy which is also growing at a fast pace. The latter involves not only the large group of associations, cooperatives, etc., but also commercial firms developing social missions as well as charities doing commerce to reach self-sustainability.

The alternative systems of social and sharing economies are growing fast. Every day, more companies are created within models that undermine the importance of private property and that foster the idea that usage is more appealing than ownership, and that money is not the most important issue. People are sharing cars, homes, clothes, tools and some other objects and services. Entrepreneurs are creating businesses which take into consideration social and environmental problems, and which explore an equilibrium between work and free time. In a world in which more things are shareable, social capital (joining networking and trust) will play a key role, as declares Rifkin [RIF 14], for the development of this kind of economic activity.

Regarding the evolution of the economic activity, several questions emerge. How could the different systems coexist? How economic theory, based on concepts such as private property, utility and maximization of profit, can explain this new economic, but also social, conscious, shared and connected life?

## From big is beautiful to small is beautiful

Our economy has been in the process of changing from a capital and labor model to a knowledge model for a long time. Capital and labor were leading factors for large-scale production, and consequently for the increase in firm sizes [THU 08] typical of the 20th Century. On the contrary, small businesses and self-employment were not well considered, as the common idea was big is beautiful (one has to be big to compete globally [CHA 90]). Knowledge became vital, and started to be measured by R&D, human capital and patented inventions.

But the knowledge economy also allowed the return of small and young firms, and the emergence of the entrepreneurial economy as a political, social and economic response to an economy increasingly dominated by knowledge as a production factor.

For decades, people believed that the market economy and the managed economy (controlled by the government) were the only two ways to organize economic activity. But now, we see the emergence of an entrepreneurial economy, shaped by social interactions and a surge in self-employment. In an article published by *The Economist* in 2014, the shift toward self-employment on both sides of the Atlantic has been dramatic. For instance, in the fourth quarter of 2013, 90% of the new jobs created in Britain were classed as self-employment<sup>2</sup>.

In this way, self-employment appears as a reaction against authority relationships and a solution face to the instability of the job market. Social entrepreneurship arises as a mean to do business with sense and developing a

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<sup>2</sup> “On their own”, *The Economist*, April 12, 2014, <http://www.economist.com/news/finance-and-economics/21600735-what-explains-surge-self-employment-their-own>.



conscience of the problems of the future in the social and environmental arena.

In an interview given in 2012, Michael Porter already suggested that “social entrepreneurship is an important transitional vehicle toward the creation of shared value and a capitalist system in which meeting social needs is not just a peripheral activity but a core aspect of every business” [DRI 12].

Entrepreneurship is then changing at the rhythm of the modification of the global capitalist system.

### **From classic models of entrepreneurship to hybrid models of entrepreneurship**

In the past, companies were clearly identified as governmental, private or social. Every type of firm used to have its own characteristics, challenges, problems and solutions. For example, social enterprises, also known as charities, were funded by governmental or private funds, such as subsidies or donations, and were taking care of social problems, beyond the boundaries of the economic activity. Commercial companies went in search of performance, developing economies of scale, and maximizing profits, without being concerned by social or environmental issues.

However, this century shows us the emergence and growth of hybrid businesses in the interface between commercial and social activities. Indeed, more and more social firms are developing business to earn the means to develop their social mission. At the same time, commercial companies are developing social and environmental activities to compensate for the externalities of their actions.

Today, the contemporary social economy involves millions of self-managed, mostly democratically run economic, social

and environmental organizations, including educational institutions, healthcare organizations, charities, religious bodies, personal services, arts and cultural groups, amateur sports clubs, producer and consumer cooperatives, banking and insurance, environment and other formal and informal institutions that generate the social capital of society.

The first transformation of the entrepreneurial economy is that nonprofits are now pursuing profits. Indeed, earned-income initiatives are expected and encouraged inside the nonprofit world [FOS 05]. This phenomenon is economical and social. From an economic point of view, there are scarce resources and a lot of companies are competing for them. The idea is to become financially self-sufficient. Moreover, managers of nonprofits prefer to be considered active entrepreneurs and not bureaucrats [FOS 05].

Currently, the social economy is growing faster than the market economy in many countries around the world. It has been estimated that the organizations of the social economy (broadly defined as co-operatives, mutuals, associations and foundations) represent nearly 10% of world employment as well as nearly 10% of global GDP. Almost one-third of the world's population is connected with the social enterprises and organizations as employees, members or beneficiaries of their services.

The second transformation is about commercial firms developing social responsibility. Many companies have developed programs to give back to society, searching to put consciousness and responsibility in their business. It can be an internal decision, coming from the direction of the company, or one which emerged among the employees. It can also be an external pressure, such as in the case of the Corporate Social Responsibility which in some countries is a law that encourages companies to develop self-regulatory mechanisms to ensure ethical standards for employment, pollution, etc.

These new ways of doing business come with conflicts of interests. How do we deal with the ambiguity of doing business and doing social at the same time? How can we maximize profit, increase productivity and also take care of the environment?

The aim of this book was to take a look at the different types of entrepreneur that emerge in the new economy and to analyze some theories of entrepreneurship to allow a better explanation of the actual business activity. This book is just a first step in the understanding of the main changes that are happening deep inside our global economic system.

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*Trends in Enterprise Knowledge Management*

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