This study explores entrepreneurial intentions and the principal topic of this research is found in the area of entrepreneurial cognition and perception. Intentions are important in an entrepreneurial setting because entrepreneurial behavior typically falls into the category of intentional behavior. Before a person decides to perform an entrepreneurial activity he first engages in a cognitive process where he evaluates the different aspects of the particular activity. The result of this process will determine whether or not he will try to execute the activity. This means that before somebody decides to perform an entrepreneurial activity, he forms an intention to perform the activity. Thus, understanding the cognitive process is necessary in order to understand entrepreneurial behavior and consequently entrepreneurship is dependent on the perspective of the individual. This study approaches entrepreneurship explicitly from the point of view of the individual. The study focuses on why an individual wants to be an entrepreneur, the cognitive structure of an entrepreneurial intention and its impact on the behavior of the person in question. This also gives rise to questions such as: why do some people become entrepreneurs while others do not? What drives these entrepreneurs? How do entrepreneurial intentions emerge?
CONTEXTUALIZING ENTREPRENEURIAL INTENTIONS
Contextualizing Entrepreneurial Intentions

A Multiple Case Study on Entrepreneurial Cognition and Perception

Jennie Elfving
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Kokkola, November 18th 2008
5.2.3 Data analysis
5.2.4 Improving credibility

6. MAKING SENSE OF BEING AN ENTREPRENEUR
6.1 Mr. Note
   6.1.1 The business context in the case of Mr. Note
   6.1.2 Mr. Notes’ motivation
   6.1.3 Mr. Notes’ perception and cognition
   6.1.4 Mr. Notes’ goals
6.2 Mr. Green
   6.2.1 The business context in the case of Mr. Green
   6.2.2 Mr. Green’s motivation
   6.2.3 Green’s perception and cognition
   6.2.4 Mr. Green’s goals
6.3 Mr. Nord
   6.3.1 The business context in the case of Mr. Nord
   6.3.2 Mr. Nord’s motivation
   6.3.3 Nord’s perception and cognition
   6.3.4 Mr. Nord’s goals
6.4 Mr. Stevenson
   6.4.1 The business context in the case of Mr. Stevenson
   6.4.2 Mr. Stevenson’s motivation
   6.4.3 Mr. Stevenson’s perception and cognition
   6.4.4 Mr. Stevenson’s goals
6.5 Mr. Morse
   6.5.1 The business context in the case of Mr. Morse
   6.5.2 Mr. Morse’s motivation
   6.5.3 Morse’s perception and cognition
   6.5.4 Mr. Morse’s goals
6.6 Mrs. Maple
   6.6.1 The business context in the case of Mrs. Maple
   6.6.2 Mrs. Maple’s motivation
   6.6.3 Mrs. Maple’s perception and cognition
   6.6.4 Mrs. Maple’s goals
6.7 Mrs. Lilly & Mrs. Mayson
   6.7.1 The business context in the case of Mrs. Lilly & Mrs. Mayson
   6.7.2 Mrs. Lilly & Mrs. Mayson’s motivation
   6.7.3 Mrs. Lilly & Mrs. Mayson’s perception and cognition
   6.7.4 Mrs. Lilly & Mrs. Mayson’s goals
6.8 Mr. Harrison
   6.8.1 The business context in the case of Mr. Harrison
   6.8.2 Mr. Harrison’s motivation
   6.8.3 Mr. Harrison’s perception and cognition
   6.8.4 Mr. Harrison’s goals
6.9 Mrs. Baker
   6.9.1 The business context in the case of Mrs. Baker
   6.9.2 Mrs. Baker’s motivation
List of figures

Figure 1. Critical realist view of causation ....................................................13
Figure 2. Attribution and attributional research ..........................................28
Figure 3. Cause explanation and reason explanation .................................30
Figure 4. Causal history and enabling factors ............................................31
Figure 5. Theory of reasoned action ............................................................37
Figure 6. Theory of planned behavior .........................................................38
Figure 7. Ajzen and Fishbeins theory of reasoned action and planned behavior .................................................................39
Figure 8. Theory of trying ........................................................................44
Figure 9. Hierarchy of goals ......................................................................46
Figure 10. Goal intentions and implementation intentions .........................48
Figure 11. Model for effortful decision making and enactment ..................49
Figure 12. Social cognitive career theory ....................................................50
Figure 13. Entrepreneurial intentions model ..............................................64
Figure 14. Current research excluding the impact of goals .........................69
Figure 15. The data collection process .......................................................80
Figure 16. Grouping of the entrepreneurs ..................................................143
Figure 17. Characteristics of different types of entrepreneurs ......................144
Figure 18. The context-specific entrepreneurial intentions model .............161

List of tables

Table 1. Ontological domains ................................................................. 12
Table 2. Deductive, inductive and abductive inference .............................. 17
Table 3. Different forms of inference ....................................................... 19
Table 4. A research process involving retroduction .................................... 20
Table 5. The research process .................................................................. 24
Table 6. Trends in entrepreneurial research ............................................. 54
Table 7. The entrepreneurs in the case study .......................................... 86
1. INTRODUCTION

In entrepreneurship literature the words *entrepreneur* and *entrepreneurship* are associated with different kinds of expectations. According to Schumpeter (1934) entrepreneurship drives innovation and technological changes, thus resulting in economic growth. Leibenstein (1978) argued entrepreneurship is the ability to work harder and smarter than your competitors. Kirzner (1997) described entrepreneurship as the process through which supply and demand are equilibrated. Shane and Venkataraman (2000) defined entrepreneurship as the process through which new knowledge is converted into products and services. Casson (1982) stated entrepreneurial behaviour is the key to firm development and growth.

In entrepreneurship literature according to the Schumpeterian perspective in particular, (Schumpeter, 1934) the word *entrepreneurship* is often equated with *innovation*. Innovative activity is an expected result of new entrepreneurs, and new entrepreneurs are furthermore projected to create new jobs. Ultimately, economic growth is expected. This causal-effect type of reasoning carries the assumed possibility to “engineer” the entrepreneurial process in order to enhance its effectiveness and efficiency. To give a very simplified picture of the reality, the innovation system is supposed to turn innovations into commercialized products and consequently new entrepreneurs emerge as part of the process. This is a “build it they will come” approach. This way of reasoning is found for example in statements made by the Finnish government.

“By creating an efficient production, based on strong knowledge, Finland will be able to increase the employment rate. Better productivity can be based only on exploration of new ideas, creation of new technology and its quick implementation, a skilled labor force and a good organization of the labor force. The creation of a new successful production requires a strong entrepreneurial foundation.”
(Prime Minister Vanhanen’s II government (2007), p.9. Translated by the author.)

“In order for Finland to come off well in the global, economical competition a great number of new growth-companies have to emerge. This is in order to spur a structural transformation and strengthen the dynamic of the national economy and also to compensate for the number of jobs which are moved abroad.”
(The Finnish government (2006), p. 6. Translated by the author.)
As the quotations above indicate, entrepreneurship and entrepreneurial growth are both subjects of high interest in Finland. Finnish policy makers hope to see more companies and more entrepreneurs in order to spur economic growth. Studies show that to a large extent economic growth comes from a small group of entrepreneurs, namely the high growth companies. Because of this, growth companies are especially desirable from the point of view of the state (Autio, 2005; Shane, 2008). Over the past years several actions have been undertaken, on different levels, in order to spur entrepreneurship. For the past 10-15 years the Finnish government has invested heavily in building an entrepreneurship-friendly infrastructure (Malinen, Hytti, Brännback, Elfving, Hudd, Magnusson & Pohja, 2005) and today Finland is among the top investors in the world when it comes to research and development. This has resulted in e.g. Finland being ranked as one of the most competitive nations in the world. The Global Competitiveness Report 2005 (p. xiv) states the following about Finland:

“Finland maintains its position at the top of the ranking. The country owes its strong showing to one of the most innovative business environments in the world, particularly critical to driving productivity in the country, given its advanced stage of development.”

If innovativeness is equal to an entrepreneurial mindset and if it is possible to engineer the process, there should be a strong entrepreneurial spirit in Finland. Finnish people are innovative and furthermore the country hosts 22 science parks plus 20 universities and 29 polytechnics. This is quite impressive considering there are only 5 million inhabitants in the country (Malinen et al. 2005). However, the Finnish reality indicates that the correlation between innovativeness and entrepreneurial activity is not always as strong as anticipated, or desired. First of all, entrepreneurial activity in Finland is low. The Finns are not very keen on becoming entrepreneurs (see for example Bosma, Jones, Autio & Levie, 2008). Finland belongs to the least active nations when it comes to entrepreneurial activity, with only about 4 percent of Finns reporting they have just started or are about to start their own company. The corresponding number in Peru is 40 percent! Currently about 14 percent of the working population in Finland are entrepreneurs (Bosma et al. 2008).

Secondly, most companies start small and stay small (Aldrich & Martinez, 2001). Only one out of ten newly established companies in Finland aims at employing more than 5 people within 5 years. 7 percent of Finnish companies employ more than 10 people and only 1 percent employs more than 50. In other words, very few companies can be classified as the kind of growth-company the government seeks to create (Heinonen & Toivonen, 2003). Taking this into consideration, it is fair to ask if Finland is doing something wrong? Why is the innovation system spurring innovativeness but not entrepreneurial activity? Noteworthy is also that recently the competitiveness of the nation has been decreasing (Global Competitiveness Report, 2007).
As can be expected from any government, the Finnish government has, taken a top-down approach to promoting entrepreneurship. But, in the end it is not society, not policy makers and not the government that undertake entrepreneurial activities - it is the individual! Therefore entrepreneurship is dependent on the perspective of the individual. This study approaches entrepreneurship explicitly from the point of view of the individual. The unit of analysis is the individual and this thesis adopts a bottom-up approach to entrepreneurship. The principal topic of this research is found in the area of entrepreneurial cognition and perception. The study focuses on why an individual wants to be an entrepreneur, the cognitive structure of an entrepreneurial intention and its impact on the behavior of the person in question. This also gives rise to questions such as: why do some people become entrepreneurs while others do not? What drives these entrepreneurs and what holds them back?

It can be seen that national innovation systems have had an impact on a macro level, but on the micro level they remain fairly abstract. The individual entrepreneur seldom perceives himself as being part of an innovation system (Carsrud & Brännback, 2007). If the authorities seriously want to promote entrepreneurship in Finland they have to recognize the fact that innovativeness does not necessarily result in entrepreneurship. It seems that Finnish people are good at being innovative but they do not want to become entrepreneurs. It is not considered a desirable option (see for example Bosma et al. 2008) and it seems as if psychological factors such as people’s attitudes and perceptions might be the key to understanding entrepreneurial behavior. Evidence from motivational psychology suggests that both internal factors (e.g. personality) and external factors (e.g. social norms) play a role when setting career goals (Jokisaari, 2005; Huuskonen, 1989). Once entrepreneurship is seen as an attractive career choice and entrepreneurs become somebody we look up to, then entrepreneurship will be something people aim for and we will be more likely to see more entrepreneurs. First however, we need to know what makes entrepreneurship attractive in the eyes of people and how the intention to become an entrepreneur emerges.

This study approaches the problem from a critical realist point of view, using a qualitative multiple case study. The most important contribution of the study will be a better understanding of what makes entrepreneurship attractive and feasible from the point of view of the individual.
1.1 Defining the research problem

Much entrepreneurial research is aimed at predicting who becomes an entrepreneur. Earlier research tried to answer the question by referring to different personality traits. Some argued that entrepreneurs were typical risk takers (Reynolds, 1986; Stinchcombe, 1965). Others stated entrepreneurs possessed a high internal locus of control (Shane, 2003). McClelland (1967) claimed that entrepreneurs had a higher “need for achievement”. Although the personality focused research has added a great deal of understanding to the phenomenon of entrepreneurship, it has not fully managed to explain the entrepreneurs’ behavior. However, throughout the years entrepreneurship research has not been afraid to borrow from other disciplines such as strategic management, psychology and sociology (Grégoire et al. 2006; Cornelius, Landström & Persson, 2006; Gustafsson, 2006).

Consequently entrepreneurship researchers have recognized the contribution of the cognitive process and the importance of intentionality (Mitchell et al. 2002; 2007). The core of entrepreneurial intentions research hinges on entrepreneurship as an intentional action (see for example, Bird, 1989, Krueger & Brazeal, 1994, Krueger, 2000; Krueger et al. 2000). Essentially, these studies are based on theories from psychology, showing that intentions are the best predictors of planned behavior (Krueger et al, 2000). One frequently used model is the entrepreneurial intentionality model introduced by Krueger (Krueger, 1993, 2000; Krueger & Brazeal, 1994 Krueger, Reilly & Carsrud, 2000). The model draws on two theories (i) the theory of planned behavior (Ajzen, 1977), and (ii) Shapero’s entrepreneurial event (Shapero & Sokol, 1982). The model has widely proven useful in many cases (Krueger & Brazeal, 1994; Krueger, 2000; Krueger et al. 2000) and will also function as a starting point for this study. This theoretical model aims at explaining entrepreneurial intentions as a linear process. In short, the model suggests that actions (such as starting a company or developing a company grow) require an intention to do so. Intentions are a result of personally perceived desirability and personally perceived feasibility, which furthermore result from perceived social norms and perceived self-efficacy. In other words, when you believe in your own capabilities and when you believe that people around you think entrepreneurship is something good, then you also perceive entrepreneurship as desirable and possible and thus you form an intention to act in an entrepreneurial way.

In entrepreneurship research this model has become widely accepted and seldom questioned (Brännback, Carsrud, Elfving, Kickul & Krueger, 2006a). However, the theory of planned behavior, upon which the intention model rests, has received some well justified critique in other fields (Bagozzi & Warshaw, 1990; Bagozzi, 1992). Bagozzi & Warshaw (1990) claimed action should be viewed as the process of trying to achieve a goal. In other words an action is desired although the individual may find it problematic to achieve this. In the theory of planned behavior and in the entrepreneurial intentions model, action is viewed as
a single and final performance and the action itself is the dependent variable. Bagozzi and Warshaw (1990) offered an extension known as the theory of trying (TT) where action is viewed as goal-directed behavior, a series of attempts to realize a goal.

Recently even entrepreneurship research has suggested that intentions, including entrepreneurial intentions, might require more sophisticated modeling than the entrepreneurial intentions model provides (e.g., Krueger & Kickul, 2006; Brännback et al. 2006a and Brännback et al. 2006b). Even the most robust linear models of intent do not fully capture the dynamics of intentions per se, nor do they necessarily capture the deeper cognitive structures and processes that lay beneath the intentions model as presently conceptualized. In fact, recent work by Brännback et al. (2006a and 2006b) and Krueger & Kickul (2006) overthrow the assumption (taken for granted in all previous research until now) that the model is linear and that the independent variable is intention.

One reason why the entrepreneurial intentions model appears so robust might be the homogeneous nature of the studies conducted. The vast majority of all intentionality studies are based on data collected in the US. While some national studies outside the US do exist, there are few comparative studies across nations or cultures, with the exception of the GEM studies (Delmar & Davidsson, 2000; Acs, Arenius, Hay & Minniti, 2005; Autio, 2005). This presents us with a clear problem since research shows that although entrepreneurs across cultures share a great deal (McGrath & MacMillan, 1992) there are considerable differences to be found. These differences relate to cognitive style, local context, and social norm (Krueger & Kickul, 2006). Differences in cognitive style indicate that two entrepreneurs are likely to reason about an issue in different ways and that the likelihood of this happening is expected to be greater across cultures.

Moreover, the existing entrepreneurial intentions studies are primarily quantitative studies aiming at generalizations based on statistical analysis. Many scholars have called for more qualitative approaches (Huse & Landström, 1997; Neergaard & Ulhoi, 2007; Hindle, 2004; Davidsson, 2003). These are needed because the variety would provide the field with the kind of diversity and depth that it is in need of (Neergaard & Ulhoi, 2007). Existing studies are most often conducted among college graduate and under graduates. This means the studies have been conducted among potential entrepreneurs and not among existing entrepreneurs. One can argue that this is a way of studying the entrepreneurial intention as it emerges and therefore provides reliable results, however, few entrepreneurs start their venture immediately after graduation (Shane, 2008) and therefore most respondents are years away from starting a business. Therefore one can assume they are, in many cases, guessing rather than reporting serious intentions.
Considering the limited number of serious attempts to question the entrepreneurial intentions model and the homogeneous nature of existing research, it seems that a research gap exists. This study responds to this gap by studying entrepreneurial intentions among existing entrepreneurs using a qualitative method. The retrospective account does carry some problems since people’s retrospective description of events tends to differ from the description given immediately after an event takes place (Schjoedt & Shaver, 2005), nonetheless, this approach provides a useful counter angle to the studies of potential entrepreneurs.

The study focuses on the research questions:

- What are the characteristics of an entrepreneurial intention?
- How does an entrepreneurial intention emerge?

### 1.2 Key concepts in the study

This section defines key concepts used in the study.

**Entrepreneurship.** The diversity of the word entrepreneurship is seen when trying to translate the word into other languages. The empirical part of this study is conducted in a part of Finland where both Finnish and Swedish are spoken. In Finnish the word entrepreneur usually is translated into *yrittäjä*, which translates as someone who is trying. In Swedish the word commonly used is *företagare*, which translates as someone who is getting things done. However, both *yrittäjä* and *företagare* encompass more than the word entrepreneur. The English language makes a distinction between self-employment, small business owner and entrepreneur. This nuance is not found in the Swedish and Finnish words (Carsrud & Brännback, 2007).

Nonetheless, using the English language does not remove the definition problems. Despite the vast number of entrepreneurship studies there is no unifying definition of entrepreneurship (Gartner, 1988; Stevenson & Jarillo, 1990; Brazeal & Herbert, 1999; Aldrich & Martinez, 2001). Schumpeter (1934) emphasized the importance of innovation and novelty. Kirzner’s definition of entrepreneurship is *the competitive behaviors that drive the market process* (1973, p.19-20). The difference between Shumpeter and Kirzner’s points of views is that whereas Schumpeter underlined the importance of creating new knowledge, Kirzner argued that entrepreneurship does not always require new knowledge. Moreover, where Schumpeter claimed entrepreneurship has an unbalancing impact on the market, Kirzner stated the entrepreneur is the one who equilibrates the market. Low and MacMillan (1988) defined entrepreneurship as
1. INTRODUCTION

...the creation of a new enterprise. Gartner (1988) defined entrepreneurship as the creation of a new organization. Two Finnish researchers, Koiranen and Peltonen (1995), emphasized the difference between small business ownership, self-employment and entrepreneurship in their definition. They claimed an entrepreneur is a business owner who actively tries to develop and expand his business. This is a definition which encompasses innovative thinking exploiting either new or existing knowledge.

Furthermore, Davidsson (2003) showed that it is sometimes necessary to make a distinction between entrepreneurship as a societal phenomenon and entrepreneurship as a research domain. Entrepreneurship as a societal phenomenon requires an outcome. This requirement cannot be applied to entrepreneurship research because researchers have to be able to study entrepreneurship as it happens and cannot always wait until the outcome is known. Davidsson (2003, p. 21) defines the entrepreneurship domain as follows:

“Starting from assumptions of uncertainty and heterogeneity, the domain of entrepreneurship research encompasses the study of process of (real or induced, and uncompleted as well as terminated) emergence of new business ventures, across organizational contexts. This entails the study of the origin and characteristics of venture ideas as well as their contextual fit; of behaviors in the interrelated processes of discovery and exploitation of such ideas, and of how the ideas and behaviors link to different types of direct and indirect antecedents and outcomes on different levels of analysis.”

This study prescribes to Koiranen and Peltonen’s (1995) definition of an entrepreneur and Davidsson’s (2003) definition of entrepreneurship as a research domain. Thus this study explores the process through which a business owner develops and expands his business.

**Entrepreneurial cognition.** People sort and make sense of all the information they perceive through cognition. Perw in (2003, p. 100) defined cognition as: “The person’s thought processes, including perception, memory, and language – the ways in which the organism processes information.” Through this process people construct cognitive schemes (Kelly, 1955), sometimes referred to as mental maps (Forrester, 1961; Senge, 1990). Studying the cognitive process and the cognitive schemes is important, because it helps us understand what we perceive as relevant in new knowledge, how we process information and how we structure it (Krueger, 2007). Studying entrepreneurial cognition includes studying how entrepreneurs use cognitive maps to process information relating to starting and running a business (Mitchell et al. 2007; Baron & Ward 2004; Gaglio & Katz, 2001). Research suggests entrepreneurial behavior can be understood through studying how entrepreneurs and non-entrepreneurs differ in their information processing (Gustafsson, 2006; Busenitz, 1996; 1999; Gaglio & Katz,
Entrepreneurial cognition is believed to be the explanation as to why some people become entrepreneurs while others do not, and why some people recognize opportunities which other fail to see (Kaish & Gilad, 1991; Gaglio & Katz, 2001; Busenitz, 1996; Shane & Venkataraman, 2000). This study relies on the following definition of entrepreneurial cognition, provided by Mitchell et al. (2002, p. 97),

“understanding how entrepreneurs use simplifying mental models to piece together previously unconnected information that help them to identify and invent new products or services, and to assemble the necessary resources to start and grow businesses.”

Entrepreneurial intention. In the search for the causes of behavior it is important to distinguish between factors internal to the person and those factors which are external (Heider, 1958). If the person aims at producing the outcome, the behavior can be viewed as intentional. If the outcome is brought about by external forces the behavior is unintentional (Shaver, Gartner, Crosby, Bakalarova & Gatewood, 2001). Intentions serve as an important link between attitudes and behavior (Boyd & Vozikis, 1994), meaning planned actions require an intention to behave in a certain way. Businesses are not created by accident (Shaver et al. 2001) and therefore it can be concluded that entrepreneurial behavior involves an entrepreneurial intention. For a definition of an entrepreneurial intention this study relies on the words of Boyd and Vozikis (1994). According to them an entrepreneurial intention is

“the state of mind that directs and guides the actions of the entrepreneur toward the development and implementation of the business concept” (p. 64).

Motivation. Motivation can be described as what drives or energizes people to move from one action to another in the behavioral process (Nuttin, 1984). Traditionally motivation has been studied in order to answer three kinds of questions: (i) what activates a person, (ii) what makes him choose one thing over another and (iii) why different people respond differently to the same stimuli. These questions give rise to three important aspects of motivation which are activation, selection-direction and preparedness of response (Perwin, 2003). In this study motivation refers to what Nuttin (1984, p.14) defines as:

“the dynamic and directional (i.e. selective and preferential) aspect of behavior. It is motivation that, in the final analysis, is responsible for the fact that a particular behavior moves toward one category of objects rather than another.”

For clarification this study treats motivation and motives as synonyms.
**Goal.** Goals can be seen as mental representations, or schemes, of what the future could be like and thus enable people to continue trying (Perwin, 2003). Goals activate people and serve as an important link between intention and action (Perwin, 2003; Nuttin, 1984; Gollwitzer & Brandstätter, 1997). Locke and Latham (2002) argue that goals impact performance and behavior in that they have a directive function. That is, they help turn attention and effort toward activities which are relevant to the goal and ignore activities which are irrelevant. According to social cognitive theory and as defined by Perwin (2003 p. 101) goals are:

“...desired future events that motivate the person over extended periods of time and enable the person to go beyond momentary influences.”

### 1.3 Outline of the study

The study has the following structure:

In **chapter 2** the research approach of the study, critical realism, is outlined. The central elements of critical realism are presented. The ontological and epistemological assumptions of critical realism are explained. The aim is to elucidate which values have guided this study and to show how these values have directed the research process.

In **chapter 3** the theoretical background of the research area is introduced. Entrepreneurship research is a field of research which has frequently borrowed from other disciplines and in order to understand entrepreneurial theories it is important to understand where they come from. This chapter focuses on psychological theories. Cognitive theory is used as a general framework. Attribution theory is introduced as a general model to explain behavior. The difference between an intentional behavior and unintentional behavior is discussed as well as the emergence of motives. Attitudes are presented as a determinant of intentions and the impact of goals and motivation are also discussed. The aim is to give a theoretical understanding of what goes on in the minds of people when they behave in a certain way; how behavior emerges and how it is justified.

In **chapter 4** the theoretical ideas presented in the preceding chapter are adapted to an entrepreneurial setting. The focus is on existing entrepreneurship research. The aim is to explore how entrepreneurial behavior emerges. Different directions in entrepreneurship research are discussed. The impact of the cognitive approach
is outlined and the entrepreneurial intentions model as a model for predicting entrepreneurial behavior is presented. The benefits of including some of the ideas from motivational psychology and goal theory into entrepreneurship theory are also discussed. The aim is to highlight an existing research gap and show that if researchers want to understand why people become - or do not become - entrepreneurs, we have to broaden our perspective and improve the theoretical models used.

In chapter 5 the research method is presented. The general characteristics of case study research are outlined. Choice of cases, data collection and data analysis are described in detail. The aim is to present the research context.

In chapter 6 the cases are presented. A detailed description of each case is given. The description includes a description of the business context as well as a report on how the entrepreneurs perceive entrepreneurship, what motivates them and what kind of goals they have for their businesses.

In chapter 7 the cases are analyzed. The intentions, motives, perceptions and goals of the entrepreneurs are examined. The purpose is to explore how entrepreneurial intentions emerge, to what extent they vary between different entrepreneurs and how the variations impact the entrepreneurial process.

In chapter 8 the empirical findings from the analysis in the previous chapter are taken to a more abstract level. The aim is to develop a new theoretical model where the empirical findings can be applied. The new model is loosely based on the entrepreneurial intentions model, but supplemented with aspects from motivational and goal theories.

In chapter 9 the findings from the case studies are brought back to a more concrete level. The chapter first summarizes the study and then the implications of the findings are deliberated. Suggestions for future research are also made and the limitations of the study are discussed.
2. METHODOLOGICAL APPROACH

What kind of research results can be expected depends partly on the methodological choices of the researcher (Bryman & Bell, 2005). Similarly, which method is suitable for the research in question depends on the epistemological and ontological views of the researcher. The aim of this chapter is to elucidate the way research is done in this study and explain the choices made. However important methodology is it is important to remember that methodology is a matter of strategy rather than a matter of morals (Miles & Huberman, 1994). Therefore, this study subscribes to the principles of pragmatism, meaning that methodology is chosen according to "...whatever philosophical and / or methodological approach works for the particular research problem under study" (Tashakkori & Teddlic, 1998, p.5).

The term research paradigm is often used when talking about research approaches. A research paradigm refers to scientific practice based on people’s assumption about the nature of knowledge and the world around them. In a research context these assumptions affect the researcher’s belief about how research should be conducted (Bryman & Bell, 2005). There is no clear cut division between different research paradigms. In some research handbooks positivism constitutes one end and phenomenology the other (Remenyi, Williams, Money & Swartz, 1998). In other books hermeneutics is used as the opposite to positivism (see for example Danermark, Ekström, Jakobsen & Karlsson, 1997). The problem with these kinds of dichotomies is that most researchers place themselves somewhere in the middle. A truly positivistic research study is believed to hold in all contexts and be free from subjective values of the researcher, but almost no researchers in social sciences subscribes to that view anymore (Kakkuri-Knuuttila & Heinlahti, 2006). At the other extreme the hermeneutic research, where everything is constructed subjectively, is found (Kakkuri-Knuuttila & Heinlahti, 2006). That does not resonate well with current hermeneutic research either (Kristensson Uggla, 2002).

In this study a critical realist research approach is adopted. Critical realism is sometimes described as “the third option”, meaning it is somewhere in between positivism and hermeneutic (Lawson, 1997; Danermark et al. 1997). In this study critical realism is chosen not because it would somehow provide the golden middle road, but rather it is chosen, according to the principles of pragmatism (Tashakkori & Teddlic, 1998), because the basic assumption in critical realism suits the research question and the nature of this study.

The core concepts of critical realism were originally developed by Rom Harré (1979; 1985) and Roy Bhaskar (1975) as an alternative research approach for social sciences. The main arguments in critical realism are a combination of transcendental realism and critical naturalism (Blundel, 2007). Critical realism has been used in the field of economics (Lawson, 1997) organization studies
2. METHODOLOGICAL APPROACH

(Reed, 1997), politics (Lane, 1996), management (Tsoukas, 1989), sociology (Sayer, 1992), marketing (Easton, 2002) and to some extent also in entrepreneurship (Blundel, 2007).

2.1 Reality according to critical realism

According to the critical realist approach there is a reality which exists independently of our knowledge and conception of it. Part of reality is constructed so that we can directly observe it, but part is inaccessible by means of direct observation. In other words reality is not entirely transparent. The non-transparent part of reality can be observed only indirectly through causes (Danermark et al. 1997, Bhaskar, 1998). Bhaskar (1978) illustrates the nature of reality by dividing it into three different ontological domains; the empirical, the actual and the real.

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Table 1. Ontological domains
Source: Bhaskar (1978), p. 56

As seen in Table 1 the empirical domain consists of things we can experience directly. The actual domain consists not only of things we can experience, but also of events which happens whether or not we experience them. Finally, the real domain contains experiences, events, structures and mechanisms. Mechanisms are what produce experiences. The differentiation of reality is one of the fundamental statements in critical realist ontology.

From a researcher's point of view the real domain is the important one. If we stay in the empirical or actual domain, we only scratch the surface and get results with limited applicability. From a critical realist point of view the researcher needs to go below the surface, i.e. beyond the immediately recognizable things, and explore the real domain. In this domain structures, mechanisms and causal powers are important (Blundel, 2007). Every object is believed to be constituted by structures. For example, the structure of matter is made up of molecules and atoms. In the same sense, social phenomena have structures, although these might be harder to identify. For example, networks consist of interactions between human beings (Blundel, 2007). The structure of the object provides it with certain causal power. Lawson (1992, p. 21) defines causal powers as
“potentials, capacities, or abilities to act in ways and/or facilitate various activities and developments”. Just as water has the causal power to extinguish fire, entrepreneurial networks have the causal power to result in entrepreneurial activities (Blundel, 2007). However, just because an object possesses a certain causal power it does not mean it will automatically happen. A triggering factor, in the form of generative mechanisms, is needed to activate the causal power (Lawson, 1992).

The structure of an object does not determine the causes, but it sets some conditions. Danermark et al. (1997) use a match as an example. The structure of a match gives it the causal power to catch fire, but it does not immediately lead the match to catch fire. In order for the match to catch a generative mechanism is needed. The generative mechanism can e.g. be that somebody scratches the match against the box. In that case the mechanism is a positive one causing the fire to occur. But, there can also be other mechanisms which keep it from catching fire. For example, if the matchbox were wet, scratching the match against the box would be of no use. In other words, the structure of the object gives it the power to cause certain events, but the events do not trigger automatically. A generative mechanism is needed. Consequently, the exact same mechanism can produce different events at different points of time, and the exact events can be caused by very different mechanisms. Therefore, Bhaskar (1978) suggests we should analyze causal laws as tendencies. The critical realist view of causation is illustrated in Figure 1.

![Figure 1. Critical realist view of causation](source: Sayer (2000), p. 15)

Reality is, however, not only differentiated and structured. It is also stratified and each stratum contains different kinds of mechanisms (Collier, 1998; Danermark et al. 1997). Whenever we act we are influenced by mechanisms from different strata, e.g. the biological stratum, the psychological stratum, the sociological stratum, and the physiological stratum. When deciding to become an entrepreneur people might be impacted by a psychological tendency to take risks,
sociological expectations to be successful and physiological needs to be fit enough to work long days (Blundel, 2007; Collier, 1998).

2.2 Knowledge acquisition according to critical realism

One of the most important assumptions in critical realism epistemology is that we can gain knowledge about something, but it depends on the nature of the phenomenon. Here, we can immediately note one difference between natural sciences and social sciences (Danermark et al. 1997). In a natural science setting the relationship between the object and the researcher is less complicated than in a social science setting. In natural science the right to interpret and to create meaning is reserved for the researcher. It is a so-called simple hermeneutic (Giddens, 1976; Sayer, 1992; Danermark et al. 1997). The behavior of molecules and atoms is not affected by attitudes, perception and cognition. However, when studying human behavior, such as done in social sciences, the researcher interprets other people’s interpretations. It is this so-called double hermeneutic which makes the situation different from natural science (Blundel, 2007; Danermark et al. 1997). When the research object is a human being, behavior can never be fully predicted. In other words, the difference between natural sciences and social sciences is that natural science deals with closed systems, whereas social science deals with open systems. For this reason, the same research conditions cannot apply to both.

Conceptions play a more important role in social sciences than in natural science because of the differences between natural sciences and social sciences. Danermark et al. (1997) uphold social phenomenon as inherent meaningful. Thus, we cannot understand people's behavior if we do not understand what meaning they allot to the behavior, i.e. we have to pay attention to how they interpret the situation, and therefore conceptions are important for interpretation. In the light of this we can agree that reality is partly socially constructed. But, the researcher should not be content with studying these social constructions. Danermark et al. (1997) claim that if we stop here we confuse the explanation with what should be explained. Instead we should consider what Bhaskar (1978) stated about different ontological domains and dig deeper. Consequently “folk knowledge” is important in a scientific context, but in order to reach the level of “scientific knowledge” “folk knowledge” must be exceeded and compiled on a more abstract level (Danermark et al. 1997).

In everyday life people have a tendency to use abstract as the opposite to concrete, just as we use theory as an opposite to practice. As a consequence, research is sometimes accused of being too abstract and having little practical relevance. Danermark et al. (1997) show that this kind of reasoning is both false and destructive. Making an abstraction is about isolating a certain phenomenon in
order to study the generative mechanisms (Sayer, 1998). It is about revealing the structures and mechanisms of the phenomenon. In natural sciences this is often done through experiments. A certain mechanism is isolated, manipulated and studied. In social sciences such an approach may be difficult due to the fact that people as social beings are not always easily manipulated. Furthermore, even if manipulation were possible, it is not always ethical. Danermark et al. (1997), therefore, suggest that if we want to gain knowledge about the mechanisms affecting social phenomenon we have to do it in our thoughts, i.e. make abstractions.

By engaging in such an abstraction process we can identify the necessary and the temporary qualities of the phenomenon. What is meant by necessary qualities are those characteristics without which the phenomenon cannot exist (Danermark et al. 1997). For example, it is pointless to talk about entrepreneurship if the entrepreneur does not exist. The term temporary qualities is taken to mean those characteristics which furthers the phenomenon, but which can be replaced without annihilating the phenomenon. By studying both the necessary and the temporary qualities, the structure of the phenomenon can be revealed, i.e. we can make a structural analysis. However, a structural analysis is not very exhaustive and therefore also a causal analysis is also needed if the aim is to produce relevant knowledge. The structural analysis helps us see what the phenomenon looks like, but it does not say anything about why it looks the way it does. If we want to know something about the generative mechanisms we have to turn to a causal analysis (Danermark et al. 1997). Thus, if we wish to impact or predict the course of events a causal analysis is required.

As noted, structures do play an important role, but it is also important to remember that structures are impacted by and also impact human agency. Critical realism acknowledges people as intentional agents but also upholds the fact that human behavior cannot rely solely on intentions. Social structures can provide people with opportunities to act, but they can also prevent people from acting (Sayer, 1992). Social structures, thus, possess certain causal powers, but the power is always mediated through agents. Structures, in a social setting, and human agency presuppose each other in that structures are both conditions and consequences of human action. Social structures are not created, or constructed, in human action. They exist before human action take place and they also impact human action. But the moment human beings cease to exist the structures also cease to exist. Furthermore, social structures are reproduced and transformed through human action (Lawson, 1997; Archer, 1998).

To summarize; critical realists believe in an independent reality but acknowledge that it is not possible for one single person to capture the whole reality fully. If we want to learn more about the reality we have to consider the nature of the particular phenomenon we are about to study, as well as the fact that reality is differentiated, structured and stratified. We should ask ourselves; what is it that
causes this phenomenon to be what it is? By exploring the structure and the underlying mechanisms we can find the answer.

2.3 The impact of critical realism on research practice

According to critical realism a research method has to be chosen with respect to the research question and the phenomenon one sets out to study. Danermark et al (1997, p. 123) identify three aspects, which they claim to hold for all critical realism research in social sciences:

1. Science should aim to make generalizations
2. Science should make inferences
3. The overall purpose of social sciences is to explain social phenomenon

Critical realism acknowledges that the uniqueness of a particular case can indeed make a contribution, but still upholds that generalizations always can and should be made. Noteworthy here is that the word generalization can be understood in different ways. In traditional naturalistic research generalizations are understood as laws, meaning they apply to all cases under all circumstances. In critical realism generalizations are understood as tendencies. Making generalizations then means describing a mechanism which exists as a characteristic in reality, but whose observable impact varies depending on the situation. The key for generalization thus lies in the different domains of reality. Traditionally generalizations are made in the empirical domain (Danermark et al. 1997). Critical realism, however, also recognizes a type of generalization, which goes deeper than the empirical domain, comprising also structures and mechanisms.

To get to generalizations we first must be able to make some inferences. We observe, we analyze, we interpret, and finally we summarize our findings. Inferences can be made in different ways. Traditionally, the two options have been induction or deduction. More recently abduction has also gained popularity (Patokorpi, 2006; Peirce, 1990). Without totally rejecting the usefulness of these options, critical realism introduces a fourth option: retroduction (Lawson, 1997; Danermark et al. 1997). The four alternatives should not be seen as mutually exclusive: in many cases they can complement each other. Furthermore, it is worth pointing out that inductive and deductive inference are not the same as inductive and deductive research approaches. Inference is about tying individual events to a more general setting. Research approach is about designing the research process itself. Inference is dependent on the research approach, but the two concepts should not be used synonymously.
Deductive inference means using formal logic to deduce conclusions from given premises (Bryman & Bell, 2005; Popper, 1963). The strength of deductive inference is that it tells us whether our conclusions are logically valid or not. The weakness however, is that the results can only include what is in the premises and therefore the new things we possibly learn about reality are limited to the premises.

Inductive inference means drawing general conclusions based on a limited number of observations. We assume that what is valid for the observed cases will also be valid for the whole population (Bryman & Bell, 2005; Hempel & Oppenheim, 1948). Since, the inference is not dependent on any premises the discovery of new knowledge is unlimited. The weakness with induction is that we cannot say for sure to what extent our findings can be generalized. Moreover, the inferences are limited to the empirical domain and will not tell us anything about structures and underlying mechanisms. If we want to go deeper than the empirical domain we have to turn to abduction or retroduction.

Abductive inference means interpreting and re-describing an event on the basis of a particular context or theory. Abduction differs from induction in that abduction is based on a certain rule, but, unlike deduction, abductive inference is not logically given in the premises. Where deduction claims that something has to be in a certain way, abduction states it could be that way (Habermas, 1972). Thus abduction does not lead to a definite truth, but rather it provides us with deeper insights and new points of view (Patokorpi, 2006; Danermark et al. 1997). Danermark et al. (1997) claim abduction is what e.g. medical doctors, detectives, and researchers use in their daily work. When the medical doctor sees his patient he uses his knowledge about certain diseases as a framework to interpret the symptoms. Based on that, he makes his diagnosis. The diagnosis might be correct, but it does not have to be. Peirce (1990) uses the example with beans in Table 2 to illustrate the difference between induction, deduction and abduction.

<table>
<thead>
<tr>
<th>Deduction</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule:</td>
<td>All beans from this bag are white</td>
</tr>
<tr>
<td>Case:</td>
<td>These beans are from this bag</td>
</tr>
<tr>
<td>Result:</td>
<td>These beans are white</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Induction</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Case:</td>
<td>These beans are from this bag</td>
</tr>
<tr>
<td>Result:</td>
<td>These beans are white</td>
</tr>
<tr>
<td>Rule:</td>
<td>All beans from this bag are white</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Abduction</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule:</td>
<td>All beans from this bag are white</td>
</tr>
<tr>
<td>Result:</td>
<td>These beans are white</td>
</tr>
<tr>
<td>Case:</td>
<td>These beans are from this bag</td>
</tr>
</tbody>
</table>

Table 2. Deductive, inductive and abductive inference
Source: Danermark et al. (1997), originally developed by Peirce (1990)
Retroductive inference resembles induction, deduction and abduction in that it is a way of drawing general conclusions based on individual events. However, retroductive inference cannot be formalized in the way that has been done in Table 2. In retroduction one searches for qualities beyond those immediately apparent. The central question in retroduction is: which structure it is that makes a certain event be what it is? In an entrepreneurial context we can ask ourselves what it is that is needed in order to call something entrepreneurship. Can we have entrepreneurship without a company? Can we have entrepreneurship without an entrepreneur? By taking the discussion to a more abstract level than the everyday events, we can reveal something about the structure and the underlying mechanisms. Through this kind of transfactual thinking more knowledge about an event can be gained. Lawson (1997) however points out that in everyday research practice it can sometimes be difficult to differ between abduction and retroduction. The most obvious difference is that retroduction, in contrast to abduction, deduction and induction, follows no formalized rules when making inferences. The formalized rules for deduction, induction and abduction are summarized in Table 2, but retroduction has no similar rules. Moreover, abstraction plays a more central role in retroduction than it does in abduction (Lawson, 1997).

To demonstrate the difference between inductive, deductive and retroductive inference Blundel (2007) takes the example of the growth of an entrepreneurial firm. Using inductive inference the researcher moves from a series of similar observations to the generalization that rapid growth is a result of variables x and y. Using deductive inference the researcher starts with a number of premises, tests them and then makes generalizations. Using retroduction the researcher starts with a concrete description of a growth company, makes an abstract analysis of the growth process in order to reconstruct the basic conditions and thus identify the structure, causal powers and mechanisms. The central elements of the different inference types are summarized in Table 3.


2. METHODOLOGICAL APPROACH

<table>
<thead>
<tr>
<th></th>
<th>DEDUCTION</th>
<th>INDUCTION</th>
<th>ABDUCTION</th>
<th>RETRODUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INFERENCE</strong></td>
<td>Deriving logically valid conclusions from given premises. Deriving knowledge about individual cases from general laws.</td>
<td>Making generalizations based on a number of cases. Observing similarities among the cases and assuming the same things will appear also in non studied cases.</td>
<td>Interpreting and recontextualizing things based on a given pattern. Understanding a phenomenon better by studying it in a different context of ideas.</td>
<td>Describing and analyzing concrete phenomenon in order to reconstruct the basic premises for their existence. Exploring transfactual conditions.</td>
</tr>
<tr>
<td><strong>CENTRAL QUESTION</strong></td>
<td>What logical conclusions can be drawn from the premises? What are the similarities between a number of cases and does it hold for the whole population?</td>
<td>What meaning can be ascribed a certain phenomenon by using a certain frame of interpretation?</td>
<td>What characteristics must exist in order for a certain phenomenon to exist?</td>
<td></td>
</tr>
<tr>
<td><strong>STRENGTH</strong></td>
<td>Provides rules for logical conclusions.</td>
<td>Provides guidelines for empirical generalizations and a possibility to calculate the precision of such generalizations.</td>
<td>Provides guidelines for interpretation processes through which we an ascribe phenomenons a meaning in relation to a bigger context.</td>
<td>Give us knowledge about transfactual conditions, structures and mechanisms which can not be observed in the empirical domain.</td>
</tr>
<tr>
<td><strong>LIMITATION</strong></td>
<td>What we can learn is limited to what is in the premises.</td>
<td>Limited to the empirical domain. Never empirically and analytically totally reliable.</td>
<td>There are no fixed criteria by which the conclusions can be validated.</td>
<td>No fixed criteria for validity.</td>
</tr>
</tbody>
</table>

Table 3. Different forms of inference
Source: Adapted version from Danermark et al. (1997), p. 134

In the beginning of this subchapter it was said that all critical realism research in social science should make generalizations and inferences and strive to explain social phenomenon. Based on the work of Bhaskar (1987, 1989) Danermark et al. (1997) have developed a research model which can be used as a guideline for critical realism based research. The model, illustrated in Table 4, is meant as an alternative to the traditional Popper-Hempel inspired explanation model in which deduction and induction dominate. The critical realism model developed by Danermark et al. (1997) emphasizes abduction and retroduction. Moreover, it accentuates how the research process moves from a concrete phase (moment 1) to an abstract phase (moment 2-5) and back to a concrete phase once more (moment 6).
In the *description phase* the researcher starts off in a concrete context. He describes the phenomenon he is about to study. An essential part in this stage are the participants’ interpretations and their way of describing the phenomenon. Since it is not possible to study all aspects of a phenomenon, an *analytical resolution* is needed. At this stage the researcher separates the components, aspects or dimensions which he wishes to concentrate on. Once the researcher has specified what he is about to study, he makes a *theoretical redescription*. At this stage the researcher aims at gaining new insights by placing the phenomenon in a new context of ideas. New theoretical frameworks are presented and tested. The next step is to engage in a *retroduction*. The aim is to identify the structure, the causal powers and the mechanisms of the different components. The fifth stage, *abstract comparison*, is closely related to and sometimes even included in the forth stage. The aim is to estimate the explanatory power of the identified structures and mechanisms in relation to different theories. The last step involves *concretization and contextualization*. Here the research is brought back to a more concrete level and therefore this stage is especially important in applied research (Danermark et al. 1997). This research model is developed as a guideline and should not be understood as prescriptive or strictly linear. What the process ultimately looks like and which stages are emphasized varies depending on the nature of the particular research process (Danermark et al. 1997; Blundel, 2007).

### Table 4. A research process involving retroduction

<table>
<thead>
<tr>
<th>Activity</th>
<th>Nature of activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Description</td>
<td>Prepare a description of the phenomenon, making use of actors’ accounts and a variety of other sources.</td>
</tr>
<tr>
<td>2. Analytical resolution</td>
<td>Distinguish various components, aspects to dimensions of the phenomenon and establish (tentative) boundaries to the component studied.</td>
</tr>
<tr>
<td>3. Theoretical redescription</td>
<td>Interpret and redescribe the different components, applying contrasting theoretical frameworks and interpretations in order to provide new insights (Note: this activity is sometimes referred to as ‘abduction’).</td>
</tr>
<tr>
<td>4. Retroduction</td>
<td>For each component, seek to identify basic, or ‘transfactual’ conditions, including structures, causal powers and mechanisms, that make the phenomenon possible.</td>
</tr>
<tr>
<td>5. Abstract comparison</td>
<td>Elaborate and estimate the explanatory power of the structures, causal powers and mechanisms that have been identified during activities 3 and 4.</td>
</tr>
<tr>
<td>6. Concretization and contextualization</td>
<td>Examine how different structures, causal powers and mechanisms manifest themselves in concrete situations.</td>
</tr>
</tbody>
</table>

Source: Blundel (2007), p. 57. Originally developed by Danermark et al. (1997)
2.4 The role of theory

From a critical realist point of view theories are what link research to reality. Reality exists independently of theories, but in order to understand and analyze reality we are dependent on theoretical concepts. In other words the stated theories are the language of science. However, theories are always incomplete and fallible and can be replaced by better theories. Further more, social reality always requires interpretation and theories can thus function as a frame of reference for interpretation. Finally, critical realism describes theories as abstractions (Danermark et al. 1997).

According to Danermark et al. (1997) social science is not first and foremost about solving practical issues. It is about theory development and generating general knowledge. Practical applications are important, but they come in at a later stage. Therefore, it is important to differentiate between practical problems and research problems. A practical problem for a company might be for example that there is a communication breakdown. It is a concrete problem but the research problem should not be formulated as “why does the communication not work?” but rather the research problem has to be set on a more abstract level such as “what are the prerequisites for good communication?” In other words, the research task is not to solve the specific problem of a certain company but rather to identify the underlying structures and mechanisms of good communication. A good research question should be practically relevant, but theoretically anchored.

Science, according to critical realism, should thus be about moving between different levels of abstraction. First, one identifies concrete problems, then one drafts a research question on a more abstract level and finally the results can be used to solve different kinds of concrete problems. The problem, as Danermark et al (1997) see it, is that the general public expect science to deliver knowledge in the form of packages where everything is fixed and given, and ready to be used for predictions without further work. If that is not possible science is accused of being too abstract. However, in reality the case might be exactly the opposite; the knowledge gathered might not be abstract enough. In an open system, such as society, the mechanisms cannot be controlled and that makes predictions difficult. For example, who would have predicted the development of computers 30 years ago? Too concrete knowledge tends to have a short lifespan and therefore social science should aim for more abstract knowledge which can be applied more widely. Does that mean we cannot provide the practitioners with any concrete help or predictions? Danermark et al. (1997) claim that we can. By providing information about structures and underlying mechanisms we can predict the opportunities, weaknesses and limitations of the planned measures more accurately.
2.5 Relevance for entrepreneurship research

It has been stated that critical realism presupposes that the nature of the phenomenon is always considered when doing research, in which case how then does entrepreneurship research fit with critical realism (CR)? Blundel (2007, p. 58) argues critical realism is particularly relevant for entrepreneurship research because:

“...first, that CR can help to revive along standing realist tradition in entrepreneurship research; second, that CR can promote the much-needed contextualization of entrepreneurial phenomena in research studies; third, that CR can facilitate greater theoretical integration between disciplines and across multiple levels of analysis; fourth, that CR can enhance the explanatory potential of existing qualitative research techniques, including the case study approach; and fifth, that as a consequence; CR has the potential to contribute more 'useful' knowledge than rival paradigms.”

Early research in the field of entrepreneurship focused primarily on the individual entrepreneur as a determinant of entrepreneurial behavior (Gartner, 2001; Carsrud, Olm & Eddy, 1987; Low & MacMillan, 1988). This turned out to be a less robust way of predicting and understanding entrepreneurial behavior. Low and MacMillan (1988) suggested that the context and the nature of the process had to be incorporated and integrated into a coherent theoretical framework in order to be more successful in our research. More than 10 years later Aldrich and Martinez (2001) as well as Gartner (2001) took up this aspect again, stating that we were on the right track, but we still had a long way to go. Aldrich and Martinez (2001) claimed we still had not quite figured out how to integrate context, process and outcomes of entrepreneurial activities.

More recently, in a recent issue of Entrepreneurship Theory & Practice Mitchell et al (2007) view entrepreneurial cognition as: knowledge structures and discuss possible mechanisms that could be a basis for entrepreneurial behavior. In the same journal issue, Krueger (2007) identifies the need to explore entrepreneurial beliefs as well as belief structures. Neither of these research articles are direct linked to critical realism, yet the resemblance in the argumentation is striking. Therefore, based on the above, there are reasons to believe critical realism can make a significant theoretical contribution to entrepreneurial cognition research.
2. METHODOLOGICAL APPROACH

2.6 Research method

Empirical data for this study was collected through multiple case studies. The reason for the choice of method was basically two fold. It was based partly on the assumptions and recommendations of critical realism as a research approach (see for example Sayer, 2000; Danermark et al. 1997; Lawson, 1997), and partly on previous research and research gaps observed in entrepreneurship research (see for example Mitchell et al. 2007; Gartner, 2001; Low & MacMillan, 1988; Krueger, 2007).

From a critical realist point of view the research question is of significant importance when choosing the research method (Lawson, 1997). The aim of this study was to offer an in-depth exploration of the emergence of entrepreneurial intentions, in order to further theory development. In critical realism, case studies are seen as a powerful alternative to traditional experiments. Because social sciences deal with open systems it is difficult and even inappropriate to isolate different mechanisms, as is done in traditional experiments. Case studies can have the same function as experiments, but in a more natural context (Danermark et al. 1997). Comparative, or multiple, case studies are particularly useful because “they give empirical basis for retroduction, a basis for sorting out temporary differences and identifying what unites them, the general or the common” (Danermark et al. 1997, p. 164-165). To sum up, from the point of view of critical realism, multiple case studies appear to be a useful method in revealing the structure of entrepreneurial intentions in order to further theory development in the field of entrepreneurial cognition research.

From the entrepreneurial cognition research point of view qualitative research does exist, but is still significantly under-represented. Hindle (2004, p. 601) asserts the field is “... still at the primitive stage of pondering whether, in general, qualitative methods are acceptable” . Many scholars have called for more qualitative approaches (Huse & Landström, 1997; Neergaard & Ulhoi, 2007; Hindle, 2004; Davidsson, 2003). These are needed not because they are any better than quantitative approaches, but because the variety would provide the field with a kind of diversity and depth that it currently lacks and definitely needs. Therefore more qualitative results and above all innovative and good qualitative research are needed (Neergaard & Ulhoi, 2007).

2.7 The research process

This study follows the research model presented in Table 4, developed by Danermark et al (1997). In practice research is seldom as linear as the model suggests (Danermark et al. 1997), which is also the case in this study. The
research includes all the essential stages, but the stages do not appear exactly in the same order as in the original model. In Table 5 the essential stages of this research process are indicated in the left column. The middle column indicates the corresponding stage in Danermark’s model. The right column indicates in which chapter of this work the stated phase is reported.

<table>
<thead>
<tr>
<th>Nature of research activity</th>
<th>Type of activity</th>
<th>Essential chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Describing behavior from the point of view of psychology and in particular social cognitive theory.</td>
<td>Description</td>
<td>3.1 and 3.2</td>
</tr>
<tr>
<td>2. Illuminating the central behavioral elements according to psychology.</td>
<td>Analytical resolution</td>
<td>3.3 and 3.4</td>
</tr>
<tr>
<td>3. Describing behavior from the point of view of entrepreneurship and the entrepreneurial intentions model.</td>
<td>Description</td>
<td>4.1 and 4.2.1</td>
</tr>
<tr>
<td>4. Illuminating the central elements in entrepreneurial behavior according to entrepreneurship theories.</td>
<td>Analytical resolution</td>
<td>4.2.2</td>
</tr>
<tr>
<td>5. Evaluating the entrepreneurial intentions model based on the findings in step 2.</td>
<td>Theoretical redescription</td>
<td>4.2.3</td>
</tr>
<tr>
<td>6. Presenting how the participants perceive entrepreneurial behavior.</td>
<td>Description</td>
<td>6</td>
</tr>
<tr>
<td>7. Illuminating the central elements in the participants' descriptions.</td>
<td>Analytical resolution</td>
<td>7</td>
</tr>
<tr>
<td>8. Interpreting and redescribing the findings in step 6 applying the theoretical framework developed in step 4.</td>
<td>Theoretical redescription</td>
<td>8</td>
</tr>
<tr>
<td>9. Identifying the basic structures, mechanisms and causal powers related to entrepreneurial behavior through a causal analysis of the findings in step 7.</td>
<td>Retroduction and abstract comparison</td>
<td>8</td>
</tr>
<tr>
<td>10. Exemplifying how the results can be implemented in different contexts.</td>
<td>Concretization and contextualization</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 5. The research process

Danermark et al. (1997) state it is important to describe the phenomenon under investigation thoroughly from different points of view. In this study entrepreneurial intentions are described from the point of view of psychological
and entrepreneurial theories as well as from an empirical point of view. The study starts with approaching behavior and intentions from a psychological angle [Activity 1 in Table 5]. In the theory review the essential behavioral causes are highlighted [Activity 2]. The study then switches to another stratum and describes intentions and behavior from the point of view of entrepreneurial research [Activity 3]. Similarly the essential components according to entrepreneurial research are highlighted [Activity 4]. To summarize the theory review the contrasting theoretical frameworks are applied to the entrepreneurial intentions model in order to provide new insights. The study then moves on to empirical descriptions [Activity 5]. The entrepreneurs contribute with their description of entrepreneurial behavior and intentions [Activity 6]. An analysis is conducted to clarify what aspects they perceive as central [Activity 7]. These findings are then compared to the theoretical findings in step 5 [Activity 8]. By contrasting the different frameworks applied it is possible to identify the transfactual conditions of entrepreneurial intentions [Activity 9]. In step 9 the discussion is carried out at quite an abstract level. Finally, the abstract findings are exemplified in concrete manifestations, i.e. in the practical implications of the research [Activity 10].
3. WHY WE BEHAVE AS WE DO

Since the entrepreneurial behavior-entrepreneurial cognition nexus is the focus of this study, human behavior stands out as a central conception. Human behavior is without doubt a complex phenomenon. Sometimes we say one thing and do another. Sometimes we are very focused and know exactly how to move ahead in order to accomplish what we have set out to achieve. Sometimes we do something quite spontaneously and cannot really explain why we did so. The aim of this chapter is to show the central characteristics of human behavior and the explanations behind behavior to the extent they are relevant for understanding entrepreneurial behavior.

If we want to encourage or change somebody’s behavior we first must gain an understanding of why people behave the way they do. This goes for all kinds of behavior, from buying a certain brand, or going on a holiday, to starting a company. The latter is referred to as entrepreneurial behavior. In order to understand entrepreneurial behavior we need to expand our field of research to other fields such as strategic management, sociology, philosophy, mathematics and psychology (Bygrave, 2007). Fortunately, entrepreneurship researchers have crossed disciplinary boarders quite frequently with the aim of getting a better insight into their own field (Grégoire et al. 2006, Cornelius et al, 2006, Schildt, Zahra & Sillanpää, 2006; Reader & Watkins, 2006; Gustafsson, 2006). This study also crosses disciplinary boundaries – to that of psychology, and adopts a cognitive approach to personality psychology as its general framework.

While the problem can be approached from several different angles, this study concentrates on human cognition and perception, and their impact on human behavior. The aim is not to explain human behavior from a rational, logical and objective point of view, but from the subjective perspective of the actor performing the activity. The study starts by exploring how people explain and justify their behavior and then moves on to why they explain it in the way they do. The “how” question will be approached through the theory of attribution and the work of Bertram Malle (1997, 1999). In order to understand why behavior is explained and justified in a certain way, the study relies on both social cognitive and goal theories (see for example Bandura, 1986, 1989; Locke & Latham, 2002; Bandura & Locke, 2003; Bagozzi & Warshaw, 1990).
3.1 Explaining behavior

People often have a need to explain their behavior. We want to know why we (or somebody else) did something (Shaver, 1985; Krueger & Carsrud, 1993). Malle (1999) argues that explaining behavior is a way of making sense of the social world, adjusting to it and shaping it. The theory of attribution is a frequently used psychological theory when it comes to explaining behavior. It has also been applied in entrepreneurship research (Shaver, Gartner, Crosby, Bakalarova & Gatewood, 2001). This theory includes several valuable elements, but has not pulled through without criticism.

3.1.1 Attribution theory

The roots of attribution theory can be found in social psychology and the basic assumptions in the theory go back to Heider and his claim that all people strive for a causal understanding of their environment in order to gain maximum control over it (Heider, 1958). Attribution theory has received attention thanks to theoretical work by Jones & Davis (1965) and Kelley (1967) among others. The theory explicates how people explain their own behavior and that of others by other means. In other words, how they attribute the behavior to something else. The theory of attribution is mainly constructed to account for people’s retrospective explanations (Shaver, 1985). Despite the fact that it is not designed to predict people’s behavior, it does give some good insight into why people behave the way they do.

As seen in Figure 2 there are in fact two complementing fields of research engaged in understanding the attribution process; attribution research and attributional research. Attribution theories focus mainly on the antecedents-attribution link and the cognitive process related to this, while attributional theories concentrate on the subsequent attributions-consequences link and the dynamics of behavior (Kelley & Michela, 1980). The research interests of this study are positioned mainly in the first field, but as Kelley & Michela (1980) show the line between the two fields is not clear cut.
The basic assumption in the theory of attribution is that when people attempt to explain something they turn to either internal or external causes. In external, or situational attribution, people assign causality to an outside factor, such as another person or unfavorable circumstances. In internal, or personal attribution, causality is assigned to factors within the person, such as their own talent or hard work. Whether people choose to cite a personal or a situational cause depends on what kind of information is available, one’s perspective (whether one is an actor or an observer) and on what one is trying to achieve. Attribution theory also recognizes so called self-serving bias or fundamental attribution errors (Shaver, 1985; Kelley & Michela, 1980). Self-serving biases includes our tendency to take credit for everything good that happens to us, while blaming everything bad on something else (Kelley & Michela, 1980; Salmela-Aro & Nurmi, 2000). Consider for example people’s tendency to say “we won” when the national hockey team wins, even though we did not play ourselves, and “they lost” when the hockey team loses.

According to attribution theory causes are affected by information, beliefs and motivation (Jones & Davis, 1965). Since the number of perceived causes of events is close to infinite, researchers have suggested different ways of categorizing them; locus of control (internal versus external) (Rotter, 1966), stability (stable versus unstable), and control (controllable versus uncontrollable) (see e.g Weiner, 1979).

The contribution of attribution theory in the context of understanding and predicting behavior is the placing of behavior in a wider context. People do not act in a vacuum. Behavior is affected by both internal and external factors as well as by previous experience and future expectations. This is also applicable for entrepreneurship (Kuratko, Hornsby & Naffziger, 1997; Carsrud & Johnson, 1989). The decision to act entrepreneurially is formed in a context, where both
internal and external factors have an impact. Critics of the attribution theory argue that it fails to distinguish intentional behavior from that which is unintentional (Malle, 1999). Since intentional behavior is particularly important for this study this is a critique that cannot be ignored.

3.1.2 Separating intentional behavior from unintentional behavior

It has been suggested that people explain intentional behavior differently from unintentional behavior (Bagozzi, 1992; Bagozzi & Dholakia, 1999; Shaver, 1985). Furthermore, intentional behavior can be separated into volitional and non-volitional behavior, depending on whether there are impediments to executing the performance (Perwin, 2003). In his early work Heider (1958) divided behavioral explanation into personal causality and impersonal causality, where the former explains intentional behavior and the latter unintentional behavior. In his later writing, Heider began to equate impersonal causality with situation attributions and personal causality with person attribution. One consequence of this person-situation distinction is that the intentional-unintentional distinction becomes vague and in modern attribution theory this distinction is hardly seen at all. For example, Shaver (1985) argues reasons can function as causes.

Malle (1997, 1999) argues that reasons are not the same as causes and to illustrate this he introduced what he referred to as “folk explanations”. He argues that people distinguish between intentional and unintentional behavior both in perception and explanation. As an alternative to the person-situation distinction used in attribution theory he presents a cause-reason distinction. According to Malle (1999) unintentional behavior can be explained by factors, or causes, that mechanically bring about the behavior. Intentional behavior, however, is explained by reasons. He uses the terms reason explanation versus causal explanation. In an intentional action the intention functions as a mediator, while in an unintentional action this link is missing. This distinction is illustrated in Figure 3. It is important to note here that in this context causes do not have the exact same meaning as in the critical realism research approach presented in Chapter 2.
In order for behavior to be intentional, a desire for an outcome and a belief that the action will lead to this outcome is required. In other words, reasons are mental states in the light of which a person forms an intention to act (Malle, 1999; Bagozzi, 1992; Bagozzi & Warshaw, 1992).

Subsequently Malle (1999) pointed out that reason explanation was not always sufficient to explain people’s intentional behavior and therefore introduced two more underlying explanations; enabling factor and causal history. An intention does not automatically lead to a behavior or an outcome. A person must possess certain skills and the conditions must be of a certain nature in order for the person to be able to act upon their intent. When in spite of unfavorable circumstances an intentional action is undertaken, people might turn to enabling factor explanations in order to explain the behavior. Enabling factor explanations often answers the question “how was it possible?”. For example, “How did Maria manage to move the big stone?” – “Because her mother helped her”. Causal history explanation on the other hand provides an explanation as to why certain reasons arise. Malle (1999, p. 32) states: “causal history factors offer the context, background, and origin of reasons without denying that the reasons themselves motivated the action”. These explanations describes the history of the reasons, which can be found e.g. in childhood, in a cultural context or in personal traits. For example; why did you want to see Sarah? - Because I have not seen her since last Christmas [causal history] and I miss her so much [reason]. The impact of causal history and enabling factors is illustrated in Figure 4.
When studying intentional behavior it is of crucial importance to be able to sift out unintentional behavior from that which is intentional. Making future plans, e.g. planning to become an entrepreneur, requires intentional behavior. Thus, if somebody has the intention to become an entrepreneur or perform an entrepreneurial act, he is assumed to have a reason for doing so. Consequently, if researchers want to understand people’s intentions, attention must also be paid to people’s reasons. Malle’s model as to how a certain behavior emerges offers a way of differentiating between unintentional and intentional behavior and is therefore very useful. The model helps us understand how we explain and justify behavior.

### 3.2 The emergence and impact of reasons

Given that an intentional act requires a reason we may now, in the context of this study, rightfully assume that most people do not become entrepreneurs by mistake or unintentionally, but that there is a reason behind their intentional decision. So, how do these reasons emerge? Here we ask why people become entrepreneurs. How are their reasons formed? This calls us to dive into the mental models of people. We need to understand what affects people’s perception and cognitive schemata and how perception and cognition shape behavior.
3.2.1 Cognition, perception and making sense of the environment

In the field of psychology the term cognition refers to information processing (Perwin, 2003). A cognitive process is a mental process through which an individual tries to understand and make sense of the world around him. It is similar to drawing up a mental map to help you orientate yourself (Kelly, 1955) and includes beliefs, desires, motivations and intentions. A cognitive process can be conscious or unconscious. Perception on the other hand is a part of the cognitive process and refers to the acquisition and interpretation of information (Perwin, 2003). Currently one of the most dominating theories in cognitive psychology of personality, the social cognitive theory, has been developed by Bandura (1982, 1986, 1989, 2001). Social cognitive theory is an agency based perspective to human self-development, adaptation and change (Bandura, 1982, 1986, 2001). Social cognitive theory is based on four features of human agency; intentionality, forethought, self-reactiveness and self-reflectiveness (Bandura & Locke, 2003). Some central elements of cognitive psychology are schema, attribution and beliefs (Perwin, 2003).

Humans are constantly exposed to new information and new impressions. With our limited data processing capabilities we, on daily basis, are supposed to process a vast amount of data. In order to understand and make sense of the world we have to compress the impressions we receive. Hence we construct cognitive models, sometimes referred to as schemes or mental maps. The notion of cognitive maps is derived from the personal construct theory (Kelly, 1955) which proposes an understanding of how humans “make sense of” their world by seeking to manage and control it. In other words, mental maps can be described as lenses through which we see the world (Forrester, 1961). Senge (1990) defines mental models as deeply ingrained assumptions, generalizations, or even pictures or images that influence how we understand the world and how we take action (p.8). Schemes are then used as reference points and hence influence what we see, think, and do. Since in the complex world in which we live we often cannot see the whole picture we use mental models to navigate. It is important to remember that mental models are always simplified versions of the world and may well include biases and misconception (Barr, Stimpert & Huff, 1992). However, as humans we never live in an objective reality: we construct our own subjective reality and we act according to this construction.

While intentions include a mental act, people reason with themselves when constructing intentions. How this is done depends on the situation. If there is previous experience of the situation, for example repeated observations, people tend to fall back on them (Shaver, 1985), but where it is not possible to draw on previous experience, we have to rely solely on cognitive schemes to fill in the missing data (Shaver, 1985).

Bearing in mind the information stated above about how we perceive the world and how we construct a reality in order to make sense of it, it is obvious that our
reasons for intending to do something are influenced not by objective, rational thinking but by subjective perception and cognition. Objective and rational behavior only exist in theory (March, 1978; Shaver, 1985; Gustafsson, 2006). In reality every single actor perceives the world somewhat differently due to different social contexts and different cognitive schemes. In the end, our intentions are a function of reasons constructed on the basis of our cognitive map. Again, put into context; one will not become an entrepreneur if one does not possess a cognitive scheme which favors entrepreneurship. One has to put entrepreneurship onto one’s mental map before one becomes an entrepreneur. Hence, one way of studying whether somebody is likely to become an entrepreneur or not is to study whether entrepreneurship is part of their mental map.

3.2.2 Social cognitive theory and self-efficacy

Assuming we can “draw” a cognitive map on the basis of which we can act or form an intention to act we need to understand how this map is created. What this map looks like does not only depend on our perception of the external world, but also on our perception of internal aspects, i.e. how we perceive ourselves and our capabilities. Self-perception and self-efficacy are central elements in social cognitive theory and the work of Albert Bandura (1982, 1986, 1989, 2001). Self-efficacy is believed to function as an important set of proximal determinants of human action (Bandura, 1989). Self-efficacy is the belief that one is capable of performing a certain act or attaining a certain goal (Bandura, 1989; 2003; Krueger, 1993). Self-efficacy is not the same as self-esteem, and differs from it in that self-esteem refers to a person’s perception of self-worth, whereas self-efficacy refers to a person’s perception of his ability to perform an act or reach a goal (Bandura, 1989; Perwin, 2003). Self-efficacy is not about whether one possesses certain skills or not, but about whether one thinks one is able to use the skills effectively and consistently. Self-efficacy is thus a subjective perception of one’s abilities, not an objective evaluation of whether this is true or not. Individuals will differ in their thoughts, motivations and behavior depending on their self-efficacy (Perwin, 2003)

According to Bandura (1989) perceived self-efficacy and cognitive simulation affect each other reciprocally. Highly perceived self-efficacy fosters cognitive constructions of effective action, and cognitive modeling of efficacious action results in higher perceived self-efficacy. People with high self-efficacy are believed to visualize success scenarios and are therefore more likely to achieve success. Once they have succeeded, their perceived self-efficacy is further strengthened. They set high goals for themselves and work hard to achieve them. If they happen to fail they are prone to ascribe it to insufficient effort. Bandura (1989, p. 731) describes them as people who “...make things happen rather than just passively observe their behavioral happenings.” On the other hand, people
who doubt their own capabilities tend to shy away from tasks which are perceived to be difficult, and are apt to show a lower aspiration and commitment level. When faced with setbacks they are slow to recover their sense of self-efficacy. To summarize, perceived self-efficacy influences people’s behavioral choices in three different ways. Perceived self-efficacy (1) determines what activities people choose to engage in (i.e. what goals they set), (2) how motivated and committed they are to the task, and (3) affects their thought patterns (Bandura, 1982, 1986, 1989).

In risky and hazardous situations an over optimistic self-appraisal may indeed put you in danger. If one over estimates one’s swimming capabilities one might drown. But, in non-hazardous activities an optimistic self-appraisal provides the spark that is needed in order to surpass an ordinary performance. A good sense of self-efficacy raises people’s aspirations and motivations and hence enables people to get the most out of their talents (Bandura, 1989).

Self-efficacy is not a static characteristic, but something that can be developed over time and is impacted by experience. Furthermore, self-efficacy is context and content specific. Somebody can have high self-efficacy regarding one task, but it may be low when it comes to another task (Bandura, 1977). Bandura (1989) identifies four different ways of improving perceived self-efficacy. First, experience has an impact on perceived self-efficacy. Success tends to increase perceived self-efficacy whereas failure decreases it. Second, role models play an important role. If people see other people are capable of doing something, they themselves are more likely to believe they can do it too. If they see somebody fail, they themselves become hesitant. Third, social persuasion is important. If somebody else expresses a belief in a person’s capabilities, it will strengthen that person’s perceived self-efficacy. Finally, judgments of bodily states and somatic information will affect perceived self-efficacy. In stressful situations people usually experience signs of distress, such as sweating or their hands starting to shake. A person with high self-efficacy is likely to think that is normal and therefore it does not impact their performance ability to carry out the task, whereas a person with low self-efficacy may perceive it negatively, and this impacts their ability to undertake the task in question.

The implication of self-efficacy for entrepreneurial intentions is that one will not undertake an entrepreneurial activity if one does not believe one can succeed (see, e.g., Krueger et al. 2000; Krueger, 1993). Having a map is not enough. One must also have a sense of direction and a belief that one can get there.
3.3 Attitudes towards behavior

Deeply connected to intentional and volitional behavior are beliefs and attitudes. Fishbein and Ajzen (1975, p. 6) define an attitude as: “. . . learned predisposition to respond in a consistently favorable or unfavorable manner towards an attitude object.” Without a positive attitude towards a behavior one is not likely to intend to engage in the behavior.

3.3.1 Attitudes directing behavior

In the early attitude research most investigators accepted -as a given- that attitudes governed behavior. When critics started to question this, it suddenly seemed that attitudes were in fact very poor predictors of behavior (see for example La Piere 1934, Wicker 1969, Blumer 1955; Kelman 1974). The validity of these studies was questioned on the basis that respondents were contaminated by socially desirable bias or that the measurement provided an incomplete assessment of the attitude construct (Campbell, 1950; Guilford, 1954; Woodmansee & Cook, 1967). Later research by Ajzen and Fishbein (1977, 1980, 2005) showed some inconsistencies, which were thought to explain some of the misleading results. Ajzen and Fishbein recognized two types of inconsistency: literal inconsistency and evaluative inconsistency. The former refers to the occasionally observed contradiction between intentions and actions. What people say they will do does not always what they do do. The latter occurs when general attitudes fail to correlate with a specific behavior. In general one can have a positive attitude towards something (starting a company and all that involves such as raising capital, building a brand, finding customers etc.), but at the same time have a negative attitude toward one specific part of the objective (having to work long hours when starting your company). Ajzen and Fishbein (1975, 1980, 2005) conclude that previous research often tried to predict very specific action by measuring a very global attitude and therefore failed to find a clear connection between attitudes and behaviors.

Attitudes are generally important because they influence both perception and behavior. However, people possessing exactly the same attitudes may still act differently in any given situation (Fazio & Williams, 1986; Ajzen & Fishbein, 1977; Ajzen & Madden, 1985; Ajzen, 2001). This difference can be ascribed to e.g. the accessibility, strength, and importance of the attitude as well as direct experience (Fazio & Williams, 1986; Krosnick, et al. 1993). If the particular object or event, towards which the attitude is directed, is very important to a person, if he has a very strong opinion about it, and/or if he has previous experience of it, then the attitude is more likely to impact the person’s behavior. For example, most companies have a positive attitude towards ethical behavior,
yet not all of these companies act in an ethical way. Whether they act ethically or not depends on how strongly they care about these issues (Lindfelt, 2006).

Ajzen and Fishbein (1974, 1977, 2005) point out that we must distinguish between two different types of attitudes. The first type is called general attitudes toward an object. The object can be physical (a building), racial or ethnic (Jews), institutional (the government), policies (taxation laws), events (trade fairs) or some other general target. The second type of attitude is labeled as attitudes toward performing a specific behavior with respect to an object (paying taxes or going to a trade fair). General attitudes are useful when predicting behavioral patterns or multiple act-criteria, but weak when it comes to predicting single behaviors. Attitudes towards a behavior are much stronger predictors of single behaviors.

3.3.2 Reasoned action and planned behavior

Researchers interested in understanding, predicting and changing a specific behavior have been strongly influenced by the theories of reasoned action and of planned behavior, both developed by Ajzen and Fishbein. The theory of planned behavior has been used in different disciplines such as nursing, information technology, entrepreneurship, social policy and sociology (Armitage & Christian, 2003). It has been used in areas ranging from predicting smoking behavior (Godin, Valois, Lepage & Desharnais, 1992), entrepreneurial behavior (Krueger & Carsrud, 1993) and the choice of career (Vincent, Peplau & Hill, 1998) to predicting the use of condoms (Corby, Schneider Jamner & Volitski, 1996), exposing one’s self to sunlight (Hillhouse, Adler, Drinnon & Turrisi, 1997) and the use of illegal substances (Conner & McMillan, 1999).

According to Ajzen and Fishbein (1977, 2005) a single behavior involves an action directed at a target, performed in a given context at a certain point of time. This indicates that whenever we want to predict behavior we have to consider the action, target, context and time. For example, we might want to study why students chose to take a course (action) in entrepreneurship (target) at Åbo Akademi University (context) in spring 2008 (time). If any of the four components are changed (if we choose to study another university for example) we cannot expect the behavior to be exactly the same.

Another quite significant contribution by Ajzen and Fishbein is the introduction of intention as a mediating factor. In earlier research attitudes have been directly related to behavior (LaPiere, 1934; Himmelstein & Moore, 1963; Linn, 1965). Ajzen and Fishbein (1975, 1980) claim attitudes impact behavior only to the extent that they influence intentions, and intentions are also influenced by factors other than attitudes. Based on these statements Ajzen and Fishbein developed their first model called the theory of reasoned action (Fishbein & Ajzen, 1975).
The theory of reasoned action, illustrated in Figure 5, implies that intentions follow reasonably from people’s attitudes and subjective norms. Subjective norms refer to perceived social pressure originating from significant role models. Furthermore both attitudes and subjective norms are determined by underlying beliefs, e.g. cognitions. Attitudes are impacted by behavioral beliefs about the outcome of the behavior. That is, how likely it is that the behavior will lead to the desired outcome and how valued the outcome is. Subjective norms are determined by normative beliefs, which consist of personal beliefs and the motivation to comply. The opinions of our role models and their importance shape our subjective norms (Bryan & Bryant, 1998; Krueger et al. 2000; Krueger & Kickul, 2004). Subject norms have however shown mixed result (Kruger et al 2000).

Figure 5. Theory of reasoned action
Source: Adapted from Fishbein & Ajzen (1975) and Ajzen & Fishbein (1980)

Although the theory of reasoned action was highly functional in some areas, it was claimed to be unsuitable for some types of behavior. Bagozzi and his colleagues (Bagozzi & Warshaw, 1990; Bagozzi, 1992, Bagozzi & Dholakia, 1999) for example claim that attitudes and subjective norms are not sufficient determinants of intentions, and intentions were not a sufficient impetus for action. This is in line with Malle’s (1997, 1999) statements about enabling factors and causal history. Bagozzi (1992) also shows that the theory of reasoned action was valid only when dealing with totally volitional behavior. Volitional behavior is an action which a person is able to perform and intends to perform, the execution of which is not prevented by other factors (Bagozzi, 1992). Hence, when there are impediments to executing a performance, the performance is non-volitional i.e. unintentional. Such a breakdown in volition takes place, e.g. when we find ourselves not being able to do what we intended to do or feeling
compelled to do what we did not intend to do (Perwin, 2003). Thus, an intentional action can be either volitional or non-volitional. Because non-volitional behavior includes a great deal of external impact, it is not easy to predict. Nonetheless it still needs to be taken into consideration when trying to understand human behavior.

Ajzen admits that the model has some failings and is applicable primarily for volitional behavior (Ajzen, 1985; Ajzen, 1988). The theory of reasoned action works for relatively simple actions, where the success of the performance depends only on the existence of an intention. Therefore, it has been suggested that the impact of past behavior and goals also need to be included (Bagozzi & Warshaw, 1990; Bagozzi, 1992, Bagozzi & Dholakia, 1999).

In order to expand the applicability of the model and respond to the critique another factor, perceived behavioral control, is added. Perceived behavioral control is a person’s belief about how easy or how difficult it will be to perform a behavior (Ajzen, 1985; Ajzen & Madden, 1985; Ajzen & Fishbein, 2005). The extended model, illustrated in Figure 6, is called the *theory of planned behavior* and it is also supposed to work for behaviors which are not completely under volitional control. Higher perceived behavioral control will increase the likelihood of a successful enactment. Moreover, the extent to which perceived control reflects actual control will directly influence behavior.

![Figure 6. Theory of planned behavior](source: Ajzen & Madden (1985), p. 458)
In later research Ajzen and Fishbein (2005) combine the theory of reasoned action and the theory of planned behavior. This model is illustrated in Figure 7. As the model shows, the behavioral, normative and controllable beliefs are a function of a wide range of background factors such as personal, cultural and situational factors. These beliefs may well be biased and inaccurate, but in a cognitive context that is not relevant. In short, the model implies behavioral, normative and control beliefs constitute the cognitive base from which attitudes, perceived social norms and perception of control are drawn. Ultimately they result in intention and action.

![Figure 7. Ajzen and Fishbeins theory of reasoned action and planned behavior](image)

Source: Ajzen & Fishbein (2005), p. 194

Researchers have continued to explore the nature of attitudes, subjective norms and perceived behavioral control. Attitudes towards a particular behavior have been divided into instrumental (desirable-undesirable, valuable-worthless) and experimental aspects (pleasant-unpleasant, interesting-boring) (Ajzen & Driver, 1992; Crites, Fabriger & Petty, 1994). Similarly, two different kinds of norms have been identified; *injunctive norms*, which refer to the perception of what others think one should do, and *descriptive or behavioral norms*, which refer to the perception of what others are doing (Cialdini, 2003; Kashima & Gallois,
Also, the perceived behavioral control items tend to load around two factors although researchers have not yet reached consensus as to what precisely these factors include. Some researchers have argued that they reflect internal versus external control (Terry & O’Leary, 1995; Armitage & Connor, 1999), while others have suggested one factor represents self-efficacy and the other control beliefs (Manstead & van Eekelen, 1998). Nonetheless, despite the relatively moderate modifications and extensions, the model has remained fairly consistent over the years (Krueger et al. 2000; Ajzen & Martinez, 2001).

It is noteworthy that the relative contribution of attitudes, subjective norms and perception of control in the prediction of intentions varies as a function of contextual factors. In general, perceived behavioral control has a greater impact when issues of actual control are associated with the performance of behavior (Ajzen & Fishbein, 2005). For example, losing weight is a performance where the actor has a relatively strong actual control of the situation and therefore perceived behavioral control is likely to have a considerable impact. Moreover, background factors may influence the relative weight of attitudes, subjective norms and the perception of control, e.g. subjective norms might have a greater impact in a collectivistic culture than in an individualistic culture.

Early entrepreneurship research recognized that understanding the link between ideas and action was crucial for understanding the entrepreneurial process (Bird, 1989; Krueger, 1993). Thus intentions and attitudes have been found to be a good predictor of entrepreneurial behavior (Krueger, 1993; Krueger & Carsrud, 1993; Davidsson, 1991; Kolvereid, 1996). The entrepreneurial intention studies have been dominated by variations of the theory of planned behavior (Krueger & Carsrud, 1993; Krueger & Brazeal, 1994; Krueger et al. 2000; Mitchell et al. 2002; Kolvereid, 1996) and consequently the model has significantly influenced entrepreneurial intention research.

### 3.4 Motivation and behavior

We know that in order to understand people’s behavior we have to understand their cognitive processes and their perception of the particular behavior or act. Accordingly, people make decisions to undergo a certain act, such as becoming an entrepreneur. While cognitive process involves beliefs, desires, intentions and motives, Perwin (2003) argues that special attention needs to be paid to the motives themselves or any underlying motivations. In an entrepreneurial context it is assumed that people form intentions to perform an entrepreneurial act when they possess positive attitudes towards that very act, i.e. entrepreneurship. Why then do these attitudes emerge and how do they affect behavior?
3.4.1 The impact of motivation

According to Nuttin (1984) there are three phases in every behavioral process. These are (I) the construction of a behavioral world, (II) processing of the person’s needs into goals and plans and (III) carrying out the behavioral operations needed in order to reach the goal or fulfill the plan. The first phase has to do with the situation where the individual finds himself. Before he can do anything he starts by processing the informational data into a meaningful picture. In the second phase he decides what he wants to do, i.e. which goal to reach, and in the third phase executes his plans. From the point of view of understanding human behavior this means we have to understand how people perceive a certain situation and what goals they set.

Nuttin also argues that motives are what take people from one phase to another. Nuttin (1984, p.14) defines motivation as: “the dynamic and directional (i.e. selective and preferential) aspect of behavior. It is motivation that, in the final analysis, is responsible for the fact that a particular behavior moves towards on category of objects rather than another.” Here motives and motivation are used as synonymous.

Traditionally, motives have been studied in order to answer three kinds of questions: (I) what activates a person, (II) what makes him chose one thing over another and (III) why do different people respond differently to the same stimuli. These questions give rise to three important aspects of motivation: activation, selection-direction, and preparedness of response (Perwin, 2003). Existing motivational theories can be divided roughly into drive theories and incentive theories. Drive theories suggest that there is an internal stimulus, e.g. hunger or fear, driving the person and that the individual seeks a way to reduce the tension. The need for tension reduction thus represents the motivation (cf. Freud, 1924, Murray, 1938, Festinger, 1957). Incentive theories on the other hand emphasize the motivational pull of incentives, i.e. there is an end point in the form of some kind of goal, which pulls the person towards it, such as achievement motivation (Carsrud et al, 1989). In other words, in drive theories the push factors dominate, while in incentive theories the pull factors dominate. The cognitive approach to personality psychology has traditionally emphasized the pull factors and the incentive nature of motives (Perwin, 2003).

Furthermore, motivation can be intrinsic and extrinsic. Intrinsic motivation refers to a personal interest in the task, e.g. achievement motivation (Carsrud, et al. 1989). Extrinsic motivation refers to an external reward that follows certain behavior (Perwin, 2003; Nuttin, 1984). Intrinsic motivations thus include a large proportion of self-development and self-actualization. Note however, intrinsic
and extrinsic motivations are not mutually exclusive; one can be motivated by both for performing an act (Nuttin, 1984).

Moreover, it is sometimes appropriate to separate between final and instrumental motivation (Nuttin, 1984). When one is doing something to reach a certain goal one has a final motivation. But when one is doing something that indirectly leads to the final goal, one has an instrumental motivation. For example, one might have a final goal of losing weight and therefore one attends a cooking class in order to learn how to make healthier food. Attending the cooking class then, is an instrument to reach the actual goal and thus the person has an instrumental motivation regarding the cooking class.

As noted when looking at different kinds of motivations, we can understand a person’s behavior only when we put it into a context. We have to look at how he perceives his initial position, i.e. his construction of the behavioral world, and what goals he sets. We can understand his motivation and behavior only in that context. In other words, the behavior or the motivation has to be put in relation to something else and this is exactly what Nuttin (1984) argues in his relational model of motivation. He suggests that we should study motivation in the context of the individual-environment relationship. How a person behaves and what is perceived as being motivated depends on the person’s cognition of the environment and his interaction with it. Motives, goals and plans do not arise from empty nothingness, they are shaped by their interaction with the environment (Huuskonen, 1989).

According to Nuttin (1984) motivation is rooted in a state of need. We can feel a need to have more independence or a need to be loved. This need motivates us to do something. Through a cognitive process the state of need is gradually processed into a more focused orientation, i.e. we make a plan and set goals. Thus we have taken the step from phase 1 to phase 2 in the behavioral process. These needs cause some tension, but it is worth noting that in this case we are not talking about the kind of purely negative tension which occurs in drive theories. According to Nuttin (1984) people want to have a certain amount of tension in their lives, and consequently in this case tension should be viewed mainly as a positive challenge. Nuttin (1984) points out that once we have reached one goal, i.e. released the tension, we tend to set a new goal immediately, i.e. deliberately create a new tension.

Motivation, however, is not a static state: people’s motives change throughout their life. Something which is started for one reason may continue for another (Nurmi & Salmela-Aro, 2005). The importance and impact of goals has gained a lot of attention in motivational research (see for example Locke & Latham, 2002; Bagozzi & Warshaw, 1990, 1992; Bay & Daniel, 2003). Being capable of changing goals and motives are in fact a way for people to adjust to changing situations. As Nuttin (1984) points out, motivation is shaped in the individual-environment context. If environmental factors change individuals need to be able
to alter their motives in order to cope with and make sense of the new situation (Salmela-Aro, Saisto, Halmesmäki & Nurmi, 2005).

### 3.4.2 Goal directed behavior

Goals can be seen as mental representations, or schemes, of what the future could be like and thus enable people not to give up (Perwin, 2003). As previously mentioned, goals are central units also in Bandura’s social cognitive theory. According to Bandura, self-efficacy partly determines what people intend to achieve and what kind of goal they set for themselves (Bandura, 1989). Goals activate people and in that way often serve as the important link between intention and action (Perwin, 2003; Nuttin, 1984). This indicates that goals do play a role in predicting human behavior. The importance of goals when studying human behavior has in fact been considered so important that it has lead to its own field of research: the theory of goal-setting (see for example, Locke & Latham, 2002; Latham & Locke, 1991; Locke, Latham & Erez 1988; Baum, Locke & Smith, 2001; Baume & Locke, 2004; Shane, Locke & Collins, 2003).

Locke and Latham (2002) advocate that goals impact performance and behavior through four different mechanisms. First of all, goals have a directive function. They help us to turn our attention and efforts toward activities which are relevant to the goal, and ignore activities which are irrelevant. Secondly, goals serve as energizers. The higher the goals the greater efforts we make to achieve them, which is exactly what Bandura (1989) also stated in his theory of self-efficacy. Thirdly, goals affect persistence. The higher the goal the longer time we are willing to work for it. Finally, goals can lead to arousal, discovery and emergence of strategies. The relationship between goals and performance is stronger the more committed people are. How committed individuals are depends on the importance of the outcome (how important is it to succeed) and how likely their success is in their own estimation (self-efficacy). The existence of feedback is another important factor in goal theory. People need to be able to check where they stand in relation to their goal so that they can determine whether they need to make adjustments in their behavior in order to attain the goal (Locke & Latham, 2002; Lent et al. 1994). Social cognitive theory implies there is a reciprocal relation between self-efficacy, outcome expectations and goal systems (Bandura, 1986).

Behavior goals are neither entirely ignored nor explicitly included in the work of Ajzen and Fishbein. Basically all behaviors can be labeled as goals in the theory of planned behavior. Goals can be defined as every positive outcome that one seeks to gain through reasoned behavior (e.g. Ajzen & Fishbein, 1977). For example, if one goes to the hairdresser in order to improve one’s appearance, going to the hairdresser constitutes a planned behavior and gaining beauty is the goal. Bagozzi and Warshaw (1990, 1992) have however opposed this definition
of goals and claim the theory of planned behavior is designed to explain only performances which are solely dependent on an intention, i.e. volitional behavior where no impediments prevent the implementation of the intention. Thus, ignoring the fact that impediments may have an effect on whether the performance will be successful or not. For example, one may have the intention to buy a house, but the intention may not be acted upon because of a lack of financing or a lack of suitable houses for sale. An intention does not always lead directly to action (Bagozzi & Warshaw, 1990). As noted earlier, Ajzen (1985) did add behavioral control into the model in order to include the influence of external factors, but obviously, this addition did not satisfy Bagozzi and Warshaw, who subsequently developed their own model called the \textit{theory of trying} (Bagozzi & Warshaw, 1990). This model is illustrated in Figure 8.

While Ajzen and Fishbein’s theories treat action as a single performance, Bagozzi (1992) preferred to view action as an attempt or as a sequence of attempts to achieve a final performance. Bagozzi made a critical remark with respect to the nature of entrepreneurial venture creation. Sometimes there is a significant time-lag between when the decision is made and an opportunity to act on it (Bagozzi, Dholakia & Basuroy, 2003; Shane 2008). This was emphasized by using the words “goal striving” or “trying”.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{theory_of_trying.png}
\caption{Theory of trying}
\label{fig:theory_of_trying}
\end{figure}

\textbf{Figure 8. Theory of trying}
\hfill Source: Bagozzi & Warshaw (1990), p. 131
Bagozzi and Warshaw (1990) distinguish between *intermediate goals* and *end-state goals*. For example, one might buy a house (intermediate goal) in order to achieve higher standard of living (end-state goal). Applying the theory of planned behavior might be useful if we want to decide which house to buy, but the theory of planned behavior fails to predict whether we achieve the end-state goal or not.

In the theory of trying, an attitude towards a reasoned action is replaced by an *attitude towards trying* and an intention is restricted to an *intention to try*. Moreover, Bagozzi and Warshaw (1990) added the impact of past behavior and some additional background factors. In the theory of planned behavior intentions and performance are influenced by past behavior only through background factors (Ajzen & Madden, 1985; Ajzen & Fishbein, 2005). Bagozzi and Warshaw (1990) however argued that past behavior could make a substantial contribution to understanding future behavior, and could also possibly influence behavior directly without impacting the formation of intention. Frequently occurring behavior is often mindless and therefore its performance is determined by cognitive schemes.

In the theory of trying, the impact of past behavior is divided into the *frequency of past behavior* and *how recently that past behavior occurred*. The frequency of past behavior is assumed to impact the *intention to try* as well as the *trying directly*. It is also believed to impact the intention to try even when intentions are not yet fully formed on a cognitive level. Consider, for example, asking an entrepreneur if he is going to attend a trade fair within the next year. Perhaps he has not yet planned which trade fair to attend, but if he knows that he usually attends two trade fairs each year, even though he does not yet have a clear plan which trade fair to attend he is most likely to answer that he will probably attend one within the next year. The frequency of past trying affects trying directly as in habitual behavior. Moreover how recent this previous trying occurred is also believed to have an impact because of the increased likelihood of recalling and reporting more recent behavior rather than behavior which happened in the more distant past. Recent behavior is therefore assumed to be overweighted in the formation of an intention. For example, if one has just succeeded in starting a company, one is likely to believe one can do it again. Likewise, if somebody has just failed in something, he is probably not very keen to try again immediately (Bagozzi & Warshaw, 1990).

The determinants of attitudes towards trying in the theory of trying are adapted from Lewin’s early work on goals (Lewin, Dembo & Sears, 1944). Lewin suggests attitudes towards trying were the result of an individual weighing success against failure. In the theory of trying, self-efficacy is present through the subject’s subjective assessments of the probability of success (Bay & Daniel, 2003).
In the original test of the theory of trying, attitudes were not significantly predicted by the attitudes towards failure and the expectations of failure. Later work proved the usefulness of the model, but concurrently draws attention to the fact that the significance of the attitude variables varies (see for example Bagozzi & Kimmel, 1995; Bagozzi, Davis, & Warshaw, 1992; DeHart & Birkimer, 1997). Both Bagozzi & Dholakia (1999) and Bay and Daniel (2003) picked up on this shortcoming and introduced the concept of the hierarchy of goals, which should be used in addition to the theory of trying. Bay and Daniel (2003, p.669) state:

“Individuals develop “programs” intended to implement their principles and life goals. Within these programs, goals are arranged in a hierarchical order depending on how close they are to the overall goal of the program. Lower-level goals are intended to set the stage for the achievement of higher level-goals.”

As seen in Figure 9, Bagozzi and Dholakia (1999) suggest that goals can be divided into three levels: focal goal, lower level subordinate goals and higher level superordinate goals. The focal goal is located in the centre of the hierarchy and answers the question “What is it that I strive for?”. Lower level subordinate goals answer the question “How can I achieve what I strive for?” and higher level superordinate goals answer to the question “why do I want to achieve what I strive for?”.

Figure 9. Hierarchy of goals
Source: adapted from Bagozzi & Dholakia (1999), p. 24
Most empirical tests of the theory of trying are carried out on a fairly low level of goals, such as losing weight or mastering a new piece of software. Bay and Daniel (2003) wanted to show that if the goal is of a higher level this may have a different impact on behaviour. This statement is quite in line with Locke and Latham’s remark about the importance of the goal and the commitment of the actor (Locke & Latham, 2002). It is fair to assume that one, for example, relates differently to purchasing an ice cream than to finding one’s life partner. To test their assumption Bay and Daniel (2003) choose to study the decision of high school students to complete their education. In that study both the attitude towards success and the attitude towards failure turned out to be significant predictors of the attitude toward trying. As noted earlier, the attitude towards failure had rarely been found significant in earlier tests of the theory of trying. The results supported the assumption that goal-directed behavior can be placed on a continuum and that goals affect behavior differently depending on their position in the hierarchy.

The idea of a hierarchy of goals is also found in the work of Lawson (1997). Similar to Bagozzi and Dholakia (1999) he proposes that goals can be organized at three different levels. These are system, principle and program levels. The system level is the highest level and reflects the idealized self but does not lead to direct action. The principle level reflects a harmonious life and although it too does not lead to direct action, an understanding is formed of what the action could be. The program level finally results in action. At the two highest levels intentions are still ill-formed. Only at the lowest level (the program level) are well-formed intentions incorporated (Lawson, 1997).

The work of Gollwitzer and Brandstätter (1997) contributes to the discussion by illustrating the link between intentions and goals and by presenting the idea of implementation intentions and goal pursuit. As seen in Figure 10, they describe people’s goal pursuits as a continuum including four action phases. The first phase, the predecisional phase, is an awakening of desires and wishes. In the second phase, the preactional phase, goal directed behavior is initiated. In the third phase, the actional phase, the goal directed actions are brought to a successful ending. Finally, in the fourth phase, which is called the postactional phase, the outcome is evaluated by comparing what has been achieved to what was desired.
The four action phases are connected through crucial transition points. Gollwitzer and Brandstätter (1997) label the first transition point goal intention. A goal intention can be for example “I intend to become an entrepreneur”. However, as has already been pointed out, an intention is not enough to lead to an action as there might be several impediments along the way. There might be different ways of achieving the goal and one might have to choose between them, or one might fail to seize a specific opportunity. An implementation intention can then function as a mediator and take the goal pursuit one step further. It serves to translate the goal state from a higher level of abstractness to a lower level and to link a certain goal directed behavior to a situational context. An implementation intention could be, for example, “I intend to start my own company when I have finished my studies”. An implementation intention results in a commitment to perform a specified goal directed behavior once a critical situation has occurred. Furthermore, people who have formed an implementation intention should possess the cognitive structures needed to recognize opportunities when they emerge. Thus, Gollwitzer and Brandstätter (1997) conclude that a goal is more likely to be achieved if an implementation intention exists. Gollwitzer and Brandstätter (1997) also succinctly mention the connections to Ajzen’s theory of planned behavior and implied that the theory of planned behavior was a good framework when applying their theoretical ideas. Evidently noticing this suggestion for improvement Ajzen (2001) emphasizes that translating intentions into action is a complex process which still needs more research.

More recently Bagozzi et al. (2003) have added the implementation intention to their original model (Bagozzi & Warshaw, 1992). The model, called a model for effortful decision making and enactment, illustrated in Figure 11, is designed to explain the mechanisms through which decision making influences goal striving and enactment.
The model suggests that behavioral decisions are made on two levels. First at the level of goals (goal intention) and then secondly, at the level of the action needed to attain the goal (implementation intention). The mediating role of motivational constructs (goal and implementation desires), emotional constructs (positive and negative anticipated emotions), and attitude constructs (attitudes, social norms, feasibility, confidence and perceived behavioral control) are also taken into account in the model. Desires are believed to be sufficient antecedents of intentions. Anticipated emotions include the assessment of the prospect of both success and failure. How one feels about succeeding and failing will, according to Bagozzi et al. (2003), affect which goals we set. The role of attitude constructs responds to the arguments presented in the theory of planned behavior.

Since goals impact our decisions and decisions are made frequently in our lives, our chosen goals will influence many aspects of our lives, including career choices. The importance of goals when choosing a career has been studied through social cognitive career theory (Lent & Brown, 2006; Lent, Brown & Hacket, 1994). The model developed by Lent and Brown and their associates includes variables related to the core person (e.g. self-efficacy, outcome expectation, interest, goals) as well as variables related to the contextual setting (e.g. support, barriers, background). The model is illustrated in Figure 12.
3. WHY WE BEHAVE AS WE DO

The model implies that people develop a career interest in fields in which they view themselves to be efficacious, and in which they anticipate a positive outcome. Personal interests further affects which goal one sets and which actions one chooses to undertake. Outcome expectations and self-efficacy expectations can also directly impact goal and action choices (Lent, Brown & Hacket, 1994). Noteworthy is that there are no obvious dependent variables in the model. Lent and Brown (2006) argued that the social cognitive variables can be viewed as dependent or independent depending on whether one intends to study what shapes the variables, or the outcome that the variables foster.

3.5 Summarizing comments on intentional behavior

The aim of this chapter has been to explore human behavior from a cognitive perspective and thus create a foundation for understanding human behavior and intention emergence. There are certain common characteristics of all kinds of intentional behavior, including entrepreneurial behavior, and recognizing these are the first step in explaining and understanding entrepreneurial behavior. One important conclusion of this chapter is that human behavior results from the
subjective experience of people. People perceive the environment differently depending on several different factors such as cultural background, gender, age, self-efficacy, social norms and so on. We are faced daily with an enormous amount of information and constantly have to make behavioral choices. In order to handle this amount of information we engage in a cognitive process and construct mental maps, or cognitive schemes. These schemes help us steer our behavior in a direction which is favorable from our own point of view.

It has been shown that people generally explain their behavior by attributing it to something else. “I did this because of this or that”. Sometimes we act intentionally, at other times we act unintentionally. When it comes to intentional actions, these can be explained by reasons, which in turn correspond to a mental state such as a belief, desire or need. When this mental state occurs we respond to it on the basis of cognitive schemes and hence a reason arises. When we decide whether or not to perform an intentional act we consider what the act will lead to, whether we are indeed capable of doing it and how the act will be perceived by other people in our environment. One of the most frequently used theoretical models to explain human behavior is the theory of planned behavior (Ajzen & Madden, 1985). The model suggests that intention formations are a result of attitudes toward the process, perceived social norms and perceived behavioral control.

In an entrepreneurial context this means that people evaluate entrepreneurship differently depending on their cognitive schemes. Age, social background and self-efficacy are examples of factors which can influence the perception of entrepreneurship. Only those who possess positive attitudes towards entrepreneurship are likely to form an entrepreneurial intention and engage in entrepreneurial activities. Therefore, it is crucial to understand the context in which attitudes are formed. Motivation research can offer the context needed. However, a positive attitude towards entrepreneurship does not necessarily lead to an entrepreneurial intention. An intention requires that there is something to gain in the process. By exploring people’s goals we can understand what they expect to gain from the entrepreneurial activity.

Equating goals to reasons as done in attribution theory and sometimes also in the theory of planned behavior may cause confusion and misinterpretation. If we want to know why people become entrepreneurs and ask somebody why he became an entrepreneur, they might answer, for example, that it was because they wanted to get rich. We have then identified their goal but not the underlying reason which triggered the event. Including elements from motivational theory provides the opportunity needed to separate reasons from goals. If we want to support people in becoming entrepreneurs we probably do not want to change their goals, but we do need to know what motivates them into becoming entrepreneurs. The relational theory of motivation suggests that motivation always occurs in relation to something (Nuttin, 1984). If entrepreneurship is one part of the equation in the relation that results in positive attitudes towards
entrepreneurship, the remaining task is to identify the other parts of the equation and to explore how this relation affects the rest of the entrepreneurial process. Entrepreneurship is an attractive option in relation to what and how does this affect entrepreneurial goals?

Based on this literature review it is possible to propose that

- attitudes, motivation and goal structure are likely to impact entrepreneurial intentions
- intentions are likely to vary depending on time and context
4. ENTREPRENEURIAL INTENTIONS

In the previous chapter it was concluded that human behavior is a result of people’s subjective observation of reality. There is no reason to believe entrepreneurs are an exception. Entrepreneurial behavior is indeed dependent on human agency and human perception. Despite this, cognition research is a fairly new approach in entrepreneurship research (Gustafsson, 2006; Mitchell et al. 2007).

The aim of this chapter is to investigate how the cognitive theories from psychology, presented in the previous chapter, have been adapted to entrepreneurship research, what these new ideas have brought with them and to evaluate what more could be done in order to further entrepreneurship research. The focus will now turn from explaining behavior in general to explaining explicitly intentional entrepreneurial behavior. The aim is to study how entrepreneurial intentions emerge, what impacts the emergence and what determines the content of the intentions. First the general trends in entrepreneurship research are presented. Second, focus is on the entrepreneurial intentions model, which is frequently used to explain entrepreneurial intentions (Krueger, 1993; Krueger & Carsrud, 1993; Krueger & Brazeal, 1994; Krueger et al. 2000; Krueger, 2007). Finally, potential research gaps and shortcomings are discussed and possible contributions from motivational theory and goal theory are highlighted. This chapter builds a framework which then functions as a basis for the empirical part of the study.

4.1 Cognitive influences in entrepreneurial research

Despite its short lifespan the field of entrepreneurship research has come to encompass multiple different theoretical tradition and research themes (Gregoire, Noel, Dery & Bechard, 2006; Gartner, Davidsson & Zahra, 2006). For many years researchers struggled to understand entrepreneurial behavior as a result of personality traits (see for example McClelland, 1961; Gartner, 1989). Entrepreneurs are often described as somewhat unique, and the assumption was that this uniqueness was rooted in certain personality traits. Although this research approach added valuable information to our understanding of entrepreneurs, scholars constantly failed to define exactly which traits constitute the entrepreneurial traits. Thus, many researchers have drawn the conclusion that there is no such thing as a typical entrepreneur (Gartner, 1989; Brockhaus & Horwitz, 1985; Carsrud et al. 1989; Casson, 1982). Entrepreneurs are a heterogeneous group of people and realizing that is, in fact, an important result
As a result of this conclusion the focus of some of the later entrepreneurial research switched from the trait approach to the behavioral approach (Gartner, 1989). Gartner suggested that research should focus on what an entrepreneur does and not who he is, e.g. the entrepreneurs as a creator of a new organization. The focus thus changes from person to process. But as Shaver and Scott (1991) concluded, it is not possible to ignore the person totally. It is the entrepreneur who makes things come together!

The cognitive approach, one of the newer approaches of the field, puts the focus back on the person again. It differs from the trait approach in that the emphasis is not on the personality of the entrepreneur but on the entrepreneurial perception. It is about the person, not about the personality (Shaver & Scott, 1991). The cognitive approach is consequently interested in how the external environment conspires with internal factors and results in a notion of reality. In a larger perspective the field of entrepreneurial cognition research is still in its infancy (Mitchell et al. 2007). However, it has turned out to be a fruitful approach worth exploring. Despite its infancy the field has managed to produce a vast number of studies. The different approaches are summarized in Table 6. The aim of this chapter is not to give an exhaustive summary of the cognitive approach, but to highlight the central elements.

<table>
<thead>
<tr>
<th>Different approaches in entrepreneurial research</th>
<th>Focus of the approach</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial trait approach</td>
<td>Entrepreneurs are assumed to possess certain personality traits which made them unique</td>
<td>Very seldom used anymore. No personality traits typical for entrepreneurs has been found. Entrepreneurs turned out to be a homogenous group of people.</td>
</tr>
<tr>
<td>Entrepreneurial process approach</td>
<td>The entrepreneur as a creator of an organization. The importance of networks, teams, financing and so on.</td>
<td>Still used to some extent. Criticized because the person is set aside, and it takes a person to create a venture.</td>
</tr>
<tr>
<td>Entrepreneurial cognition approach</td>
<td>Entrepreneurial perception. How the entrepreneurs interpret and make sense of the environment.</td>
<td>A fairly new approach, which still is growing.</td>
</tr>
</tbody>
</table>

Table 6. Trends in entrepreneurial research

According to Mitchell et al. (2007) the central and unifying research question for all research concerning entrepreneurial cognition is “How do entrepreneurs think?” Somewhat more detailed in his summary Baron (1998) states that all research in entrepreneurial cognition falls under the umbrella of three questions: (1) Why do some people but not others choose to become entrepreneurs? (2)
ENTREPRENEURIAL INTENTIONS

4. ENTREPRENEURIAL INTENTIONS

Why do some individuals but not others recognize opportunities that can be profitably exploited? (3) Why are some entrepreneurs more successful than others? If one wants a more traditional definition of entrepreneurial cognition Mitchell et al. (2002, p. 97) offer the following definition: “the knowledge structures that people use to make assessments, judgments or decisions involving opportunity evaluation and venture creation and growth”. In other words, entrepreneurial cognition research deals with how entrepreneurs create and use cognitive maps to process information which helps them start and run a venture.

Over the past 15 years research in entrepreneurial cognition has contributed considerably to the understanding of entrepreneurial behavior, both with regard to who becomes an entrepreneur and why entrepreneurs behave as they do. Research topics that have been studied include: Do entrepreneurs have a different pattern of thinking than non-entrepreneurs (Busenitz & Barney, 1997; Gaglio & Katz, 2001; Brännback, et al. 2005)? What are the reasons some people become entrepreneurs while others do not (Simon, Houghton & Aquino, 2000)? Why do some people recognize opportunities while others do not (Kaish & Gilad, 1991; Gaglio & Katz, 2001; Busenitz, 1996; Shane & Venkataraman, 2000)? How do entrepreneurs make strategic decisions (Mitchell et al. 2000, Busenitz & Barney, 1997)? Some of the earliest work in entrepreneurial cognition deals with cognitive biases and heuristics in strategic decision making (Busenitz, 1996) and desirability, feasibility perception, planned behavior and self-efficacy (Krueger, 1993; Krueger & Carsrud, 1993). Today, the field also includes entrepreneurial decision-making and entrepreneurial expertise (Gustafsson, 2006; Mitchell et al. 2007).

To sum up, the entrepreneurial cognition approach suggests that entrepreneurial behavior can be understood through studying how entrepreneurs and non-entrepreneurs differ in their information processing. The assumption is that entrepreneurs have a different cognitive map to non-entrepreneurs (see for example Gustafsson, 2006; Busenitz, 1996; Gaglio & Katz, 2001; Brännback et al. 2006b). In order to outline what has been accomplished in the field thus far, the subject will be addressed by means of exploring how heuristics may influence entrepreneurial decision making, how entrepreneurs perceive risk and identify opportunities, and how different motivational factors promote entrepreneurial behavior. As will be noticed these factors are interrelated. The use of heuristics may result in a cognitive framework fostering optimistic thinking (Baron, 1998; Busenitz & Barney, 1997). Due to optimistic thinking situations appear less risky and therefore opportunities become more visible.
4.1.1 Opportunity recognition

The idea of an entrepreneur being somebody who discovers and utilizes opportunities is deeply rooted in entrepreneurial research. Basically, without an entrepreneurial opportunity there will be no entrepreneurial action. Schumpeter (1934) defines the entrepreneur as a great inventor and Kirzner (1973) links entrepreneurship to the ability to predict and utilize imbalances in the market. From a cognitive perspective it has been argued that entrepreneurs possess a cognitive framework which makes them particularly alert to discovering new opportunities (Kaish & Gilad, 1991; Shane & Venkataraman, 2000; Gustafsson, 2006).

Shane and Venkataraman (2000) consider opportunity recognition to be such an essential part of entrepreneurship that they suggest the research framework should focus around entrepreneurial opportunity recognition. They state that opportunities themselves may be viewed as objective, but the opportunity recognition as such is a subjective process (Shane & Venkataraman, 2000; Shane, 2003; Eckhardt & Shane, 2003). In order for a particular person to discover a particular opportunity two conditions must be met: (1) The individual must possess all information required to be able to identify the opportunity (2) he must possess cognitive properties (i.e. cognitive schemes) necessary to value the opportunity (Shane & Venkataraman, 2000).

Sarasvathy, Dew, Velamuri and Venkataraman (2003) present their own opportunity typology based on the existence of supply and demand. They split opportunity recognition into three different types of opportunity exploitation and argue that if both supply and demand exist, the only thing needed is that the entrepreneur recognizes the entrepreneurial opportunity. In these kinds of situations they label the entrepreneur opportunity recognizer. If there is a demand but no obvious supply, or a supply but no evident demand, the missing side needs to be discovered. An entrepreneur who exploits such an opportunity can be labeled opportunity discoverer. Finally, there are situations where there is neither obvious demand nor obvious supply, but the entrepreneur still manages to locate a business opportunity. The entrepreneur can then be labeled opportunity creator.

The idea of entrepreneurial alertness was introduced by Kirzner (1973) who argued that the entrepreneur was an opportunity identifier who managed to spot and utilize market disequilibrium. The idea about entrepreneurial alertness was tested for the first time in a study by Kaish and Gilad (1991) and some support for it was found. Kaisha and Gilad (1991) themselves pointed out that their study was more of an exploratory nature and further studies would be needed before conclusions could be made. Busenitz (1996) replicated the study and concluded that little empirical support for the alertness framework existed, but that the measures of entrepreneurial alertness needed further development. Improved measurement might lead to a different conclusion. Later, Gaglio and Katz (2001) picked up on the idea of entrepreneurial alertness and developed a conceptual
4. ENTREPRENEURIAL INTENTIONS

model for measuring alertness. In some of the most recent research Baron (2006) proposed that entrepreneurs possess a kind of cognitive framework which allows them to “connect the dots” in an efficient way. He implies that entrepreneurs differ from non-entrepreneurs in the sense that entrepreneurs are better at using their cognitive framework in such a manner that they perceive a connection between seemingly unrelated courses of events and thus get ideas for potential products or services that can serve as the basis for new ventures; this was also suggested by Shane and Venkataraman (2000). This relates to use of heuristic processing and perception of risk.

4.1.2 Decision making and the use of heuristics

Human behavior and human decision making can never be totally rational because they are both limited by the cognitive capabilities of human mind (Weick, 1995; March, 1978). When making a decision, for example deciding whether or not to become an entrepreneur, people consciously or unconsciously scan the information available. This scanning process can be either analytic or intuitive, or something in between (Gustafsson, 2006). Even when we make a seemingly rational choice we have to deal with two kinds of guesses: we have to try to imagine what the future consequences of our decision will be and we also have to imagine how we will evaluate it (March, 1978). When anticipating future consequences of present decisions we thus have to rely on cognitive schemes and sometimes also on heuristic reasoning and biases (Busenitz & Barney, 1997, Gaglio, 1994; Baron & Ward, 2004; Mitchell et al. 2002). Heuristic processing means people turn to simplifying strategies and shortcuts in order to cope with the information processing. Another cognitive factor relating to decision making is found in the prospect theory (Kahneman & Tversky, 1979) referred to as the certainty effect. Kahneman and Tversky show that when people have to choose between two options they preferred to choose a “safe bet” including less reward than making a risky choice with potentially more reward.

People tend to rely on heuristics especially when they have to deal with a large amount of information, when uncertainty is high, when strong emotions are involved, and when they face time constraints. Baron (1998) asserts that entrepreneurs often find themselves in those kinds of situations and often have to make quick decisions without having access to a lot of background information, which also goes for many managers today. Furthermore it was stated that entrepreneurs were often very committed to what they were doing, and hence a lot of emotions were involved (Baron, 1998; 2004). Busenitz and Barney (1997) compare entrepreneurs to managers and conclude that managers usually had access to information such as past performance of the company, historical trends and other information which reduced the uncertainty. It is however very time consuming and costly for an entrepreneur to collect similar information, and therefore is not often done. If a new venture or a product is to be launched the
entrepreneur may be forced to make quick decisions. Thus, the use of biases and heuristics can give him a sense of general understanding and control over the situation. In the Busentiz and Barney (1997) study, managers and entrepreneurs were compared in respect to their use of overconfidence and representativeness heuristics. Representativeness here refers to their willingness to generalize from small samples. The results show entrepreneurs are more overconfident and more willing to generalize on the basis of only small samples, hence it can be concluded that entrepreneurs are more inclined to use heuristic processing.

Baron (2004) emphasizes that it is not the heuristic processing alone that made entrepreneurs special, but rather their ability to switch between systematic and heuristic processing. Entrepreneurs are faced with situations where the systematic and analytical way of thinking is preferred and they have to be capable of that too, but when faced with situations where systematic thinking is not an option, they still have to be capable of making a good decision. This idea is further elaborated by Gustafsson (2006) who, based on the cognitive continuum theory developed by Hammond (1988), argues that expert entrepreneurs are able to match the cognitive nature of the task with the cognitive nature of the decision. The task continuum is assumed to reach from high uncertainty inducing tasks to low uncertainty inducing tasks, whereas the cognitive nature of the task reaches from intuition to analysis (Gustafsson, 2006; Hammond, 1988). Gustafsson (2006) thus implies that when uncertainty is high expert entrepreneurs rely on intuition, and when uncertainty is low they revert to analysis. When the uncertainty level is medium quasi-rational thinking, i.e. heuristics, is used.

Baron (2004) argues that a cognitive perspective can offer both a scientifically and a practically relevant answer to how entrepreneurs think. According to Baron’s (2004) categorization there are five different cognitive mechanisms, in this case cognitive biases, affecting entrepreneurial thinking and behavior. Biases arise when the cognitive process is at variance with the norms of statistic theories of choice (Gustafsson, 2006). Biases are sometimes ascribed a negative connotation, but in this study the word has a rather neutral loading. The biases which Baron (2004) refers to are: (1) counterfactual thinking, (2) affect infusion, (3) attributional styles, (4) planning fallacy and (5) commitment escalation and self-justification. Counterfactual thinking refers to the tendency to look back and imagine what might have been in a given situation. In other words, it is when we ask ourselves “what if…?” Baron (1998) indicated our regrets can be divided into (i) things we did but failed in and (ii) missed opportunities. When some time has gone by and we look back at those things we did which are related to some kind of failure, we tend to subscribe the failure to some external factor and say “we did not have a choice”.

However, when we regret something we did not do, the memory does not fade as easily. According to Baron (1998), entrepreneurs are more likely to experience regret over missed opportunities than others, and therefore they are also more eager to act upon perceived opportunities. Affect infusion means that an
emotional states caused by one source influences judgment and decisions about another unrelated source. Since entrepreneurs are typically very committed to their work, they tend to experience stronger emotions at work, hence they are more susceptible to affect infusion. Attributional style impacts entrepreneurial decision making mainly through a self-serving bias (Shaver, 1985; Salmela-Aro & Nurmi, 2000). As was mentioned in an earlier chapter, we tend to give ourselves credit for success and blame others for failure. Baron (1998) suggests that entrepreneurs might be more prone to operating under a self-serving bias than people on average. Furthermore, a planning fallacy implies the tendency to underestimate the time needed to complete a task and/or to overestimate how much can be accomplished in a given period of time. For entrepreneurs planning fallacy results in a tendency to make overly optimistic predictions about future outcomes. Finally, escalation of commitment means a tendency to continue investing time, money and effort into a seemingly fruitless project in order to justify the initial choice or decision. According to Baron (1998) entrepreneurs have a tendency to do just that.

In summary, according to current entrepreneurial cognition research, when entrepreneurs come across situations where they have to make quick decisions but where they lack the information needed to analyze the problem systematically, they do not perceive the situation as problematic but instead they switch to heuristic processing or intuition. They draw significant conclusions from what other people might perceive as minimal evidence. However, the heuristics gives them a sense of control and functions as a guide for their behavior. The entrepreneurs themselves may not consider their behavior as illogical, but for an observer who fails to see the shortcuts and the leaps, the behavior may appear as impulsive and possibly even risky.

4.1.3 Perception of risk

Both researchers and people in general tend to describe entrepreneurs as risk takers. Despite this commonly flourishing observation, there are very few studies supporting this assumption. Researchers have also attempted to explain the difference between managers and entrepreneurs by referring to entrepreneurs as having a higher propensity for risk (Reynolds, 1986; Stinchcombe, 1965). Empirical studies of entrepreneurial risk propensity have, however, shown mixed results. Mostly the differences between managers and entrepreneurs have not been significant (Low & MacMillan, 1988; Busenitz, 1999; Brockhaus, 1980).

Looking at it from a cognitive point of view it is suggested that entrepreneurs are not actually more inclined to take risks, but that they perceive risks differently to, for example, managers. As noted earlier the use of heuristics may be one reason for this. Douglas (2006) supports this, but also identifies other possible explanations. He explains this perception difference by: entrepreneurs using
heuristics when making decisions, entrepreneurs being over-confident (underestimating risks), entrepreneurs being capable of building social networks and entrepreneurs truncating the search for information. According to Douglas (2006), who introduced the truncated information search factor, entrepreneurs curtail information search because of their urgency to get started with a venture, or because of their great commitment to pioneering. Palich and Bagby (1995) studied entrepreneurial risk taking using the SWOT analysis (Selznik, 1957; Learned, Christensen, Andrews & Guth, 1965; Andrews, 1971). This analysis considers for four different dimensions; internal strengths (S) and weaknesses (W), and external opportunities (O) and threats (T). Their results concluded that entrepreneurs were more optimistic than non-entrepreneurs. When presented with identical situations entrepreneurs categorized them as having more strengths and more opportunities than non entrepreneurs. The study also controlled for risk propensity and based on self-reported data there were no significant differences between the two groups.

When studying entrepreneurial risk propensity from a cognitive point of view the general conclusion is that entrepreneurs do not view themselves as risk takers. However, they seem to be predisposed to categorize business situations in a cognitively different way to other people in general. Entrepreneurs interpret the same environmental stimuli differently from non-entrepreneurs and thus tend to frame a given situation positively rather than negatively. Consequently entrepreneurs tend to see strengths and opportunities in situations where non entrepreneurs fail to see them (Shaver & Scott, 1991; Palich & Bagby, 1995).

4.1.4 Motivation

Perception of risks and perception of opportunities may be sufficient to explain why something is perceived as feasible. But, in order for a behavior or event to be desirable, something more is needed. Since McClelland (1961) motivational factors, and especially the need for achievement, have been widely used to explain entrepreneurial behavior (cf. Carsrud et al. 1989; Johnson, 1990; Huuskonen, 1989). People with a low need for achievement are assumed to choose easier tasks in order to avoid the risk of failure, while people with a high need for achievement are assumed to choose more demanding tasks. The need for achievement has been identified as a contributing factor both as to why people become entrepreneurs and why some entrepreneurs are more successful than others (McClelland, 1961; Carsrud et al. 1989, Johnson, 1990). What McClelland (1961) argued for is that people with a high need for achievement preferred tasks which involved skills and effort and provided a clear performance feedback. He also concluded that an entrepreneurial career provided the opportunity to take advantage of the characteristics associated with a high need for achievement and therefore entrepreneurs were likely to have a high need for achievement. Furthermore, he argued that the need for achievement was also related to
4. ENTREPRENEURIAL INTENTIONS

Successful entrepreneurs are more likely to overcome obstacles, utilize resources, compete, and improve their entrepreneurial skills than less successful ones.

Collins, Hanges and Locke (2004) conducted a meta-analysis in the field of achievement motivation research and were able to confirm the assumption that a high need for achievement does significantly relate to both career choice and entrepreneurial performance. In their study they were able to show that the difference in achievement motivation was bigger between entrepreneurs and people in other professions, than between entrepreneurs and managers. This is in line with Brockhaus’ (1980) findings, and can be explained by the fact that managerial jobs often include entrepreneurial elements and vice versa.

The need for achievement can be one motivational factor for entrepreneurs, but there are several other motivational factors which cannot be overlooked. Already in 1989 Carsrud and Johnson argued that motivational factors other than McClelland’s need for achievement also needed to be included because McClelland’s non-dimensional approach to achievement motivation was not sophisticated enough to capture the complexity of the entrepreneurial approach (Carsrud & Johnson, 1989). In the GEM report (Bosma, 2008) entrepreneurial motivation was divided into push and pull motivation depending on whether the entrepreneurs were necessity or opportunistic entrepreneurs. This division may be correct, but it is very wide and does not reveal enough detailed information.

Shane, Locke and Collins (2003) suggest entrepreneurial motivation is derived from a need for achievement, risk taking propensity, tolerance for ambiguity, locus of control, self-efficacy, goal setting, a need for independence, drive and passion. The reason why it is so important to study entrepreneurial motivation is that the motivational factors, together with other cognitive factors, influence the transition from one stage to another in the entrepreneurial process (Shane et al. 2003; Perwin, 2003; Nuttin, 1984; Zahra, Gedajlovic, Neubaum & Shulman, 2008).

In their attempt to study why some ventures grew faster than others Baum, Locke and Smith (2001) pointed out the impact of situation specific motivation. In their study situation specific motivation was explored in terms of vision, growth goals and self-efficacy. All factors turned out to have a significant impact on venture growth which is fully in line with previous research in social psychology (Bandura, 1997; Locke & Latham, 1990).

A vision can be described as a projected mental image of what one is trying to achieve. It echoes the values and the outcomes that the organization tries to aspire. Baum and Locke (2004) emphasize the importance of communicating the vision. A shared vision is important because it gives participants a common direction (Senge, 1990), and it can move the actors in the desired direction and hence promote change and progress (Ng, 2004; Normann, 2002; Jacobs &
Heracleous, 2005). The entrepreneurs’ vision for their company may include images of growing the business, fame and personal wealth (Bird, 1989). Baum and Locke (2004) assume that entrepreneurs who have a passionate love for their work would also have a stronger and clearer vision. However, this assumption was not supported in this study, although Baum and Locke did believe the impact might be indirect and this might therefore be one reason for it not showing up in the study.

The importance of goals and self-efficacy has already been explored in Chapter 3. Building on those insights we argue that goals are important because they help the entrepreneurs focus and serve as energizers. It has been shown empirically that goals are important for venture survival (Carsrud & Krueger, 1995). Self-efficacy reflects one’s confidence in one’s own abilities (Bandura, 1989). Entrepreneurs who have high self-efficacy have more confidence about what they can achieve and are therefore more likely to strive for venture growth. Baum & Locke (2004) indicate that vision, growth goals and self-efficacy are all interrelated. Communicated vision and self-efficacy is likely to impact what kind of goals the entrepreneur sets. In their study goals are defined as near-term goals and as such can be considered as steps along the way to fulfilling the vision. The more challenging the vision is the more challenging the goals will probably be.

4.2 A theoretical model for understanding entrepreneurial behavior

Krueger (2000) declares “we do not find opportunities; we construct them. Opportunities are thus very much in the eye of the beholder” (p.6). This statement clearly summarizes why perception and cognition are important factors when studying entrepreneurial intentions and entrepreneurial behavior. An opportunity can be anything from an idea for a new product to a plan to start a whole new venture. However, seeing the opportunity is not enough, being an entrepreneur also requires acting on it.

According to Krueger (2000) perception can impact behavior in several ways. First of all, entrepreneurship is always about individuals. It is not the organization that is entrepreneurial, but the people in the organization. Thus, the subjective perception of the individual is of critical importance (Weick, 1995). Secondly, in order to understand the world around us we have a tendency to categorize it. One such categorization is dividing situations into opportunities and threats (Krueger, 2000). As Jackson and Dutton (1988) showed, opportunity perception depends strongly on the perception that the situation is positive and controllable, while threat perception is dependent on the situation being
perceived as negative and uncontrollable. Thirdly, our tendency to categorize things results in cognitive schemes, or mental models (Kruger, 2000). These schemes determine how we for example perceive the information we receive. Thus, it is not only the content of the information that is important but also the impact of the information. It seems as if we have cognitive access both to threat schemes and opportunity schemes and which schemes determine our action depends on critical cues from the environment. Fourthly, our intentions are a reflection of our cognitive schema (Krueger, 2000). The literature clearly shows findings that intentions are dependent on perception (Krueger & Brazeal, 1994; Bird, 1988; Krueger, Reilly & Carsrud, 2000; Krueger, 1993; Krueger & Carsrud, 1993). Entrepreneurs and potential entrepreneurs do not intend to act if their cognitive map does not support the action. Since we already have identified intentions as a distinctive feature of planned behavior we can conclude that intentions play an important role in understanding entrepreneurial behavior.

In the previous section the main characteristics and findings of entrepreneurial cognition research were outlined. The aim of this section is to show how the theoretical aspects of entrepreneurial cognition have been placed in a theoretical framework. In a research context a theoretical model is important because it helps the researcher to make sense of the information gathered in the research process (Davidsson, 2003). The entrepreneurial intentions model is used as a starting point. Once the model is introduced, some shortcomings in the model will then be discussed and suggestions for improvement will be made.

### 4.2.1 The entrepreneurial intentions model

As has been shown, the ideas adapted from social cognitive theory have widely impacted entrepreneurial research. The implementation of perception and cognition has certainly increased our understanding of entrepreneurial behavior. Despite the relatively large number of studies done on entrepreneurial behavior there is really only one model that has been empirically tested to such an extent that it can be viewed as reliable and useful, although not complete, when studying why people choose to become entrepreneurs and continue being entrepreneurs. This model is called the entrepreneurial intention model and was developed by Krueger and his associates (see for example Krueger, 1993; Krueger & Brazeal, 1994; Krueger et al. 2000). The model is illustrated in Figure 13.
The model draws heavily on the work of Ajzen and Fishbein and their theory of planned behavior (described in Chapter 3) as well as on the work of Shapero (1982) and his *theory of entrepreneurial event*. Shapero’s work (1975: 1982) focused on factors which make an entrepreneurial event, such as venture creation, happen. His conclusion was that entrepreneurial events are a result of interacting situational and social-cultural factors. Each entrepreneurial event occurs as a result of a dynamic process providing situational momentum that has an impact upon individual’s whose perceptions and values are determined by their social and cultural inheritance and their previous experience. The greatest reason for an entrepreneurial event is a change in the person’s life path, e.g. the loss of one’s job, a midlife crisis or an opportunity to take the risk after a financial situation becomes more secure. Changes in one’s life path alone are, however, insufficient conditions for an entrepreneurial event to occur. Other influencing factors are e.g. background, previous experience and one’s perception of feasibility. The division between perceived feasibility and perceived desirability, central in Krueger’s model, also originate from Shapero’s model (Shapero & Sokol, 1982).
Drawing on these arguments Krueger (1993) created the entrepreneurial intentions model. The entrepreneurial intentions model assumes that perceived feasibility and perceived desirability predict the intentions to become an entrepreneur. Perceived social norms and perceived self-efficacy are antecedents of perceived desirability and perceived feasibility (Krueger & Brazeal, 1994). Social norms have not always had a significant impact (Krueger et al. 2000). However, one also has to consider that social norms could be expected to vary across cultures, i.e., in some countries social norms are more supportive of entrepreneurial activity than in others (McGrath & MacMillan, 1992; Davidsson & Wiklund, 1997; Krueger & Kickul, 2006).

According to the model of planned behavior, perceived desirability, or personal attitude depends on the perceptions of the consequences of outcomes from performing the target behavior; their likelihood, negative and positive consequences, and both intrinsic and extrinsic rewards (Ajzen & Fishbein, 2005; Kuratko et al. 1997). In short, we are talking about a perceived expectancy framework. Perceptions are dependent on the social context and on what can be regarded as personally desirable. What kind of behavior is considered worthy of a reward and what is not varies across cultures.

Social norms. The social norm measure is a function of the perceived normative beliefs of significant others such as family, friends and co-workers, weighted by the individual's motive to comply with each normative belief. Social norms often reflect the influence of an organizational and/or community culture and provide guidelines for what in a culture is regarded as desirable. It is both a very interesting and a very complicated component in the model. Many researchers however tend to claim that social norms do not explain additional variances in intentions for would-be entrepreneurs (Krueger et al. 2000). Kickul and Krueger (2004) pointed out that if social norms are valid constructs, cultural contexts should be reflected in them, perhaps not as a real measure but at least as a proxy.

One problem when measuring the impact of social norms is that social norms tend to vary both across cultures (McGrath & MacMillan, 1992) and within cultures (Davidsson & Wiklund, 1997). For example, in the USA starting one’s own business is usually considered a measure of achievement and personal success and thus attracts admiration and praise. In Finland, however, the general reaction is often a mix of awe and envy (Carsrud et al. 2007). While bankruptcy is probably never considered something to aim for, it is not the “end of the world” in the US. In fact, there are those who regard it as an effective learning process (Shapero, 1975). In countries such as Australia, Finland and Sweden and indeed in most of Europe, those who have gone through bankruptcy will be marked for life (Carsrud et al. 2007; Gustafsson, 2006). In Finland too much success can be as much of a sin as failure. Consequently, in general Americans perceive entrepreneurship as much more desirable than Finns. Furthermore, Bryant and Bryant (1998) showed that as social norms in a community change that in turn alters what is more likely to be considered an opportunity. In short, to
identify which factors can be labeled as social norms, i.e. to know what to measure may be more difficult than measuring the social norms themselves.

Another challenge when measuring social norms is identifying the correct reference group. The reference group for an entrepreneur or a potential entrepreneur is not necessarily only family and friends, but may actually include colleagues and business partners (Carsrud et al. 2007). Once again this is a context specific issue. In some countries or cultures the impact of family may be greater than in others. Recent work by Carsrud et al (2007) showed it might be useful to distinguish between different kinds of social norms. In their study they separated general social norms from family social norms and showed that each impacts entrepreneurial intentions differently. The reference group, or role models, can be somebody to look up to, but in some cases it may equally well be somebody you can be familiar with. If you look at somebody who has started a company and you think “He is no smarter than I am. If he can do it I can do it” that might well function as a triggering event (Shapero, 1975).

**Self-efficacy.** As previously stated self-efficacy is one’s sense of competence; a belief that we can do something specific (Bandura, 1997; 2001) and that self-efficacy is a strong driver of goal-oriented behavior (Baum & Locke, 2004; Bandura, 1997, 2001). Desiring to do something however is not enough to lead to intentions. A belief that one can actually do it is also required. For instance, gender and ethnic differences in work preferences and performance can often be traced to differences in self-efficacy. Kourilsky & Walstad (1998) compared perceptions of knowledge with actual knowledge of entrepreneurial skills and showed that although the skill levels of boys and girls were comparable, girls were more likely to feel ill-prepared. Support for this was found by Wilson et al. (2004) who demonstrated a direct relationship between self-efficacy and intentions in girls, and highlighted the significance of girls’ self-efficacy on their entrepreneurial aspirations.

Self-efficacy can also be collective, i.e. support from other organizational members of an intention can be needed to support an intention. Perceptions of collective efficacy are likely to be important (Bandura 1986, 1995). It can be expected that collective self-efficacy enforces social norms and low collective self-efficacy may decrease high personal self-efficacy so as to ultimately inhibit action, i.e., social norms, self-efficacy, and culture are tightly interconnected.

Researchers also point out the importance of “career self-efficacy” as a domain or task specific construct (Boyd & Vozikis, 1994; Betz & Hacket, 1986; Lent & Hacket, 1987). Career self-efficacy refers to the perception of self-efficacy in relation to the process of career choice and adjustment. Self-efficacy has been found to predict stated occupational interests and occupational choices among college students (Betz & Hacket, 1981; Lent & Hacket, 1987). Boyd and Vozikis (1994) therefore suggested that career self-efficacy may be an important variable when studying how entrepreneurial intentions are formed in the early stages of a
4. ENTREPRENEURIAL INTENTIONS

person’s career. However, they also indicated that entrepreneurial intentions were often a result of previous work experience and therefore were not always very strong immediately after graduation, and moreover even if a graduate student did have strong entrepreneurial intentions they might not be acted upon until they had gained enough experience to provide the level of confidence necessary to anticipate venture success (Boyd & Vozikis, 1994; Shane 2008).

4.2.2 Revising basic assumptions

Both the theory of planned behavior and the entrepreneurial intentions model are widely used for predicting entrepreneurial intentions and behavior. Using the software “Publish or Perish” (www.harzig.com) 180 references to the entrepreneurial intentions model can be found. This is clear evidence that although some minor changes have been suggested and implemented the basic structure of the model has remained robust and is commonly accepted. One wonders however if that is because the model really is so reliable and well functioning, or whether it is perhaps because no one has made a serious attempt to question the basic assumptions in the model? Brännback et al. (2006a) suggested it might be time to put the model to test and to revise it critically. Considering the wide usage of the model that is indeed a brave suggestion, but it might be needed in order to develop the field of entrepreneurial cognition research.

When reviewing and revising the intentions model two different questions must be asked. First of all, are there significant errors in the current models that need to be deleted or corrected? Secondly, are there any significant variables missing from the model? Starting with the first question, recent work by Brännback et al. (2006b), Krueger & Kickul (2006) and Carsrud et al. (2007) unearthed an unusual finding. While perceived desirability and perceived feasibility were significant antecedents of intentions, as expected, a rudimentary test found that desirability and intent also clearly predicted feasibility, while feasibility and intent also clearly predicted desirability. In fact, the data from their studies seemed to suggest that feasibility may prove – statistically – to be the dependent variable. In their research, when the intent was the dependent variable, $R^2 = .462$ and was driven by desirability ($\beta = .547$) and feasibility ($\beta = .217$). When desirability was the dependent variable $R^2 = .464$ and was driven by feasibility ($\beta = .222$) and intent ($\beta = .545$). When feasibility was the dependent variable, $R^2 = .284$ and driven by desirability ($\beta = .297$) and intent ($\beta = .289$). This would imply that feedback loops exist. Hence, we notice evidence for intention influencing its “predictors”.

This finding indicates the intention process may not be linear. Considering that the theory of planned behavior and the entrepreneurial intentions model are linear, we face a serious contradiction (Carsud et al. 2007). However, when
looking at previous attitude research (Kelman, 1974; McBroom & Reed, 1992; Allport, 1935), it can be seen that this idea of reciprocal causation is not entirely new. Kelman (1974) claimed that attitudes cause behavior and that behavior causes attitudes (i.e. reciprocal causation exists) and McBroom and Reed (1992) suggested that the two are unrelated or that the two are caused by another third factor. Moreover, Allport (1935) argued that behavior may be predicted by triumvirate of “intention”-like constructs: cognitive, affective and conative (which very roughly correspond to feasibility, desirability and the intent to act). Behavior is likely to occur only when all three predictors are in place to some minimal degree. Empirically, this troika tends to be strongly inter-correlated. Given these earlier findings it is reasonable to assume reciprocal causation within entrepreneurial intentionality as well (Carsrud et al. 2007). Consequently it is time to explore whether the basic structure of the model really holds.

4.2.3 What motivation and goals can offer entrepreneurship research

Regarding the second question as to whether there are variables missing from the model, we ought to consider some of the conclusions from Chapter 3 regarding attitudes, motivation and goals being essential for understanding the emergence of behavior. We can also recall the conclusions that the cognitive process involves beliefs, desires, motives and intentions (Perwin, 2003). When looking at the entrepreneurial intentions model it is noticeable that attitudes are present in the form of desirability and feasibility, but goals and motivation are conspicuously absent. Is there a valid reason to omit motivation and goals? Can entrepreneurial behavior really be understood if not all elements are incorporated? As noted earlier in this chapter the importance of motivation has been touched upon in the field of entrepreneurial cognition research, even if it is not included in the entrepreneurial intentions model. That is however not the case with goals.

Both research and empirical findings strongly support the importance of goals and their impact on intention (Boyd & Vozikis, 1994; Locke & Latham, 2002; Bandura & Locke, 2003; Bagozzi & Warshaw, 1990). Despite the rigid research on goal-setting its impact has remained fairly ignored in entrepreneurial intentions research. That is however not the case in the field of consumer research (Bagozzi & Warshaw, 1990; Bagozzi, Dholakia, & Basuroy, 2003) or in psychology (Perwin, 2003; McBroom & Reed, 1992). As already noted both Bagozzi and Warshaw (1990) and Bay and Daniel (2003) have highlighted the impact goals can have on behavior and the importance of distinguishing between different kinds of goals. Bagozzi and Warshaw (1990) drew attention to the distinction between end-state goals and intermediate goals, and Bay and Daniel (2003) showed that the attitudes towards a goal may vary depending on the hierarchy of the goals. Nevertheless goals have not been included in entrepreneurial intentions research, and one can only agree with March (1976):
Since it is obvious that goals changes over time and that the character of those changes affect both the richness of personal and social development and the outcome of choice behavior, a theory of choice must somehow justify ignoring the phenomenon. Although it is unreasonable to ask a theory of choice to solve all of the problems of man and his development, it is reasonable to ask how something as conspicuous as the fluidity and ambiguity of objectives can plausibly be ignored in a theory that is offered as a guide to human choice behavior (p. 72).

Bagozzi and Warshaw (1990), Lent and Brown (2006) as well as Bay and Daniel (2003) proved that goals affect behavior and therefore in order to understand entrepreneurial behavior it is necessary to consider goals. Gollwitzer and Brandstätter (1997) showed that there is a connection between intentions and goals. Pursuing entrepreneurial activities is, in most cases, a goal-directed behavior, but as yet very little is known about people’s perception of entrepreneurial goals and how they affect entrepreneurial intentions and behavior. As shown in Figure 14 current research focuses mainly on what triggers entrepreneurial actions, but has neglected to look at what inspires and motivates entrepreneurial behavior. Considering the importance of motivation and goals in other cognitive theories (Bandura, 1986; Lent & Brown, 2006; Lent et al. 1994; Perwin, 2003) it is surprising how little attention they have been given in entrepreneurial research. Understanding human behavior requires a contextual understanding. In entrepreneurship research motivation and goals could present the context needed.

Figure 14. Current research excluding the impact of goals
In the theory of trying, Bagozzi and Warshaw (1990) showed there is a difference between end-state goals and intermediate goals. Intermediate goals are short term goals which need to be accomplished on the path to fulfilling the end state goal. This distinction is also seen in the theory of motivation where final motivation differs from instrumental motivation (Nuttin, 1984). Is becoming/being an entrepreneur an end-state goal or an intermediate goal? The answer is likely to vary depending on who is asked. Some people might have such a passion for entrepreneurship that becoming an entrepreneur is, in fact, an end-state goal. For others becoming an entrepreneur might be a way of achieving something else (i.e. an intermediate goal), such as getting rich or becoming independent. So, could it be possible that entrepreneurial intentions vary depending on what kind of goal entrepreneurship represents and what kind of motives the person has? If being an entrepreneur is an end-state goal a failure to achieve it is likely to be a severe setback. However, if becoming an entrepreneur is only an intermediate goal on the way to the end-state goal e.g. getting rich, then failure might not be considered such a setback. This is exactly what Bagozzi and Warshaw (1990) demonstrated in the theory of trying and there is no reason to believe it would not also apply in an entrepreneurial setting.

Bay and Daniel (2003) drew attention to the hierarchy of goals. This partly relates to Bagozzi’s and Warshaw’s (1990) classification of goals. What Bay and Daniel (2003) argued is that people arrange goals in a hierarchical order depending on how close they are to the overall goals in life of the person. Lower-level goals are supposed to set the stage for achieving higher-level goals. This hierarchy of goals could affect one’s way of studying entrepreneurial intentions in at least two different ways. First, entrepreneurship can be viewed as one goal among others and from there it is necessary to figure out where in the hierarchy the goal fits. Secondly, entrepreneurial goals could be split into entrepreneurial intermediate goals and then it would be necessary to study which goals fit in at a high-level and which better qualify as low-level goals.

Motivation is important because it influences the goal-setting process. Motives are what activate the entrepreneur or potential entrepreneur. Furthermore, motivation can explain why entrepreneurs choose one thing over another and why entrepreneurs respond differently to the same kind of stimuli (Nuttin, 1984). If we can understand what motivates entrepreneurs, we can better understand the goals they set.

The entrepreneurial intentions model is a linear model and as such rather one-dimensional. By including a hierarchy of goals, as well as a motivation element, new dimensions could be added to the model. Intentions, desirability and feasibility would still need to be studied, but by putting them in a framework some contextual understanding would be added.
This study suggests that the addition of a goal dimension and a motivation dimension might also help explain the unusual findings by Brännback et al. (2006b), Krueger & Kickul (2006) and Carsrud et al. (2007). It seems likely that becoming an entrepreneur is a phenomenon too complicated to be captured as a linear process. The findings by Brännback et al. (2006b), Krueger & Kickul (2006) and Carsrud et al. (2007) suggested that there is a reciprocal causality between perceived desirability, perceived feasibility and intention. By adding the assumptions about a hierarchy of goals and the impact of motivation there is reason to believe the entrepreneurial intention process is helical rather than linear. Since the concept of goal directed behavior is still so new to entrepreneurial research there is, as yet, no evidence this is the case, but the findings by Brännback et al. (2006b), Krueger & Kickul (2006) and Carsrud et al. (2007) do call for a reinvestigation of the entrepreneurial intentions model and the framework presented above would be one way to move forward.

4.3 A summary of current challenges and developmental needs

It is obvious that questions such as why some people want to become entrepreneurs and why some people are more successful in their attempts than others are not easy to answer. Since we have declared entrepreneurs are not a homogenous group of people we cannot expect to find one answer that fits all questions concerning how entrepreneurs form their intentions. Research sometimes differs between for example opportunity entrepreneurs and necessity entrepreneurs and it is evident these two groups of people have different cognitive styles (Bosma et al. 2008), but not even the entrepreneurs within the groups have the same cognitive style. The challenge hence lies in finding a model which is wide enough to capture all the manifoldness of entrepreneurs, but still focused enough to actually be able to provide some useful answers. The first attempts in the entrepreneurial field concentrated on building the model according to personality traits which could be labeled as typical for entrepreneurs. Unfortunately scholars were unable to find specific entrepreneurial traits and the attempt failed owing to that (Gartner, 1989; Brockhaus & Horwitz, 1985). The second attempt emphasized we should look at what entrepreneurs do instead of who they are (Gartner, 1989).

However, this approach more or less ignores the entrepreneur himself, and since the fact that there will be no action without an entrepreneur cannot be ignored, this approach too has to be considered insufficient. Currently, many researchers are focusing on the social cognitive approach claiming that it is neither who the entrepreneur is nor what he does that makes him different, but the way he
People choose to become entrepreneurs, and become successful entrepreneurs, because they possess a cognitive infrastructure, which allows them to see opportunities which they believe are worth exploiting and which they think they are capable of exploiting (Krueger, 2000). External circumstances will indeed have an impact on the entrepreneurial decisions, but what really initiates entrepreneurial behavior is what is going on in the head of the entrepreneur. It is his subjective perception of the world around him which determines how he acts (Berger & Luckmann, 1966). Hence, if we really want to understand why people act entrepreneurially we have to get access to people’s cognitive maps. Another challenging thing about a cognitive approach is that all models need to be domain specific and context specific in order to capture the underlying cognitions in full (Lent & Brown, 2006).

Currently the most frequently used cognitive model to study entrepreneurial intentions is the entrepreneurial intentions model (see Krueger et al. 2000, Kickul & Krueger, 2004; Krueger, 2007). The model has been widely used in empirical studies and over the years has become generally accepted (Krueger & Carsrud, 1993; Krueger & Brazeal, 1994; Krueger et al. 2000; Mitchell et al. 2002; Kickul & Krueger, 2004; Kolvereid, 1996). The model may for sure be useful in many ways, but when looking at current research it becomes obvious that the model has never been critically questioned and tested. It has been used in different contexts and slight modifications have been made in order to adjust it to for example cultural differences. However, the model seems to have gained a status as established without serious challenge. One reason for this may be that testing the model is somewhat akin to shooting yourself in the foot. Much of all research concerning entrepreneurial intentions is based on the assumptions in this model and if the model turns out to be insufficient, a large part of the research results may also be found to be insufficient.

4.4 A summary of theoretical findings and specification of research questions

One of the current challenges for entrepreneurial cognition research lies in finding a model which is broad enough to capture the nature of entrepreneurial intentions and cognition and their relation to entrepreneurial behavior, but still focused enough actually to be able to provide some useful answers. The entrepreneurial intentions model could be seen as such an attempt and it has indeed contributed a lot to entrepreneurial intentions research. But as has been shown, it is questionable whether the theoretical model really manages to illuminate the nature of entrepreneurial intention formation.
Seen in the framework of critical realism it is likely that the entrepreneurial intentions model provides us with a scratch on the surface rather than with a deeper understanding. Using Bhaskar’s (1978) terminology, it does not take us to the real domain and it does not tell us anything about the structure, the mechanisms and the causal powers. If we truly are to understand entrepreneurial intentions it is necessary to understand what causes them and what is caused by them. A theoretical model which can capture the context is required, and it is debatable whether the entrepreneurial intentions model does that since it does not incorporate central behavioral elements such as goals and motivation.

The aim of the empirical study will therefore be to use the entrepreneurial intentions model as a starting point, add elements from motivation theory and goal theory and based on that make suggestions for a new theoretical framework. The literature review in this study suggests the entrepreneurial intentions model as it is, is too static to truly capture the dynamics of the process where entrepreneurial intention and enactment are formed. The process of forming an entrepreneurial intention may at the very most be directional, but definitely not linear. Furthermore, this study argues that by enlarging our point of view to the field of motivational research and goal research we will gain deeper insight into entrepreneurial cognition and perception. In the spirit of critical realism this study aims at revealing the basic structure of entrepreneurial intention related to behavior, the underlying mechanisms and the causal powers. By adapting a critical realist framework it will be possible to get a theoretical model which is wide enough to capture the central elements, but narrow enough to be relevant.

In the beginning it was stated that this research focuses on the characteristics of entrepreneurial intentions and the emergence of entrepreneurial intentions. When further elaborating on the research question based on the literature review in the preceding chapters, the following sub questions emerge:

- What are the characteristics of an entrepreneurial intention?
  - which cognitive mechanisms affect entrepreneurial intentions?
  - how well does the entrepreneurial intentions model capture the structure of entrepreneurial intentions?

- How does an entrepreneurial intention emerge?
  - what kind of structure is able to cause the emergence of an entrepreneurial intention?
  - what kind of goal structure drives the intention emergence?
  - how does motivation impact intentions?
  - how do intentions change over time?
  - how do intentions change over context?
5. A MULTIPLE CASE STUDY OF ENTREPRENEURIAL COGNITION AND PERCEPTION

The theoretical background to and the purpose of the empirical study have been outlined in the preceding chapters, but before presenting the empirical study the method used, namely multiple case studies, will be described. In Chapter 2 the philosophical background to this research was explained. In this chapter an account for the chosen research method is given, i.e. method used, data collection and how it has been ensured the data fit the purpose of the study.

5.1 General characteristics of case study research

There are no two similar case studies. When conducting a case study the researcher has to make several choices and decisions. There are no strict rules for case studies but the researcher needs to be able to explain his choices (Uusitalo, 1991). Before explaining which choices have been made in this particular case study some general characteristics of case studies are outlined and the different existing approaches and options are presented. In this way the decisions made in this study will be justified.

5.1.1 Case studies as a research approach

Case studies do not represent a research method per se, but comprise many different ways of doing research (Eriksson & Koistinen, 2005). A common feature in all case studies however is the emphasis on detailed and holistic knowledge. When choosing a case study approach the researcher is not interested in doing a rigorous scientific study, but wants to gain deeper understanding of a single phenomenon (Eriksson & Kovalainen, 2008). A case study includes in-depth-data collection from multiple sources. The case should be a “bounded system” which can be restricted in terms of time and place (Creswell, 1998). That means the researcher should be able to define when the case begins and when it ends, as well as what the case consists of and what it does not.

A case study can be descriptive, explanatory or exploratory in nature. Which approach the researcher chooses depends on the aim of the study. The traditional case study has often been a descriptive study resulting in a detailed description and a thorough narrative. In an explanatory case study the aim is to gain a better understanding of the case, or phenomenon, and the emergence of it. The
researcher often seeks to develop a theory which can also be applied to other cases and contexts. The purpose of a exploratory case study is to discover something new and such a study is often the first preliminary study in the process of creating new theories (Eriksson & Koistinen, 2005). The aim of the case study largely determines which case is chosen, how data is collected and analyzed (Eriksson & Kovalainen, 2008).

Another way of distinguishing between different kinds of case studies is dividing them into intensive and extensive case studies (Stoecker, 1991; Harré, 1979; Eriksson & Kovalainen, 2008; Uusitalo, 1986). An intensive case study aims at bringing out the uniqueness of the case. This is accomplished through a detailed, holistic and contextualized description of the case. Generalizations are not made in intensive case studies, but rather the narration of a good story is, in many ways, the distinctive feature of an intensive case study (Eriksson & Koistinen, 2005). If one is interested in emphasizing the uniqueness of a certain phenomenon a single case can indeed serve as a very powerful example (Siggelkow, 2007). On the other hand, if one is interested in generally applicable observations or theory development, an extensive approach and a multiple case study is more likely to be the better choice (Eisenhardt, 1989). An extensive case study aims more at finding common patterns in order to develop, elaborate and test a theory. The results from an extensive case study may sometimes appear rather “thin” when compared to results from an intensive case study, but the strength lies in the width rather than the depth (Eriksson & Kovalainen, 2008). An important characteristic of an extensive case study is namely comparison. The researcher is looking for similarities, differences or both. Therefore, if one chooses an extensive multiple case study the cases must be chosen so that they are similar enough to generate new theories, but different enough to result in interesting comparisons (Eriksson & Kovalainen, 2008).

### 5.1.2 Conducting case study research

A carefully prepared research question is a valuable tool in any case study research. It is true that the research question can change somewhat during the research process, but it is crucial to know what one wants to study at the outset (Eriksson & Koistinen, 2005; Uusitalo, 1991). Stake (1995) recommends that the researcher drafts two different kinds of questions; information questions and issue questions. Information questions are questions which will help the researcher collect facts about the case. A distinctive character of these is that the participants can answer the questions directly (Eriksson & Koistinen, 2005). An information question could, for example, be “when did you start your business?” or “how many customers do you have?” Information questions cannot function as research questions (Stake, 1995; Eriksson & Koistinen, 2005). Issue questions are broader and more abstract in nature. They serve to draw more analytic information from the case and often the research question stems from the issue
questions (Stake, 1995). Issue question could, for example, be “what cognitive processes led to your starting a business?” or “what background factors impacted your decision to start a business?”

Another crucial step is choosing which case to study. When choosing a case the researcher has to consider the research question and ask whether the case in question can provide them with the kind of learning and understanding they are aiming for (Stake, 1995). Practical matters such as how easy it will be to gain data and how willing the participants are to answer questions must also be considered (Eriksson & Koistinen, 2005). Eriksson and Koistinen (2005) pointed out that the researcher does not necessarily have to set the exact boundaries for the case at the outset. He might, for example, choose to study a certain company, but deciding precisely which activities or which people to involve can be postponed until some information about the case has been collected and the researcher has gained a better contextual understanding. When choosing the case, the researcher also has to decide whether to do a single case study or a multiple case study. As mentioned earlier, a single case study is useful when one wants to emphasize the uniqueness of a case (Siggelkow, 2007), but a multiple case study might be preferable in order to make comparisons and engage in theory development (Eisenhardt, 1989). Eisenhardt (1989) suggests that using 4-10 cases in a multiple case study is usually optimal, because in that way the researcher has sufficient observations to make comparisons, but is not overloaded with data to handle.

When the research question is formulated and when at least some boundaries have been drawn up, the next step is to start collecting data. One of the strengths of case study research is that different kinds of data are included in the research. Data can be collected for example through interviews, observations, documents and informal conversations. The data can be both qualitative and quantitative (Eriksson & Kovalainen, 2008; Stake, 1995). The researcher should strive to keep good records and documentation of material during the research process, and making one’s own notes throughout the whole process is often helpful (Stake, 1995; Eriksson & Koistinen, 2005).

In case study research it is sometimes difficult to tell exactly when the data analysis begins, because the researcher constantly handles the data in his head. However the analysis can roughly be divided into two parts. First of all the researcher has to try to compress the large amount of data gathered. This can be done through, for example, categorization and thematic analysis. The second step is to interpret the results (Eriksson & Koistinen, 2005; Uusitalo, 1986). The researcher can choose between several options when analyzing the data. In addition to the aforementioned categorization and thematic analysis, the researcher can also rely on e.g. discourse analysis, narrative analysis or a grounded theory approach (Eriksson & Koistinen, 2005).
5.2 A multiple case study of entrepreneurial intentions

As already noted, the data analysis is largely guided by the research method, question and aim of the study. This study is an extensive and explanatory case study. Its aim is to gain a better understanding of how entrepreneurial intentions emerge in order to further theory development in the field of entrepreneurial cognition research. Data was collected using a retrospective approach. The researcher acknowledges that the retrospective account may be somewhat problematic since retrospective descriptions of events do tend to differ from descriptions given immediately after an event takes place (Nisbett & Wilson, 1977; Schjoedt & Shaver, 2005). Nonetheless, this approach does provide a useful counter angle to earlier entrepreneurial intentions research which has mostly had a forward-looking approach.

5.2.1 Choosing cases

Data for this study was collected during an entrepreneurship program arranged by the Centre of Continuing Education at Åbo Akademi University. The program took place between January 2006 and May 2007. The program was intended for entrepreneurs, who wanted to take their business to the next level. Potential participants were contacted through an information letter and all entrepreneurs who applied for the program were accepted. Altogether there were sixteen participants in the program, coming from fifteen different companies. One company had two participants. One participant quit the program quite early on due to lack of time. Eleven of the remaining fifteen participants owned their own company or were about to take over the company in the near future. The remaining four participants all held leading positions in their companies, but were not owners. This case study was restricted to those who owned their own companies or those who were about to take over the company in the near future i.e. a total of 11 participants. This does not indicate however, that the four participants excluded from the study are not entrepreneurial, however owning one’s company gives one a wider authority to make decisions and that was considered to be important in this study. Two of the eleven participants included in this study joined the program explicitly to develop a joint business network. In the part of the program where participants were given individual consulting, these two participants chose to attend together, and are therefore treated as different cases but presented together. Hence the study has a total of 11 cases. The entrepreneurs were aware that research data was collected during the program and agreed to the data concerning themselves being used for research purposes, they were not, however, informed as to the purpose of this study.

Four of the cases were female business owners and seven were male. The lines of businesses stretched from gardening and music to power plant maintenance. One
participant had just started his company while the oldest company had been founded back in 1968. All companies were small: some had only one employee, i.e. the owner, and the largest company had twelve employees. The program included 15 days of education in total, and an additional 8 hours of individual consulting was given to each participant.

In order to gain sufficient data for each case it is important that the researcher spends a sufficient amount of time with every entrepreneur (Eriksson & Koistinen, 2005). These cases and this data collection setting were chosen because of the opportunity to follow the entrepreneurs over a longer period of time and thus getting rich and detailed data. Although the entrepreneurs were not studied in their daily environment, the research setting was natural in that the researcher did not impact the course of events. The researcher observed the entrepreneurs in their interactions with each other and with the course organizers without deliberately influencing the situation. The researcher took the role of an observer rather than the role of an interviewer.

Another reason for choosing these cases was that they were similar enough to allow theory development, but different enough to allow interesting comparisons. The participants all came from the same cultural background and lived in the same region. This should have given them approximately the same opportunities to start a business. On the other hand they were different ages, with different educational backgrounds and qualifications and they had started business in different lines. This should result in different cognitive maps.

Moreover, the variances between the participants also included different types of entrepreneurial intention. Some participants were about to start a company and thus had the intention of becoming an entrepreneur. Some had been entrepreneurs for a couple of years and had the intention of building a solid foundation for the business, while others were on their second or third company and had the intention of maintaining existing activities as well as starting new ones. The one common denominator was that they all possessed an intention related to entrepreneurial activity. By including different types of entrepreneurial intentions, and not only for example the intention to start a business, it was thought it would be possible to explore the more stable structures and mechanisms of entrepreneurial intentions.

5.2.2 Data collection

The program included a business analysis, which lasted for approximately 2 hours, a total of 15 days of lectures and approximately 6 hours of individual consultancy for each participant. The lectures were divided into 8 modules. Seven modules consisted of 2 full days of lectures and one module consisted of one day of lectures. Each module had a certain theme and the lecturers varied
Accordingly. Approximately one third of the lecture time was devoted to questions and discussions. The lectures took place between January 2006 and May 2007. The individual consultancy hours were allocated according to the participants’ wishes and needs. In practice this meant 1-4 sessions per participant. The sessions were spread over the whole program. Observations were made and notes were taken at 5 of the 8 lecture modules. The researcher was also present during all business analyses and during 1-2 consultancy sessions for each participant.

When the program started the participants were asked to complete a survey about themselves and their company. (This survey is attached in appendix A.) The purpose of the survey was to provide the organizers with some background information about the participants. Some questions were of an informative nature, e.g. when the company was founded, the number of employees, and growth perspectives. Other questions were related to the perceptions of the entrepreneurs. For example, they were asked to indicate why they become an entrepreneur, how desirable it was to become an entrepreneur, how feasible it was and how they perceived themselves as entrepreneurs. The small number of respondents expels a statistical analysis, but the answers are still relevant documents and included in the analysis.

The aim of the program was that the content should be adapted to the individual needs of each participant. The purpose of the business analysis was to gain an understanding of each person as an entrepreneur, the current situation in their company, the developmental needs of their business, as well as the entrepreneur’s own expectations. The business analyses were held at the beginning of the program to make sure the following consulting sessions would meet the needs of the entrepreneurs. The business analysis was conducted as a 1-2 hour long interview with each participant. The responsibility for the business analysis, and the consulting sessions, was divided between two advisors. To make sure they would attain roughly the same kind of information about every participant during the business analysis, a question sheet was designed. (See Appendix B) The question sheet was only meant as a support for the advisors and was not given to the participants, and therefore the discussion during the business analysis took the shape of a semi-structured interview. All business analysis were taped and fully transcribed. In addition, the discussions were also summarized in a written business analysis which was sent to both the participant and the advisors.

In addition to the business analysis, each participant was entitled to 6 more hours of individual consulting. The idea behind these consulting sessions was that the issues which had been raised during the business analysis could be developed further and elaborated on.

During the business analysis the possible next steps for the company were defined. During the consulting sessions what needed to be done in order for the
participant to be able to take the company to the next step was explored. Consequently, the content of the sessions varied from participant to participant. How many sessions were held depended on the needs and wishes of the participants. Most participants chose to divide the 6 hours into 3 sessions. One participant wanted only one session, while one participant was permitted 5 sessions. With only one exception, the advisor who was in charge of the business analysis continued to be in charge of the consultancy work. However, depending on the needs of the participant, external experts were also engaged. If the participant desired it, it was possible for the first consultancy session to be held at the company. Six participants made use of this opportunity to present the business environment to the advisors. The first round of consulting sessions was taped and for all the other sessions protocols were made.

![Figure 15. The data collection process](image)

During spring 2006, after the first consultancy session had been held, the participants were asked to write a developmental plan for their business. Many of the developmental needs had already been identified during the business analysis, but the advisors wanted the participants to express, in their own words, where they wanted to take their company. There were no rules or guidelines as to how the plan should look. Most participants wrote approximately one page. One wrote only a few lines. One wrote five pages and two participants wrote nothing at all.

Summing up the information sources as illustrated in Figure 15: data was gathered through interviews (i.e. the business analysis and the following consulting session), observation (i.e. continuously making own notes) and
different documents (i.e. the survey and the developmental plan). Meeting the participants repeatedly, visiting their companies, following the conversations between the participants and discussing with the participants made it possible to gather a rich set of data. The long duration of the data collection also made it possible to get a balanced picture of the entrepreneurs and to capture their perceptions and cognitions in context.

5.2.3 Data analysis

When analyzing case studies, there are three dominant techniques to choose between. These are pattern-matching, explanation-building and time series (Yin, 1984). This study relies on explanation building. In practice explanation-building is a more complex form of pattern-matching. Explanation building implies explaining a phenomenon by stipulating causal links about it (Yin, 1984). The explanation may take the form of a model or a description of the process (Eriksson & Koistinen, 2005). According to Yin (1984) the best explanation-building analysis are the ones in which the explanations reflect theoretically significant propositions.

For the coding process thematic analysis was used. Explanation building and thematic analysis as the methods for analyzing were chosen because they fitted well into the framework of the research approach and the research question. The aim of the research was to explain how entrepreneurial intentions emerge, i.e. what causes them. In virtue of that explanation building is a suitable approach. Thematic analysis was chosen in order to ensure that the research reflected theoretically significant propositions (Yin, 1984). Theory building was an important part of the study and using theory derived themes created a valuable link between existing theories and the results from the case studies.

The first step of the analysis focused mainly on data coding. However, before the coding began the data was read and reviewed several times in order to get a proper understanding of the scope of the data. The data was then coded using thematic analysis (Eriksson & Koistinen, 2005). The codes, derived from the theories presented in Chapters 3 and 4, were motivation, perception and cognition, and goals. According to the theoretical findings from these chapters entrepreneurial intentions stem from the perception and cognition of entrepreneurship, but motivation and goals provide the context needed in order to understand the phenomenon. Even though the codes were mainly theory driven, empirical data also played a role in the theme selection. Consequently, the reading of the data before the actual coding began directed the theme selection and confirmed the relevance of the chosen themes.

When coding the categories perception and cognition these were furthermore divided into entrepreneurial desirability, entrepreneurial feasibility, self-efficacy,
social norms, opportunity recognition, and decision making style. In practice the coding was done so that each of the three themes was assigned its own color. All the data was then re-read and essential statements were color coded. For obvious reasons, participants seldom used words like perception, feasibility or self-efficacy and therefore, it was the role of the researcher to interpret their statements in a veracious way (Stake, 1995). The thorough theory review conducted in Chapters 3 and 4 reinforced the reliability of the interpretations.

When looking for statements reflecting motivation, the focus was on statements which revealed what drove the entrepreneurs both in their business activities and in their spare time.

For example the following kinds of statements were coded as motivation\(^2\).

- I didn’t want to go to work everyday at 7 am and come home at 4 pm and that would be it. I wanted to have something else. That is how it got started.

- that is my nature. I was employed as an ADP support person for a while and then I actually realized that I’m probably destined to be an entrepreneur. I was not able to go home at 4 pm. I did the same thing there. I just kept working.

When looking for statements reflecting perception and cognition the focus was on how the entrepreneurs perceived being an entrepreneur and their perceptions of other people’s opinions about entrepreneurship. Since the theme is so extensive, sub-themes drawing on entrepreneurial cognition research were introduced. For example, the following statement was coded as self-efficacy.

- things like that make it beautiful. And it’s difficult if you don’t see it. I see it, and the people working with me see it. Some things I do myself. It’s hard for them to get it nice and good.

While the following statement was coded as entrepreneurial desirability.

- I really enjoy having the customer as my companion and then we dig together and put out some rocks. It has been quite nice and cute. But it is not so obvious anymore what the fun part is.

The coding also embraced research notes from the researcher’s observations. These proved to be especially useful when identifying perceptions and cognitions. For example, one such note pointed out that one of the participants

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\(^2\) For clarification all the statements made by the entrepreneurs are the authors own literal translation, and little attention has been given to English grammatical structures or idioms.
appeared self confident when talking about the business, but immediately became insecure when talking about himself. This observation was coded as self-efficacy.

Of all the themes the most straightforward one to code was goals. The reason for this was that in the business developmental plan written by the participants, their future goals for the business were specified, and additionally, part of the business analysis was devoted to exploring the participants’ goals. For example in his developmental plan one participant listed that by the end of 2011 he wanted to

- have 50 customers
- be known among all the big companies in Finland
- have a business partner in Russia
- etc.

These kinds of statements were logically coded as goals.

In the next step of the analysis the color-marked statements were summarized individually for each case and a profile for each entrepreneur was compiled. The central elements of that person’s motivation, perception and cognition as well as goals were outlined in one document. At this stage the cases were treated separately and no comparisons between the cases were made. In the subsequent step of the analysis the cases were compared to each other and the unit of analysis switched to the coding themes. The purpose was to identify similarities and differences in motivations, cognitions and goals among the cases. This was an essential step for the explanation building. By comparing the cases to each other it was possible to identify patterns that could be expressed in a theoretical model.

5.2.4 Improving credibility

Replicating a case study in order to prove its validity and reliability is seldom possible and not always worth the effort (Uusitalo, 1991). Further on, replication is not in the spirit of critical realism research (Danermark et al. 1997). Therefore, other measures must be taken to strengthen the credibility of the study. In qualitative research the researcher often turns to triangulation (Eriksson & Koistinen, 2005; Stake, 1995). Triangulation can refer to using different theories [theory triangulation], using different methods in the data collection [triangulation of data sources], using different ways of analyzing the data [triangulation of methods] or using several researchers who analyze the data independently [researcher triangulation] (Eriksson & Koistinen, 2005). To ensure the credibility of this study triangulation of data sources has been employed, as well as triangulation of the researcher and theory triangulation.

Since this is a case study, data has been collected from multiple sources, e.g. interviews, observations, discussions and written documents. The conclusions are
therefore not based on one kind of data source, but on different sources. The multiple sources of data have made it possible to re-evaluate and verify the findings continuously. The conclusions are not based solely on the statements of the entrepreneurs, but through the observations the researcher was able to pick up on aspects that the entrepreneurs forgot to mention or possibly avoided mentioning. The use of several data sources has enriched the study and given it more depth.

The data was analyzed by one researcher, but throughout the process the observation and findings were discussed with the program organizers and the advisors of the program. Since the program organizers and the advisors also knew the participants, this ensured that the researcher’s interpretations did not differ considerably from their perceptions and interpretations. It also facilitated finding new angles of approaching the data.

Theory triangulation was accomplished by not relying solely on entrepreneurship theories, but also including psychological theories. Including theories from different research areas has given the study a width and also contributed with new angles of approach. The different theories are not mutually exclusive in anyway, but rather complement each other.

By means of the measures mentioned above the credibility of the study was strengthened. Other measures undertaken in order to strengthen the credibility of the study included a careful selection of cases, detailed description of the data collection and analysis, as well as exhaustive reporting. These measures, in line with recommendations for qualitative research (Yin, 1984; Silverman, 2000), were undertaken to facilitate the readers’ own judgment. By outlining each step of the research process as thoroughly as possible, the reader can make their own interpretations and assess the credibility of the study.
6. MAKING SENSE OF BEING AN ENTREPRENEUR

The aim of this chapter is to present the entrepreneurs in the study. In order to ensure the credibility of the study it is important to give a detailed description of each case. The order of the presentations is no coincidence but does not, in any way, reflect the entrepreneurial competence of the participants. When analyzing the data it was noticeable that some entrepreneurs had more in common than others. Therefore the entrepreneurs are presented in such an order that the one presented has something in common both with the entrepreneur who precedes them, and the one who follows. This ought to make it easier for the reader to follow the observations and conclusions in subsequent chapters. A short summary of each case is given in Table 7.
Table 7. The entrepreneurs in the case study

<table>
<thead>
<tr>
<th>NAME</th>
<th>SHORT PRESENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Note</td>
<td>Mr. Note is a man in his thirties who started his company a year ago. The business idea is to produce music, for example jingles, for commercials, TV-programs and the internet. He has a wide musical background, but no business experience. He does not really know the market and has no paying customers yet. He wants to work with music, but he is struggling to get the business side working. Being creative is important for him and he feels it is sometimes frustrating that most of his time goes to trying to find customers and no time is left for making music.</td>
</tr>
<tr>
<td>Mr. Green</td>
<td>Mr. Green has been working as a gardener/landscaper for almost 30 years and most of the time he has had his own company. He loves gardening, but he sometimes has a hard time communicating his visions to the customers. He knows he is a good gardener and he wonders how it can be so hard for him to make ends meet when the competitors, who do a worse job, seem to be much better off. His business has been able to survive for many years and Mr. Green is an optimistic man, but he just feels it is sometimes difficult to be an entrepreneur.</td>
</tr>
<tr>
<td>Mr. Nord</td>
<td>Mr. Nord is a man in his early thirties who is about to take over the company from his father. The company produces color charts and has 12 employees. Thanks to a big order they have been doing well lately. But they need to find something new for when the big order is completed. Mr. Nord is interested in the business, but he is struggling with his entrepreneurial identity and his future role in the company.</td>
</tr>
<tr>
<td>Mr. Stevenson</td>
<td>Mr. Stevenson runs a construction company with 10 employees. He started the company 10 years ago and never thought it would grow this big. At some level he is ambitious, but he appears quite modest. The company experienced a boom because of an exhibition last year and now Mr. Stevenson would like the good times to continue. But the company’s follow-up systems are not quite up to date and he therefore has a hard time knowing exactly how the company is doing and what should be done.</td>
</tr>
<tr>
<td>Mr. Morse</td>
<td>Mr. Morse took over the company from his parents-in-law some years ago. The company is into power plant related technical import and has 3 employees. Mr. Morse is a strategical man and has clear plans for his company. He carefully chooses his suppliers and prefers to work with smaller, family owned companies. To gain credibility in the eyes of the customers the company needs to grow somewhat bigger, but Mr. Morse does not want it to grow too big. There are more important things in his life than the business, he says.</td>
</tr>
</tbody>
</table>
Mrs. Maple | 5 years ago Mrs. Maple quit her successful career as an IT-consultant, got a gardening education and started her own company. She wanted to escape from her old stressful job and do something different. Her gardening company has done well and she is beginning to notice that this could mean big business. But she worries that letting the business grow would take her back to her old lifestyle and is therefore not quite sure what she wants to do.

Mrs. Lilly & Mrs. Mayson | Mrs. Lilly is a woman in her fifties. She used to have her own accounting firm, but she became interested in coaching and has now sold her accounting firm in order to concentrate on coaching. She is about to start a coaching network together with Mrs. Mayson. Mrs. Lilly is quite rational when it comes to business, but when it comes to coaching she easily gets emotional. She strongly believes in coaching and she wants the rest of the world to see how useful it is. Mrs. Mayson calls her self a coaching missionary. She has a background in chemistry, but has worked a lot with HRM and came in contact with coaching through that. She decided to start her own company and was one of the first coaches in Finland. She is very passionate about coaching and for her it has become a lifestyle as much as a job.

Mr. Harrison | Mr. Harrison is running a consultancy agency but is getting close to retirement age and he now wants to give the company a new direction in order to make it more independent of him. His aim is to introduce a new computer based human assessment instrument to the market. It is an American product which does not yet exist on the Finnish market. He likes this idea partly because he really believes in the product and partly because it would be a way to make the company less dependent on him.

Mrs. Baker | Mrs. Baker is a woman with many irons in the fire. She is always busy and constantly running a little late. She runs a company together with her husband and originally the company consisted of a bakery, but has now grown to include also a farm, a café and some consulting activities. Her vision, which she has had for 20 years, is to set up an "entrepreneurship village" at her farm. In her own words she is destined to be an entrepreneur. She could not imagine another kind of lifestyle.

Mr. McDonald | Mr. McDonald is an electrician getting closer to retirement age. He is very much a handy man and constantly needs something to do and some new project. His latest project is to turn an old barn into a congress center. He is almost done with the restoration work and he already has quite a lot of customers. He is a man with a large social network and he believes most problems can be sorted out with a little help from his contacts. He is very optimistic and prefers to look at opportunities rather than threats.
6.1 Mr. Note

6.1.1 The business context in the case of Mr. Note

In many ways Mr. Note was the novice in the group. He had just started his company and his business idea was still somewhat vague. Mr. Note was a man in his thirties, who had a degree in political sciences. He was married and had two small children, and his previous work experience consisted mainly of working at a radio station. Music was a dear hobby of his and when working at the radio station some of his duties were connected to music. Part of his spare time was devoted to playing in a band, which played frequently. Mr. Note had started playing with the thought that he could possibly make a living out of music and wanted to put into practice what he had learned during his years at the radio station and as a musician.

In 2004, when his job contract at the radio station was terminated, he decided to start his own company, the business idea of which was to produce music mainly for commercials, so called jingles, but also to continue playing in bands and do some teaching. The first year after he had founded his company a house renovation project and being on paternity leave took most of his time, and consequently at the time of this program, he had only just gotten started with his business. He had no paying customers to date and consequently no income either. Marketing had been done through a web page, demos and personal phone calls to potential customers. Mr. Note said that he had been in contact with most of the advertising agencies in Finland in the two months prior to the program starting. He had not done any market research and his knowledge about potential competitors was rather limited. Up until this point he had identified only one competitor. He relied on his gut feeling, which told him there was a market for jingles. The reason why he chose jingles instead of for example producing songs, was that he thought there was more money to be made in commercials. Mr. Note had written jingles earlier, and sold them to the radio station where he then worked, but other than that had no experience in the business of making music for commercials. Mr. Note had marketed his products only in Finland to date, but he believed there was potential to go abroad in the future. He said that since jingles were stored in an electronic format, they could easily and quickly be sent anywhere in the world.

Mr. Note had no employees and was not likely to hire anyone in the near future. The idea was mainly to make a living for himself. He acknowledged that he might not be able to do everything himself, but instead of hiring somebody he would prefer to be part of an outsource network. He had good contacts with people in the music business, but according to his own statements these people were useful when it came to playing in bands and teaching, but not very useful.
with regard to commercial music such as jingles. Mr. Note ran the business from the house where he lived, and as he already owned most of the studio equipment he needed he had not had to take any big financial risks. He said that he did not believe it was possible to get sufficient income only from jingles immediately, and therefore would continue playing in the band and possibly do some teaching for a while in order to secure the financial situation.

Mr. Note had no previous business experience and his business knowledge was limited. He said that the reason why he joined the program was to gain more business knowledge, which he hoped would help him get the company started. He had no doubts about his musical skills and he believed in his products, but he did not know how to sell them. He was frustrated that his phone calls had not yet resulted in new customers. In the middle of the program he even mentioned the possibility of giving up on the jingles and concentrating on playing in the band as well as doing some teaching instead. He explained that he was tired of trying to sell his products and he wanted to have more time to be creative. However, he did not quit and during the course it was easy to notice that he did gain some business knowledge. He was eager to learn more, asked questions and willingly adapted everything that was said to his own situation.

6.1.2 Mr. Note's motivation

Mr. Note was very much an entrepreneur who had decided to live his dream, which was more to do with music than with being an entrepreneur per se. He never mentioned entrepreneurship as something particularly fun or motivating, but talked rather lyrically about making music, being creative and having the independence to make the kind of music he liked. He got his motivation from playing and writing music. Being an entrepreneur allowed him to do that, but entrepreneurship in itself was not something that motivated him. He was eager to get things going and he would have preferred that to happen sooner rather than later, because it was apparent that he was running out of patience.

- if I don’t get this music thing working before next autumn I’ll have to start looking for a part-time job. In fact I’ve already started looking. That doesn’t mean I’ve given in. I just want to be realistic… It might sound a little dramatic but I’m not going to continue sitting at home trying to sell myself month after month. I have to get an outlet for my creativity too. That is something I’ve had to deliberately put aside right now.

From the citation above it can be seen that he was ready to give up anything that held him back from being musically creative. If he were not allowed to do music he would not be pleased.
6.1.3 Mr. Notes’ perception and cognition

**Desirability and feasibility.** Mr. Note did not become an entrepreneur because he thought it was particularly desirable to be one. His desire was to make music. Mr. Note knew that there were not very many potential companies that could hire someone who wanted to make a living out of playing music and making music, and therefore he realized he would have to set up his own company if he wanted to live his dream. The business was of little importance to him, but was rather a rational option. Becoming and being an entrepreneur became desirable to Mr. Note only when put in relation to something else (Nuttin, 1984), in this case the possibility to make music all day long. If being an entrepreneur meant being allowed to make the kind of music he wanted, then entrepreneurship was a desirable option. At the beginning of the program the participants were asked to rate their perception of entrepreneurial feasibility and desirability. Mr. Note said that entrepreneurship was 100 % desirable, but only half as feasible. By this point he had realized it was not enough to have good product because good products did not sell themselves. Obviously, being an entrepreneur was not as easy as he first might have thought it to be. When forming an intention to start a business Mr. Note put musical desirability and feasibility equal to entrepreneurial desirability and feasibility. He thought that if he were able to produce good music, he would be able to sell the music. When he realized that being an entrepreneur was not as easy as he first thought, entrepreneurship became less feasible and less desirable to him, but because of his love of music he was not ready to quit. Instead he decided to take part in the program in order to increase his business knowledge.

What was particularly remarkable about Mr. Note was the way he made use of the program. In the beginning he saw himself as different from the other participants, but by the end of the program he was “one of the entrepreneurs”. He still had a lot of things to deal with in order to get a profitable business, but he had obviously begun to identify himself as an entrepreneur. That did not automatically make entrepreneurship more feasible right away, but it did increase the level of desirability once more.

**Self-efficacy.** Mr. Note had high ambitions and held high self-efficacy when it came to music. He had plenty of previous experience in playing music, making music and he was up to date with what kind of music was played on the radio. He was quite convinced that he knew his thing. He said

> I believe I have a damn good ear for what is needed. I know the trends when it comes to pop and rock music. I know what is in right now. I can easily tell what is in and what is out and I believe I’m able to produce the kind of music that is in.

When talking about music one could see how Mr. Note’s self-confidence was boosted. He considered himself somewhat of an expert in music and he believed
he was able to produce top class music. The problem was how to sell the music. Mr. Note was quite aware of his limited business experience and lack of business knowledge. When talking about doing business his self-efficacy immediately decreased. His efforts to sell his jingles had not been very successful and he had started to doubt his business skills. He explained

- *I must say I feel like a novice when it comes to business and economics. Everything I can learn is a progress, and a security too. That is my honest answer. I need all the help I can get as well as inspiration and tools. When you are alone and have to do everything yourself... you don’t know everything. That’s just the way it is.*

When talking about self-efficacy being context specific (Bandura, 1998), Mr. Note held a good self-efficacy in a musical context but a low self-efficacy in a business context.

**Social norms.** The only time when Mr. Note specifically mentioned anything related to social norms was when he talks about why there seemed to be so few musicians dedicated to making jingles. He said that he thought jingles might not be very highly regarded in musical circles, but immediately stated that that was not a problem for him. Evidently, he thought the social norms in musical circles were not in favor of his kind of music, but that following social norms was not important to him.

**Opportunity recognition and decision making style.** When listening to Mr. Note it was not hard to see that he really believed in his idea about making music for commercials, but when trying to ask what he based his intuition on it appeared as if he based it more on internal conviction than on external facts. When asked about the competitors and the market situation his answer was

- *well, my quite un-scientific Google-search showed that there are not very many companies dedicated to making music for commercials. Which of courses raises the question: why not?*

Mr. Note’s conception of how the market worked, including immaterial property rights, was at this point still quite vague and he had not endeavored to investigate it. In spite of this, he had made the decision to start a company. Clearly he was not very analytic in his decision-making style. He drew big conclusions using limited information and it could be argued that he was intuitive or heuristic in his decision-making style (Gustafsson, 2006). He said that he was interested in finding out more about how the business worked, but he only knew of finding information on the internet. This of course is not the easiest thing to do. In some cases Mr. Note was not even aware he was lacking essential information. He genuinely believed there was hardly any competition and therefore he had not bothered to make a competitor analysis.
Because his passion was music, and not entrepreneurship, Mr. Note looked for music opportunities rather than for business opportunities. In his head he sometimes thought that he based his products on what the market wanted, because he talked about there being a market for jingles and there not being many competitors, but from his statements it could be observed that he did not know much about either the situation on the market or the competitors. He did however know a lot about music: how to make it and what kind of music he was capable of making. He had a hard time identifying the business opportunities because he did not know what constituted a business opportunity, but he did know what characterized good music and therefore he was able to identify music opportunities.

6.1.4 Mr. Notes’ goals

Mr. Note’s overall goal was to be able to make music. His business goals mainly included getting started and finding the first customers. His long term plan for the business was to be profitable enough to make a living for himself and his family. When asked about where he believed the company would be in five years he answered

- well, I hope it will be a business which can provide me a decent monthly salary. I will not always have work standing on line waiting to be done, but I would like a decent salary to live on.

Another of his short term goals was to find new co-operation partners. He explained that it had started to feel frustrating to work alone all the time and he thought it would be easier and more fun if he could be part of a bigger network including for example advertising agencies, musicians and producers, and in that way he would have somebody to exchange ideas with.

He also said that he hoped it would be possible to work with music but still have a 9-5 job, which would not be possible if he continued playing in a band, and so from that point of view it was important for him to get a foot in the door of the business of music for commercials.

That music, and not business, was Mr. Note’s primary focus was evident when looking at the kinds of goals he set. The goals related to his music were high and ambitious. He wanted to produce good music and he wanted to be acknowledged for his musical capabilities. However, his goals related to business and entrepreneurship predominantly included getting started and earning enough money to get by. He had a clear strategy for what kind of music he wanted to produce, but he had no strategy for selling the music he would produce.
6.2 Mr. Green

6.2.1 The business context in the case of Mr. Green

Mr. Green’s company was selling gardening services. His specialty was the construction of gardens and landscaping, meaning he planned and implemented gardens from scratch to finish including ground work and rock construction. Mr. Green was a married man in his fifties with an education in gardening and he had two grown up children. The family lived in Sweden for several years, but in 1984 they decided to move back to Finland. At that point Mr. Green decided to set up his own company. In addition to needing a job when he moved back to Finland, he mentioned that it was believing in his own gardening skills that had been the main reason for his starting a company of his own. He knew he was good at what he did and he wanted to make use of it. At the time of this program Mr. Green’s company had two part time employees in addition to himself. In the summertime Mr. Green’s grown up sons also stepped in to help. The turnover of the company in 2005 was 65 000 Euros. Mr. Green had taken a small bank loan to finance the company, and last year he invested in an excavator, but in general he did not perceive the financial risks in the company to be large.

Building new gardens comprised about 95 % of the work and the remaining 5 % was made up of garden maintenance, including for example cutting trees and taking care of bushes. Mr. Green said that when he started 20 years ago he had fewer customers than today, but at that point in time the projects had been bigger and had needed more employees. At the time of this program Mr. Green had more customers, fewer employees and improved profitability. The biggest project he had going on was worth 30 000 Euros. Mr. Green explained that an average project was worth around 5000 - 8000 Euros. When a customer called Mr. Green normally went to have a look at the garden, discussed with the customer and tried to figure out what the customer really wanted. If the project included garden building, the next step for Mr. Green was to go home and make a sketch, which he could then show to the customer. On the basis of the sketch and the tender offered, the customer could then decide if he wanted to buy Mr. Greens services or not.

Most of Mr. Green’s customers were age 50+. Mr. Green explained this fact as being because these people had lived long enough to save some money and now wanted to spend it on themselves and their gardens. Moreover, Mr. Green lived in a part of the country where many of the new residents were actually aged 50+, and who had wanted to move away from the hectic life in the city when they retired. There were some new residential areas for families with children too, but Mr. Green had not managed to get many customers in these areas. Another group of customers were housing companies, but this group was quite small.
One of the biggest problems for Mr. Green was the seasonality of gardening in Finland. It was usually only possible to do gardening work between April and November, because for the rest of the year the ground was frozen and consequently not much work could be done outside this period. This caused Mr. Green some problems. First of all it meant it was difficult to find good workers to hire. People were hesitant to take a seasonal job where they knew they were going to be out of work for four months every winter. Secondly, it meant that during the months work could be done, Mr. Green needed to make enough income to cover the winter shutdown period. Some work could be done also in the winter months, for example snow work, but it was not very profitable. Mr. Green used to work in the harbor as a stevedore for a couple of months every winter, but a couple of years ago the heavy work caused him back problems and therefore he was reluctant to go back to this.

Selling and marketing was another area which Mr. Green identified as being problematic. He knew he was doing a good job in the gardens, but he sometimes felt it was difficult to communicate with potential customers. Customers were generally satisfied, but he would also like to find new customers. He had thought to put more effort into marketing during the winter months, the winter prior to the program he had compiled a letter which was sent to potential customers. His plan had been to follow it up by personal phone calls, but he had never got round to calling the potential customers and thus his effort had not resulted in any new business. The company was not making a loss, but the profit was not big enough to provide the kind of security Mr. Green wanted, and so he believed that something more would have to be done in marketing and in selling.

Mr. Green’s webpage contained pictures of completed projects and also descriptions of what services he could offer. After having looked at the webpage one of the program advisors asked Mr. Green whether his customers were paying for getting the work done or for something else, i.e. was Mr. Green selling labor or another product? What the advisor was getting at was that Mr. Green talked about all kind of visions and dreams, but the webpage was mostly about the kind of manual work Mr. Green undertook. Mr. Green was quick to answer that the customers were paying for getting the work done, but after discussing this for a while Mr. Green conceded that perhaps he was offering something more than manual work, and that maybe his job was to fulfill people’s gardening dreams and visions. This insight really impacted Mr. Green and several times during the program he came back to the idea of selling dreams instead of merely selling labor. He even inserted a heading on his webpage stating “the gardener who fulfills your dreams”.

Mr. Green had not actively screened his competitors, but with so many years in the business he thought he knew roughly who his competitors were. Mr. Green believed he was doing a better job than most of the competitors and therefore he sometimes wondered why he was struggling financially so much more than they seemed to. Although he knew who the competitors were, he admitted he did not
know much about how they operated. For example, he was not quite sure of the market price level. Nonetheless Mr. Green said he thought his prices were quite affordable and possibly even a little too low. At one point he pondered whether raising the prices might increase his credibility in the eyes of his customers.

6.2.2 Mr. Green’s motivation

During all the discussions Mr. Green never mentioned that it was important for him to be an entrepreneur. The company itself did not appear important to Mr. Green. What was important for him was the work, the result and the opportunity to be creative. Even for somebody who had not known Mr. Green for long, it became obvious during the discussions that he was very enthusiastic about his work and that he really loved gardening. When describing his recent visit to Gothenburg he said

- I was recently in Gothenburg. I have a sister living there. I was there for three days and came home yesterday. I didn’t have to do anything but walk around and observe. It was fantastic! I looked at the material; the rocks, the bushes and everything. How it’s taken care of, what material is used, how it’s built and everything. It’s amazing!

Mr. Green’s whole face lit up whenever he got to talk about building gardens. For him gardening was not just an ordinary job, it was something more. When asked what his passion was, he answered

- well it isn’t money, for sure. You see, I like working. I do. But I don’t know. Creating a result I guess. Building something new. You could say building. That is a passion for me!

6.2.3 Green’s perception and cognition

**Desirability and feasibility.** In the questionnaire which participants filled out at the beginning of the program, Mr. Green rated both entrepreneurial desirability and entrepreneurial feasibility very highly, but when looking at his comments and answers regarding how important entrepreneurship was for him it seemed as if being an entrepreneur was not that important. He did not see himself as a typical entrepreneur and he did not perceive entrepreneurship as an attractive career alternative, but evidently, there was something that made him want to be an entrepreneur anyway. The answer was his passion for gardening. If being an entrepreneur meant he could fulfill his gardening visions, then entrepreneurship
appeared desirable. For him entrepreneurship was desirable only to the extent that it related to gardening.

Regarding feasibility Mr. Green said it was easy to start a business, whereas running one was a lot harder.

- **when you look at your colleagues you sometimes wonder how on earth they manage to keep it together when I’m struggling so much.**

He had no business education, and according to him selling and marketing were the difficult aspects. Another area which decreased the perception of feasibility was communication with the customers. Mr. Green knew what he was capable of, and he was convinced he was doing a good job, but he had a hard time communicating it to the customers. When trying to explain to people that he was a landscaper, not an ordinary gardener or a labourer, people tended to get confused. Mr. Green explained:

- **I have a hard time explaining to people what I can do and what they can buy... of course it is hard for some people to see from a sketch what it will look like in reality. I see it, but the customer has a hard time picturing it. It is somewhat complicated. It may be my problem that I see the result right away. When I go into their garden I see the new garden right away and I sometimes have a hard time explaining that to them.**

What made entrepreneurship feasible for Mr. Green was his long experience and his proven ability to do a good job (Bagazzi & Warshaw, 1990). Over the years he had executed many successful projects and that gave him entrepreneurial confidence.

**Self-efficacy.** The reason why Mr. Green dared to start a business in the first place was that he strongly believed in his gardening skills. He was convinced he was able to do a good job and he thought that that would entice customers. Over the years he has gained more and more experience and at the time of this program he saw himself as more talented than the average gardener. When talking about gardening and doing a good job he said

- **this is really a craftsmanship, or actually a work of art, in the sense that often the details determine whether you get a beautiful result, like replacing a rock or heightening a hill by a few centimeters. Things like that make it beautiful. And it’s difficult if you don’t see it. I see it, and the people working**
It was obvious that Mr. Green held a good self-efficacy when it came to gardening, but when the context changed to a business context his self-efficacy changed. He had been in the business for so many years that he has been able to pick up some business knowledge, but still he exhibited insecurity at times. He talked about putting more effort on marketing and he had even started with a marketing project, but somewhere in the middle the project had faded and it never got finished. He also stated that he would like to know more about what competitors did to become successful, i.e. he wanted to do some kind of competitor analysis, but was unsure where to get that kind of information. The fact that he had managed to stay in business for 20 years had given him some business self-efficacy, but it was noticeable lower than his work self-efficacy.

Social norms. Mr. Green mentioned that when, after living in Sweden for several years, he moved back to Finland, he had been surprised to notice how the general attitudes towards gardening differed in the two countries. In Sweden gardening was appreciated and people were willing to spend money on it, not only on flowers and bushes, but also on bigger projects such as landscaping. In Finland landscaping was a rather unknown phenomenon 15 years ago. The attitudes in Finland have changed slightly since then, but Mr. Green could still notice that the attitudes in the part of Finland where he lived, differed from the attitudes and social norms in the Helsinki area. Mr. Green said that people in the countryside still remained more hesitant when it came to investing in their gardens.

Opportunity recognition and decision making style. When talking about lengthening the season Mr. Green had several ideas, including, for example, expanding the business to St. Petersburg, opening a garden-shop on the Internet and working in the Mediterranean area in the winter. Most of the ideas however, were still on a dream level and he had not yet acted on any of them. He admitted - it’s just so much fun to let your mind fly and start fantasizing. I can do it for every person I meet. I really have to stop myself or I’ll tell everybody what they should do with their lives.

What Mr. Green perceived as an opportunity had more to do with what he would like to do as a gardener than the business potential of the idea. He heard that big gardens were being built in St. Petersburg and immediately saw that as an opportunity for him without knowing anything about the market factors including what gardeners are paid in Russia. He heard about somebody doing business on Internet and thought that might be an idea, without considering the fact that Internet sales are most probably also affected by the short growing season in Finland. Mr. Green easily got excited about new ideas, but he seldom had the
perseverance to examine the practical and financial aspects. His ideas therefore often remained fantasies or dreams.

6.2.4 Mr. Green’s goals

Mr. Green’s biggest concern for the moment was how to deal with the seasonal aspects of the gardening business in Finland. The reason why he joined the program was mainly to get some new ideas how to be profitable even during the winter months. Company growth was not an end in itself for Mr. Green, but he said that the company needed to grow in order to survive. By growing he meant getting more customers and possibly finding new markets. If it were necessary he would be prepared to employ more people, but on those occasions when he did not have the time or capability to do everything himself he preferred to continue buying services from his informal network for as long as possible.

Strategy-wise Mr. Green seldom made long term plans. He had big ambitions for his projects, but his business goals did not extend beyond being profitable enough not to have to worry about money. He had made some new investments to improve the likelihood of being more profitable, but had not purposefully or systematically built his brand nor had he persistently focused on marketing. He had made some attempts to improve his marketing, but since he was not genuinely interested in marketing he was not very whole-hearted in his attempts.

6.3 Mr. Nord

6.3.1 The business context in the case of Mr. Nord

At the start of this program Mr. Nord did not yet own the company where he worked, but the company was about to enter an alternation of generation, which would make Mr. Nord one of the owners, and therefore his case was included in this study. Mr. Nord was in his early thirties. He had a master degree in engineering and since his graduation he had been working at the company which was owned jointly by his father and three other people.

The company manufactured color samples and color charts and had been in business since 1984. Their products included for example the kind of small paper samples available in stores where paint is sold. The sample is taken home in order to determine which color a customer prefers, and on their return to the store it is possible for them to buy exactly the right shade of paint needed. The color sample has to be as authentic as possible in its color, and achieving that requires
more specialist knowledge then one would first assume. This kind of knowledge was exactly what the company Mr. Nord worked for possessed. The samples were not printed, but actually painted with real color, and customers consisted mainly of paint manufacturers. The company had also tried to reach out to other industries which could potentially use color samples, for example, they had also received orders from car manufacturers.

The company was founded by a Norwegian and Mr. Nord’s father became the CEO in 1985. Through the course of several events a management buy-out took place and at the time of this program the company was owned jointly by Mr. Nord’s father, two Norwegians and a Swede. In addition to the Finnish factory, the company had one factory in Norway and one in Sweden. Mr. Nord’s father was the only one of the owners working at the Finnish factory, and he was already semi-retired. Mr. Nord was the development manager and in practice he bore responsibility for the everyday activities. From a legal point of view the three factories in Sweden, Finland and Norway were subsidiaries of a mother company, which was owned by the four people mentioned. The turnover for the Finnish factory was 1 million Euros in 2005, and had 12 employees.

It was planned that Mr. Nord would take over the responsibility for the Finnish factory from his father, when his father retired. He would also take over at least some of his father’s shares in the mother company in a couple of years time, but the alternation of generations had still not been planned in detail. To make it even more complicated, two of the other owners were also getting close to retirement age and neither of them had yet planned what they would do with their shares in the company once they retired.

In the years prior to this program the company had had a big project going on with one of the bigger paint manufacturers in Finland. During that time the company had been able to make a sizeable profit. The paint manufacturer was renewing all its products including some parts of the manufacturing process and Mr. Nord’s company was in charge of manufacturing all the color charts needed. This project had taken most of their capacity for almost 3 years and they had even made some new investments and hired more people in order to be able to accomplish the project. The completion of the project resulted in decreasing profitability and the company had also had to lay off a couple of people. Still the majority of their turnover continued to come from a few big customers, and at the time of this program the biggest customer accounted for almost 50 percent of the turnover of the company. According to Mr. Nord the company was at a turning point where they would have to find “more legs to stand on”. They no longer wanted to be so dependent on only one or two big customers. Mr. Nord said that the big companies they manufactured color charts for had become much tougher in their negotiations and this was a situation he did not like.

In order to secure the future and find new fields of activities they had recently invested in a new machine. This machine allowed them to produce color samples
on other kind of materials other than paper, for example on wood. Their biggest challenge was to explore the possibilities of the new machine and market it. Much of the marketing and selling in the color specimen business is based on networking. Mr. Nord stated they had very good relations to their clients and they put a lot of effort in taking care of them, so that that should not be a problem, although it would take time. The customers were located primarily in the Nordic countries, but the company had also looked at the opportunity to expand to Russia and maybe also some of the Baltic countries.

Because of the nature of the business, the number of competitors was limited. In Finland there were only a couple of other companies involved in similar activities, thus most of the competition came from abroad, and Mr. Nord said he was quite aware of who the competitors were. He also had an idea of how they functioned and to what degree they constituted a serious threat. On the European market there were 2-3 other companies which could also be seen as direct competitors. They had not yet been active in the Finnish market, but the situation could of course change quickly. Mr. Nord explained that he got information about the competitors when talking to customers and he also regularly checked their web pages. What worried him particularly about the competitors was their pricing strategies. One of the competitors in particular was actively trying to force prices down and that might be a threat to Mr. Nord’s company. Mr. Nord said that his company had always competed with quality rather than by price, and therefore they were unable to afford to reduce the prices. Since the customers were getting tougher in their negotiations the pricing strategy might become decisive, but Mr. Nord considered himself to be an optimist and he believed that it would all turn out well in the end.

6.3.2 Mr. Nord’s motivation

In the first two cases it was quite easy to say where the entrepreneurs got their motivation from but in this case it was less obvious what motivated Mr. Nord. The activity of the company related to his education, but it was not the color samples or the technique used that made it all worthwhile for Mr. Nord. When asked about his passion Mr. Nord answered

- Oh, help me. In life or as an entrepreneur?

He clearly separated between himself as a private person and himself as an entrepreneur.

However, when continuing the discussion, it became evident that Mr. Nord did look at his job as more than an ordinary job. When talking about the company he said
but somehow it is like your baby. It’s more than an ordinary job. You know there is no point in calling the printing office later than 4 pm because everybody has gone home because they are just employees. But I let other things come first.

To him the company was important. He could not imagine working anywhere else and in the questionnaire he totally agreed with the statement that he could not live without his company. Throughout the discussions it appeared that for Mr. Nord this particular company was what had made it worthwhile being an entrepreneur. He had more or less grown up in the company and that had made the company special to him. Evidently the company itself was an important motivator for him.

6.3.3 Nord’s perception and cognition

Desirability and feasibility. Mr. Nord vacillated somewhat in his perception of entrepreneurial feasibility and desirability. He liked his job, he liked the company and he was proud of what they had accomplished, but at the same time he sometimes doubted his own ability to take over. Thanks to his education and his experience Mr. Nord was very familiar with the company activities. He knew how to get the exactly right color and he knew how the business worked. His insecurity showed when talking about taking over all the responsibility, being an entrepreneur and running the business. He had good relations with his father and viewed him as a great support, but on the other hand he recognized it might soon be time to take the next step and that he could not rely on his father forever.

- it is both a good and a bad thing. Partly it feels scary, but on the other hand it gives me more room for self-realization.

The alternation of generations had been on the agenda for a while, but from the discussions it could be understood that Mr. Nord had not been very involved in the discussions about the company’s future. That had made him feel a little left out and insecure of his own ability. When asked if it had always been clear for him that he would take over the company some day he replied

- no, I still don’t know if it is clear.

However when the discussion progressed it appeared that at the back of his mind he was prepared to take over and he did want to do so.

In short, Mr. Nord perceived entrepreneurship as desirable because it would allow him to continue working with the company he really liked. Furthermore, he perceived entrepreneurship as feasible because the company was there and consequently he would not be forced to start from scratch. What decreased the
feasibility was his doubts about whether he was capable of running the business. Mr. Nord perceived entrepreneurship both as something fun and something scary.

**Self-efficacy.** It was interesting to see how Mr. Nord’s self-efficacy varied depending on whether he was talking about the company or about himself as an entrepreneur. This was particularly obvious at the beginning of the program. He knew what he was talking about when he talked about the colors and the production and seemed confident and dependable. When the topic changed to his own role in the company and him as an entrepreneur, insecurity immediately began to show. Until this point in time he had relied very much on his father, but now he was beginning to take some steps of his own. He had no experience of being an entrepreneur and no leadership education and that affected his business self-efficacy. For example, when he talked about a recent board meeting he says

> this fall there will perhaps be a CEO substitution. My father would go on full time retirement and I would become the new CEO. That is what they have planned for the moment.

He talked about their plans, instead of our plans or my plans. This indicated that he perceived that he was not in charge over what would happen.

What was also interesting was to see how his behavior changed during the program. He evidently started reflecting on his entrepreneurial identity and consequently his self-efficacy increased. He compared himself to the other entrepreneurs and realized he was just as good as they were. For example, at the beginning of the program he had appeared as somewhat shy. He did not talk much and made few comments. By the end of the program he was actively involved in the discussions and frequently made comments.

**Social norms.** Social norms can include both general social norms and family social norms (Carsrud et al. 2007). In this case Mr. Nord was impacted by both kinds of social norms. He stated he wanted to continue the family tradition. He felt proud and privileged, but there were also moments when he experienced pressure. The family social norms encouraged him to become an entrepreneur, but he hesitated on the grounds of what people in general would think about him taking over the company. General social norms impacted through for example the attitudes of the employees. They had not said anything, but Mr. Nord claimed he sometimes felt he has had to make an extra effort to prove his capability since he “so to say has come to a ready set table”. At moments he was uncertain if the workers, who had worked there much longer than he had, would accept him as their boss. However, later on he described the employees as loyal, hard working and trustworthy. This contradiction implied that the pressure and uncertainty he experienced might be a product of his own thoughts and doubts, rather than a result of the actual attitudes of the employees.
Opportunity recognition and decision making style. Mr. Nord was quite focused in his opportunity screening style. He wanted to find new business opportunities, but he did not seek to change the course of the company dramatically. The company’s knowledge about how to produce color samples constituted their competitive advantage and it was within that framework Mr. Nord sought to find new markets and new customers. In comparison to the two earlier cases Mr. Nord was more systematic in his information search. For him it was important to base his decisions on facts and not to make any hasty decisions. For example, he had been considering the opportunity to expand into Russia for a while. First he started to search for information about the market and the competitors there and subsequently he had contacted another Finnish company which has managed to establish itself on the Russian market, but in a slightly different line of business. He, together with his father, then went to see the owner of this company and discussed the opportunities on the Russian market and the possibilities for cooperation. Based on all this information he was now evaluating the possibility of expanding into Russia. The evaluation process and the decision making took some time, but he actively used the time to create a solid foundation for his decision.

6.3.4 Mr. Nord’s goals

Mr. Nord channeled his goals mainly through the company. It was not important for him to be successful and rich, but it was important for him that the company would be successful and profitable; therefore his goals were also formed on a company level. Entrepreneurship was more about the company than it was about him, but he wanted to be an essential part of the company.

In comparison to the two earlier cases Mr. Nord’s company had a more carefully prepared business idea and strategy. They knew where they wanted to take the company and they had some ideas how to take it there. The goal was to grow, but not too big.

- it is maybe not an end in itself to grow really big. It is maybe more important to have a profitable business and build a sound company with several support legs.

In his developmental plan Mr. Nord listed getting started with the new machine as soon as possible as the most important short term goal. It had taken them almost a year to learn how to use the machine and get perfect results. Now that they knew how to use the machine, the next step was to get in contact with the customers. The goal was that within the next 1-2 years approximately 30 % of the turnover would come from this part of the business. The long term plans included making the company more profitable, finding more customers so they
would be less dependent on a few big ones, and expanding the business to new markets.

6.4 Mr. Stevenson

6.4.1 The business context in the case of Mr. Stevenson

Mr. Stevenson was a man in his early forties with a technical degree and who had worked within the field of engineering since his graduation. For about ten years he worked as an employee. He enjoyed his job, but after some years he started looking at other alternatives. He said he wanted to continue in the same line of business, but thought that he could just as well work for himself as for somebody else.

In 1998 Mr. Stevenson founded an engineering firm and for the first year he worked as a subcontractor for his previous employer. He felt that that was a safe way to get started and after a year moved onto other assignments. At that point he also hired his first employee. He had no dream of building a big company, but things have gone well and at the time of this program he had 10 employees. Looking back he said he never expected the company to grow this big. Mr. Stevenson’s brother also owned a construction company and three years ago the brothers decided to merge their companies. At the time of this program Mr. Stevenson’s brother owned 30 % of the company, two other employees owned 5 % each and the rest belonged to Mr. Stevenson. The turnover in 2005 was 460 000 Euros.

Mr. Stevenson’s company was in the construction business. Their business comprised all parts of the constructional engineering process. The original idea was not to be involved in building houses, but to concentrate on construction planning, design and supervision. However, some years after the company was founded they were offered the opportunity to buy some land on good terms and they thought it was a good deal. In that way they got involved in construction too. It was at that point his brother came into picture. The first construction project turned out well, so they decided to continue in that line of business. The size of the projects in the company varied depending on the nature of the project. The smallest supervising projects brought in only 100 Euros, whereas the biggest construction projects brought in several hundred thousand Euros. Most customers were private individuals who were building or renovating their houses. Since the company was located in the archipelago many of the houses being built or renovated were in fact summer cottages. Local authorities and insurance companies constituted another small group of customers. To some extent the
company also offered engineering services to ship-building companies, but this part of the business was quite small and Mr. Stevenson had no plans to expand it.

In recent times the construction business had generally been doing well in Finland and Mr. Stevenson verified they had not had any problems finding customers. He estimated they had gotten 80-90 percent of the projects they had bid for. Due to this the company had grown steadily and today it was bigger than most of the competitors in the small city where it was located. Since the construction business had been going through a boom, Mr. Stevenson did not perceive the competition as being very tough. He said that there had been enough work for everyone so they had not had to compete for the projects.

In 2004 a bigger national housing exhibition for leisure time houses was held in the city in which Mr. Stevenson’s company was located and they chose to take part with a house they built themselves on the exhibition area. The exhibitors built up a whole new residence area together and the exhibition was open to the public during the summer months. Mr. Stevenson said the exhibition took a lot of time and work, but in the end it turned out to be worthwhile. The exhibition gave the company good visibility and resulted in several new projects. In connection to the exhibition they hired two more people and they were kept on after the exhibition ended. In the past 3 years the number of employees grew from 3 to 10.

The problem for the company at the time of this program was that the boost which the exhibition had given them was ebbing away, and they now needed to decide how to move on. Mr. Stevenson would like to keep all his current employees, but that also meant that the company had to be profitable enough to afford all the salaries. Mr. Stevenson did not have a clear picture of the financial situation in the company. He knew they were making profit, but despite the size of the company they did not even have an official budget or a follow up system for the projects. Mr. Stevenson confessed he did not know which projects were the most profitable or whether some kinds of projects were constantly causing them a loss. Partly the system to follow up and the budget were missing because Mr. Stevenson did not know how to build such a system and partly because he had no time to learn how to do it. In recent times the business had been doing so well that the everyday activities took all his time. Now he sensed that that might not continue forever, but he did not know precisely how to get on with the kind of future planning which he understood he needed. Mr. Stevenson said that if the company wanted to keep expanding they were going to need external financing and at that point, at the very latest, he would need a proper budget and a written business plan.
6.4.2 Mr. Stevenson’s motivation

Mr. Stevenson was perhaps the participant which was the hardest to get to know. He seemed friendly, but was not very talkative. Moreover he missed several events. He was quite modest when talking about himself and his company, but he had managed to set up a growing business. When talking about why he wanted to become an entrepreneur he said

- I didn’t want to go to work everyday at 7 am and come home at 4 pm and that would be it. I wanted to have something else. That is how it got started.

He was looking for more independence and he acquired that when he became his own boss. In that sense being an entrepreneur was a lifestyle decision. Mr. Stevenson’s actions were driven by rationality rather than by passion. Saying that Mr. Stevenson was passionate about his job and his company would be an overstatement, but from his statements it can be seen that the company was important to him. He never emphasized himself or his role e.g. he did not say “I have done this” or “I have accomplished that”, but rather said that “the company has done this” or “we have accomplished that”. He was proud of the company rather than proud of himself.

6.4.3 Mr. Stevenson’s perception and cognition

Desirability and feasibility. In Mr. Stevenson’s case the intention to become an entrepreneur was tied to his need for independence. He built his entrepreneurial career around his education and experience. He liked his profession, but he was not passionate about it to the same extent as Mr. Note and Mr. Green were. He saw an opportunity to become an entrepreneur and he knew it would provide him with the kind of independence he wanted. It was the result of the entrepreneurial process rather than the process itself which interested Mr. Stevenson. He started the company, achieved the independence he was looking for and therefore had no desire to start another company. The company was important to him and therefore his perception of entrepreneurship was feasible and desirable when related to the company.

Self-efficacy. When listening to what Mr. Stevenson said one could believe he held a low self-efficacy. He appeared a little shy, he answered tersely and during the lectures in the program he seldom made any comments. When looking at his actions however one is likely to change one’s mind. Mr. Stevenson did not see himself as a great businessman, but he was an expert when it comes to engineering and building. He was aware that he knew enough about business to run a business. In a way much of his self-efficacy was mediated through the company. Because of the other owners and employees, the company was more
than Mr. Stevenson and therefore it was of little importance to him what Mr. Stevenson could or could not do. He was convinced the company could be successful and that was all he needed to know.

**Social norms.** Mr. Stevenson did not mention any social norms as having impacted his decision to become an entrepreneur. The only thing he mentioned relating to social norms were people’s attitudes towards having your own house. Mr. Stevenson explained that in Finland people were investing more and more in their houses and building bigger and bigger homes. This was of course a positive thing from the company’s point of view.

**Opportunity recognition and decision making style.** Mr. Stevenson saw plenty of business opportunities in his environment. He mentioned that the construction business had been doing well in recent years and that at the time of the program they had almost more work than they could handle. The opportunities Mr. Stevenson saw however were all related to the company’s line of business. He was not the kind of person who saw general business opportunities in all situations. Instead he deliberately searched for opportunities within the existing field of business, i.e. construction and engineering. In other words, Mr. Stevenson was focused in his opportunity search and recognition.

When Mr. Stevenson made decisions they were more often based on his intuitions than on hard facts. When he explained how they got involved in the construction business even though the first plan was to stay out of that line of work, he said

> - but then I talked to Lasse and he said there were some nice building sites that just had been split. Pretty praiseworthy ones. We got to go there and have a look in advance got interested, and thought we could try.

The decision was made fairly quickly without a detailed information search being done. Mr. Stevenson just had the feeling it was a good thing to do.

However, since the business had now grown and there was more at stake he had gotten a little uncomfortable making decision without really having anything to base the decisions on. For example, when talking about the company having no proper follow-up systems for the projects he stated

> - maybe somebody is constantly on the minus side, or maybe I shouldn’t say minus, but some part of the business is not working well. Maybe I don’t keep the kind of check that I ought.

From his comments and from the fact that he set building a follow-up system as one of the goals for the program, it can be seen that he would become more
comfortable making decisions if he had more facts to base them on, but his problem was that until now he had not known how to get the kind of information he needed.

### 6.4.4 Mr. Stevenson’s goals

When talking about future dreams and plans Mr. Stevenson continued in his modest style. He said his goal was to get enough income to cover the costs.

- *and maybe sometimes in the future not have to work so hard.*
- *To be able to afford a vacation or something like that.*

Talking about visions and dreams appeared to be too abstract for Mr. Stevenson. He did not think in those terms and therefore he became very taciturn when talking about visions, dreams and passions. In order to get any information about what goals Mr. Stevenson had for the company the questions had to be concrete. For example when asked to list the developmental needs and plans for the company, Mr. Stevenson had no problems in coming up with answers. As short term goals he listed getting a proper control and follow-up system and investigating the possibility of obtaining external financing for expansion. As a more long term goal he would like the company to grow, become more profitable and sound. He said he would also like to hire a few more people. The company had no written business plan, no budget or strategy, but Mr. Stevenson did have some ideas how to reach the goals. When looking at what he had achieved this far it was evident he knew how to do business, but when trying to get him to talk about it one had to be content with succinct answers. Mr. Stevenson was a man of action rather than words.

### 6.5 Mr. Morse

#### 6.5.1 The business context in the case of Mr. Morse

Mr. Morse was a man in his late thirties with a wife and five children all of whom were still living at home at the time of this program. Mr. Morse had a technical education and earlier worked as a middle manager for a large Finnish company for many years. He said he had enjoyed the work and he believed he was appreciated by his coworkers. However, he had felt the economical gain from the work he did there did not correspond to the work load. He did not blame this on the employer but on the Finnish taxation system, and had come to the conclusion that it would be more advantageous to work for himself rather than
for somebody else. The thought of starting a business had slowly developed from this.

At that time Mr. Morse’s parents-in-laws owned an engineering firm. They had founded the company in 1968 and were getting closer to retirement age. There was no obvious successor and therefore it had been suggested that Mr. Morse could possibly take over. Mr. Morse said that it felt like a good solution for all parties involved and in 1997 he took over. In Mr. Morse’s words the company was a “mom & pop shop” prior to taking over. His father-in-law was somewhat of an inventor and the company was into many different lines of business. Mr. Morse realized they would have to focus more and therefore made some changes. The company switched from production to power station-related technical import. The name of the company was changed and Mr. Morse developed a more focused business plan. The former owners were not too happy about the changes at first, but came to accept them anyway. At the time of this program the company had a turnover of 1.4 million Euros, and two full time employees in addition to Mr. Morse. In recent years the company had made a profit, part of which had been given to the employees as a bonus, and part of which was retained by Mr. Morse as a buffer in case of harder times in the future.

The current business idea was to import and sell components for power stations. Mr. Morse said that they had three kinds of customers. The first group consisted of big companies and for these customers the contracts are made annually. The second group of customers consisted of project type selling where a contract for only one particular project was made. The third group, the smallest, consisted of local authorities and small companies which once in a while were in need of components.

The co-operation partners, in other words the suppliers, had all been carefully selected. The company had approximately 8 main suppliers. Mr. Morse pointed out that they avoided big, multinational companies because he preferred to work with small and medium sized, family-owned companies as he could then be sure the communication worked well. They could understand each other and it was easy to get in touch with the right people. He admitted that it also meant that the prices were not the lowest, but that that was not decisive. Mr. Morse guaranteed that his company could offer good quality products and a good service and stated that that was an added value which the customers were ready to pay for.

The co-operation with small companies however only went for suppliers. When selling the products Mr. Morse’s company most often dealt with large companies and in those cases size sometimes mattered. Mr. Morse said you needed to be of a certain size in order to gain credibility. He described his company as medium-sized in comparison to their competitors and he believed it would be an advantage to be somewhat bigger, as it would give the company more credibility. He was adamant that he believed smaller companies would have a role to play in the globalized world, but admitted that to a certain extent the rules were set by
the bigger companies. The company had 3 employees, but Mr. Morse wanted it to expand to having perhaps 4 or 5. Under no circumstances did he want the company to grow larger than 10.

An attractive way to grow, according to Mr. Morse, would be to buy other companies. He had already looked into that option and was currently negotiating with a couple of companies. Another reason why it was so important for him to expand the company was that he did not want a one-man show. He ran the company, but he did not want the company to be totally dependent on him. He mentioned the dependency on him as being one of the biggest weaknesses of the company. Another growth option that was mentioned was the possibility to extend the business to countries such as Poland and Estonia, although at the time of the program the company was active only in the Finnish market. Mr. Morse said that he had considered going international, but had not yet done anything concrete about it.

The biggest external threat that Mr. Morse identified was that one of the suppliers would be sold or merged with a larger company. A lot of the activity in the company was based on reliable suppliers and good relations to the suppliers, therefore losing one of the suppliers would markedly impact the company. However Mr. Morse stated that they had chosen the suppliers so carefully that he did not think that was very likely to happen.

Despite the threats mentioned Mr. Morse looked positively at the future. He believed the market would continue to grow and noted that the energy business had suddenly become much “sexier”. A new power plant was currently being built in Finland and therefore the power plant business had got a lot of attention in recent times. The competition was hard, but Mr. Morse sensed that they had found their niche and were therefore able to offer the customers added value. The bigger customers were getting tougher in their negotiations, but Mr. Morse explained that as the bigger competitors had built organizations which were so complicated and expensive to run that the situation actually could be turned to his advantage.

6.5.2 Mr. Morse’s motivation

On several occasions Mr. Morse mentioned that he wanted to make a distinction between business and family, and he always put family first. Even though the business was a family business, the line between family and business was quite clear for Mr. Morse. As he said himself, his business was important to him but he did not want it to be his whole life. He liked the independence that entrepreneurship could offer but he was not a lifestyle entrepreneur. He explained
I am a little careful when it comes to big visions because I don’t want this company to become my whole life.

Evidently what drove Mr. Morse as an entrepreneur differed from what drove Mr. Morse as a private person. As an individual Mr. Morse was driven by family and hobbies such as sailing and spending time in the archipelago. As an entrepreneur Mr. Morse was driven by a need for independence and challenge. He said he became an entrepreneur because working as an employee did not provide him with the kind of freedom he wanted. What Mr. Morse did not like about the company when his father-in-law was running it, was that his father-in-law was - more or less- the company and so Mr. Morse had worked hard on building a company which could also exist independently of him.

6.5.3 Morse’s perception and cognition

Desirability and feasibility. Mr. Morse’s decision to become an entrepreneur stemmed from both desirability and feasibility. He did not become an entrepreneur because he felt uncomfortable as an employee, and when listening to him describe the situation he explained it more like a rational choice. He said

- at some point both sides started thinking about my possibly taking over. So they asked me if I wanted to take over. And I was actually going to ask the same thing myself. So we entered into a succession process. Or I started working there.

He said he thought it would be stupid to work hard for somebody else and let them make the profit, when there was an option to work for your own company. In that sense entrepreneurship appeared as desirable. Mr. Green felt he had what it took to be an entrepreneur. He had experience from the technical industry and in his work as a middle manager he had gained some insight into financial issues. Because of this experience, entrepreneurship appeared not only desirable but also feasible.

Because of the distinction between Mr. Morse as a private person and Mr. Morse as an entrepreneur, his perception of entrepreneurial feasibility and desirability was tied to the company rather than to Mr. Morse himself. For example, Mr. Morse stated his company was important to him, but being an entrepreneur was not a way for him to fulfill his goals in life. In relation to the company, Mr. Morse talked about entrepreneurship as desirable and feasible, while in relation to his overall goals in life, entrepreneurship became less important.

Self-efficacy. Many of the entrepreneurs in the program were very talkative, and more than willing to talk about themselves. Mr. Morse did not mind talking about his company. He was not shy, but he was definitely not the kind of person who
immediately demanded a lot of attention. He did not brag about his self-efficacy, but it was definitely there. He did not question his ability to be an entrepreneur, in the way that Mr. Nord and Mr. Note did, but rather believed he had what it took to run a company and that he had what was needed to be successful.

Social norms. In one of the discussions Mr. Morse pointed out that Finnish people were very afraid of saying that their company was doing well. He said that people tended to be jealous and therefore it was not always acceptable to show that you were making money. In recent times Mr. Morse’s company had been making profit and this had become a burning issue for him. He was not so worried about people in general, but rather, was concerned about what his employees thought. He pointed out that the employees had gotten their part of the profit in the form of a bonus salary, but he still wondered if they felt they had been treated unfairly. He said

- this kind of a small, modern company is of course quite transparent. The employees can of course count themselves and see that there’s quite a lot of money left over. But they don’t know what our family looks like. I’ve said I’ve got two companies and the other one is our family. We have such big expenditures. They don’t know what kind of costs we have at home. It’s unbelievable.

For Mr. Morse it was important that the employees were loyal. He feared that if they became jealous they would no longer remain loyal and therefore he tried to make sure they were given their share of the profit.

Opportunity recognition and decision making style. Mr. Morse was systematic both in his search for opportunities and in his decision-making style. He knew what direction he wanted to take the company in, and that set the frame of reference for his opportunity search. Mr. Morse did not like the way his father-in-law had done business, because according to Mr. Morse it was had been too unfocused. When Mr. Morse spoke about his father-in-law he said

- he sold according to the German model where a good product sells itself. But that doesn’t working anymore, luckily. You need something more. You have to market and you have to raise the contributions so that you get money for marketing and branding and all that.

For Mr. Morse it was important to be prepared for the future and to plan ahead. When he made decisions he ensured he knew what alternatives there were and then he evaluated each option thoroughly. He wanted to base his decisions on facts and information. In one of the discussions he mentioned that it was –in a
way—his passion to be up to date with the technical development and he saw being a forerunner as a challenge. He said

- *I already had an e-mail account when I started in 1997. Back then most people didn’t even know what that was.*

Mr. Morse implied that the only possibility to be a forerunner was to scan for new opportunities constantly.

### 6.5.4 Mr. Morse’s goals

Mr. Morse described himself as a goal-oriented person. He was probably the most organized participant in the program and had clear goals and strategies for his company. He had made an analysis of where he stood, and knew where he wanted to go. The goal was to make the company grow, but also to make sure it remained stable.

In his developmental plan he mentioned three things he wanted the company to achieve by the end of 2010. He wanted the company to expand in order to gain more credibility. However, he stipulated he did not want it to grow to more than 10 employees because.

- *then the administrative side grows too big*

As growth strategies he mentioned expanding either by buying other companies and getting new products and customers that way, or by expanding the current activities to new markets and adding new products without buying other companies. Mr. Morse said he preferred the first option because it would be a faster way to grow. The second goal was to make sure the employees were pleased with their jobs and would want to continue working in the company. The third goal was to explore the possibility of expanding the business into Estonia, Russia and possibly even Poland.
6.6 Mrs. Maple

6.6.1 The business context in the case of Mrs. Maple

Mrs. Maple and her company were the kind of story that a whole book could be written about. She was a married woman in her early fifties, with a degree in engineering and had two grown-up daughters. For some years the family lived in Sweden, but they moved back to Finland while the children were still quite small.

For many years Mrs. Maple worked as an IT-consultant for a big multinational company. According to her own statements she was quite successful as a consultant and for quite a while she really enjoyed her work. But, some years ago she started to doubt whether she really wanted to continue like this for the rest of her life. The job involved a lot of stress and a lot of traveling. Since the mortgage was paid, the children were no longer living at home and as she had managed to save some money during her years as a consultant, she was not financially dependent on working and decided to take a sabbatical year. During that year she trained to become a qualified gardener. Gardening had not been a particular dear hobby to her before that. According to Mrs. Maple herself, she knew very little about plants and flowers and could hardly name even the most common plants, but, for the sake of variety she wanted to do something practical, where she could immediately see the results of her work. She said she thought that gardening sounded like a good option. During the sabbatical year she became convinced that she did not want to return to her old job, so she completed her gardening education and founded her own company in 2004. At the time of this program the company has a turnover of 60 000 Euros. Mrs. Maple had no employees, but was part of an informal network and when something came up which she could not handle alone, she bought the service from another person in the network.

Her business idea was to plan and carry out people’s garden projects. She did not have all the necessary equipment and machinery herself, but through her network she could access what she needed. Her original idea was to work with old gardens and traditional landscaping, however to date that had only been a small part of her business. Many of her more recent projects had to do with people who wanted to have what she referred to as “easy gardens”. These people wanted a nice garden, but did not want to put a lot of time into taking care of it and therefore contacted her for advice. During the first year most of her projects were in the 2000-5000 Euro range, and after that she also took on also bigger projects reaching up to 25 000 Euros. She had no problem finding customers and in fact she had almost more customers than she could handle. She estimated that she has won nine out of every ten projects she tendered for. Her explanation for this was that she was good at writing tenders. She specified every moment in the project and itemized her bill in the same way, so that it was easy for the customers to see what they were paying for. This was something Mrs. Maple was used to doing in her previous job and she said that she believed it was one thing that differentiated her from her competitors.
Several times during the program Mrs. Maple referred back to her experience from the previous jobs. It is clear that she was implementing a lot of that knowledge into her current business. This applied not only to making tenders, but also to handling the network. Her plan for the first year was to join a good network and she hoped that the other people in the network would engage her in their projects so that she would gain more new customers via the network. Looking back she saw that she has not really done so, but on the contrary she had been the one who had found the customers and engaged other people in the network. What frustrated her about the network was that it was not always possible to get the people to come and help you exactly when you needed them. Last year for example she had gotten really angry at an excavator driver who refused to join her for a project which he claimed was too far away. At the time of the program she was seriously considering buying her own excavator in order to avoid a similar problem in the future.

Although selling was her strength she wrestled with the same problems as probably all other gardeners in Finland – namely, what to do during the winter months. She had been offered the chance to join an IT project the winter prior to the program, and seriously considered it, but then decided she wanted to stick to her current business and not go back to IT even for a short period of time. She stated that she had thought about starting a garden shop or maybe doing some teaching, but had not managed to find a satisfying solution to the problem. On the other hand, when listening to Mrs. Maple the short season did not seem to concern her as much as it had concerned Mr. Green, who was also in the gardening business.

At the time of the program Mrs. Maple’s biggest concern was to determine in which direction to take the company. What had started as an escape from hectic life as a consultant had suddenly developed into something much larger. She was winning bigger and bigger projects and the company was showing a real potential to grow. Until this point she had used her backyard as a storage site, but said that that would not be possible for much longer since she was getting more and more items to store and was afraid the neighbors did not like the way her backyard looked. She mentioned that the family might have to consider moving to a more suitable place. Allowing the company to grow would also mean her role would involve less manual labor and more administrative tasks and she might even have to hire some people. In one way she saw that as a step back towards her old life, but on the other hand she explained that she saw it as a very interesting challenge. She was obviously struggling with herself and what she really wanted to do. Until this point she had been taking on all kinds of projects just to gain some experience and the old, traditional gardens in which she was particularly interested had been left to one side. She said that in the future she might have to be more focused, otherwise she would be overloaded with work.
6.6.2 Mrs. Maple’s motivation

The striking thing with Mrs. Maple was how her motives had changed throughout her short entrepreneurial career (Salmela-Aro & Nurmi, 2000). When she first started her company many of the choices she made were based on push factors (Perwin, 2003). She was moving away from her previous career rather than towards an entrepreneurial career.

- I wanted away from my old life. I wanted away from 14 cups of coffee and 24 Power Point slides, traveling every week and sitting in meetings. I was a consultant and that meant a lot of traveling. I just wanted to do something completely different.

In the beginning Mrs. Maple was driven by a somewhat romantic dream of a more peaceful lifestyle where she could enjoy life. Even though she did not have a great passion for gardening when she started, she resembled Mr. Green and Mr. Note in many ways. When she started the company money was not the goal. She thought that if she earned enough to get by she would be happy. But gradually her view changed. Being profitable quickly moved on from a necessity to being a challenge. She stated

- I believe that if you start a company with the kind of background that I have in economy and technology, then you want to show... Yes, I have a hunger to show them that I can run a company. Obviously. I have a hunger to make these projects succeed. I have a hunger for money. I’m waiting for the moment that I can send the bill because it feels like an acknowledgement of my work.

As can be seen when comparing the two statements above, at some point Mrs. Maple’s motives changed and she recognized this herself too. She realized that it was not only gardening that was enjoyable, but that business could be really exciting too. Her motives changed from being push-driven to being pull-driven. She was familiar with business aspects from her previous jobs and noticed she could make use of those skills in her current job too. The gardening part was still fun, but the more she learnt about being an entrepreneur the more exciting it became. At first she thought she wanted a peaceful job with more independence and less stress, but once she had achieved that she actually missed some of the challenges she had had in her previous job.
6.6.3 Mrs. Maple’s perception and cognition

Desirability and feasibility. The motivational changes also impacted Mrs. Maple’s perception of entrepreneurial desirability and feasibility. In the beginning entrepreneurship was desirable and feasible because it was a way for her to get away from the lifestyle she had come to dislike. Her perception of her old lifestyle was very negative and in comparison to that entrepreneurship appeared desirable. Entrepreneurial feasibility stemmed from her previous business experience. She knew she could sell and take care of customers.

At the time of this program she was not longer so sure what it was that made entrepreneurship desirable. She still enjoyed the freedom she got from her new lifestyle, but the business side was becoming more and more desirable. When talking about whether to stay small or let the company grow she said

- I’m scared to death right now because I don’t know if I can handle this. If it works out and I learn how to handle the big projects and if I enjoy it my role will be more administrative and I’ll have less and less to do with the spade. I don’t know if I want that to happen. I really enjoy having the customer as my companion and then we dig together and put out some rocks. It has been quite nice. But it is no longer so obvious what the fun part is anymore.

Repeated success makes the entrepreneurial desirability grow even more (Bagozzi & Warshaw, 1990). The changes in Mrs. Maple’s motivation had made entrepreneurship even more desirable and feasible than earlier, but at the same time she liked what she had at this time, and did not know how far she could take the business without losing that.

Self-efficacy. Mrs. Maple was self-confident both when it came to gardening and business, although her gardening experience was still rather limited compared to her business experience. In comparison to her colleagues in particular she noticed she was good at doing business. It was clear therefore she relied more on her business skills than on her gardening skills. Even from her own point of view it was her business skills that had made the company successful rather than her gardening skills. That can be seen from the following two statements

- I believe my old project-life in the IT business has made it easier for me to run these garden projects. My knowledge from the IT sector has helped me to make better tenders. So I believe I know how to sell, because actually it has not been difficult to sell.

- in last few years I thought the network would support me because I was new. But the truth was that I was the one
6. MAKING SENSE OF BEING AN ENTREPRENEUR

selling and I had a need for them all the time because I couldn’t carry out all the things alone by myself. So selling was my strength.

**Social norms.** In the case of Mrs. Maple social norms had mainly a positive impact. She said that when she decided to quit her IT-job a lot of people were surprised, but they still admired her courage to make such a drastic change. She said that many of them had told her that they wished they were brave enough to do something similar. These kinds of comments made Mrs. Maple feel that people in general supported her decision to become an entrepreneur, and in fact, many of her old IT colleagues ended up becoming her customers.

However, there were moments when Mrs. Maple seemed almost embarrassed about how easy it had been for her to get the company rolling. She was aware that many of her gardening colleagues were struggling to make ends meet and she was careful not to brag about her success in case people became jealous.

**Opportunity recognition and decision making style.** In her search for opportunities and in her decision-making style Mrs. Maple tended to be systematic and purpose fixed. Because of her short experience as a gardener and her long business experience she was prone to looking for business opportunities rather than for interesting gardening projects. For example, when studying to become a gardener she was interested in traditional gardens and landscaping, but after starting her business she realized the so called “easy gardens” were something you could make money on. Consciously, or unconsciously, she then chose to concentrate on the easy gardens, although she though they were less interesting from a gardening point of view.

When making her decisions she was quite analytical. She had built a good customer data base on her computer and she said she regularly followed up each of her projects. She wanted to know how much time they consumed and how much money they brought in. Whenever it was possible she wanted to base her decisions on facts, but if not all the information needed was available it did not bother her much because she was then able to fill in the gap using her intuition.

**6.6.4 Mrs. Maple’s goals**

At the beginning of the program Mrs. Maple was still not sure if she wanted to stick to small projects or if she was prepared to take her business to the next level. Due to her hesitation she did not yet have a clear strategy, but one of her goals for the program was to build such a strategy. The more she thought about the idea of testing her wings, the more desirable it became. Her goal for the program developed into learning more about growth opportunities. She said she wanted to know if it was better to hire people or to continue working in a
network. She also wanted to know what type of company would be the best considering taxation, loans and subsidies. Her company was a private company at the time of the program, but she was considering whether being a limited company would be better. Moreover, she also wanted to find a solution for the winter months when not much garden work could be done.

The goals she mentioned were mainly short term goals, but not mentioning any long term goals did not mean she did not have future plans. Moreover, as has been shown, she was not yet sure where she wanted to take the company. When she talked she regularly returned to the thought of how interesting it would be to see if she could manage the bigger projects, and at some level she had already decided she wanted to let the company grow, although she was not yet quite ready to vocalize that.

6.7 Mrs. Lilly & Mrs. Mayson

6.7.1 The business context in the case of Mrs. Lilly & Mrs. Mayson

Mrs. Lilly and Mrs. Mayson owned one company each, but together with two other women they were planning to start up a coaching network. The plan was that each member in the network would continue to have her own company, but there would be close cooperation between the network members. Mrs. Lilly and Mrs. Mayson joined the program in order to develop a plan for how the network should work, and therefore they wanted to attend the business analysis and the consultancy sessions together. On several occasions for example one of them started a sentence and the other one finished it. Two people can of course not have exactly the same kind of cognition and perception, but since most of the data on Mrs. Lilly and Mrs. Mayson concerned them both, they are presented together.

Mrs. Lilly and Mrs. Mayson were both women in their fifties. Mrs. Mayson had a university degree in chemistry and for 20 years she worked in the human resource department at a big industrial company. In her work she was responsible, among other things, for human resource development. Through that work she came in contact with coaching, which back then was relatively unknown in Finland. She thought it was interesting and wanted to learn more. Several years later the company she was working for got into financial difficulties and had to lay off some people, and she voluntarily quit her position. She decided to start a company in the coaching business. Mrs. Mayson stated that one of the reasons why she wanted to do something new was that she had gone through a series of family crises which had made her re-evaluate her values and goals. Her husband had experienced a severe burn out and Mrs. Mayson
explained she then understood you had to make the right priorities in life. Through a distance learning program she had received a degree in coaching from an American institute and started her coaching business five years ago. Mrs. Mayson described herself as a coaching missionary and was one of the driving forces behind both the Nordic and the Finnish coaching federations.

Mrs. Lilly had a business degree and in 1989 founded an accounting firm. The business idea was to offer accounting services, administrative services and financial consulting mainly to foreign companies active on the Finnish market. Mrs. Lilly said she has always been open-minded and on the look out for new inputs, and therefore she unafraid of trying new things. Among other things, she was actively involved in developing new accounting programs. She described herself as “an anarchist in the field of accounting”, and “a visionary”. Through her consulting activities she became involved in coaching. In 2002 she sold off most of her company and kept only the consulting business, which she expanded to coaching activities.

One of the problems both Mrs. Lilly and Mrs. Mayson constantly faced was how to explain to people what coaching actually was and was not. They were very keen to point out that it was not the same as therapy or counseling. Mrs. Mayson said

- I see coaching as a mindset. A mindset with different tools.

The idea was that the person who wanted to be coached set a goal for the coaching process. It could for example be to find a new job or to get a less stressful way of life. The coach then guided the client towards the goal. The coach and the client met as often as agreed, but usually between 1-4 times a month. Mrs. Lilly and Mrs. Mayson pointed out that coaching was a process. Therefore they wanted the contract to be for a minimum of at least 6 months. It was not the task of the coach to find a solution, but rather to function as a sounding board for the customers. Customers could be either private individuals or employees in a company who purchased the coaching services, but even if a company paid for the coaching it was always the individual and not the company who set the goal. Everything that was said remained confidential. One group of customers of particular interest to Mrs. Mayson, was elderly people who had just retired or those who were about to retire and who sometimes felt they no longer had a purpose in life. Mrs. Mayson believed coaching could help them to set a new direction for their lives.

According to Mrs. Lilly and Mrs. Mayson there were ways to become a certified coach but in practice anyone could call themselves a coach. They saw this as a big threat to their credibility and this was one reason why they wanted to start the tighter network. Each would continue to own their own company but these companies would then jointly own one company, which in practice would function as the network. They had not decided on all the legal issues yet, but that
was the basic idea. Through the network co-operation they would support each other both practically and mentally. They would for example take care of marketing and administration jointly, and agree on some common ethical rules setting out how to coach. Instead of each of them building their own brand, they would build a brand together. All four of the women were already working as coaches, but the network was only in its infancy and they hoped to take it one step further during the program. They said they wanted to build a “coaching manifest”. Mrs. Lilly and Mrs. Mayson were both also involved in another bigger network at the outset of the program, but felt that this network was not giving them exactly what they needed and therefore they wanted to start a network their own, although this would not preclude them from still belonging to the bigger network too.

Although both women became very lyrical when talking about coaching and was apparent that it meant a lot to them, it was interesting to note that business aspects were also important. Mrs. Lilly in particular had a long experience of running a business. They both understood the importance of legal aspects when setting up the network and the importance of contracts between the members. They wanted the benefits which a network could give them, but they wanted to be able to retain their individual freedom, and therefore they said it was important to have a business contract between the members. They still did not know exactly what should be in the contract, but they said that they hoped to get some ideas during the program.

Towards the end of the program their co-operation took an interesting twist. Mrs. Lilly was given the opportunity to become a franchise entrepreneur for a British coaching company. If she accepted this, she would have quite a leading role in the Nordic countries and instead of starting to build a brand she would get to use an existing brand, and could therefore start selling right away. However, saying yes to this opportunity meant she could not join the network she was planning together with Mrs. Mayson and the other coaches, because the rules set by the franchisor prohibited her from signing agreements with other companies or networks. She felt this was an opportunity she could not refuse and therefore decided to become a franchisee entrepreneur, and because of this had to forgo the network co-operation agreement.

Mrs. Mayson was in full agreement with Mrs. Lilly’s choice, but at the same time it left her in a peculiar situation. Mrs. Lilly had been the one with the longest business experience and in many ways she was thought to be the administrator in the network. Mrs. Mayson wanted to concentrate on coaching and was therefore not interested in taking on the administrative tasks. The coaching network was left on hold for a while and Mrs. Mayson started concentrating solely on her own company again, whereas Mrs. Lilly concentrated on her franchisee company.
6.7.2 Mrs. Lilly & Mrs. Mayson’s motivation

These two women were one of a kind and it was not easy to know where to place them in comparison to the other participants. They were more passionate than any of the other participants both towards being entrepreneurs and coaching. For Mrs. Mayson coaching really had become her life task, but she understood how important the business aspects were. Mr. Lilly also believed strongly in coaching but she was more eager than Mrs. Mayson to take up the business aspects. This was most probably due to her background as an accountant. Mrs. Lilly and Mrs. Mayson were aware of this difference between them and saw it as a positive thing. Nonetheless, it was evident that both these women were very passionate about coaching and that coaching was their main motivator. Looking back both of them had made radical changes in their careers in order to start working as coaches.

They had strict ethical opinions about what coaching could be and who could be a coach. At moments one could think they were talking about something close to a religion. Mrs. Mayson for example said:

- my coaching guru, who recently died, and all too soon, but who accomplished a lot, said that when coaching goes on every person becomes a coach and then coaches are not needed anymore. So actually you make yourself unneeded. My thought has been that this should spread. If wickedness can spread, so can goodness. I’m strong in my belief.

Coaching meant much more to these ladies than just a way to earn their living and it had become their life task.

6.7.3 Mrs. Lilly & Mrs. Mayson’s perception and cognition

Desirability and feasibility. For Mrs. Mayson entrepreneurship was desirable because it gave her the possibility to spread her ideas about coaching. There were very few opportunities to be an employee if one wanted to be a coach, and therefore Mrs. Mayson perceived entrepreneurship as desirable. Entrepreneurship was feasible because she had gained business knowledge during her earlier career and therefore she knew how a business worked. When deciding to become an entrepreneur desirability, not feasibility, was the decisive factor.

Mrs. Lilly differed from Mrs. Mayson in that she had already been an entrepreneur for more than 15 years and because of that she had developed a strong entrepreneurial identity. Her long experience made entrepreneurship appear highly feasible and it also made the entrepreneurial lifestyle desirable. She liked being her own boss and that was part of the reason why she wanted to be an
entrepreneur. Another reason was that she, just like Mrs. Mayson, strongly believed in coaching. Coaching was not what made her an entrepreneur, but it was what made her change the direction of her company.

**Self-efficacy.** Experience and life experience were both phrases which constantly popped up in the discussions. The network was supposed to grow, but Mrs. Lilly stated that not just anyone could join. Any new members would have to fit in and be approved of by others in the network. Mrs. Lilly said

- *we have thought the people who join us should be at least 35 years old or have some kind of special background. You just need some experience to be able to coach.*

It was obvious that Mrs. Lilly and Mrs. Mayson saw themselves as special in the sense that they felt they had a lot to give. They had the kind of life experience they were looking for in the other members and therefore they were convinced they could be good coaches. In a coaching context they did not differ in their self-efficacy.

In a business context some differences between the two women could be found. Mrs. Lilly had a business education and had been running her own business for more than 15 years. She had proved that she knew how to do business and this had given her a good self-efficacy also in a business context. Mrs. Mayson on the other hand did not have the same kind of experience to fall back on. In general she was not very interested in business administration or financial issues, and had hoped Mrs. Lilly would take care of that part of the network and that way she would not have had to worry about it. She knew that those kinds of things were important, but she wanted to focus on coaching. When Mrs. Lilly decided to join the franchising company, Mrs. Mayson faced a situation where she suddenly had to deal with marketing, business administration and financial issues. The situation did not scare her, but confused her somewhat which indicated that she held a lower business self-efficacy than Mrs. Lilly.

**Social norms.** In the case of Mrs. Lilly and Mrs. Mayson social norms had both a negative and positive impact. They said that when they told people they were coaches people did not always know what that was, and that many people perceived it as something “wishy-washy”. Mrs. Lilly and Mrs. Mayson claimed that due to the social norms in Finnish society, where people tended to be a little skeptical even towards psychologists, they were not always taken seriously.

On the other hand, Mrs. Lilly and Mrs. Mayson were convinced that coaching was becoming more accepted in Finland, and moreover because people had more and more to do and so much stress in their lives often experienced the need of somebody to talk to. According to Mrs. Lilly and Mrs. Mayson it was possible that they might be a little ahead of their time, but they were convinced that
Finnish people would soon discover the advantages of coaching, and at that point their businesses would begin to flourish.

**Opportunity recognition and decision making style.** In their decision making style the two women showed some differences. Mrs. Lilly was used to numbers and strategic analysis. Although she was willing to follow her intuition she made her choices seem like a rational decision, at least in her head. Mrs. Mayson did not ignore analytical aspects, but her decisions were definitely more colored by feelings and heuristics (Gustafsson, 2006). For example, for Mrs. Lilly it was important to have a sound base for the company and to have a clear business strategy. When the opportunity to become a franchise entrepreneur first came up Mrs. Lilly evaluated the opportunity from a business perspective and decided it was a good choice for her. Mrs. Mayson on the other hand tended to emphasize the coaching aspects more than the business aspects when she evaluated opportunities and made decisions. For her the most important thing was that coaching was done the way she wanted coaching to be done. She could be part of coaching networks as long as it did not impact her freedom as a coach too much. She wanted a closer co-operation with other coaches, but she wanted to be actively involved in the decision making and the rule setting. Being part of a coaching network she had set up herself would have been a good option, according to her, but being a franchisee was not an attractive option from her perspective.

**6.7.4 Mrs. Lilly & Mrs. Mayson’s goals**

Both Mrs. Mayson and Mrs. Lilly set fairly high and abstract goals for their businesses: For them it was not just about making the company successful, but about something bigger. They admitted that they were out on a mission to make the world a better place. When money and profitability initially came up the two women slightly disagreed at first. Mrs. Lilly spontaneously said that money was not important, and that the goal was not to get rich. Mrs. Mayson disagreed and said that she would not mind making some money out of the business. After a short discussion the women agreed that money was not the most important thing for either of them, but they each wanted to have profitable businesses and they believed it was possible to make money in the coaching business.

In the beginning of the program when the participants were asked to make a developmental plan including their business goals, Mrs. Lilly and Mrs. Mayson stated that the most important thing for them would be to make the network work. They wanted to have created what they referred to as “the cultural shape” of the network within a year. The cultural shape included a statement of what the core of the business was; a written business plan; aesthetics and impressions of the company including internet pages, brochures and general appearance;
communication including finding the right customers and the right co-operation partners; and ethics including the five most important principles in their business.

But, as previously mentioned, everything changed towards the end of the program when Mrs. Lilly decided to become a franchisee entrepreneur. The network itself was left on hold, as were the goals for the network. Mrs. Lilly did not have to worry so much about branding and marketing anymore because that had already been taken care of by the franchisor company. Her main goal therefore became finding customers and getting the business up and running. Mrs. Mayson on the other hand had to consider how she wanted to rearrange her goals. She decided she wanted to continue on her own and that meant she still had to work on creating a brand and gaining credibility.

6.8 Mr. Harrison

6.8.1 The business context in the case of Mr. Harrison

Mr. Harrison held a Master’s degree in Psychology and had been working with human resource management in various companies for more than 20 years. He was in his late fifties, and married with two grown up children. While Mr. Harrison was working as an employee he set up two consulting companies which he owned jointly with some other people, although he never worked full time for either, and neither were in existence at the start of this program. At the beginning of the 90s, when the consequences of the recession were still impacting the Finnish economy, the company where Mr. Harrison worked decided to restructure and outsource some of its human resource functions. Mr. Harrison set up his third company in 1993 and took over some of the human resource functions from his previous employer. He basically did the same job as before, but was then his own boss. For the first year the majority of his income came from the company where he had previously worked, but subsequently he gradually gained consulting commissions in other companies too. Within a couple of years he was no longer dependent on his previous employer.

Mr. Harrison focused on management consulting in small and middle sized companies. He worked, in the main, with upper management. The majority of his customers were Finnish companies, but he had also had assignments in the other Nordic countries. The company had one fulltime employee in addition to Mr. Harrison, and when needed one of Mr. Harrison’s sons worked part time in the company. The turnover in 2006 was 190 000 Euros.

Mr. Harrison said he really enjoyed working as a consultant, but since he was getting closer to retirement age he had started to thinking about what to do with
the company after retirement. One of his sons might be interested in taking over, but nothing had yet been decided. Mr. Harrison had realized however that the company revolved around him and if no changes were made it would not be possible to turn the company over to anybody else. Consequently Mr. Harrison felt he would like to give the company a new direction. He wanted to continue having some consultancy assignments but he also wanted to take on some activities which were less dependent on him. He had found one possible activity: a human resource assessment instrument, which he was trying to market. He first came in contact with the instrument some years ago and had been working with it for two years prior to the program. He had been using the instrument in some of his consulting assignments, but he had not yet marketed the assessment service as a separate product, although his intention was to do so in the near future.

The basic idea behind the instrument was that when companies wanted to examine the strengths and weaknesses of current employees or conduct new recruitments, they could purchase access to the web-based instrument, which had specifically been developed to assess companies’ sales forces. Employees or potential employees filled out a web-based survey and the instrument then provided the company with a report, which showed, for example, what the strengths and weaknesses of the employee were, what kind of tasks he was suited for and what kind of training would be needed in order for him to become a better employee. The report was based on benchmarking with other individuals who had completed the survey, and so what the customers bought was an assessment service, not computer software. The software remained with Mr. Harrison. The customers were able to buy a “one time” assessment or they could purchase a bigger package. The extended version also included consulting. Mr. Harrison used the report to build up a training and development program for the employees in the customer company. Mr. Harrison said he would prefer to sell primarily the package deals because they would give him longer contracts and more income.

This instrument was developed in the United States and Mr. Harrison and his employee had been translating it into Finnish. The legal rights for the instrument were owned by the inventors who in turn were still in charge of product development. In other words Mr. Harrison was basically working as their distributor in Finland. What he was allowed, and not allowed to do, was stated in the contract. Mr. Harrison did not have exclusive rights for Finland, but at this time his company was the only company in Finland who could offer this service. The contract did not restrict him to the Finnish market, but that of course also meant that companies from other countries could also offer their services to Finnish companies if they so desired.

The translation work had taken so much time that Mr. Harrison had not yet had time to do any marketing. He said that he was well aware that only the biggest companies were likely to be interested in this kind of instrument, and that there are only a few such companies in Finland. He estimated 0.3 % of Finnish
companies were big enough to be his potential customers. He explained that in smaller companies the profiles, which the instrument elaborated to make the assessments, were so integrated that the instrument would be of less use. Moreover, the price was such that most small companies would be unwilling to pay for it. Mr. Harrison’s goal was to make long term contracts with customers and to take care of the whole recruitment and sales force development process in their companies. If he managed to get such customers, he estimated that 10 customers would be enough to keep the business going. During the program he wanted to get started with the marketing tasks.

Mr. Harrison had made a good attempt to analyze his competitors and he was aware that competition existed. He said that his competition comes from recruitment companies, from consulting companies as well as from the customer companies’ own human resource departments. Nonetheless he believed this instrument had a great potential and as far as he knew a comparable instrument did not exist. He felt that now would be the right time to introduce it to the Finnish market, partly because he saw there was a demand for this kind of assessment instrument and partly because it would make the company less dependent on Mr. Harrison which in turn meant he could pass the company on and retire in a couple of years. Mr. Harrison stated that he would give this instrument 5 years, and if he had not managed to build a solid customer base during that period of time he would stop putting effort into the project.

According to Mr. Harrison he joined the program to “get shoes for the shoemaker’s kids” and it turned out that that was something he needed. He was quick at advising other people on what to do, and when listening to him expounding his ideas for the company everything sounded well planned. However it was apparent that Mr. Harrison was better at talking than doing. His developmental plan was five pages long, far longer than any of the other participant’s developmental plans, but Mr. Harrison was unable to implement much of the plan during the program. He kept talking about what he planned to do, but said he had not yet had enough time to do it.

6.8.2 Mr. Harrison’s motivation

Mr. Harrison was an interesting case in that he was clearly in a process of changing motivation (Salmela-Aro & Nurmi, 2000). He used to be a lifestyle entrepreneur, and in some respects still was. In many ways it had become his life mission to be an entrepreneur and to help other entrepreneurs. On several occasions he mentioned how small entrepreneurs were a special sort of people, and in this case special with a positive nuance. When asked about what his passion was, he answered
you asked about my passion. Well, small entrepreneurs are my passion. I think I’m beginning to understand what being a small entrepreneur means. What kind of logic there is. What kind of people can make it and what kind of people can’t make it.

The contradiction, which he did not quite acknowledge himself, was that he was now about to make the company less about small entrepreneurs and more about big companies. As he said himself, small companies were not very likely to be interested in the assessment instrument which he now wanted to sell. Moreover the reason he wanted to introduce this assessment instrument was that it would make the company less dependent on him and thus enable him to retire within a couple of years. In this respect Mr. Harrison was torn between two kinds of motives; having a lifestyle devoted to small entrepreneurship or securing his retirement plans. Even though these two motives first seem to contradict each other there was one thing which united them - the company. What used to motivate him to be an entrepreneur, and what continued to motivate him, were all the things he experienced due to the company. What motivated him to give up part of the activities related to small entrepreneurs was the thought of securing the future of the company after his retirement.

6.8.3 Mr. Harrison’s perception and cognition

Desirability and feasibility. What made entrepreneurship desirable and feasible in the eyes of Mr. Harrison throughout the years had been the entrepreneurial lifestyle. It was fun to be an entrepreneur, but at the same time he spoke of it as if it had been his destiny. He talked about how he had a hard time saying “no” to the customers and how he had always been willing to help them. He also explained that he had been born to be a “developer”. He liked getting things done and he constantly needed challenges. In virtue of this entrepreneurship had always been both desirable and feasible for Mr. Harrison. Whether to become an entrepreneur or not was not something he had thought about much, because. it seemed to be a natural thing for him to become an entrepreneur.

Self-efficacy. If one was to name one characteristic of Mr. Harrison it would probably be his self-efficacy. His good self-efficacy covered all aspects of his business life; his product as well as his own capabilities. Mr. Harrison was a man who believed in himself and who loved to talk about himself. For the other participants the business analysis at the beginning of the program took 1-2 hours, but Mr. Harrison happily talked for 3 hours and would probably have had more to say if there had been time. His good self-efficacy also made him less than keen to take advice from just anyone, and this became very apparent during the program. For example he did not approve of his first advisor because he thought
the consultant was not capable of helping him. He was therefore allowed to change advisors.

Mr. Harrison also talked about how good consultants had to be smart, able to recognize customers’ problems right away in order to gain credibility, and also how not just anyone could be a consultant. For example when explaining why the company needed to become less dependent on him, he said

- *this consulting part is very tied to me. No one else is good at what Mr. Harrison is good at. Some people are good at parts of what Mr. Harrison is good at, but not at everything that Mr. Harrison is good at. It’s like a good friend of mine said, I’m the biggest asset and the biggest threat in this company.*

Mr. Harrison was not just convinced that he knew how to do business, he also believed he could do it better than most people and therefore thought he was capable of giving advice to other entrepreneurs. On several occasions he spoke of how he served other people, including his customers although he never used the word serve as if it were something that would give him a lower status. He talked about serving people as if he were doing them a big favor out of his kindness.

- *if I think something can be done in a better way, I’m the born developer. I can’t just let it go. Not in a stupid way. But I try to make the other person realize that you could perhaps do it in another way. Sometimes it can be difficult to make the communication work. To make the other person realize what might be possible if he looked at it from my point of view.*

His tendency to give advice was also seen when he was asked to fill in the survey. None of the other participants had any problems understanding the questions. Mr. Harrison, as a psychologist, did not approve of all the psychology related questions, and therefore wrote several remarks in the margin.

**Social norms.** Mr. Harrison was involved in several entrepreneurship associations and he seemed to have a big social network. He frequently named the people in his network and pointed out their importance. For example when he spoke about how he started a company together with Mr. Roth he pointed out that Mr. Roth was the most highly respected Finnish professor in his field, even though Mr. Roth’s occupation was not really relevant. It was, however, important for Mr. Harrison to point out he knew somebody that important. In the discussion Mr. Harrison indicated the social norms in his circle of acquaintances supported entrepreneurs and especially successful ones.

Family social norms were another thing which came up indirectly in the discussions. Since Mr. Harrison was planning for his retirement he also had to consider who should take over the company. When he spoke one could hear how
proud he was of the son who had been working part time in the company. Indirectly he admitted that he wanted his son to follow in his footsteps. He explained that his son had studied engineering for a while but had quit:

- *I thought it would have been strange if I had gotten a son with a brain of an engineer. It ought to be something more advanced than an engineering brain. I hope you don’t mind me saying so.*

The son who had been working part time for the company had applied to study psychology but had not yet been accepted. Every time Mr. Harrison mentioned his sons he pointed out that he would not put any pressure on them to take over, but since he mentioned it so often the thought of one of them taking over had evidently crossed his mind.

**Opportunity recognition and decision making style.** In the case of Mr. Harrison it was his job to scan for business opportunities. As a consultant he was supposed to show other companies what kind of opportunities they had and to help them evaluate the opportunities. This of course also affects what kind of opportunities he recognizes for his own company and how he makes decisions. For example, of all the participants he was the only one who mentioned anything about an exit plan. He was not about to retire for another five years at least, but he was already weighing up the options. He had realized the company was very much about him and that if he wanted to pass the company on, he had to make it less dependent on him and it was for these reasons that he had decided to expand the activities to the assessment instrument. From this one can see than Mr. Harrison was not only recognizing the opportunities he stumbled across, but he was also actively looking for future opportunities.

**6.8.4 Mr. Harrison’s goals**

The changes in Mr. Harrison’s motives were also to be seen in what kind of goals he set. Earlier on the emphasis was on him and his entrepreneurial capability. Thus the goal was to become a successful consultant. Later when his motives were undergoing changes, the emphasis was more on the company. He wanted the company to continue to be successful even when he was no longer there, and the goal changed to create something longer lasting, something that could perhaps be passed on or sold. In this respect Mr. Harrison had rather demanding and abstract goals. Making ends meet was not nearly enough for him, he wanted to have a successful business and to be a successful entrepreneur.

His main goal was to make the assessment instrument and the associated services a successful service product within the next five years. The first step was to start marketing and find the right customers. According to Mr. Harrison’s
developmental plan, that was what he wanted to do during the program. His developmental plan was very detailed and included an intermediate goal for each year for the coming five years, as well as a list of things to do for each month during the program. His goal was that by the end of 2011 the company would be well-known among the biggest companies in Finland and have at least 50 customers who regularly used its services. Moreover, there would be five people working for the company and the potential market also included part of Russia. Mr. Harrison’s monthly to-do-list included getting started with the marketing and selling and obtaining new customers. The goal was that by the time the program ended he would have 15 new paying customers. Considering that he said at the beginning of the program that having 10 big customers would be enough to get the business rolling, these goals were rather high. The first thing on the to-do list was to write the business and marketing plan. Six months after the start of the program, Mr. Harrison had still not had time to write the marketing and business plan. He explained that consulting had taken so much time, but he had been in contact with some potential customers and he still believed in his idea. He had however started thinking that perhaps it was a bad idea to concentrate only on the big companies since he already had a lot of contacts with family firms, many of which were facing an alternation of generations within the following five years. Mr. Harrison thought that this would be a very interesting group of customers to work with; they would have to find new employees, and possibly even new owners and managers, and the assessment instrument would be a good help for them when evaluating recruits. Mr. Harrison had not abandoned the idea of attracting big companies to be his customers, but he said he would not concentrate solely on them in the future. During the last six months of the program Mr. Harrison still had so much to do that he did not really have the time to market the assessment instrument as planned, and consequently the market entry was not able to advance as planned either.

6.9 Mrs. Baker

6.9.1 The business context in the case of Mrs. Baker

Mrs. Baker was a woman with many irons in the fire. She was usually in a good mood, but constantly busy and always running a little late. She was half an hour late for the business analysis because her café was being opened that same day and she had had to go and clean the toilets before the café opened. She had not had time to fill in the survey beforehand, which the participants had been asked to do in order to provide the advisors with some background information. She filled it in before the discussions started, but could not remember how big their
turnover was so she left that spot open. She said that she did not really have enough time to be on the program, but because it had sounded so interesting she had not been able to resist it. Mrs. Baker was a married woman in her late forties with two teenage daughters. Approximately twenty-five years ago she got an education in computer programming, but she worked within that field for only for a few years. She happened to marry a baker and they started their own bakery. Back then Mrs. Baker did not know much about baking, but she said that she learnt by doing. At the time they started the bakery they were living in Sweden, but later on they decided to sell the bakery and move back to Finland.

For a short while both Mrs. Baker and her husband worked as employees, but she said that being employees did not really fit their lifestyle. In 1986 the couple decided to start their own bakery once more. The company grew and at the time of this program consisted not only of the bakery but also of a café, a farm where they grew corn and consulting activities. In addition to all this, Mrs. Baker was actively involved in several associations as well. The farm where Mrs. Baker’s husband was born was included in the business activities by inheritance, and ten years ago when someone was needed to take it over, he and his brother had split the farm and taken half each. For the past few years Mrs. Baker and her husband had been talking about opening a café. They believed it complemented their bakery well. A few weeks before the program began they had found a suitable location and as mentioned the café opened the same day the program started. Mrs. Baker explained they did not really have time for a café at this point in time, but the opportunity had been so good that they had not been able to turn it down.

The bakery was still their primary branch of business. In addition to Mrs. Baker and her husband four other people were employed at the bakery. Their main products were bread, cakes and pastries. Their products were delivered to restaurants, markets and catering services mainly in the south of Finland where the bakery was located, and part of their products were also sold to Sweden and the Åland Islands. Mrs. Baker said they had managed to build a strong brand, and most people in the region recognized their bread nowadays. The reason they got in on the market in Sweden and the Åland Islands was that they joined a network a couple of years ago. The network was actually a project financed by the European Union with the purpose of developing the food and catering industry in the Finnish and Swedish archipelago.

Mrs. Baker was on the board for the project and one of the goals in the project was to start a wholesale trade. However, this had not really advanced as planned and Mrs. Baker had been frustrated by this. At one of the meetings, just prior to the start of the program, when the wholesale project was discussed Mrs. Baker offered to ensure the wholesale project got started if they paid her to do it. This was not actually something she had planned to do but she felt that it sounded interesting and it had been obvious that somebody had to do it. The decision of the board to hire Mrs. Baker as a consultant for 6 months had given her the task of carrying out the project. Since that decision had been made she had devoted
part of her time to working as a consultant and to marketing provisions produced in the archipelago, and consequently had been less involved in the everyday activities at the bakery. That remained her husband’s responsibility. She said that she enjoyed working as a consultant and she was considering expanding the consulting activities. She stated that she felt she had a lot to offer and felt that it would be an interesting job.

Although the activities of the company might seem quite diverged there was actually a thought behind it all. Mrs. Baker explained that she and her husband had a “grand vision” which they had been working towards for more than 25 years. Their vision was to turn their farm into an “entrepreneurship village”. The idea was to promote a living countryside with small scale entrepreneurship. There would be companies, shops, restaurants and maybe even a conference center. The companies would not be owned by Mrs. Baker and her husband, but they would be the ones making sure that the entity worked. There would not be strict rules stipulating who could set up a company in their village but Mrs. Baker was sure that a chemical factory, for example, would not be welcomed. Mrs. Baker had been playing with the thought of an entrepreneurship village for a long time and she said she believed it was becoming more and more desirable every day. She was slowly working towards fulfilling her dream and she said that they were moving in the right direction. She stated that that when they first started talking about the entrepreneurship village they did not even own the farm, but now they own at least half of it. The biggest obstacle was probably the lack of time. She had been in contact with the local authorities to present her ideas and to hear what possibilities there were to get financial aid, but she had not yet had time to do anything concrete about it.

Mrs. Baker stated that the company had a good cash-flow and the future looked bright. There had been times when they had struggled with financial problems, but that was no longer an immediate issue and at the time of the project they were a profitable company. The biggest problem, as Mrs. Baker saw it, was that they had too much work and were somewhat too unstructured. She listed flexibility both as their biggest strength and their biggest weakness. Being too flexible could result in their being unfocused and taking on too much. Mrs. Baker did not distinguish between work and spare time at all. When she was awake she was constantly working. She did not seem to mind, but she recognized that their children had sometimes suffered because of it. The daughters were already teenagers at the time of the program and could manage on their own, but when they were younger they had had a hard time understanding that their mother could not stay at home with them even when they were sick.

When Mrs. Baker signed up for the program she did not know whether to concentrate on one part of the company during the program or include everything. She said that her first thought when she heard about the program was that she could use it as an opportunity to develop her consulting business. During the analysis she however decided to include all parts of the business, because
they were so tied up together that it would have been difficult to separate them. Thus she wanted to devote the program to planning the entrepreneurship village and to see how the current activities fitted into that picture. Mrs. Baker was very enthusiastic about her ideas, but unfortunately her tight schedule did not allow her to do many program-related things between the program events.

6.9.2 Mrs. Baker’s motivation

Mrs. Baker did not see herself as a baker, a café owner or a consultant, she saw herself as an entrepreneur. That was her identity and she did not distinguish between herself as a private individual and the company. She was an entrepreneur 24 hours a day.

- that is my nature. I was employed as an ADP support person for a while and then I actually realized that I’m probably destined to be an entrepreneur. I was not able to go home at 4 pm. I did the same thing there, I just kept working.

Mrs. Baker was driven by a passion for new things and new challenges. She explained that she was fascinated by the entrepreneurial lifestyle and it was the lifestyle that spurred her on to becoming an entrepreneur.

6.9.3 Mrs. Baker’s perception and cognition

**Desirability and feasibility.** In the case of Mrs. Baker it was difficult to separate between her entrepreneurial desirability and her motivation. For her entrepreneurship was desirable in itself, and it did not have to be put in relation to anything else in order to be perceived as desirable. As mentioned earlier, Mrs. Baker was not particularly fascinated by bakery products or cafés; she was passionate about being an entrepreneur and that was channeled through the bakery, the café and the consulting activities.

When asked, in the questionnaire, to rate how feasible and how desirable she perceived entrepreneurship Mrs. Baker rated desirability higher than feasibility. In the discussions she mentioned that, prior to this program, the company had had some hard times financially speaking, and in her opinion it was not always easy to be an entrepreneur. That had impacted her perception of entrepreneurial feasibility. Her strong perceived desirability of entrepreneurship however also impacted her perception of entrepreneurial feasibility, and in addition her experience told her that she knew how to get through hard times.
Self-efficacy. Mrs. Baker held a high self-efficacy and in the same way as Mrs. Lilly, Mrs. Mayson and Mr. Harrison this was built on her entrepreneurial experience. When talking about why she wanted to become a consultant she explained:

- it’s something I’m interested in and I know I have a lot of knowledge so I could make it my thing. I know I’m capable of doing it.

She spoke about having a lot of knowledge and knowing she was capable of being a consultant. Noteworthy too is that her consultancy experience only covered the last few months and one project, so in that way it was clear that what she had done was to take her business experience and her self-efficacy from that area and transfer it to the realm of consulting. Her way of reasoning was that if she knew how to do business, she could also teach other people how to do business.

Social norms. Mrs. Baker enjoyed being an entrepreneur, but in the discussions it was apparent that she did not always feel appreciated by society. She pointed out that entrepreneurs still had a very weak support network in comparison to employees. According to her, entrepreneurs also had a weak social security: that if you were an entrepreneur and you or your children got sick, you were financially vulnerable. She was not bitter when she spoke about these injustices in society, but she pointed out that this was something the government ought to do something about, if they wanted more people to become entrepreneurs.

Opportunity recognition and decision making style. Mrs. Baker was not in need of new business opportunities in the sense that she needed to find new markets or new customers in order for her company to survive, but she kept on ending up with new business projects anyway. When she spoke about why she decided to take the consultant assignment she said

- the reason that I decided to do it was that nothing was happening. We were supposed to hire a person to do it. That person backed out and time was running out. We had a board meeting. I’m on the board and then I said that if no one else would do it our company could sell the service to the project. It wasn’t such a big problem for me. Well, it’s quite a lot of work but the overall picture is clear to me. So then I just did it. It was just to go ahead and do it.

She kept seeing opportunities and she thought that if she did not do anything about it maybe nobody else would and that it would be a shame to let such good opportunities pass. For example, she stated that she did not really have enough time to join the program, but she thought it would be a good way to make new contacts, so she came anyway. She also explained that she did not have time to
open a café right at this point in time, but because one never knew when such an opportunity would come up again she did it. She also had insufficient time to be involved in the local entrepreneurship association, but because somebody had to do something to support the entrepreneurs she had agreed to sit on the board anyway.

When Mrs. Baker made a decision, or when she agreed to do something, she made up her mind rather quickly. She quickly scanned the situation, made up her mind about it and decided what to do. This indicated she had a heuristic decision making style (Gustafsson, 2006). She did not have time to find out all the details so she relied on her intuition to compensate.

### 6.9.4 Mrs. Baker’s goals

In her developmental plan Mrs. Baker stated that by the end of the program she would have a written business plan for the entrepreneurship village and she would also have investigated different opportunities to get financing. She said she was becoming more and more convinced that it was the right time to start implementing the vision they had had for so many years.

In her own words the long term goals included the village being a living village where people could run their businesses and where visitors could come to experience entrepreneurship. The village would represent a modern living countryside where old traditions were honored. For Mrs. Baker it was important that the village would allow people to cross borders. She hoped there would be a reciprocal action between entrepreneurs, local politicians and people from academia. The entrepreneurs in the village would have access to continuous further education and business development.

When talking about money Mrs. Baker noted that money was not the most important thing for her, but it was indeed an interesting aspect of being an entrepreneur. As mentioned earlier she thought it was interesting to work as a consultant but she did not do it only for the fun of it. She said

- *I want to do it for economical reasons. I think I could earn more money that way. But I’m not doing it only for the money. I have high ambitions and whatever I do I don’t do it only for the money.*

When talking about the entrepreneurship village it was easy to see that Mrs. Baker’s entrepreneurial visions and goals went way beyond everyday activities. Making ends meet was not nearly enough. She was aiming for something bigger. Mrs. Baker was working towards a long term goal. She had a strategy but to date it existed only in her head. The plan for the program was to get it down on paper,
but once again Mrs. Baker ran out of time. She said she had made advances in her plans during the program, but she never managed to get the business plan written and she still had a long way to go before the village could be realized.

6.10 Mr. McDonald

6.10.1 The business context in the case of Mr. McDonald

Mr. McDonald was a man in his early sixties, whose most distinguishing characteristics were his good mood and his jokes. He had the kind of laugh that rubbed off onto the people around him. Mr. McDonald had been working as an electrician for over 30 years, most of the time as an employee. He said that he had a lot of freedom in his job and even though he was an employee he more or less decided for himself what his days would look like. In 2000 he started a consulting company which specialized in electrical installations. In the main he did the same job as earlier, but became his own boss. Being an electrical consultant in practice meant that when people for example needed somebody to supervise the electrical installations at a construction site or wanted somebody to give advice about how to lower electricity consumption, they could contact Mr. McDonald. The company also provided training programs for electricians. According to Mr. McDonald the company had had no problems finding customers and it had also managed to make a profit. In general the consulting company was doing well and Mr. McDonald said there was not much to be worried about.

The reason Mr. McDonald joined the program had nothing to do with his consulting in the field of electrical installations. In 2005 he enlarged the company to include a congress center. This congress center was what he aimed at developing during the program and therefore most discussions were centered on this.

The story from the beginning was that there was an old derelict barn in the backyard of the house where Mr. McDonald grew up. The barn was owned by his parents but had not been used for several years and was in lousy condition. The land on which the barn was standing was not owned by the parents; they had rented the land - a building zoned area, which meant the barn was probably going to be torn down in the near future. Being a man with many ideas Mr. McDonald thought there must be better future for the barn and a couple of years ago he decided to rent the land for 50 years and renovate the barn making it into a congress center.
The reason he decided to do so was not that he had been planning to start a congress center, but rather that the threat of losing the barn had mobilized him to react. The barn was part of his childhood memories and he thought it would be a shame to tear it down. He had noticed that in the town where he lived there were not many places suitable for hosting bigger events and parties, and thus he drew the conclusion that turning the barn into a congress center would be a good way to save the barn. Mr. McDonald was a handy man and had experience in building houses, thus he did not need to hire people to renovate the barn. He stated that he had done most of the renovation work himself in his spare time. The renovation which was finished in 2005 took him some years, but he had not been in a hurry. Mr. McDonald said it had been, and still continued to be, his hobby. There were still some small jobs outstanding before the congress center would be completely ready, but it was already possible to have some activities there. Although the barn was no longer a traditional barn, Mr. McDonald still referred to it as “the barn”. He had not actively marketed the barn yet, but he had gotten customers anyway and stated that there had already been one or two events taking place in the barn each week. The customers consisted of both companies and private individuals.

From the outside the barn looked like a traditional barn, but on the inside it was quite modern. The idea was that people could rent the barn for parties, weddings, conferences etc. The upper floor held around 75 people and downstairs was a sauna-department and a smaller congress room for up to 25 people. When Mr. McDonald renovated the barn he made sure everything was adjusted also to suit disabled people. Moving around in a wheelchair was therefore no problem. If the guests wanted food it was taken care of by a catering company and if the guests needed accommodation that could be arranged through Mr. McDonald’s contacts with the local hotel. Mr. McDonald did not have the right to sell alcohol but he did not consider that to be a problem stating that if alcohol was included in the food price you could still sell it. Mr. McDonald said his idea was to entice customers by keeping the prices as low as possible. Since he had renovated the barn himself and since he ran much of the business himself he did not have a lot of overheads. By engaging a catering company when the customers wanted food, he did not have to hire any employees. Mr. McDonald said that in general he had nothing against hiring people, but he mentioned that he had had some bad experiences with the tax office when hiring people and therefore he was hesitant to do it again.

Since the renovation was now almost completed Mr. McDonald thought it was time to actively start marketing and selling. He had a website but he pointed out himself that word of mouth seemed to be a very good way of marketing in a small town.
Throughout the discussions it was obvious that Mr. Donald had a lot of useful contacts. On several occasions he mentioned people he was already co-operating with (or with whom he planned to co-operate) in order to offer the customers food, accommodation and entertainment without having to take financial risks himself.

Mr. McDonald recognized he had some local competitors, but he did not perceive them as very big threats. Of course, he would have to compete with the local hotel and some of the local restaurants, but he said their high prices would work to his advantage.

- You see, if you keep the price for a whole night down a little, a lot more events will be held than if you set the price at 40 Euros per person. Then no one will make a whole evening out of it.

The only thing Mr. McDonald could think of that could threaten his business was if people became jealous and started spreading rumors. Mr. McDonald said that this was one downside of living in a small town where everyone knew everyone else. Evidently Mr. McDonald knew what he was talking about. He spoke of one man who had lavishly praised the barn when talking to Mr. McDonald, but when talking to other people about it had suddenly had only bad and negative things to say. In addition, Mr. McDonald had had his tussles with the local employment and economic development center. He had received no financial support from there because according to the employment and economic development center his project had nothing to do with either tourism or farming and therefore it did not fit into their programs. According to Mr. McDonald this was the decision of one man, who had had some quite strong prejudices against Mr. McDonald prior to this application.

### 6.10.2 Mr. McDonald’s motivation

Mr. McDonald liked being busy. He constantly needed something to do or he got bored. He explained:

- I can’t be idle. Like this house [the house where he lives], I started by doing the drawings and the only thing I haven’t done myself is the plumbing. I’ve done everything else myself.

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3 referring to the saying "Everybody knows the monkey, the monkey knows no one".
Mr. McDonald needed challenges and new projects. In that sense he resembled Mrs. Baker. They were both the kind of people who liked working and they were entrepreneurs 24 hours a day. For example, even though Mr. McDonald already had his consulting company, he started another entrepreneurial project as a “hobby”. He did not have any experience in the hospitality business, but he thought it sounded like an interesting project and was worth pursuing. What drove him was not a particular activity or a particular company, but a particular kind of lifestyle. He wanted to be his own boss, he wanted to have the entire say over his time and he needed variation. He found what he was looking for in the entrepreneurial lifestyle.

6.10.3 Mr. McDonald’s perception and cognition

Desirability and feasibility. Mr. McDonald perceived entrepreneurship as both feasible and desirable. The desirability was related to his motivation. What drove him in life was a certain kind of lifestyle. Since entrepreneurship allowed him to have that kind of lifestyle, he perceived entrepreneurship as desirable.

His perception of entrepreneurship as feasible was related to two things. First of all he had already been running his own business for some years and it had been going well, so his experience told him he knew how to do it. Secondly, Mr. McDonald was, in general, an optimistic person. He somehow expected everything to work out. When listening to him nothing sounded difficult, and when Mr. McDonald was asked about threats he saw very few.

Self-efficacy. Mr. McDonald had a high business self-efficacy. He did not see himself as an expert in running a congress center, but he was sure he would succeed in his project. What made him so sure he would succeed was his ability to recognize business opportunities and his ability to deal with people. He was a sociable person, and he had a large network which he knew how to utilize. He did not know how to make food, he could not offer the guests anywhere to sleep and he himself was unable to arrange any entertainment activities for the guests; nonetheless he was convinced that those things could be arranged because he had contacts with people who could provide those things. His self-efficacy was not rooted in his ability to accomplish all the practical things, but in his ability to coordinate.

Social norms. Although knowing a lot of people and living in a small town turned out to have advantages such as useful networks, Mr. McDonald also mentioned some disadvantages. When talking about opportunities and threats, the only threat Mr. McDonald could think of was people starting to spread rumors about him.
You see, people in this town are so afraid. And so jealous of each other.

According to Mr. McDonald the network worked to your advantage only as long as the people were on your side. But if something happened to put you in a bad light, the whole network could quickly turn against you and then you were in trouble. To date Mr. McDonald had had mostly good experiences from having a big network. It had made it easier for him to get things done and to get customers. But his struggles with one individual from the employment and economical development center and another who had said bad things about him behind his back made him realize there was another side to the coin too.

Opportunity recognition and decision making style. Mr. McDonald was a man with many ideas. He actually had more ideas than he managed to implement. He admitted:

- one wants somebody who believes in ones ideas. I have a lot of ideas, indeed. That isn't the problem. But everything costs money of course.

What some people would possibly perceive as a threat, such as the dilapidated state of the barn, and the city wanting to build something else on the plot, were seen by Mr. McDonald not as a threat but as an opportunity. Mr. McDonald’s ability to turn problems into opportunities was seen on several occasions during the discussions. For example when talking about not having the legal rights to sell alcohol, Mr. McDonald said it was not necessary to apply and pay for the right, when there were other ways to solve the problem

- I only sell alcohol attached to food, it’s included in the price for the food. That way you get round that law.

Mr. McDonald also believed in taking full advantage of every opportunity. He had been planning to set up a webpage for the barn and for that he would of course need some photographs. He had not done anything about it yet, but he already had a plan.

- my wife has talked to a photo club who wanted to rent the barn. That way I expect to get some great photos that I can use on my webpage.

When Mr. McDonald made decisions he often used a heuristical decision-making style (Gustafsson, 2006). He based his decisions on some sort of facts, but he did not need a lot of information to be able to make a decision. For example when he decided to turn the barn into a congress center he said he knew there was a need for such a locality in the town and he had recognized the prices at the existing places were rather high. That was what his observations had told him and his
own observations were enough for him. He did not make any calculations of how many customers would be needed in order to make the business a success, but filled in the blanks with his business intuition, which told him this was an opportunity worth exploiting.

6.10.4 Mr. McDonald’s goals

Mr. McDonald was a man with big visions. In his head he had a clear picture of what he would like to achieve. He wanted the congress center to be something people knew about and wanted to visit. He did not want to limit his potential customers to a certain group of people. He thought that private individuals could have their parties there, companies could hold their meetings there and organizations could conduct their training programs there. His first goal was to reach out to potential customers.

The developmental plan Mr. McDonald wrote for the program consisted of only a few lines stating that he wanted to develop the marketing, find new customers and keep the prices down. During the program he made some plans for the webpage, but other than that he did not do much traditional marketing. Positive rumors about his barn had evidently started to spread in town however, and Mr. McDonald kept getting more and more customers.

Mr. McDonald said it was important for him to make the business succeed and he wanted to have a profitable business, although his main goal was not to get rich. Even if it was a business his words revealed that he still looked on it as a hobby. His current job demanded quite a lot of driving and Mr. McDonald was not quite sure how long he would continue with that. He said

- when I get tired of the highways I can start working as a water-thrower in the sauna instead.

What Mr. McDonald implied by this was that when he retired, he would not retire from the barn, he would only retire from his other job.

When listening to Mr. McDonald his goals might not seem very high. However considering the extent of his project, the size of the town in which he lived as well as the state of the barn when he started the renovation, his goals were rather ambitious. Most people would have said the best thing to do with the barn would have been to tear it down, but since Mr. McDonald had already got paying customers, he had shown his vision was viable.
7. THE EMERGENCE OF ENTREPRENEURIAL INTENTIONS

In the previous chapter the person-specific characteristics of the entrepreneurs were presented. The focus was on the individual cases. In this chapter these person-specific perceptions and cognitions are analyzed on a more general level. The focus is on how the cognition of the single entrepreneur appears in comparison to the other entrepreneurs. Finding patterns is important from a theory developmental point of view (Eisenhardt, 1989; Eriksson & Kovalainen, 2007).

The results allowed the division of the entrepreneurs into three categories: (i) extrinsic entrepreneurs also called type 1 entrepreneurs, (ii) extrinsic & intrinsic entrepreneurs also called type 2 entrepreneurs and (iii) intrinsic entrepreneurs also called type 3 entrepreneurs, although the boundaries between the three groups overlapped somewhat. As seen in Figure 16, there were similarities between the entrepreneurs in each particular group and there were differences between the groups, but each entrepreneur or each case was unique and therefore it was not appropriate to draw a strict line between the different categories. For example, Mrs. Lilly and Mrs. Maple possessed characteristics for both Type 2 and Type 3 entrepreneurs, and therefore were placed somewhere between the two groups.

Figure 16. Grouping of the entrepreneurs
The reason for the overlapping grouping may be found in the results from the analysis which are summarized in Figure 17. The differences between the three categories are then further explicated in the following subchapters.

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<thead>
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**Figure 17. Characteristics of different types of entrepreneurs**

### 7.1 Entrepreneurial motivation

When studying the entrepreneurs it was evident that they did not all have the same motives for becoming and being entrepreneurs. As noted in Chapter 3 motivational theory explains what it is that moves the person (Nuttin, 1984; Perwin, 2003; Salmela-Aro & Nurmi, 2000). Motivational theories can be divided into push theories and pull theories. Push theories suggest that there is an internal stimulus, e.g. hunger or fear, driving the person and that the individual seeks tension reduction. Pull theories suggest people set up goals for themselves and are pulled toward these goals. Motivation theories also distinguish between intrinsic and extrinsic motivation. In the case of intrinsic motivation one does something because of an interest in the task itself, whereas when one does
something because of the reward that follows this is defined as extrinsic motivation (Perwin, 2003).

The entrepreneurs in this study were driven both by push and pull motivation, but pull factors dominated. The entrepreneurs had set a future goal and entrepreneurship was a means to reach that particular goal. Mr. Note’s goal was to make his living from music and being an entrepreneur was one way of reaching that goal, i.e. he was pulled towards music. Mr. Morse said it sometimes felt unfruitful to work as an employee. Hence, he had a goal of gaining more independence and freedom and being an entrepreneur allowed him to reach these goals, i.e. he was pulled towards independence. Mrs. Baker, on the other hand, was looking for a certain kind of lifestyle and she found that by being an entrepreneur. But even if pull factors dominated, push factors also existed. That was evident in the case of Mrs. Maple in particular. She wanted to move away from her old lifestyle. She experienced a tension and to release that tension she quit her job and became an entrepreneur. Mrs. Baker had also experienced the same kind of tension for a short period of time when she worked as an employee and this motivated her to start her second company.

In several cases the decision to become an entrepreneur was connected to what Shapero (1975) refers to as a critical event. The entrepreneurs had gone through changes in their life and as a result entrepreneurship had suddenly become more desirable. For example, both Mr. Green and Mrs. Baker lived abroad for several years and when they moved back to Finland the idea of starting a company of their own became a viable option. In the cases of Mrs. Maple, Mrs. Lilly, and Mrs. Mayson aging had caused them to start reflecting on their life achievements and goals. As Salmela-Aro and Nurmi (2000) point out, people’s motives and goals often change in the course of life: what has been important suddenly becomes less important, and what motivated earlier is no longer motivating.

Both intrinsic and extrinsic motivations were present among the entrepreneurs studied. Intrinsic motivation means that you are an entrepreneur because you see entrepreneurship as such as interesting and rewarding. Extrinsic motivation means that you become an entrepreneur because you believe it can lead to rewarding results (Perwin, 2003). Type 3 entrepreneurs show a strong intrinsic motivation. For them being an entrepreneur is a goal in itself. For example, in this study both Mr. McDonald and Mrs. Baker said that they could not stop working. They liked to see the results of their work, but being involved in the process was more rewarding than seeing the results. Mr. Note and Mr. Green on the other hand, represented the other end of the continuum. They were driven by extrinsic motivation and for them the result was the reward. Mr. Green spoke of how he could walk around admiring beautiful gardens and Mr. Note mentioned how important it was for him to get an outlet for his creativity. Type 2 entrepreneurs like Mr. Nord and Mr. Stevenson for example, are driven by both intrinsic and extrinsic motivation. They lean towards extrinsic motivation in the sense that they did want to see the result of their job, but on the other hand there
was something in the entrepreneurial process itself that fascinated them. The extrinsic/intrinsic division is such an outstanding characteristic of the different types of entrepreneurs that the types can be labeled according to this. Type 1 entrepreneurs can be classified as extrinsic entrepreneur, Type 2 as extrinsic/intrinsic entrepreneurs and Type 3 as intrinsic entrepreneurs.

Also noteworthy is how the motives of the entrepreneurs studied changed over the years; what started for one reason continued for another reason (Salmela-Aro & Nurmi, 2000). Just as changes in motivation can lead to one becoming an entrepreneur, changes in motivation can also lead to different kinds of entrepreneurship. Mrs. Maple was a good example of this. When she first started she was driven mainly by extrinsic push factors. She wanted to move away from her old life and she thought that through entrepreneurship she might find the stress-free and independent life she was looking for. Entrepreneurship itself was less important for her at the beginning. However, she quickly discovered that she actually had what it took to be a successful entrepreneur. The impetus which caused her to start the business became less important, and instead it became a challenge for her to see how far she could take the company and the entrepreneurial aspects took on more importance. By the end of the program, it was evident that she was being driven by pull factors and that the intrinsic motives had grown stronger.

Mr. Note and Mr. Nord were good examples of how motives can change as a result of environmental impact. At the beginning of the program they both had a weak entrepreneurial identity. Mr. Note had just started his company and for him being an entrepreneur was more of a necessity than something enjoyable. Mr. Nord was about to step into a new role in the business and had not yet quite found his role. During the program they both started pondering their entrepreneurial identity, and as the program progressed, their intrinsic motivation grew. The extrinsic motivation still dominated, but the intrinsic motivation increased enough to impact cognition and goal setting. Similarly Mr. Harrison was in the process of changing his motives; he was getting closer to retirement age and therefore he needed to rearrange his entrepreneurial goals and motives.

To summarize: Figures 16 and 17 show that the entrepreneurs studied can be divided into three categories. With regard to motivation the first type of entrepreneurs, i.e. Mr. Note and Mr. Green, were characterized by extrinsic motivation. They were not entrepreneurs because they thought it was fun, but because it served their purposes and gave them the results they were looking for. They were both very creative people and they appreciated the freedom to express their creativity. Their motivation came from a specific entrepreneurial activity e.g. gardening or making music, rather than from the nature of the entrepreneurial process and if it had not been for this specific activity they would never have become entrepreneurs.
For Type 2 entrepreneurs the specific entrepreneurial activity remains important but it is less decisive. The entrepreneurs in this group had all built their entrepreneurial career around their education, but they were not as emotionally involved in it in the same way as the Type 1 entrepreneurs were. Mr. Note would have been devastated without his music and he could hardly imagine a life without it, whereas Mr. Morse liked engineering and his technical devices, but would have survived without them. Moreover, Type 2 entrepreneurs have a stronger business motivation. They identify themselves as entrepreneurs and it is important for them to be entrepreneurs. They do not want to work for somebody else. Both Mr. Morse and Mr. Stevenson highlighted the independence that entrepreneurship had given them. But for the Type 2 entrepreneurs in this study entrepreneurship had to be tied to a specific activity or a specific education a specific company, i.e. the entrepreneurs’ own company, played a central motivational role.

Type 3 entrepreneurs were characterized by intrinsic motivation. They just loved being entrepreneurs and they could not imagine another kind of lifestyle. Noteworthy is that in this study none of these Type 3 entrepreneurs had founded their business based on their original education and all of them had started two or more companies. In other words they could be characterized as serial entrepreneurs. Mrs. Maple and Mrs. Mayson, for example, were placed on the intersection of Type 2 and Type 3. This is because only later on in life did they acquire an education related to their company. Additionally Mrs. Maple had only started one company, but according to the observations it seemed that both she and Mrs. Mayson were drawn towards Type 3 entrepreneurship. Mrs. Baker and Mr. McDonald represented typical Type 3 entrepreneurs. The end result did matter to them, but what fascinated them more was the process itself. They saw themselves as born and bred entrepreneurs. Another common finding for Type 3 entrepreneurs in this study was that they all had a large network which they knew how to exploit; they were motivated by being part of a bigger system. Interestingly, Mr. Harrison used to be a Type 3 entrepreneur, but his motives were about to change and he appeared to be moving towards Type 2 entrepreneurship.

In Chapter 3 motivation was characterized as a force that activated people and directed their decision process (Nuttin, 1984; Perwin, 2003). The results from the case studies supported this statement. Motivation constituted the source of inspiration for the entrepreneurs. When they made their decisions about what kind of entrepreneurial activities to pursue they found confidence in their motivation. When evaluating different opportunities the entrepreneurs put the opportunities in relation to their motivation and they made their decisions accordingly. This is what Nuttin (1984) referred to in his relational theory of motivation and this is also the explanation why the entrepreneurs reacted differently to the same kind of stimuli (Perwin, 2003).
7.2 Entrepreneurial cognition

The case studies showed that in many ways motivation impacted cognition and goals, including perceived entrepreneurial desirability, perceived entrepreneurial feasibility, self-efficacy, social norms, opportunity recognition and decision making style. Perception of risk was not included as a separate variable because as the literature review in Chapter 4 concluded there was no empirical support for entrepreneurs having higher risk propensity than people on average. It is likely however they perceive risks differently, i.e. they are more optimistic. In this study optimism was mediated through other variables such as self-efficacy and opportunity recognition.

While the groups once again showed differences, there were some common features. First, all the entrepreneurs in the program were generally optimistic people. They thought that in someway, somehow, everything would work out. Although some of them identified threats and weaknesses they were all more inclined to talk about opportunities and strengths. Second, even though some of them felt it was somewhat difficult to be an entrepreneur they did not regret their decision to become an entrepreneur. The only one who mentioned that he was thinking about other options was Mr. Note. The rest were sure they had made the right decision. Third, they were all committed, but to different parts of entrepreneurship. They all possessed high self-efficacy, but in different contexts. Fourth, they all identified business opportunities, but in different lights. Finally, they all experienced a lack of information, but for different reasons.

7.2.1 Desirability and feasibility

In general it was striking how perception of entrepreneurship was impacted by motivation. For example, all entrepreneurs in this study perceived entrepreneurship as desirable and feasible, but the desirability and feasibility which give rise to the intention and action was not in all cases tied to entrepreneurship. The intrinsic entrepreneurs fitted well into Krueger’s entrepreneurial intentions model (cf. Krueger 1993; Krueger & Brazeal, 1994). They viewed entrepreneurship as feasible and desirable and hence they formed an intention to start a company. Throughout the process they also continue to perceive entrepreneurship as desirable and feasible. According to them entrepreneurship was both easy and fun.

The extrinsic entrepreneurs had a completely different perception of entrepreneurship. They did not perceive entrepreneurship as particularly desirable, but possessed a great passion for a particular activity. They perceived entrepreneurship as somewhat feasible and in the light of that they decided it was worth the effort. Their perception of entrepreneurial feasibility was closely linked
to the perception of the feasibility of the activity. In this study for example, Mr. Note, had never dreamed of becoming an entrepreneur, but he possessed a high desirability for music that hinged on passion. He saw that being an entrepreneur would provide him with the opportunity - a vehicle - to work with music, and since being an entrepreneur did not appear too difficult at that stage he formed an intention to start a company. The intention was mainly driven by his desire for the particular activity, and not by entrepreneurial desirability. He transferred the feasibility of the activity to being an entrepreneur. He knew he was a good musician and thus he believed it ought not to be a problem to sell his skills. What was noteworthy in the cases of both Mr. Note and Mr. Green was that once they had started their company feasibility decreased; being an entrepreneur turned out to be more difficult than they had first thought.

The extrinsic/intrinsic entrepreneurs fell in between the two other categories once again. They perceived both a particular activity and entrepreneurship in general as desirable. They had a specific skill and they also had some business knowledge and hence the perceived feasibility increased. The stronger the intention grew the more feasible and desirable entrepreneurship appeared to be. In fact intention seemed to drive feasibility and desirability. This is an example of the kind of reciprocal causality highlighted in the literature (see for example Carsrud, 2007 and Brännback et al. 2006a). For example Mr. Stevenson did not intend to employ ten people when he first started, but once he saw that he was capable of running a successful business, and as he dared to take on bigger challenges, entrepreneurial desirability increased.

According to the entrepreneurial intentions model perceived entrepreneurial desirability and perceived entrepreneurial feasibility are the antecedents of an entrepreneurial intentions. The results from the case studies supported this statement, but also showed that this assumption was insufficient. Entrepreneurship needed to be perceived as feasible and desirable in order for an entrepreneurial intention to emerge. However, from a research point of view the interesting question was not if entrepreneurship was feasible and desirable, but rather why entrepreneurship was desirable and feasible. To answer that question contextual factors such as motivation, goals and self-efficacy needed to be incorporated.

7.2.2 Self-efficacy

Bandura (1986, 1989) points out that self-efficacy is context and content specific and that was certainly evident in these case studies. All the entrepreneurs possessed high self-efficacy, but with regard to different issues. Once again, the differences could be tracked back to different kinds of motivation. Type 1 entrepreneurs knew they were experts in their field of business. Mr. Note possessed a high self-efficacy when it came to making music and Mr. Green
possessed a high self-efficacy when it came to landscaping, but when talking about running a business they both became less secure. The type 2 entrepreneurs were sure they knew a lot about the business activity and entrepreneurship, but they did not claim to be experts in either field. In a way their self-efficacy was incarnated in the company. They believed in their company and its ability to achieve goals. Mr. Nord was an excellent example of this. He did not appear to be a very self-confident person when he talked about himself, but when he talked about the company his appearance changed. Rather than seeing himself as being the expert he perceived the company to be an expert in its field of business. This kind of self-efficacy can be compared to what Bandura (1986) refers to as collective self-efficacy.

Finally, the Type 3 entrepreneurs had high self-efficacy regarding their business capacities. They were sure that they knew how to do business. They did not claim to be experts in their products, but they knew how to sell them. For example, Mrs. Baker was neither an expert baker nor a consultant, but was convinced she had a lot to offer to the business. Mrs. Maple in turn, had had very little experience in gardening, but still she was better at doing business than Mr. Green, who had been in the field for 20 years.

According to Bandura (1989; 1986; 1982), self-efficacy determines what kind of goals people set, how motivated and committed they are, and how they reason. The case studies showed similar findings. The entrepreneurs studied appeared to set higher goals for the areas where they held high self-efficacy and considerably lower goals for the areas where they held lower self-efficacy. The connection between commitment and self-efficacy was seen in that what the entrepreneurs were committed to was determined by their motivation and self-efficacy. Mr. Green was more committed to gardening than to business and he also possessed higher self-efficacy in gardening than in business. Mr. Harrison on the other hand possessed high business self-efficacy and was also more committed to business than Mr. Green. Moreover, Bandura (1989) states self-efficacy is impacted by previous experience, role models and social persuasion among other things. The impact of experience was seen as those who had been entrepreneurs for a longer period of time also possessed higher business self-efficacy. The impact of role models was seen mainly in the case of Mr. Nord. During the program he compared himself to the other entrepreneurs and concluded that if they could do it he could too. The impact of social persuasion was not strong in these cases.

In the entrepreneurial intention model self-efficacy drives feasibility. Based on the findings in this study that was also found to hold true, but as already noted it was important to distinguish between different kinds of self-efficacy. As shown, self-efficacy also had an impact on desirability and intention although the results from this study can not be used to confirm whether it was channeled directly or through feasibility. Moreover, the results also showed self-efficacy impacted motivation and goals.
7.2.3 Social norms

Social norms can be compared to what Bandura (1989) refers to as role models and social persuasion. Social norms came up rather seldom in the discussions and when they did they were in very different forms and at a somewhat superficial level. For example, Mr. Stevenson and Mr. McDonald both mentioned that Finnish people tended to be a little jealous and therefore being successful was not always seen as something positive. This was also an experience which Mrs. Maple shared.

According to the entrepreneurial intentions model social norms affect entrepreneurial desirability (cf, Krueger, 1993), but as has been mentioned earlier research results have been mixed (Krueger et al. 2000; Kickul & Krueger, 2004). Findings from this study also indicated that the impact varies. In general the entrepreneurs recognized social norms, but did not admit that the norms affected their decisions or behavior. The entrepreneurs indicated they were not afraid of breaking the norms. For example, Mr. Note said that jingles were not highly regarded in musical circles, but that did not bother him. Mrs. Baker said that society did not favor entrepreneurs, but pointed out the entrepreneurial lifestyle was very desirable for her. There were no apparent differences between the different kinds of entrepreneurs. The variable social norms were defined as the perceived normative beliefs of significant others weighted by the individual’s motive to comply with the norms (Krueger et al. 2000). The results showed that the entrepreneurs studied were not eager to comply with social norms and this probably diminished the impact of social norms. This was also one possible explanation for the mixed results in previous research.

The results supported the existence of different kinds of social norms, which has also been mentioned in previous research (Krueger et al. 2000; Kickul & Krueger, 2004). For example family social norms differ from general social norms (Carsrud et al. 2007). Mr. Morse and Mr. Nord, who ran family businesses, both mentioned the impact of their family but they also stated that the opinions of employees were also of importance. Other entrepreneurs, for example Mrs. Maple and Mr. McDonald referred social norms to society in general. The different kinds of social norms are also one possible explanation for the mixed results in earlier research (Krueger et al. 2000; Kickul & Krueger, 2004). Different kinds of social norms are likely to have different impacts. According to the findings from this study social norms did not have a significant impact on entrepreneurial desirability, but the existence of different kinds of social norms and an entrepreneur’s predisposition not to comply with social norms deserve a closer investigation in future research.
7.2.4 Opportunity recognition and decision making style

The reason why decision making style and opportunity recognition were treated together in this study was that it was not appropriate to separate them. Identifying an opportunity automatically led to making a decision, and the entrepreneur then had to decide whether or not to act on the opportunity.

As mentioned earlier, entrepreneurs have been found to use heuristics in their decision making styles (Gustafsson, 2006; Baron, 2004). Support for this was, to some extent, found in the case studies, but it seemed as if a heuristic decision making style was sometimes rather forced on a person rather than deliberately chosen. All of the entrepreneurs reported on occasion that they did not have the kind of information they needed and therefore they made decisions based on the limited information they did have, and compensated for the lack of information using their intuition. In this sense it would be justified to claim they were heuristic decision makers. However, when taking a closer look at how they reasoned before making a decision some differences were observed and these differences could be traced back to the different type of entrepreneurs. In many cases the decision making style was linked to what kind of opportunities the entrepreneurs saw.

The problem among extrinsic entrepreneurs was that they did not know how to find the kind of information they needed. In some cases they did not even know what kind of information to look for. Mr. Note used the Google information search and his conclusion was that he did not have competitors. Mr. Green agreed that benchmarking would be useful for finding out how well he was performing, but immediately stated that he did not know how to go about it. The lack of information and the lack of applicable search methods more or less forced these entrepreneurs into intuitional decision making. Labeling their decision making as intuitive decision making was not justified because the entrepreneurs did make use of the information they had, but since the information they had was insufficient, intuitive decision making dominated. The problem for Mr. Note was that did not have much experience to base his intuition on and hence the opportunities he recognized sometimes appeared fantastical rather than as carefully considered alternatives. Similarly, Mr. Green, for example, talked about opening an internet shop, moving to France or starting projects in St. Petersburg and all of these opportunities were based on something he had picked up somewhere, but which he had never made any attempt to turn into business opportunities.

Type 1 entrepreneurs see opportunities, but they do not systematically search for them or evaluate them and therefore they can be labeled opportunity recognizers (Sarasvathy et al. 2003). Moreover, Type 1 entrepreneurs do see opportunities to implement the activity they like, rather than genuine business opportunities. Mr. Note and Mr. Green, both Type 1s, for example were more interested in
opportunities that allowed them to make music or do gardening work respectively, than in the opportunity to create a profitable business.

The extrinsic/intrinsic entrepreneurs in the study demonstrated a clear readiness to search for information and most of them also had some knowledge about how to do so. For example Mr. Nord said he had tried identifying his competitors and gathering information on them through customers, and Mr. Harrison, who was placed on the intersection between Type 2 and Type 3 entrepreneurs, said he had conducted a competitor analysis. These entrepreneurs wanted to base their decisions on facts and numbers, but their problem was that it was not always easy to find all the information they needed and so they used intuition to compensate for the information they lacked. In that sense Type 2 entrepreneurs use heuristic decision making (Gustafsson, 2006), but as observed, many in this study preferred a more analytical style whenever possible. This was also evident in their search for opportunities. When they screened for opportunities they stayed focused on their own field of business. They wanted to find new customers and new markets but they did not want to make radical changes in their business or go into entirely new fields of business, thus they could be labeled opportunity discoverers (Sarasvathy et al. 2003).

Intrinsic entrepreneurs are the most typical heuristic decision makers (Gustafsson, 2006). Those studied blamed their lack of information mainly on lack of time and indirectly stated that they did know how to get the information, but were unable to do so because of time constraints. On the other hand, the lack of information did not bother them much because they had a strong belief in their own intuition. In comparison with Type 1 entrepreneurs they had more business experience to rely on and thus their ideas appeared to be more realistic and less like fantasies and dreams. All Type 3s in this study had previous experience in entrepreneurship.

Regarding opportunities the Type 3 entrepreneurs tended to see opportunities everywhere. What other people might see as a threat they managed to turn into an opportunity irrespective of whether it had something to do with their line of business or not and could therefore be labeled opportunity creators (Sarasvathy et al. 2003). For example Mrs. Baker was on the board of an EU-project and the problem was that they had not found anyone to run the wholesale project. Instead of grumbling about it she saw it as an opportunity for her own company. She had never been involved in consultancy activities before, but that did not deter her in any way.

The differences in opportunity recognition can be explained by the fact that motivation and self-efficacy impact how opportunities are evaluated (Perwin, 2003; Bandura, 1986; 1989). Opportunities are evaluated in relation to the motivation of the entrepreneur, as well as in relation to the likelihood of succeeding. Since the entrepreneurs possessed different motivational frameworks it was only natural that they perceived opportunities differently. Regarding
decision making style the results did not support the assumption that heuristic decision making style was an entrepreneurial characteristic (Gustafsson, 2006). Many of the entrepreneurs relied on heuristics, but it was more because of a lack of alternatives than as a result of it being a personal characteristic of theirs. However, the entrepreneurs were cognitively biased when making decisions (Baron, 2004). Their decisions were highly emotional and they were optimistic - sometimes overly so - with regard to predictions about future outcomes. In some cases the optimism also resulted in truncated information searches (Douglas, 2006). The entrepreneurs saw no need to search for more information.

To summarize, the entrepreneurs showed differences in opportunity recognition and decision making styles, but the common denominator was that because of their inherent biases they tended to be optimistic in their opportunity search and decision making. With respect to the entrepreneurial intentions model, this mainly affected perceived feasibility: being optimistic about the opportunities made entrepreneurship seem feasible.

### 7.3 Entrepreneurial goals

The analysis has already shown that motivation affected cognition and that the entrepreneurs varied both in their motivation style and their cognitions. The next step in the analysis was to explore what kind of goals the entrepreneurs set and how they reasoned when setting their goals. The observations from the case studies showed that the entrepreneurs set different kinds of goals both in terms of general goals in life and business related goals.

#### 7.3.1 Hierarchy of goals

As noted earlier Bagozzi and Dholakia (1999) suggest that people place their goals in a hierarchy. Thus there are focal goals, subordinate goals and superordinate goals. The same kind of hierarchy is observed also in motivation theory when differentiating between instrumental motivation and final motivation (Nuttin, 1984). In this study the superordinate goals closely resembled final motivation and therefore the difference between motivation and goals sometimes appeared vague.

When looking at the entrepreneurs it seemed as if they placed entrepreneurship at different levels in their goal hierarchy. Mr. Note wanted to express his creativity [superordinate goal], he could do that by making music [focal goal] and in order to be able to make the music he started a company [subordinate goal]. It did not
7. THE EMERGENCE OF ENTREPRENEURIAL INTENTIONS

suit Mrs. Baker to be an employee so she wanted another kind of lifestyle [superordinate goal], this kind of lifestyle could be got by being an entrepreneur [focal goal] and, therefore, she started a bakery, a café and consulting activities [subordinate goal]. Mr. Morse wanted more independence in his job [superordinate goal] so he decided he wanted to become an entrepreneur [focal goal] and thus he took over the company from his parents-in-law [subordinate goal]. In general, the extrinsic entrepreneurs viewed entrepreneurship as a subordinate goal, while the extrinsic/intrinsic entrepreneurs and the intrinsic entrepreneurs viewed entrepreneurship as a focal goal. Those who viewed entrepreneurship as a focal goal also appeared to have a stronger entrepreneurial identity than those who viewed entrepreneurship as a subordinate goal.

7.3.2 Importance of goal

Bay and Daniel (2003) state that goals can be placed on a continuum depending on how important they are for the individual. Accordingly (Bay & Daniel, 2003; Locke & Latham, 2002), the more important the individual perceives the goal the more committed he will be. These case studies showed that the importance of the goal was impacted by the hierarchy of goals, but there were differences in the importance that could not be explained by hierarchy of goals. For example, entrepreneurship was a focal goal for Mr. Harrison, Mrs. Baker and Mr. Stevenson but a subordinate goal for Mr. Note and Mr. Green. It could then be concluded that the higher in the hierarchy entrepreneurship was, the more important it was. But, there were individual differences within the groups. Both Mr. Note and Mr. Green saw entrepreneurship as a subordinate goal, but entrepreneurship was more important to Mr. Green than to Mr. Note. Mr. Note even spoke of giving it up. Likewise, entrepreneurship was a focal goal both for Mr. Morse and for Mrs. Baker, but being an entrepreneur appeared to be much more important for Mrs. Baker. One possible explanation for this might be the existence of past trying, which Bagozzi and Warshaw (1990) refer to in theory of trying. For those who had been entrepreneurs for a long time, e.g. Mr. Green, or for those who had had several companies, e.g. Mrs. Baker, it was more important to keep on trying.

7.3.3 Hierarchy of goals versus entrepreneurial goals

The hierarchy of goals (Bagozzi & Dholakia, 1999), and social cognitive career theory (Lent, Brown & Hacket, 1994), compare entrepreneurship as a goal with other kinds of goals. In order to achieve something specific is it better for me to become an entrepreneur or an employee? Once the choice to become an entrepreneur has been made however, there are other choices which must still be made and other goals to be set. What should I strive for in my entrepreneurial
career? The evidence from these case studies suggested that the position of entrepreneurship in the goal hierarchy and the importance of being an entrepreneur also affected the entrepreneurial goals, i.e. what goals were set for the company. Once again it is appropriate to draw attention to the different types of entrepreneurs. In this study, Type 1 entrepreneurs, who viewed entrepreneurship as a subordinate goal, also set quite low entrepreneurial goals. For them, it sufficed that the company was profitable enough to make ends meet. This modesty applied only to the subordinate goal, and not for the focal goal. Mr. Note for example had high requirements on his music [focal goal], but when it came to the business aspects [subordinate goal] he was satisfied with making just enough money to get by.

The Type 2 entrepreneurs mainly viewed entrepreneurship as a focal goal and they also set remarkable higher goals for their company. They wanted to build a stable company, make the company grow a little bigger but not become too big, and to be profitable. The Type 3 entrepreneurs viewed entrepreneurship as a focal goal, in the same way as Type 2 entrepreneurs. The difference between the two types was that Type 3 entrepreneurs perceived being an entrepreneur as a more important goal than the Type 2 entrepreneurs did. Type 3 entrepreneurs had high business goals, but the goals were rather abstract. While Type 2 entrepreneurs spoke about relatively concrete, company-related goals such as increasing profitability and stability, the Type 3 entrepreneurs talked about building a village and spreading coaching as a mindset. The goals of the Type 3 entrepreneurs were much more abstract than those of Type 2 entrepreneurs.

As previously mentioned in Chapter 3, Locke and Latham (2002) argue that goals can impact behavior mainly through four different mechanisms. First, they have a directive function; they help us to turn attention toward activities which are relevant to the goal and ignore activities which are irrelevant to the goal. Second, goals serve as energizers; the higher the goals the greater effort we put in to achieve them. Third, goals affect persistence; the higher the goal the longer time we are willing to work for it. Finally, goals can lead to arousal, discovery and emergence of strategies.

In these case studies all four mechanisms could be observed with regard to the entrepreneurial goals of the entrepreneurs. With respect to the directive function, the results showed that the higher the goals the wider the entrepreneurial perspective. Intrinsic entrepreneurs set high and abstract goals and they saw all kinds of opportunities everywhere. Extrinsic/intrinsic entrepreneurs set high business focused goals and thus they saw opportunities related to their line of business. Extrinsic entrepreneurs set the lowest entrepreneurial goals and they also had the narrowest business perspective.

With regard to entrepreneurial goals as energizers it was evident that the higher the goals the more passionate the entrepreneurs were about entrepreneurship. With respect to persistence the results showed that the higher the goal the more
persistent the entrepreneur was. For example, Mr. Note had low entrepreneurial goals, had been trying to get the company to work for only half a year and was already considering giving up. Mrs. Baker, who had high entrepreneurial goals had been working towards her vision for 25 years and had no thoughts of quitting.

Finally, Locke and Latham claim (2002) goals are related to arousal, discovery and emergence of strategies. The strategy employed by Type 1 entrepreneurs, with modest entrepreneurial goals, was to find something which provided them with enough money to be able to do what they loved. Type 2 entrepreneurs, with relatively high business goals, wanted to have a focused strategy and put the company and the particular business activities in the center of the strategy. Mr. Morse and Mr. Nord for example stated that their goal was to make the companies more stable and therefore their strategies focused on finding suitable partners and more support activities within the existing line of business. Type 3 entrepreneurs, with more abstract goals, had clear visions but rather unfocused strategies. The nature of the goals made it more difficult for them to formulate an explicit strategy. Mrs. Baker had a goal to establish an entrepreneurship village and she had a clear picture of what it would look like, but, instead on focusing on the entrepreneurship village she had just started a café in a different location, and had also taken on consulting assignments. She believed these kinds of experiences and projects would be of value from a long term perspective, but she had no conception of why they would be useful.

Findings from motivation theory and social cognitive theory suggest goals are impacted by motivation and self-efficacy (Perwin, 2003; Bandura, 1989). The findings from these case studies clearly supported this assumption. The motivation of the entrepreneurs determined where in the hierarchy of goals entrepreneurship was placed, i.e. was entrepreneurship a means or an end? Self-efficacy determined what kind of business goal the entrepreneurs set. Those who held high business self-efficacy set high business goals, while those who held lower business self-efficacy in the main strived to make ends meet.

In summary, different kinds of motivation impact the position of entrepreneurship in the hierarchy of goals. Motivation also impacts cognition and perception of entrepreneurship and cognition impacts how important being an entrepreneur is perceived. Furthermore, the importance of entrepreneurship impacts what kind of entrepreneurial goals entrepreneurs set. Put more simply, why you want to be an entrepreneur in the end determines what you want to achieve as an entrepreneur, and what you want to achieve will impact your behavior. Noteworthy is that it is motivation and perception of entrepreneurship that impacts the goals, rather than the other way around. In some goal theories, such as for example Bagozzi’s model of effortful decision making and enactment (Bagozzi et al. 2003), goals are given more attention than motivation, but according to the findings of this study that gives a somewhat misrepresented picture of reality.
8. THE STRUCTURE AND MECHANISMS OF ENTREPRENEURIAL INTENTIONS

In chapter 2 it was stated that from a critical realism point of view making generalizations involves taking the findings to a more abstract level (Sayer, 2000; Danermark et al. 1997). In chapter 7 the findings from the case studies were taken from an individual level to a group level. This kind of abstraction allows for generalizations within the research sample, but it does not reveal to what extent the results from these case studies hold outside the limits of the study. A critical realist approach to research includes making generalizations which go beyond a particular study. Such generalizations are made on the level of structures and mechanisms. By identifying the structures and mechanisms of the research phenomenon the researcher is able to draw more general conclusions (Sayer, 2000; Danermark et al. 1997; Blundel, 2007). Moreover, this analysis relies on explanation building which is required to result in a model or a process description (Yin, 1984). To further elaborate on the structure of entrepreneurial intentions formation and to complete the explanation building, this chapter discusses the general implications of the analysis and presents a new theoretical model which reflects the findings of the case studies.

The aim of these case studies has been to gain a better understanding of how an entrepreneurial intention emerges. The study set out to explore the structure and mechanisms of entrepreneurial intentions.

The first finding was that there was no such thing as a typical entrepreneur. This was well expected based on the extant literature review in Chapter 4 (Gartner, 1989; Brockhaus & Horwitz, 1985; Casson, 1982) and the finding as such therefore was not new. The interest for entrepreneurial cognition as a field of research increased as a consequence of a similar finding in earlier research (Mitchell et al. 2002; Shaver & Scott, 1991; Gaglio & Katz, 2001) and despite its short lifespan, entrepreneurial cognition research has already contributed a lot to our understanding of entrepreneurial behavior (Gustafsson, 2006; Mitchell et al. 2007; Baron, 2004). Early entrepreneurial cognition research however focused mostly on similarities in entrepreneurial cognition (see for example Busentiz & Barney, 1997; Gaglio & Katz, 2001; Krueger, 1993). The findings from these case studies clearly show that two people with totally different cognition patterns could still make the same decision to become an entrepreneur. This aspect had not gained much attention in earlier entrepreneurship research and this study stresses the importance of these variations and shows that the differences in cognitive styles can be traced back to differences in underlying mechanisms such as motivation and goals. For example Mr. Note, Mr. Morse and Mrs. Baker thought and reasoned in three very different ways, but nevertheless they all had evidently made the decision to become entrepreneurs. Exploring the differences
in entrepreneurial cognition, as well as the sources of the differences, takes entrepreneurial cognition research one step further in the desired direction.

The study shows that perceived desirability, perceived feasibility and self-efficacy can be related either to (i) entrepreneurship in general, (ii) to a specific activity or (iii) to a specific company. In order to understand the context one has to know something about the entrepreneurs’ motivation and the goals. If one limits the interest to those who have a high feasibility or desirability for entrepreneurship, one simultaneously limits the interest to those who are interested in entrepreneurship in particular, which means overlooking all those for whom entrepreneurship is a vehicle to reach other goals rather than an end. As seen in chapters 3 and 4, the difference between means and ends has been acknowledged both in goal research (Bagozzi & Warshaw, 1990; Bagozzi & Warshaw, 1992; Bagozzi & Dholakia, 1999; Bay & Daniel, 2003) and in motivational research (Perwin, 2003; Nuttin, 1984), but not in entrepreneurship research. This study shows entrepreneurship can be a means or an end depending on its position in the person’s hierarchy of goals (Bagozzi & Dholakia, 1999).

According to the findings from this study motivation plays a crucial role when explaining how entrepreneurial intentions are formed. Whether or not the entrepreneurs in the case studies are particularly interested in entrepreneurship, they all have a strong motivation to be entrepreneurs. Entrepreneurship helps them get where they are heading, whether it is expressing creativity, becoming more independent or having an entrepreneurial lifestyle. As previously mentioned, motivation is closely connected to goals. In chapter 3 it was concluded that motivation changes throughout the lifespan (Nurmi & Salmela-Aro, 2005) and the case studies show that changing motives affects the decision to become an entrepreneur as well as the perception of being an entrepreneur. Many of the entrepreneurs made the decision to become entrepreneurs as a result of changing motives. Mrs. Maple and Mrs. Mayson were quite successful in their careers but still made the decision to quit their jobs and become entrepreneurs. In the cases of Mr. Nord and Mr. Note we also saw motives changing due to the training they received during the program. Previously, Mr Nord’s main interests had been in the company while Mr Note’s was in making music, but during the program a new interest for what it meant to be an entrepreneur was kindled, which caused them to rearrange their motives and goals.

Evidently motives and goals are interrelated and sometimes it can be impossible to say what determines what. However, it is evident that different motivation for being an entrepreneur results in different entrepreneurial goals. Extrinsic entrepreneurs, motivated mainly by results, set quite low goals for their business, while intrinsic entrepreneurs, motivated predominantly by the process itself as well as the entrepreneurial life style, set high but abstract goals and extrinsic/intrinsic entrepreneurs, motivated by the company and its activities, set high and rather focused goals. In the earliest days of entrepreneurship research, researchers considered it important to distinguish between “craftsperson”
(lifestyle) and “opportunist” entrepreneurs (Brockhaus & Horwitz, 1986). That research suggested there was a third group occupying the middle ground. The findings from these case studies seem to resurrect those early observations, but this time we have the advantage of cognitive theory that clearly shows the central role of entrepreneurial perception.

In Chapter 4 and based on existing research, perception of entrepreneurial feasibility and desirability were highlighted as the central mechanism of entrepreneurial intentions (Krueger, 1993; Krueger & Brazeal, 1994; Krueger, 2000). When viewing the entrepreneurial intentions model in the light of these results one can conclude that even if the basic structure of the model holds, it will not reveal relevant information unless it is anchored in a proper context. What is it really that is desirable and feasible? How does it relate to entrepreneurship? The model reveals part of the structure of entrepreneurial intentions, but it does not explain the emergence and the causes. In terms of critical realism it does not reach down to the real domain (Danermark et al. 1997).

8.1 A revised entrepreneurial intentions model

In line with the findings from this study entrepreneurial intentions can be understood only in a theoretical framework where motivation, goals and opportunity evaluation are included. The entrepreneurial intentions model (Krueger, 1993; Krueger & Carsrud, 1993; Krueger & Brazeal, 1994; Krueger, 2000) does not include any of these and is therefore a limited framework. The model for effortful decision making and enactment (Fig 11, Ch. 3) (Bagozzi et al. 2003), includes goals. However, this model does not explicitly include motivation. Drawing on the elements of the existing models and on the findings from this study a theoretical framework for understanding how entrepreneurial intentions emerge is presented in Figure 18. Since this is a qualitative study it is not possible to determine the variable connections as precisely as in a quantitative study, nor is it possible to say how strong the connections are. This model therefore is to be considered a conceptual framework that still needs to be tested. Nevertheless, this kind of a conceptual framework is necessary in order for research to progress.

The research questions for this study were: What are the characteristics of an entrepreneurial intention? How does an entrepreneurial intention emerge? The results of the study are summarized in the context-specific entrepreneurial intentions model (context-specific EIM). From a critical realist point of view the model illustrates the structure of the entrepreneurial intention formation process. This structure possesses the power to cause entrepreneurial behavior and is therefore helpful when seeking to understand entrepreneurial behavior.
The variables in the model represent the mechanisms that constitute the structure of an entrepreneurial intention formation process. The structure of an entrepreneurial intention deeply affects entrepreneurial behavior, but the impact is mediated through entrepreneurial goals and therefore entrepreneurial goals are important if one wants to understand entrepreneurial behavior. The existence of different kinds of goals, in this case, superordinate goals and entrepreneurial goals, also reflects the hierarchy of goals introduced by Bagozzi and Dholakia (1999). Entrepreneurial goals can be either focal goals or subordinate goals. However, the transition from entrepreneurial goals to entrepreneurial action is likely to be affected by non-volitional variables. This model stops at the level of intentions and does not take a stand on when or how an intention is transferred into action. Even if somebody has a strong intention to do something, something might prevent the person from pursuing the plan (Gollwitzer & Brandstätter, 1997). The impact of barriers and volitional versus non-volitional behavior occurs after the intention has emerged, and is outside the scope of this study.

Entrepreneurial intentions are first and foremost a result of superordinate goals, perceived entrepreneurial desirability, perceived entrepreneurial feasibility and opportunity evaluation. In the context-specific EIM these variables constitute a circle around the entrepreneurial intention. The variables in the circle reciprocally impact each other. The results from the case studies indicated that
superordinate goals affect both perception of entrepreneurial desirability and perception of entrepreneurial feasibility. If the main goal is to gain independence, entrepreneurial feasibility and entrepreneurial desirability will be evaluated in relation to how much independence it can provide. The superordinate goal also impacts opportunity evaluation. The case studies showed motivation and superordinate goals affect what kinds of opportunities the entrepreneurs recognize. Moreover, the results from the case study supported the earlier research findings that desirability and feasibility reciprocally impact each other (Brännback et al. 2006b; Carsrud et al. 2007). It seems that feasibility and desirability are always closely linked: high feasibility increases desirability and vice versa.

Opportunity evaluation is not included in the entrepreneurial intentions model developed by Krueger and his colleagues. (Krueger, 1993; Krueger & Carsrud, 1993; Krueger & Brazeal, 1994; Krueger, 2000). But both the theory review in chapter 4 (see for example Kaish & Gilad; 1991; Shane & Venkataraman, 2000; Eckhardt & Shane, 2003; Gustafsson, 2006) and the empirical findings of this study support the importance of opportunities and opportunity recognition. The variable opportunity evaluation in the context-specific EIM also includes a tendency to be optimistic and use self-serving biases. The optimism and the self-serving biases result in the entrepreneurs not perceiving themselves as taking risks. This finding is also supported by previous research (Shaver & Scott, 1991; Palich & Bagby, 1995) and consequently is not necessary to include perception of risk as a separate variable.

As Ajzen and Fischbein (2005) point out there is a difference between general attitudes towards a phenomenon and attitudes toward performing a specific behavior. The latter being more likely to result in action. The results show perceived entrepreneurial feasibility and perceived entrepreneurial desirability impact general attitudes toward entrepreneurship. By also including superordinate goals and opportunity evaluation the behavior is tied to a context and this makes it possible to explore the person’s attitude towards performing a particular entrepreneurial activity. If an individual perceives entrepreneurship as feasible and desirable (i.e. in general holds a positive attitude), considers entrepreneurship to be in line with his overall goals in life and additionally sees an opportunity to perform an entrepreneurial act (the two latter constituting a positive attitude towards performing an entrepreneurial activity), then he is likely to form an entrepreneurial intention. The ability to predict attitudes towards a particular entrepreneurial activity, and not only a general attitude towards entrepreneurship, makes the context-specific EIM more precise than the original entrepreneurial intentions model.

Even if self-efficacy and motivation do not impact the formation of an entrepreneurial intention directly, the indirect impact is of such importance that it legitimizes including them in the model. Motivation is important because it determines what kind of superordinate goals a person sets in life. The
superordinate goals are always set in relation to what is perceived as motivating. Self-efficacy is important because if motivation determines what a person wants to do, self-efficacy determines what he thinks he can do. Self-efficacy impacts both superordinate goals and entrepreneurial goals. However, it is important to remember that self-efficacy is context and content specific (Bandura, 1986; 1989) and both kinds of goals are likely to be impacted by different kinds of self-efficacy. Self-efficacy impacts motivation mainly through commitment, which Bandura (1989) also finds in his research. High self-efficacy improves commitment and thus makes the person more motivated to continue.

Reality consists of many different processes and different structures where one event causes another. The context-specific EIM shows an entrepreneurial intention can result in entrepreneurial goals, which in turn leads to entrepreneurial behavior. Once behavior emerges it may cause changes in motivation. These changes then function as a triggering event, which results in new entrepreneurial intentions. This is seen for example in the case of Mrs. Maple. Her first intention was to start a small business to provide a living for herself. Once she got started her motivation changed and so did her intentions. She then formed an intention to explore the possibilities for growth. The triggering mechanisms can also stem from another source and in the model this is illustrated in the variable triggering event. The term is borrowed from Shapero’s research (1982).

The context–specific EIM does not include the variable social norms. That does not mean that social norms are not important or that they do not have an impact but because the results for social norms were mixed further investigation is required before they can be placed in the model with accuracy.

8.2 Empirical support for the revised model

To illustrate the applicability of the new model examples from the case studies will be given. The aim is to demonstrate that the context-specific EIM is wide enough to capture the complexity of the entrepreneurs, but general enough to be applicable for all cases. This is done by taking one case from each type of entrepreneur and presenting it in terms of the context-specific EIM. The cases chosen are Mr. Note, Mr. Morse and Mrs. Baker. These cases are chosen because they can be seen as typical cases of extrinsic, intrinsic and extrinsic/intrinsic entrepreneurs.

Mr. Note has always been interested in music. That is his source of motivation. Something happened however, which make him re-evaluate his superordinate
goals and move creativity and music higher up in the goal hierarchy. He decided he wanted to spend all his time making music. In relation to his new goals, entrepreneurship became more feasible and more desirable than before. He had a strong desire to make music and since being an entrepreneur would allow him to pursue this dream, he perceived entrepreneurship as desirable. He possessed a high self-efficacy with respect to making music and therefore he believed he would be able to make the kind of music that would sell. Thus he perceived entrepreneurship as feasible. Additionally he saw an entrepreneurial opportunity. He stated that there were not very many musicians devoted to making music for commercials, but there was a demand for that kind of music. His perception of the opportunity and his opportunity evaluation were probably biased, but in this context that does not matter. In line with the context-specific EIM he then formed an entrepreneurial intention. He possessed a positive attitude towards entrepreneurship in general, i.e. high perceived feasibility and high perceived desirability. He had a positive attitude towards performing the act, i.e. it fitted in with his goals and he wanted to act on the opportunity. Since entrepreneurship was not high up in his goal hierarchy, he set quite modest entrepreneurial goals. He would be satisfied if he managed to get by. During the program some changes in his cognition appeared. These changes probably affected his motivation and resulted in a new intention formation process. The first process resulted in the intention to start a business. The second intention formation process was in progress and the result was still open.

The triggering event, or the generative mechanism, that started the intention formation process for Mr. Morse was realizing that being an employee was no longer an attractive option for him. He was motivated by the desire for personal independence. His superordinate goals include independence as well as having more time for his family. Entrepreneurship offered him the opportunity to reach his goals and therefore he perceived it as desirable. When he was offered the possibility to take over the company from his parents-in-law, he saw this as an opportunity to gain more freedom without having to put all his time and effort into building a company from scratch. Entrepreneurial feasibility, in his case, stemmed from knowing the business, having experience of being a leader and taking over a company which was already established on the market. In his hierarchy of goals, entrepreneurship was found somewhere in the middle, it was not his superordinate goal, but still rather important to him. Consequently, he set quite high, but focused goals for his entrepreneurial career.

Finally, Mrs. Baker was motivated by an entrepreneurial lifestyle and consequently her superordinate goals were closely linked to being an entrepreneur. In her case it became obvious that perceived entrepreneurial feasibility, perceived entrepreneurial desirability, superordinate goals and opportunity evaluation all reciprocally impacted each other. Entrepreneurship became desirable and feasible because she saw herself as destined to be an entrepreneur. Her strong desirability for being an entrepreneur made her continuously on the look out for entrepreneurial opportunities. She noticed the
opportunities because she had her mind set on entrepreneurship, but in the same way the opportunities she observed strengthened her perception of entrepreneurial desirability and feasibility. This kind of reciprocal causality was also pointed out in earlier research (Brännback et al. 2006b; Carsrud et al. 2006; Krueger & Kickul, 2006). Since the distance between her superordinate goals and entrepreneurship goals was small, she set high entrepreneurial goals.

If claiming the context–specific EIM is better than the original entrepreneurial intentions model, it must mean these results could not have been obtained using that theoretical framework. Would they have been? Based on the findings of this study the answer is in the negative. Using the original entrepreneurial intentions model the conclusion would have been that entrepreneurship was perceived as desirable and feasible by the entrepreneurs and therefore they formed an intention to become an entrepreneur. Thus only the person’s general attitudes would have been taken into account. As seen, general attitudes are weak at predicting specific behavior (Ajzen & Fishbein, 2005). Furthermore without expanding the original model to including motivation, goals and opportunity evaluation would not have revealed anything about why the entrepreneurs perceived entrepreneurship as feasible and desirable. The finding that the entrepreneurs varied in their perception and cognitions would have been overlooked. Thus, the original entrepreneurial intentions model also fails to explain how these perceptual differences impact entrepreneurial behavior. In the revised model this is illustrated in the form of entrepreneurial goals. The context–specific EIM includes general attitudes towards entrepreneurship as well as attitudes towards performing a particular entrepreneurial activity. Thus it manages to identify the context in which the intention arises. The conclusion therefore is that the original entrepreneurial intentions model mainly scratches the surface, whereas the revised model manages to reach the real domain disclosing the structure and underlying the mechanisms of an entrepreneurial intention.
9. SUMMARY AND CONCLUSIONS

This study explores entrepreneurial intentions. Intentions are important in an entrepreneurial setting because entrepreneurial behavior typically falls into the category of intentional behavior, meaning that before somebody decides to perform an entrepreneurial activity he forms an intention to perform the activity. A person engages in a cognitive process where he evaluates the different aspects of the particular activity. The result of this process will determine whether or not he will try to execute the activity. Thus, understanding the cognitive process is necessary in order to understand entrepreneurial behavior. If we want to support entrepreneurship and encourage people to become entrepreneurs, we first have to know what makes entrepreneurship attractive in the eyes of the people.

This study approaches entrepreneurial intentions from a critical realist point of view. According to critical realism there is an independent reality, but it is not possible for a single person to capture the whole reality and therefore each person holds a subjective picture of the reality (Danermark et al. 1997). From an epistemological point of view it is important to consider the nature of the phenomenon before deciding how to study it. To reveal the nature of the social phenomenon the researcher should therefore ask what is it that causes the phenomenon to be what it is. Accordingly, this research aims at studying what is needed for an entrepreneurial intention to emerge.

To begin with the study examines how behavior can be understood from a psychological point of view. The literature review reveals the importance of differentiating between intentional and unintentional behavior. Previous research show that attitudes, self-efficacy, motivation and goals are crucial to understanding behavior and understanding how intentions emerge. Motivation, attitudes and goals have a directional and selective function (Fishbein & Ajzen, 1975; Nuttin, 1984; Locke & Latham, 2002). They explain why people choose one thing over another and activate a person. Self-efficacy reveals to what extent a person believes in his own capability and therefore plays an important role in the goal setting process in particular (Bandura, 1989; 1986). Another important finding from psychology is that people have different kinds of goals and tend to organize them in a hierarchy (Bagozzi & Dholakia, 1999).

One of the most frequently used models to explain psychologically how entrepreneurial intentions emerge is the entrepreneurial intentions model developed by Krueger and his peers (Krueger, 1993; Krueger & Carsrud, 2003; Krueger & Brazeal, 1994; Krueger, Reilly & Carsrud, 2000). According to this model entrepreneurial intentions are impacted by perception of entrepreneurial desirability as well as perception of entrepreneurial feasibility. Furthermore, perceived entrepreneurial desirability is impacted by perceived social norms and vice versa: perceived entrepreneurial feasibility is impacted by self-efficacy.
Although this model is commonly used, it seems as if it has never been seriously questioned.

Based on the literature review and the findings of previous research the following research questions were posed:

- What are the characteristics of an entrepreneurial intention?
  - which cognitive mechanisms affect entrepreneurial intentions?
  - how well does the entrepreneurial intentions model capture the structure of entrepreneurial intentions?

- How does an entrepreneurial intention emerge?
  - what kind of structure is able to cause the emergence of an entrepreneurial intention?
  - what kind of goal structure drives the intention emergence?
  - how does motivation impact intentions?
  - how do intentions change over time?
  - how do intentions change over context?

The empirical part of this study consisted of multiple extensive, explanatory case studies. Data was collected from 11 entrepreneurs taking part in a business development program. The program lasted for 1½ years and the researcher was able to collect rich and detailed data about the entrepreneurs.

The results from the case studies showed there is no such thing as a typical entrepreneurial way of thinking and entrepreneurs vary in their cognitive style. The variations can be ascribed to differences in motivation and different kinds of goals. For some entrepreneurs being an entrepreneur was a goal, for other it was a mean to reach another goal. Entrepreneurial feasibility and entrepreneurial desirability were both relevant. But to understand why somebody perceives entrepreneurship as feasible and desirable, feasibility and desirability had to be put in relation to what motivates them and what kind of goals they had set. Entrepreneurship was perceived as attractive only when in agreement with the motivations and the goals of the person. Moreover, the cognitive style of the entrepreneurs together with their superordinate goals and motivations impacted what kind of entrepreneurial goals they set. The results confirmed the importance of self-efficacy in that self-efficacy impacts motivation, perception of feasibility as well as goals. The results for social norms were mixed and this study cannot tell exactly how social norms impact the intention formation process. Finally, the results confirmed the importance of entrepreneurial opportunities and concluded that decision making in this case was part of the opportunity recognition process.

Furthermore, the results of the study revealed that the entrepreneurial intentions model did not explain the nature of and the emergence of entrepreneurial intentions sufficiently. The entrepreneurial intentions model revealed people’s
general attitudes towards entrepreneurship, but failed to reveal their attitudes towards performing a particular entrepreneurial activity. Thus the entrepreneurial intentions model did not capture the whole structure of the entrepreneurial intentions formation process.

Based on the findings from this study a new model, called the context-specific entrepreneurial intentions model, was developed. The model adapts the basic structure of the entrepreneurial intentions model but also includes motivation, goals and opportunity evaluation. By including these variables the model is able to capture people’s general attitudes towards entrepreneurship as well as their attitude towards performing a particular entrepreneurial activity. Thus the model illustrates the structure of an entrepreneurial intention formation process. Since this is a qualitative study the testing of the model remains an issue for further quantitative research.

9.1 Theoretical contribution

Previous research laid a solid foundation for the field of entrepreneurial cognition research and resulted in valuable insights. However, as Carsrud and Johnson (1989) have already claimed more sophisticated models are required in order to understand entrepreneurial behaviors. The results from the literature review in this study indicated that this request has not yet been properly responded to. The biggest contribution of this study was an initiation of discussion about the models we use in entrepreneurial cognition research. This study clearly showed that the entrepreneurial intentions model needed to be further questioned and more attention must be paid to the impact of goals and motivation.

The results from this study emphasized two important findings.

- First of all, entrepreneurial behavior cannot be understood if not studied in a proper context.
- Secondly, entrepreneurial behavior is a process and the process is neither stable nor linear.

As Carsrud and Johnson argue (1989) entrepreneurial behavior is “a dynamic ever-changing process that is usually evidenced in situations of instability and changes” (p. 21).

Beginning with the contextual aspect, entrepreneurial behavior has been studied here through the framework of entrepreneurial intentions. The results showed that intention always emerges in relation to contextual factors, is rooted in a motivation and is goal oriented. Why intentions emerge can be understood only if motivation and goals are taken into consideration. The entrepreneurial intentions
model states that an entrepreneurial intention appears because the entrepreneur perceives entrepreneurship as desirable and feasible. According to the entrepreneurial intentions model people become entrepreneurs because they perceive entrepreneurship as attractive. This study claims the key to understanding entrepreneurial behavior lies in understanding why entrepreneurship is attractive. The contextualized entrepreneurial intentions model offers the possibility to go beneath the given facts and explore what it is which makes entrepreneurship attractive.

The view of entrepreneurial behavior and intentions formation as dynamic processes has several implications for theory. It means it is pointless to search for stable entrepreneurial characteristics. The results showed that entrepreneurial motivation, as well as entrepreneurial goals, can change during the process: entrepreneurial behavior may start for one reason and continue for another. Consequently the cognitive patterns of entrepreneurs vary across entrepreneurs as well as within entrepreneurs. Results showed the unifying characteristic was not how the entrepreneurs think and reason, but what they think and reason about. In other words, all reason in terms of goals and motivation but what goals entrepreneurs have and what motivates them varies and is dependent on both internal and external factors.

9.2 Managerial contribution

The most important implications of this study are found on a theoretical level. This is a expected outcome considering the emphasis on theory development in the study. Nonetheless the results do have practical relevance too. How they can be implemented in practice however depends on the nature of the practical situation and therefore it is not possible to mention all the practical implications here. In the spirit of critical realism (Sayer, 2000; Danermark et al. 1997) practitioners themselves hold the main responsibility for identifying practical implications.

As seen in this study different cognitive patterns directly influence the daily activities of the entrepreneurs. Understanding these cognitive differences and their impact on behavior is important for educational institutions, the government, authorities and other intermediate organizations who work with promoting entrepreneurship. For the authorities entrepreneurship is one means of reaching economic goals. i.e. economic development, growth and employment and consequently this influences how they reason about entrepreneurship. In their top-down approach authorities do not always take into consideration that individuals are likely to valuate entrepreneurship for different reasons. As shown in this study people have different motives for becoming entrepreneurs and this
means that not all entrepreneurs share the authorities’ vision of wealth creation. Therefore *different types of entrepreneurs need to be enticed through different kinds of argumentation and supported through different kinds of activities*. If the government, authorities, educational institutions and intermediate organizations want to promote entrepreneurship they have to take cognitive differences into consideration because there is no such thing as “one size fits all” when it comes to promoting entrepreneurship.

The authorities also need to consider the different kinds of goals which the entrepreneurs possess and the changes in their goal hierarchy. Trying, for example, to make everybody high growth entrepreneurs, is neither smart nor possible. Small businesses are also able to make a difference when provided with the right kind of support mechanisms and in some cases facilitating networking among small businesses may be just as powerful as promoting the growth of one single firm.

### 9.3 Suggestions for further research

Good research tends to result in some answers and many new questions. That is the case also with this study. It has been possible to point out some shortcomings in current entrepreneurial cognition research and suggestions for improvement have been made. The next step is to explore further and test the suggestions made. The empirical model presented in chapter 8 is only a draft and should be treated as such until it has been further tested. The testing of the model should include qualitative research as well as quantitative research.

Another promising avenue for further research would be to study how intentions change over time. This study has shown that changes in goal hierarchy as well as motivational changes affect entrepreneurial intentions. These changes need to be further investigated and the best results are likely to be attained through a longitudinal study.

The model also needs to be tested in different entrepreneurial settings. One suggestion for future research would be to test the model on different groups of entrepreneurs, for examples female entrepreneurs, technology-based entrepreneurs, family businesses and high growth entrepreneurs. There are likely to be significant differences between these types of entrepreneurs, and by applying the model to the different settings it is possible to determine the vigour of the model and whether it really applies to all settings.

Finally, this study was not able to reveal the impact of social norms, and therefore this remains a subject for further research. The results imply the
existence of different kinds of social norms, i.e. family, general and business social norms etc., but when and how these affect entrepreneurial intentions remains unclear.

9.4 Critical remarks and limitations of the study

No research is perfect and there are always things that could have been done differently. One of the shortcomings of this study was that data was collected and analyzed only by the researcher: involving other researchers in the coding process might have given added value and resulted in a more objective coding.

Moreover, no software was used in the coding of the empirical data. The researcher acknowledges the value of software in some cases. However, doing the coding manually, sorting and re-reading the texts was an important part of gaining an understanding of the cases and in this respect using software would neither have harmed nor have given any added value to the study.

In the empirical part of this study all entrepreneurs came from the same geographical area and the same cultural background; this could have affected the generalization process. Furthermore, because all the entrepreneurs can be classified as opportunistic entrepreneurs, the conclusions are focused mainly on opportunity entrepreneurship. The aspect of necessity entrepreneurship was not taken into account since the share of necessity entrepreneurs in Finland is close to non existent (Bosma et al. 2008). Necessity entrepreneurs are likely to have a different cognitive style and therefore it is questionable whether the contextual entrepreneurial intentions model can fully be applied to necessity entrepreneurs.
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Deltagarens namn: ______________________________
Företagets namn: ______________________________

A. MITT FÖRETAG

Organisation och struktur

1. Företaget grundades år: _______
2. Hemort: ______________________
3. Bransch: ______________________
4. Antal anställda: 
   a) heltid ________
   b) deltid ________
5. Antal ägare: __________
6. Omsättning: _________________
7. Balansomslutning: ____________

8. Företaget producerar 
   a) främst varor  
   b) främst tjänster  
   c) varor och tjänster i ungefär samma utsträckning
9. Företaget är ett a) aktiebolag b) öppet bolag
c) kommanditbolag d) privat näringsidkare
d) andelslag e) annat, vad? ______________

10. Passar följande beskrivningar in på ert företag? Ringa in det lämpliga svaret. (observera att det kan finnas flera beskrivningar som passar in på ert företag)

   a) familjeföretag  1. ja  2. nej
   b) landsbygdsföretag  1. ja  2. nej
   c) högteknologiföretag  1. ja  2. nej


   a) affärsplan  1. ja  2. nej
   b) välgenomtänkt affärsidé  1. ja  2. nej
   c) klar vision  1. ja  2. nej
   d) strategi  1. ja  2. nej
   e) ekonomiplan  1. ja  2. nej
   f) marknadsföringsplan  1. ja  2. nej
   g) produktutvecklingsplan  1. ja  2. nej
   h) personalplan  1. ja  2. nej
   i) exitplan  1. ja  2. nej


   a) investerat egna pengar  1. ja  2. nej
   b) annat privat kapital  1. ja  2. nej
   c) banklån  1. ja  2. nej
   d) riskkapital  1. ja  2. nej
   e) statliga understöd  1. ja  2. nej
   f) annat, vad? ______________  1. ja  2. nej
13. Bedöm följande påståenden på en skala från 1-5, där 
1 = håller inte alls med, 2 = håller delvis inte med, 3 = neutral, 4 = håller delvis med och 5 = håller helt med

<table>
<thead>
<tr>
<th>Påstående</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>a) den ekonomiska situationen i företaget är stabil</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) företaget är för tillfället inte i behov av mera finansiering</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) företaget skulle klara av att skuldsätta sig ytterligare</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) personalen trivs i företaget</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) arbetssuppgifterna är klart uppdelaide</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) det finns en hierarkisk struktur i företaget</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) personalen är engagerad och kommer ofta med egna förslag</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) företagets affärsidé har förändrats med åren</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) affärsidén utgör en sporre för verksamheten</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) affärsidén gör att företaget skiljer sig från konkurrenterna</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Produkten/produkterna

14. Företaget har en färdig produkt/färdiga produkter på marknaden
   a) ja    b) nej

15. Bedöm följande påståenden på en skala från 1-5, där 
1 = håller inte alls med, 2 = håller delvis inte med, 3 = neutral, 4 = håller delvis med och 5 = håller helt med

<table>
<thead>
<tr>
<th>Påstående</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) produkten skräddarsys vanligen efter kundens behov</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) företaget bedriver en aktiv produktutveckling</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) kundernas behov och önskemål styr produktutvecklingen</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) kvalitet prioriteras framom pris</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) de flesta nya produkter är förbättrade versioner av existerande produkter</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) företaget är innovativt</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) produktutveckling är central med tanke på företagets överlevnad</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) alla nyckelpersoner i företaget deltar i produktutvecklingen</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) företagets produkter är unika jämfört med konkurrenternas produkter</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Marknaden och kunderna

16. Största delen av produkterna säljs i
   a) Finland   b) utomlands

17. Vilka av följande aktiviteter finns i företaget? Ringa in det lämpliga svaret.

   a) indirekt export  1. ja  2. nej
   b) direkt export   1. ja  2. nej
   c) indirekt import  1. ja  2. nej
   d) direkt import   1. ja  2. nej
   e) direktinvesteringar utomlands 1. ja  2. nej

18. Var finns företagets marknad? Ringa in de alternativ som hör till företagets marknad

   a) Finland
   b) Övriga Norden
   c) Västeuropa
   d) Baltikum
   e) Ryssland
   f) Övriga Östeuropa
   g) Nordamerika
   h) Sydamerika
   i) Asien
   j) Australien
   k) Afrika


   a) reklam  1. ja  2. nej
   b) direktmarknadsföring 1. ja  2. nej
   c) mässor och utställningar 1. ja  2. nej
   d) sponsoravtal  1. ja  2. nej
   e) personlig försäljning 1. ja  2. nej
   f) internet  1. ja  2. nej
   g) annat, vad? ____________ 1. ja  2. nej
20. Bedöm följande påståenden på en skala från 1-5, där 1= håller inte alls med, 2= håller delvis inte med, 3= neutral, 4= håller delvis med och 5= håller helt med

<table>
<thead>
<tr>
<th>Påståenden</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) konkurrensen på marknaden är hård</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) företaget klarar sig bra i konkurrensen</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) företaget konkurrerar till stor del med priset</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) företaget konkurrerar till stor del med kvaliteten</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) kunderna utgör en relativt homogen grupp</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) företaget sträver efter en personlig relation med varje kund</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) företaget har ett starkt brand</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) företaget har lyckats med att differentiera sig från konkurrenterna</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) marknaden är växande</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) marknaden är riskfylld och osäker</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>k) marknadsföringen är en central del av verksamheten</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>l) företaget har en lyckad marknadsföringsstrategi</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>m) företaget följer bra med konkurrenternas förehavanden</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>n) vissa kunder är viktigare än andra för företaget</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Utveckling och tillväxt

21. Antal anställda i företaget för 3 år sedan (eller när verksamheten inleddes ifall företaget är yngre än 3 år): _______

22. Antal anställda idag: _______

23. Antal länder företaget marknadsförde sina produkter i för 3 år sedan (eller när verksamheten inleddes ifall företaget är yngre än 3 år): _______

24. Antal länder företag marknadsför sina produkter i idag: _______

25. Antal ägare för 3 år sedan (eller vid starten ifall företaget är yngre än 3 år): _______

26. Antal ägare nu: _______
27. Har företaget under de senaste 3 åren växt med avseende på följande faktorer? Ringa in det lämpliga svaret.

- a) nyanställningar  1. ja  2. nej
- b) ökad omsättning  1. ja  2. nej
- c) ökad balansomslutning  1. ja  2. nej
- d) bättre lönsamhet  1. ja  2. nej
- e) ökat antal kunder  1. ja  2. nej
- f) ökat antal samarbetspartners  1. ja  2. nej
- g) verksamheten har utvidgats till nya marknader  1. ja  2. nej
- h) ökad marknadsandel  1. ja  2. nej
- i) växt genom företagsköp  1. ja  2. nej
- j) annat, vad? ______  1. ja  2. nej

28. Bedöm följande påståenden på en skala från 1-5, där 1 = håller inte alls med, 2 = håller delvis inte med, 3 = neutral, 4 = håller delvis med och 5 = håller helt med

<table>
<thead>
<tr>
<th>Påstående</th>
<th>Håller inte alls med</th>
<th>Håller delvis inte med</th>
<th>Neutral</th>
<th>Håller delvis med</th>
<th>Håller helt med</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) företaget har utvecklats som planerat</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) företaget har haft en jämn tillväxt</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) vissa perioder har utvecklingen snarare gått bakåt än framåt</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) tillväxten har kommit som en följd av noggrann planering</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) tillväxten har inneburit även negativa saker</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) företaget har ibland vuxit snabbare än önskat</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) företaget har utvecklats &quot;mentalt&quot; snarare än fysiskt</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B. JAG SOM FÖRETAGARE

29. Utbildning: ______________

30. Har jobbat i företaget sedan år: ________

31. Kom in i företaget genom
   a) var med och grundade företaget
   b) generationsväxling
   c) köpte in mig i företaget

32. Position i företaget: ________________

33. Bedöm följande påståenden på en skala mellan 0 och 100.
   a) Hur attraktivt tror du att folk, i allmänhet, tycker det är att starta eget?___________
   b) Hur attraktivt var det för dig att starta eget?___________
   c) Hur enkelt skulle det vara för gemene man att starta eget?___________
   d) Hur enkelt var det för dig att starta eget?___________

34. Finns det företagare i din bekantskapsskrets (räkna även med jord- och skogsbruksföretagare). Ringa in det lämpliga svaret.
   a) mor- eller farföräldrar 1. ja 2. nej
   b) mor 1. ja 2. nej
   c) far 1. ja 2. nej
   d) syskon 1. ja 2. nej
   e) make/maka 1. ja 2. nej
   f) nära vän 1. ja 2. nej
   g) någon annan, vem? ______________
35. Varför blev du egen företagare? Bedöm följande påståenden på en skala från 1-5, där 1 = håller inte alls med, 2 = håller delvis inte med, 3 = neutral, 4 = håller delvis med och 5 = håller helt med

Jag startade eget företag för att...

<table>
<thead>
<tr>
<th></th>
<th>håller inte alls med</th>
<th>håller delvis inte med</th>
<th>neutral</th>
<th>håller delvis med</th>
<th>håller helt med</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Jag hade en bra affärsidé</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>Jag kände till en bra marknad</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Jag hade tillräcklig kännedom om branschen</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>Jag trodde på min egen förmåga</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e)</td>
<td>Företagande som en livsstil tilltalade mig</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f)</td>
<td>Självständigheten tilltalade mig</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g)</td>
<td>Jag ville förverkliga mig själv</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h)</td>
<td>Jag ville ta risker</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Jag ville fortsätta en familjetradition</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j)</td>
<td>Familjens eller släktningars förebild sporrade till företagande</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k)</td>
<td>Kompisarnas förebild sporrade till företagande</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l)</td>
<td>Det var ett sätt att få jobb</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m)</td>
<td>Jag ville bli rik</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n)</td>
<td>Jag hade lämpliga kompanjoner</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o)</td>
<td>Jag visste hur man grundar ett företag</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p)</td>
<td>Slumpen styrde in mig</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>q)</td>
<td>Jag ville bo kvar på min hemort</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r)</td>
<td>Annan orsak, vilken? __________________</td>
<td>1 2 3 4 5</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

36. Bedöm följande påståenden på en skala från 1-5, där 1 = håller inte alls med, 2 = håller delvis inte med, 3 = neutral, 4 = håller delvis med och 5 = håller helt med

<table>
<thead>
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<th>neutral</th>
<th>håller delvis med</th>
<th>håller helt med</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Jag är precis en sådan person som kunde vara en framgångsrik företagare</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>Jag vet att jag i hjärtat är en företagare</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Jag anser att eget företagande är mycket attraktivt</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>Som företagare är jag mycket överarbetad</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e)</td>
<td>Som företagare när jag mina mål i livet</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f)</td>
<td>Som företagare är jag mycket entusiastisk över mitt arbete</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g)</td>
<td>Jag anser att det var mycket svårt att starta mitt eget företag</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h)</td>
<td>Datt starta eget vet var det sämsta sättet att utnyttja min utbildning</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Jag hade de färdigheter och kunskap om att starta eget</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j)</td>
<td>Jag anser att starta eget företag är ett mycket attraktivt karriärsalternativ</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k)</td>
<td>Jag var övertygad om att jag skulle lyckas om jag startade eget</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l)</td>
<td>Som företagare är jag mycket mera uppskattad</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m)</td>
<td>Jag känner framgångsrika företagare</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n)</td>
<td>Min bekanta säg det som mycket positivt när jag startade eget</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o)</td>
<td>Min familj säg det som mycket positivt när jag startade eget</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p)</td>
<td>Jag kan förtjäna mycket mera pengar som egen företagare än som anställd</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>q)</td>
<td>Det krävs mycket pengar att starta ett eget företag</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r)</td>
<td>Det är bättre att starta eget företag än att gå arbetslös</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s)</td>
<td>Det är bättre att fortsätta studera än att starta eget</td>
<td>1 2 3 4 5</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
37. Bedöm följande påståenden på en skala från 1-5, där 1 = håller inte alls med,
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<tr>
<th>Påstående</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Mitt företag är mycket viktigt för mig</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Mitt företag ger mig en mängd nya upplevelser</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>c) Alla nya saker som jag upptäcker tack vare att jag är egenföretagare gör att jag uppskattar det ännu mer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Mitt företag ger mig minnesvärda upplevelser</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>e) Min företagsverksamhet återspeglar mina bästa personliga egenskaper</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>f) Mitt företag är i harmoni med andra delar av mitt liv</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) För mig är företaget en passion som jag ändå klarar av att kontrollera</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) När jag jobbar i företaget känner jag mig tycklig</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Jag är fullständigt tagen av att vara företagare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Jag känner att jag inte vill leva utan mitt företag</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) Driften att hålla på med företagsamhet är så stark att jag inte kan hjälpa det</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l) Jag har svårt att föreställa mig mitt liv utan mitt företag</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m) Jag är känslomässigt beroende av företaget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n) Mitt humör påverkas av huruvida jag kan ägna mig åt jobbet eller ej</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o) Mitt företag står ibland i konflikt med andra delar av mitt liv som min hobby, mina</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p) Jag har svårt att kontrollera mitt behov att hålla på med mitt företag</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>q) När jag jobbat får jag ibland känslen av att jag borde ha hållit på med någonting viktigare istället</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r) Mitt företag är nästan som en fix ide för mig</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

38. Ta ställning till följande påståenden. Ringa in det svarsalternativ som passar bäst.

<table>
<thead>
<tr>
<th>Påstående</th>
<th>Ja</th>
<th>Nej</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Skulle du tycka/Tycker du om att åka vattenskidor?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b) Föredrar du att använda varumärken som du vet att är pålitliga</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>framom att försöka hitta något annat bättre?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Njuter du av att ta risker?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d) Skulle du tycka/Tycker du om att hoppa fallskärm?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e) Tycker du att det är farligt att liffa?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f) Välkomnar du nya, spännande upplevelser även om de kan vara lite okonventionella eller skrämmande</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g) Skulle du vilja lära dig/har du lärt dig att flyga ett flygplan?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h) Har du svårt att ha förståelse för människor som riskerar livet genom att t.ex. idka bergsklättring?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i) Tycker du om att ibland göra saker som är lite skrämmande?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>j) Föredrar du i regel att gå i kallt vatten framom att dyka eller hoppa i?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>k) Skulle du tycka/Tycker du om känslan man får av att i hög hastighet åka skidor utför en brant backe</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>l) Skulle du tycka/Tycker du om att sportdyka?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>m) Skulle du tycka/Tycker du om att köra motorcykel i hög hastighet?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>n) Brukar du någonsin svåra eller tappa humörmut?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>o) Skulle du tycka/Tycker du om att upptäcka grottor?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>p) Skulle du föredra att ha ett jobb som inte medför fara?</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
C. FÖLJANDE FAS I FÖRETAGETS UTVECKLING

39. Bedöm följande påstående på en skala mellan 0 och 100.

a) Vilken är sannolikheten att ert företag kommer att växa inom de närmaste 5 åren?

_______

b) Vilken är sannolikheten att företaget kommer att göra åtminstone 5 nyanställningar inom de närmaste 5 åren?

_______

c) Vilken är sannolikheten att företaget kommer att göra åtminstone 20 nyanställningar inom de närmaste 5 åren?

_______

d) Vilken är sannolikheten att företaget kommer att fördubbla sin omsättning inom de närmaste 5 åren?

_______

e) Vilken är sannolikheten att vinsten kommer att öka inom de närmaste 5 åren?

_______

40. På vilket sätt önskar ni växa inom de närmaste 5 åren? Bedöm följande påståenden på en skala från 1-5, där 1= håller inte alls med, 2= håller delvis inte med, 3= neutral, 4= håller delvis med och 5= håller helt med

<table>
<thead>
<tr>
<th>Uttryck</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) vill få bättre lönsamhet</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) vill öka försäljningen</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) vill få nya kunder</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) vill komma in på nya marknader</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) vill göra nyainvesteringar</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) vill anställa mera personal</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) vill öka produktiviteten</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) vill öka produktutbudet</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) vill få nya samarbetspartners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) vill få större marknadsandel</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>k) vill köpa upp andra företag</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>l) vill bli uppköpt</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>m) annat, vad?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
41. Vilken av följande funktioner fungerar bäst i ert företag? Välj ett alternativ.
   a) tillverkning
   b) försäljning
   c) marknadsföring
   d) produktutveckling
   e) personalledning
   f) administration

42. Vilken av följande funktioner i ert företag är i största behov av utveckling? Välj ett alternativ.
   a) tillverkning
   b) försäljning
   c) marknadsföring
   d) produktutveckling
   e) personalledning
   f) administration

43. I vilken utsträckning hindrar följande faktorer ert företag från att nå sina mål? Bedöm påståendena på en skala från 1-5, där 1 = hindrar inte alls, 2 = hindrar i någon mån, 3 = neutral, 4 = hindrar i viss utsträckning och 5 = hindrar i stor utsträckning.

<table>
<thead>
<tr>
<th>Faktor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>företaget saknar vision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>företaget saknar strategi</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ledningen har inte tillräckligt med erfarenhet och kunskap</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>brist på finansiering</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>brist på kunnig personal</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>brist på lämpliga samarbetspartners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>svårt att komma in på nya marknader</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>brister i produkten/producterna</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>hård konkurrens på marknaden</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
44. Hur ser du på tillväxt? Bedöm följande påståenden på en skala från 1-5, där 5 = helt av samma åsikt, 4 = stämmer delvis, 3 = neutral, 2 = stämmer delvis inte och 1 = helt av annan åsikt

<table>
<thead>
<tr>
<th>Påståenden</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) tillväxt är ett självändamål</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) mitt företag måste växa för att överleva</td>
<td></td>
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</tr>
<tr>
<td>c) helst skulle jag se att mitt företag behöll sin nuvarande storlek</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>d) långsam tillväxt är att föredra framför snabb tillväxt</td>
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<td></td>
</tr>
<tr>
<td>e) tillväxt innebär stora risker</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>f) tillväxt innebär att vi måste söka nya marknader</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) mitt företag har goda möjligheter att växa</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>h) mitt företag har konkreta planer på att växa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) tillväxt går inte att planera</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>j) jag vill gärna introducera ett helt nytt koncept/verksamhetsidé i företaget</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>k) vill helst växa genom att förbättra existerande produkter</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>l) jag är beredd att sälja bort en del av verksamheten i avsikt att fokusera</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>m) jag är beredd att sälja bort hela företaget om lämpligt tillfälle uppstår</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

D. ÖVRIGT

45. Vad förväntar du dig att få ut av programmet? Vilka teman vill du att vi ska ta upp?
Appendix A2. Survey (translated by the author)

Name of the participant: ______________________________
Name of the company: _______________________________

A. MY COMPANY

Organization and structure

1. The company was founded in (year): _______

2. Place of residence: _________________________

3. Line of business: __________________________

4. Number of employees:  a) full time________
            b) part time ________

5. Number of owners: __________

6. Turnover: _________________

7. End of year balance: ___________

8. The company produces
       a) mainly physical products    b) mainly services
       d) both physical products and services
9. The company is a
   a) limited company
   b) general partnership
c) limited partnership
d) private trader
e) cooperative
f) something else, what? ______________

10. Which of the following statements apply to your company? Mark the suitable answer. (Note that you can choose more than one option)
   a) family business 1. yes 2. no
   b) agricultural business 1. yes 2. no
c) high tech business 1. yes 2. no

11. Which of the following plans exists in your company? Mark the most suitable answer.
   a) business plan 1. yes 2. no
   b) a clear business idea 1. yes 2. no
c) clear vision 1. yes 2. no
d) strategy 1. yes 2. no
e) financial plan 1. yes 2. no
f) marketing plan 1. yes 2. no
g) R&D plan 1. yes 2. no
h) human resource plan 1. yes 2. no
i) exit plan 1. yes 2. no

12. Which of the following financial resources are/have been used in the company? Mark the most suitable answer.
   a) own investments 1. yes 2. no
   b) other private capital 1. yes 2. no
c) bank loan 1. yes 2. no
d) venture capital 1. yes 2. no
e) governmental aids 1. yes 2. no
f) something else, what? ___ 1. yes 2. no
13. Take your stand on the following statements on the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) the financial situation in the company is stable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) for the moment the company does not need more financial capital</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) the company could handle more debts</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) the employees enjoy working for the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) there is a clear allotment of tasks</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) there is a hierarchical structure in the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) the employees take an active interest in the company and make suggestions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) the business idea of the company has changed through the years</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) the business idea spurs activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) the business idea differentiates the company from the competitors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

The product/products

14. The company already has a product/products on the market
   a) yes  b) no

15. Take your stand on the following statements on the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) the product is tailor made</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) the company actively pursues product development</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) the needs and the wants of the customers determines the product development</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) quality is more important than price</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) most new products are improved versions of existing products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) the company is being innovative</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) product development is crucial for the survival of the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) all keypersonell take part in product development</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) the products are unique compared to the competitors' products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
The market and the customers

16. Most of the products are sold in
   a) Finland     b) abroad

17. Which of the following activities exists in the company? Mark the suitable answer.
   
   a) indirect export  1. yes  2. no
   b) direct export     1. yes  2. no
   c) indirect import  1. yes  2. no
   d) direct import     1. yes  2. no
   e) direct investments abroad  1. yes  2. no

18. Where is the market located? Mark the suitable answers.
   
   l) Finland
   m) other Nordic countries
   n) Western Europe
   o) Baltic nations
   p) Russia
   q) Other parts of Eastern Europe
   r) North America
   s) South America
   t) Asia
   u) Australia
   v) Africa

19. Which of the following marketing methods are used in the company? Mark the most suitable answer.
   
   a) commercials  1. yes  2. no
   b) direct marketing     1. yes  2. no
   c) trade fairs and exhibitions  1. yes  2. no
   d) sponsorship     1. yes  2. no
   e) person to person selling  1. yes  2. no
   f) internet      1. yes  2. no
   g) something else, what? _____  1. yes  2. no
20. Take your stand on the following statements on the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) the competition on the market is hard</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) the company does well against the competition</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) the company competes with price</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) the company competes with quality</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) the customers are a homogenous group</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) the company aims for a personal relationship with every customer</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) the company has a strong brand</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) the company has been able to differentiate itself from the competitors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) the market is growing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) the market is risky and unsecure</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>k) marketing is a crucial part of the activities in the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>l) the company has a successful marketing strategy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>m) the company knows what the competitors are doing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>n) some customers are more important than others</td>
<td>1</td>
<td>2</td>
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<td>5</td>
</tr>
</tbody>
</table>

Development and growth

21. Number of employees 3 years ago (or when the business started if it is younger than 3 years): ________

22. Number of employees today: ________

23. Number of countries where the company was active 3 years ago (or when the business started if it is younger than 3 years): ________

24. Number of countries where the company is active today: ________

25. Number of owners 3 years ago (or when the business started if it is younger than 3 years): ________

26. Number of owners today: ________
27. In the past 3 years, has the company grown in regard to the following factors? Mark the suitable answer.

a) new employees 1. yes 2. no  
b) increased turnover 1. yes 2. no  
c) end of year balance 1. yes 2. no  
d) increased profitability 1. yes 2. no  
e) more customers 1. yes 2. no  
f) more co-operations partners 1. yes 2. no  
g) found new markets 1. yes 2. no  
h) bigger share of market 1. yes 2. no  
i) bought other companies 1. yes 2. no  
j) something else, what? ______ 1. yes 2. no

28. Take your stand on the following statements on the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) the company has developed as planned</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) the growth has been even</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>c) the development has been negative at some points of time</td>
<td></td>
<td></td>
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<tr>
<td>d) the growth has been a result of careful planning</td>
<td></td>
<td></td>
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<tr>
<td>e) the growth has also involved negative aspects</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>f) at some point the company has grown faster than wanted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) the company has grown &quot;mentally&quot; more than physically</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B. ME AS AN ENTREPRENEUR

29. Education: ______________

30. Has been working in the company since (year): _______

31. Entered the company through
   
   e) founding the company
   f) alteration of generations
   g) buying part of the company

32. Position in the company: _________________

33. Assess the following statements on a scale from 0 to 100
   
   a) How desirable is it for an average person to start a company? __________
   
   b) How desirable was it for you to start a company? __________
   
   c) How feasible is it for an average person to start a company? __________
   
   d) How feasible was it for you to start a company? __________

34. Are there any entrepreneurs among your relatives or acquaintances (including agricultural entrepreneurs/farmers)? Mark the suitable answer for each alternative.
   
   h) grandparents  1. yes  2. no
   i) mother  1. yes  2. no
   j) father  1. yes  2. no
   k) siblings  1. yes  2. no
   l) spouse  1. yes  2. no
   m) close friend  1. yes  2. no
   n) somebody else, who?  1. yes  2. no
35. Why did you become an entrepreneur? Take your stand following the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

I started my own business because...

<table>
<thead>
<tr>
<th>Reason</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) I had a good business idea</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) I knew of a good market</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) I had enough industrial knowledge</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) I believed in my own abilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) Entrepreneurship as a lifestyle appealed to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) The independence appealed to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) I wanted to reach my goals in life</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) I wanted to take risks</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) I wanted to continue a family tradition</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) The model set by my family or relatives encouraged to me to become an entrepreneur</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>k) The model set by my friends encourage me to become an entrepreneur</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>l) It was a way to get a job</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>n) I had suitable partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>o) I knew how to start a business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>p) Chance led me on this path</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>q) I wanted to continue living in my home town</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>r) Another reason, which?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

36. Take your stand on the following statements on the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) I am exactly the type of person who could be a successful entrepreneur</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) I know that I am an entrepreneur at heart</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) In my opinion entrepreneurship is very attractive</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) As an entrepreneur I am very overworked</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) As an entrepreneur I obtain my goals in life</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) As an entrepreneur I am very enthusiastic about my work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) In my opinion it was very hard to start my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) Starting my own business was the worst way to make use of my education</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) I had the skills and knowledge needed to starting my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) In my opinion, starting one's own business was a very attractive career alternative</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>k) I was convinced that I would succeed if I started my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>l) As an entrepreneur I am a lot more appreciated</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>m) I know successful entrepreneurs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>n) My friends saw it as very positive when I started my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>o) My family saw it as very positive when I started my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>p) I can earn a lot more money as an entrepreneur than as an employee</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>q) Starting your own business requires a lot of money</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>r) I would rather start my own business than be unemployed</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>s) I would rather continue studying than start my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
37. Take your stand following statements on the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) My company is very important to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) My company allows me to live a variety of experiences</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) The new things that I discover about the company allow me to appreciate it even more</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) My company allows me to live memorable experiences</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) My company reflects the qualities I like about myself</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) My company is in harmony with other activities in my life</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) For me the company is a passion, which I still manage to control</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) When I work with the company, I feel happy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) I am completely taken with my company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>j) I feel I cannot live without this activity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>k) The urge is so strong, I can’t help myself from doing this</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>l) I have difficulty imagining my life without this company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>m) I am emotionally dependent on the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>n) My mood depends on me being able to do this</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>o) My company sometimes conflicts with other aspects of my life such as my studies, family and friends</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>p) I have a tough time controlling my need to work for this company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>q) After engaging in my work I sometimes feel that I should have been doing something more important instead</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>r) I have almost an obsessive feeling for my company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

38. Take your stand following statements. Mark the most suitable answer.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Would you (or do you) enjoy waterskiing?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b) Do you prefer to stick to brands you know are reliable (as opposed to trying to find something better)?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c) Do you quite enjoy taking risks?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d) Would you (or do you) enjoy parachute jumping?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e) Do you think hitch-hiking is too dangerous a way to travel?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f) Do you welcome new, exciting experiences or sensations, even if a little frightening or unconventional?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g) Would you like to learn to fly an airplane (or have you learned)?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h) Do you find it hard to understand people who risk their necks climbing mountains?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i) Do you sometimes like doing things that are a bit frightening?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>j) Do you generally prefer to enter cold water gradually rather than diving or jumping straight in?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>k) Would you (or do you) enjoy the sensation of skiing very fast down a high mountain slope?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>l) Would you (or do you) enjoy scuba diving?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>m) Would you (or do you) enjoy driving a motorcycle fast?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>n) Do you ever curse, swear or lose your temper?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>o) Would you (or do you) like potholing?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>p) Would you prefer to not have a job involving quite a bit of danger?</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
C. THE NEXT DEVELOPMENTAL PHASE IN THE COMPANY

39. Assess the following statements on a scale from 0 to 100

   f) How likely is it that your company will grow within the next 5 years?


   g) How likely is it that your company will employ at least 5 new people within the next 5 years?


   h) How likely is it that your company will employ at least 20 new people within the next 5 years?


   i) How likely is it that the company will double its turnover in the next 5 years?


   j) How likely is it that the company will increase its profitability within the next 5 years?


40. How would you like to grow within the next 5 years? Take your stand following the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.


<table>
<thead>
<tr>
<th></th>
<th>completely disagree</th>
<th>partly disagree</th>
<th>neutral</th>
<th>partly agree</th>
<th>completely agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) increased profitability</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) increased sales</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) new customers</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) entering new markets</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) make new investments</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) employing more people</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) increased productivity</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) increased range of products</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) finding new partners</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) increased share of market</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) buying other companies</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l) being bought out</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m) in another way, what?</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
41. Which of the following activities works the best in your company? Choose one alternative.
   g) production  
   h) selling  
   i) marketing  
   j) product development  
   k) human resource management  
   l) administration  

42. Which of the following activites is in biggest need of development? Choose one alternative.
   g) production  
   h) selling  
   i) marketing  
   j) product development  
   k) human resource management  
   l) administration  

43. To what extent do the following factors hinder your company from reaching its goals? Take your stand following the given scale 5 =hinder to a large extent, 4 = hinders to some extent, 3 = neutral, 2 = mostly does not hinder, 1 = does not hinder at all

<table>
<thead>
<tr>
<th>Factor</th>
<th>does not hinder at all</th>
<th>mostly does not hinder</th>
<th>neutral</th>
<th>hinders to some extent</th>
<th>hinders to a large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) the company lacks a vision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) the company lacks a strategy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) the management team lacks experience and knowledge</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d) lack of financial resources</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e) lack of skillful employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f) lack of suitable partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g) difficulties in getting into new markets</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>h) shortcomings in the product/products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>i) the competition is hard</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
44. What is your perception of growth? Take your stand following the given scale 5 = completely agree, 4 = partly agree, 3 = neutral, 2 = partly disagree, 1 = completely disagree.

<table>
<thead>
<tr>
<th>Perception</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) growth is a goal in itself</td>
<td></td>
<td></td>
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<tr>
<td>b) my company needs to grow in order to survive</td>
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<tr>
<td>c) I would prefer the company to remain the same size as now</td>
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<tr>
<td>d) slow growth is better than quick growth</td>
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<tr>
<td>e) growing involves big risks</td>
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<tr>
<td>f) growing means having to find new markets</td>
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<td></td>
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<tr>
<td>g) my company has good possibilities of growing</td>
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<tr>
<td>h) my company has concrete growth plans</td>
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<tr>
<td>i) growth cannot be planned</td>
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<tr>
<td>j) I would like to introduce a new concept/business idea</td>
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<tr>
<td>k) I would prefer growing by improving existing products</td>
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<tr>
<td>l) I am prepared to sell part of the company in order to focus</td>
<td></td>
<td></td>
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<tr>
<td>m) I am prepared to sell the company if a good opportunity appears</td>
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</tbody>
</table>

D. ADDITIONAL INFORMATION

45. What are your expectations on the program? Which themes would you like us to take up?

_________________________________________________________________________________

_________________________________________________________________________________

_________________________________________________________________________________

_________________________________________________________________________________

_________________________________________________________________________________
Appendix B1. Questionnaire for business analysis (original)

Entreprenörsakademin / Företagsintervju

<table>
<thead>
<tr>
<th>Företag</th>
<th>Datum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representanter</td>
<td>Plats</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affärsidé</th>
<th></th>
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<tbody>
<tr>
<td>• Vad?</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Affärsidé</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Åt vem?</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Affärsidé</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Hur?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affärsidé</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Med vilken förvärvs-logik?</td>
<td></td>
</tr>
<tr>
<td>Konkurrenter</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Framtidsdröm</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5-10 års perspektiv)</td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Din passion</th>
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</table>

<table>
<thead>
<tr>
<th>Utvecklings- skede</th>
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<table>
<thead>
<tr>
<th>SWOT Möjligheter</th>
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<table>
<thead>
<tr>
<th>SWOT Hotbilder</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>SWOT</td>
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<tr>
<td>------</td>
</tr>
<tr>
<td>Styrkor</td>
</tr>
<tr>
<td>Svagheter</td>
</tr>
</tbody>
</table>

Appendix B1. Questionnaire for business analysis (original)
Appendix B2. Questionnaire for business analysis (translated by the author)

The Entrepreneurship Academy/ Businessinterview

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representatives</td>
<td>Place</td>
</tr>
</tbody>
</table>

**Business idea**
- What?

**Business idea**
- For whom?

**Business idea**
- How?

**Business idea**
- With what acquisition logic?
<table>
<thead>
<tr>
<th>Competitors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Future dream (5-10 year perspective)</td>
<td></td>
</tr>
<tr>
<td>Your passion</td>
<td></td>
</tr>
<tr>
<td>Developmental phase</td>
<td></td>
</tr>
<tr>
<td>SWOT Opportunities</td>
<td></td>
</tr>
<tr>
<td>SWOT Threats</td>
<td></td>
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<tr>
<td>SWOT</td>
<td></td>
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<tr>
<td>---------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>Strengths</strong></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
<td></td>
</tr>
</tbody>
</table>
SVENSK SAMMANFATTNING


Verkligheten är emellertid något dystrare än planen. Finländare är inte särskilt ivriga på att starta egna företag. Endast 4 % av finländarna uppger att det just har eller snart kommer att starta ett företag. Motsvarande siffra i Peru är 40 % (Bosma et al. 2008). Dessutom kan endast få av de existerande företagen klassificeras som den typ av tillväxtföretag som anses intressanta ur ett nationalekonomiskt perspektiv. Undersökningar visar att endast ett nystartat företag av tio har för avsikt att anställa fler än 5 personer inom fem år. 7 % av de finländska företagen har fler än 10 anställda och endast 1 % har fler än 50 anställda (Heinonen & Toivonen, 2003).


Teoretisk referensram


I syfte att förstå entreprenöriella handlingar fokuserar kognitiv entreprenörskapsforskning därför på individens perception (Mitchell et al. 2007; Baron, 2004; Gustafsson, 2006). De centrala frågeställningarna är hur entreprenören resonerar och tänker (Baron, 2004). Individen antas handla utgående från en mental karta och genom att förstå denna karta kan vi förstå varför entreprenörer handlar som de gör. Den mentala kartan representerar individens syn på verkligheten och formas i ett samspel mellan interna och externa faktorer (Kelly, 1955; Perwin, 2003; Senge, 1990).

Med hänsyn till de tillkortakommanden som identifierats i modellen syftar avhandlingen på att studera:

- *Vad som karakteriserar entreprenöriella intentioner?*
- *Hur entreprenöriella intentioner uppkommer?*

**Metod**


Forskningsresultat


Kontribution


This study explores entrepreneurial intentions and the principal topic of this research is found in the area of entrepreneurial cognition and perception. Intentions are important in an entrepreneurial setting because entrepreneurial behavior typically falls into the category of intentional behavior. Before a person decides to perform an entrepreneurial activity he first engages in a cognitive process where he evaluates the different aspects of the particular activity. The result of this process will determine whether or not he will try to execute the activity. This means that before somebody decides to perform an entrepreneurial activity, he forms an intention to perform the activity. Thus, understanding the cognitive process is necessary in order to understand entrepreneurial behavior and consequently entrepreneurship is dependent on the perspective of the individual. This study approaches entrepreneurship explicitly from the point of view of the individual. The study focuses on why an individual wants to be an entrepreneur, the cognitive structure of an entrepreneurial intention and its impact on the behavior of the person in question. This also gives rise to questions such as: why do some people become entrepreneurs while others do not? What drives these entrepreneurs? How do entrepreneurial intentions emerge?