

**Research proposal and plan for doctorate studies
at Bodø Graduate School of Business**

Strategic entrepreneurship and growth in small and medium-sized companies

On the significance of financial support and counselling from the public support system

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Abstract

The need for innovation as the basis for increased productive output is articulated not only in Norway, but in the entire western world. In this thesis project the focus is on innovation in established companies. The concept strategic entrepreneurship has been used to denote extensive changes in strategic adaptation in established operations, and can be regarded as an instance of integration of the entrepreneurial (i.e. opportunity-oriented actions) and strategic (i.e. advantage-oriented actions) perspectives in order to form and implement entrepreneurial strategies conducive to progress and results. Strategic entrepreneurship can in other words be described as entrepreneurial actions carried out in a strategic perspective. The strategic entrepreneurial process of a company is influenced by a number of circumstances, within and outside the company. In this study there is particular emphasis on the development of financial and competence-related resources and the dynamic change processes (capabilities) which secure strategic repositioning. The public sector has established a number of incentives to stimulate repositioning and entrepreneurial growth in both new and established business operations. In this work an empirical study of public sector incentives aimed at internal innovation and increased output in small and middle-sized companies is conducted. Important elements in this study will be financial support and counselling with regards to how they influence the development of resources and strategic entrepreneurial process in the direction towards better positioning in the market and increased profitability and growth.

The dissertation will be a monography. Quantitative and qualitative studies of companies having received support for SND/Innovation Norway function as an empirical platform.

1. BACKGROUND AND SETTING

Increased competition increases the demand for reorientation and innovation even in established companies. Entrepreneurship and innovation are decisive factors for the development of a dynamic business community, where productive output and employment are important objectives (Davidsson, Lindmark & Olofsson 1994; OECD 1998, Schumpeter 1934/1983). In Norway one of the overriding priorities on the part of business policy to facilitate innovation and repositioning of the economy in order to ensure the highest possible degree of production and welfare. The developmental features to be observed in the immediate future will necessitate a considerable degree of change on the part of traditional industries and established companies if they are to keep up with the competition (Barney 1991). A competitive business community is also a prerequisite for the development of robust regions in all parts of the country (White Paper # 31 (1996.97).

Public effort and incentives are often used to generate innovative and ground-breaking activities in companies. According to Storey (2000) has this research however only to a minor extent been concerned with the effects of this support. Barkman and Fölster (1995) argue that there is a lack of systematic research regarding the effect of public supportive measures and their effect on internal processes in companies. This includes how the public company-oriented support system can influence factors conducive to innovation and strategic repositioning in established companies. In this way an increase of total production by companies is facilitated, an objective of high priority in business development and business policy. (NOU 2000:/; OECD 1996).

From the vantage point of the support system questions will intuitively be asked about the possible abilities, motivation and sufficiency of resources on the part of the company to put them in a position to succeed in their efforts regarding innovation and creativity. This is mainly a matter of making the choice of competitive strategy and usable resources in the broad context (Barney, 1991; Borch, Huse & Senneseth, 199). The choice of competitive strategy is often regarded as one of the most important decisions for a company to be successful and in the field of strategy and management an immediate task will be to acquire knowledge about the various sources of sustainable competitiveness. Barney (1991) argues that the company's resource composition has crucial bearing on the creation of lasting competitive advantages. This implies an understanding of why some companies perform better over the long haul than others.

By first looking at the company's command of strategy and resources, we will acquire insight into the relevant questions on the company's development, renewal and innovation and the effects of these activities. Often the sum of these activities is said to constitute company-internal or strategic entrepreneurship (Zahra, Neubaum & Huse 2000). Strategic entrepreneurship can help the company through extensive changes in the form of fields generating new growth and increased profitability (Block & MacMillian 1993; Covin & Slevin 1991; Zahra et al. 2000; Zahra 1991; Zahra 1993). Strategic entrepreneurship will on this basis be crucial for the development and survival of a company.

In order for companies and the public sector to be successful in their efforts to bring about strategic entrepreneurship, knowledge about necessary company resources and company processes and the use of measures to increase the probability of the intended development, will be important. By entrepreneurship is here meant: "*to create a development through new combination linked to products/services, production processes/-routines, new markets, the use of raw materials, the organisation of the business* (Schumpeter 1934/1983) *and/or a new way of organising the work or the company* (Kirzner 1973).

The strategic entrepreneurial process of a company is influenced by a number of circumstances, internally or externally. In this study particular emphasis is put on the

development of resources related to financing and competence and dynamic change processes (capabilities) ensuring strategic repositioning. Important elements in this study will be financial support and counselling, and how these factors influence the build-up of resources and development of the strategic entrepreneurial process towards improved positioning in the market and increased profitability and growth. In the following presentation the theoretical framework will be laid out and the most important concepts will be examined. Finally a research question will be formulated and a research model will be constructed.

2. THE THEORETICAL FRAMEWORK

The theory fields can provide a contribution to insight as to whether the company in this context is mainly to be categorised in resource-based theory, industrial economy, and research on entrepreneurship. The last field deals with company development, renewal and innovation and the outcome of these activities.

2.1 Contributions from entrepreneurial research

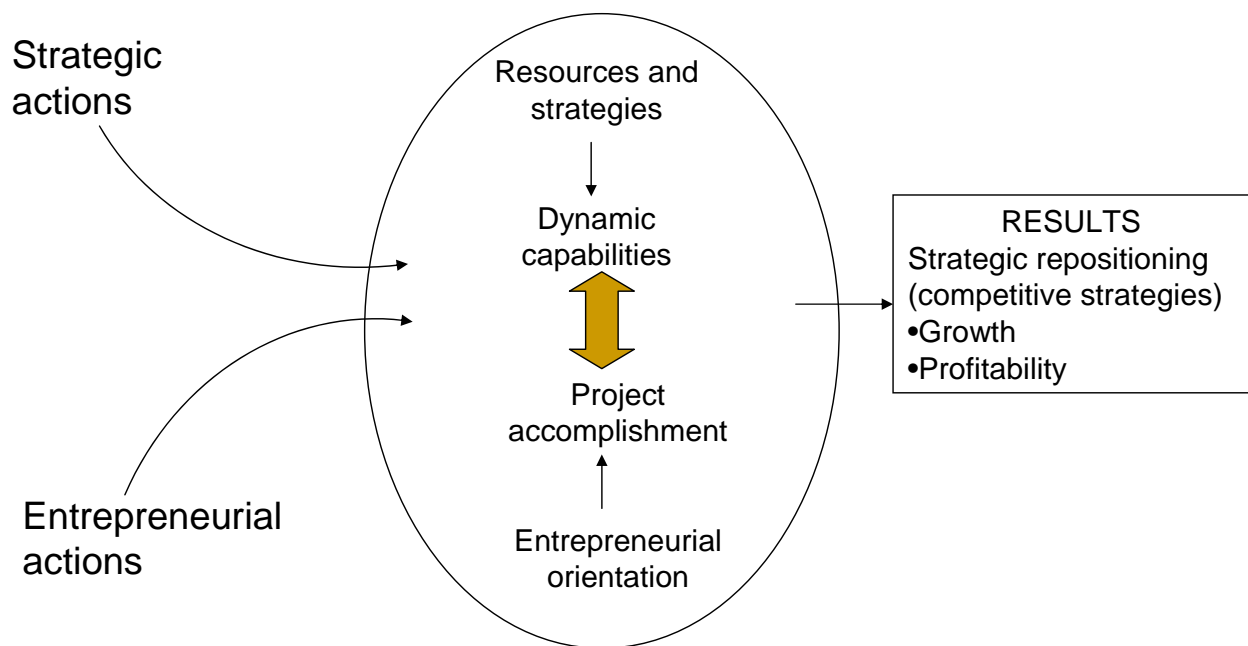
Historically entrepreneurship has been linked to taking risk as well as the efforts on the part of an individual (entrepreneur) who ventures to transform visions/product into business activities (Herbert and Link 1988), Landström 2000). Gradually entrepreneurship has come to imply a process to appear even in organisations of all sizes and types (Burgelman 1983, (Miller 1983), and among researchers there is increasing interest in entrepreneurial activities in existing organisations (Burgelman 1983; Miller 1983; Wiklund 1998; Zahra 1993). There is however no unanimously accepted definition of what entrepreneurship means, but an examination of no less than 28 published papers in the field Sharma and Chrisman (1999; 17) make this definition: “Entrepreneurship encompasses actions conducive to the formation of organisations, renewal, or innovation within or outside an existing organisation”. The definitions used here make it possible to use entrepreneurship as a concept applied to existing organisations and that the entrepreneur, or a group of individuals, can also work within the framework of existing company organisations.

While the development of a new organisation and innovation are often regarded as key factors in entrepreneurship (Gartner, 1988; Stopford & Baden-Fuller, 1994, Sharma & Chrisman, 1999) rather think that this is a matter of the degree of novelty in what is being carried out. This means the degree of novelty in relation to strategy (the adaptation key resources to the environment applied by the organisation) and structure (how the strategy is implemented). To bring forth an organisation as defined by Gartner (1988) will thus be an entrepreneurial act, as this implies that fundamental strategic decisions are made (Sharma & Chrisman 1999). In the same manner renewal or radical repositioning of an existing company will be entrepreneurial, as this would imply a higher degree of change in relation to previous strategy and structure. In a corresponding manner innovation will be an entrepreneurial activity as this involves new combinations which in an effective way can alter competitive relations in a sector or bring about the appearance of new sectors (Schumpeter 1934/1983), even if this not immediately will lead to the formation of a new organisation or innovation (Sharma & Chrisman 1999).

Recently a number of studies have been made in the field of strategic entrepreneurship related to resource-based theory having focused on extensive changes in strategic adjustment of established companies (Eliasson, Wiklund & Davidsson, 2002). Important for both these research schools is their use of “search for new resource combinations” to describe if the company is entrepreneurial. There is agreement that these research combinations can be described as the introduction of new products/services and/ or entering new markets, and that they can be used as indicators of “real” entrepreneurial activity in existing companies (brown, Davidson & Wiklund, 2001; Lumpkin & Dess, 1996).

Even if much of traditional research on entrepreneurship has taken place at the individual level, there has as mentioned in recent years been increasing orientation towards the company as the analytical level and how it functions (Brown et. al. 2001; Wiklund, 1999). In this study properties of the company conducive to extensive change in strategic positioning will constitute the focus, with entrepreneurial orientation as a central concept. Miller (1983) assumes that the degree of entrepreneurship of a company can be seen as to what extent they take risks, innovate and act proactively, and have a well-developed scale for empirical record-keeping. Entrepreneurial orientation appears to have become an important research topic and empirical results may indicate that entrepreneurial orientation can influence the company's results. Wiklund (1989) for example shows that entrepreneurial orientation can be a variable lying between, which can explain this phenomenon. This way of regarding entrepreneurial action focuses to a major extent on the entrepreneurial process, rather than the actor behind the processes (Wiklund 1998, 1999). Lumpkin and Dess think that entrepreneurial orientation refers to processes, practice and decision-making activities conducive to something new/new access. In the previous studies one has mainly wanted to look at connections between entrepreneurial orientation and company performance (various types of results, growth , profitability etc.).

Increased competition and the push for repositioning however require entrepreneurial strategies with effective strategic and entrepreneurial actions to achieve success (Ireland, Hitt, Camp & Sexton, 2001). *Strategic actions* are actions implying the development and use of already existing competitive advantages, while at the same time supporting entrepreneurial actions conducive to exploitation of future opportunities (Hitt, Ireland, Camp & Sexton 2002). Entrepreneurial actions are actions where the company identifies and attempt to exploit entrepreneurial opportunities not discovered or exploited by the competition (Ireland et.al 2001). Strategic entrepreneurship is on this basis an integration of the entrepreneurial (i.e. opportunistic actions) and strategic (advantage-oriented actions) perspectives to form and implement entrepreneurial strategies conducive to progress and results (Hitt, Ireland, Camp & Sexton). Strategic entrepreneurship can in other words be described as entrepreneurial actions carried out in a strategic perspective (Hitt et.al.2002). This way of integrating entrepreneurial and strategic actions, according to Ireland et. al. (2001), is necessary in order for the company to achieve maximum progress and results, and according to Meyer & Heppard (2002) these two perspectives are complementary and not respectively replaceable. On this basis strategic entrepreneurship can be depicted as a process consisting of strategic and entrepreneurial actions as shown in the figure below. In the conjunction of these (the circle in the figure) entrepreneurship may contribute to the acknowledgement of how to see opportunities, while the strategic perspective can contribute to understanding how competitive advantages can be developed. According to Hitt et al. (2002) by means of using a strategic perspective one will be able to identify the best/most suitable opportunities and then prepare for the exploitation of them in order to establish sustainable advantages. It is in other words in the "meeting" that changes can occur and dynamic processes may lead to progress and growth for the company. It is also in this context that the allocation of company resources and dynamic change processes (capabilities) become central elements to understand the development and growth of the company.



2.2 Contributions from resource-based theory

Penrose (1959) characterises the business operation as “a pool of resources”. She starts by looking at the internal resources in companies when explaining development and growth in the company. The main task of the business operation and the source of growth is to utilize internal resources, and resources acquired externally in way to ensure maximum profit. The competence on the part of management and the organization is here of vital importance in order to secure growth. Essential in Penrose’s theory is the idea that there are always stocks of unexploited productive services, resources and specialised knowledge in a company conducive to economic growth and expansion. The desire to grow in addition to the pursuit of profits is a prerequisite for the theory of growth. To what extent expansion is successful depends among other things on whether the company has an eager and ambitious entrepreneur with numerous ideas, and management with capabilities, and an eye for opportunities and a desire to grow. All business operations have a growth potential, and growth according to Penrose means a more effective use of resources for the company and the economy as a whole. The view of the companies as diverse/different with regards to resources and how they function, means that companies are seen as heterogeneous. The consequence of this is that companies can be studied individually, and it is possible to start out by looking at the individual company and its characteristic features.

In resource-based theory the focus is on the characteristic and expensive resources controlled by a company and which are difficult to copy. The exploitation of such resources is a source for giving the company a competitive edge (Barney 2002). It is in other words focus on the internal strong suits of the company. From a descriptive perspective the focus is on the characteristic resource profile of every company and the processes both at company and line-of-business level, which leads to specifically new resource combinations which in turn cause and support heterogeneity among companies. Differences in resource profiles can e.g. be explained in several ways. Nelson & Winter (1982) are concerned about the routines in companies and argue that the behaviour of companies, particularly with regards to the exploitation of the company’s resources, become subject to routine over a period of time. It is however difficult to describe or reconstruct well-functioning repetitive routines in a simple manner (Van de Ven, 1982). The consequence of this is that it is highly unlikely that two companies develop identical routines and that it will be difficult for a company to copy routines from another company. According to McGrath, Venkatamaran & MacMillian (1994)

the idea that resources can be combined through relatively unique routines that companies will develop lasting differences in their resource profiles, and as a consequence of this in the strategic development potential over a period of time.

There are however many properties pertaining to resources that can cause such advantages. Barney (1991) mentions that resources must be valuable, rare, not imitable, and difficult to substitute in order to give the company competitive advantages. Dollinger (1999) says that a resource is valuable when it contributes to using opportunities and neutralising threats, and it is rare or unexampled if it is unique and costly to acquire. Not being imitable or not having properties conducive to copying for the company, will be emphasised. This can be the unique history of the company, i.e. that there may be ambiguity in terms of causes (that it is difficult to understand links between what the company does and the effects of these) and/or that the social complexity in the organization contributes to making the difficulties in terms of copying what the company does. Lack of ability to substitute is the last main factor. This implies that the resources the company has, cannot be substituted by other available resources. These qualities of the resources can be said to be similar to what Rumelt (1984) described as isolating mechanisms, and which Mahoney and Pandian (1992) find in their extensive literature review. In the resource-based theory these theories constitute the basis for creating and sustaining competitive advantages among companies.

Resources are defined in various ways in literature, and often the definition of what is resource is more understood in the arguments than made clear in the text (Greene, Brush & Brown 1997). Hofer and Schendel (1978) groups resources in five main categories. They are financial resources (cash flow, debt ability, equity access), physical resources (buildings, premises and equipment) human resources (scientists, engineers, production managers, sales personnel, etc.) organisational resources (quality control systems, economic management systems, etc.) and technological 1 (Technological is here defined broadly, it is a description of what way of various functional activities are carried out.) capabilities (high quality products, low-cost factories, a high degree of brand loyalty). Of the resources defined above, we must assume that the resources with the greatest potential for innovation and entrepreneurial behaviour are linked to the human and the technological, while at the same time the financial resource must be seen as completely fundamental in order to succeed, a fact corroborated by a survey of Norwegian companies, which showed the existence of positive links between human resources (network activity, information flow), organisational resources (the board) and the technology resource (patents) and entrepreneurial orientation (Madsen, 2003). The resource categories can as we see be difficult to separate clearly in practical terms. E.g in small companies where the manager will be the central actor in the organisation, respect/reputation can be a human resource. Organisational and human resources can be difficult to distinguish between, and in practical terms there might be some overlapping between the physical and technological resources.

The concept resource is often limited to properties reinforcing benefit and efficiency in the company. Alone few resources are productive, however. Productive activity requires cooperation and coordination of groups of resources, and Grant (1991) introduces the concept capability 2 (He uses the concept capability, which in Norwegian translation means.....) to denote the capacity on the part of a group's resources to carry out tasks and activities. Barney (2002) says that capabilities are internal company properties putting the company in the position to coordinate and exploit the rest of their resources. Both these definitions are as a matter of fact in line with Penrose's notion as mentioned before, that the ability to use resources is a crucial element. In this context Grant (1991;113) argues that : "*While resources are the source of a firm's capabilities, capabilities are the main source of its competitive advantage*". Implicit here is the notion that resources alone are not sufficient to generate such advantages. The company management must transform resources into capability that can

generate certain dividends in order to gain competitive advantages (Chandler & Hanks 1994). To create competence is in other words not just a matter of collecting a bunch of resources. Competence development involves complex patterns of coordination among human beings and among human beings and other resources. Perfecting such coordination requires learning through repetition. Capabilities can however not simply be bought but developed gradually (Teece, Pisano & Shuen 1997), and in a strategic context this will mean to get involved in long-term or direction-oriented competence development.

The capability concept previously mentioned can be classified as reproduction in the sense that it is more oriented towards maintaining a continuous operation (Sundbo 2001) Teece et al. (1997) introduces the concept dynamic capabilities, where the concept dynamic refers to: capacity to renew competence in order to achieve correlation with the rapidly changing environment of the company. A certain innovative response is necessary when the time to market and the choice of timing are critical, and when there are rapid technological changes and when circumstances related to future competitive situation and marked factors are difficult to evaluate. This in other words has to do with the company's ability towards development and innovation. Teece et al (1997) further says that the concept capabilities underline the key role of strategic competence with regards to suitable adjustment, integration and repositioning of internal and external operational knowledge, resources had functional competence in order to meet future needs in an environment subject to change. Based on this dynamic capabilities reflect the ability on the part of the organisation towards new innovative forms and competitive advantages. In connection with innovation dynamic capabilities here become a relevant concept and (Sundbo 2001) goes further than Teece et. al. (1997) and defines dynamic capabilities as *"The company's ability to develop its resources and to introduce new ones, and its ability to accumulate experience for previous innovation processes and thus to improve the innovation process"*. Dynamic capabilities in other words emphasise management and organisation (Sundbo 2001) and their abilities. However the concept in theory is abstract and not well developed. The concept can also be extended to include external condition and the ability to absorb knowledge from the outside (Christensen 1996). Teece et. al. (1997) argues that companies have internal as well as external capabilities where the latter is the ability to link up to others and create links to external actors.

2.3 Contributions from industrial economy

Competitive strategy means to look for a favourable competitive position in an industry/line of business and is directed towards a profitable and sustainable position in relation to factors determining the competition here (Porter 1985). Strategic entrepreneurship implies repositioning. The whole idea is that a company can position itself well and achieve a high rate of profit even if the line of business or industry is not particularly attractive. The whole thing is a matter of creating lasting competitive advantages (Barney 2002; Peteraf 1993). The underlying concept of the competitive strategy concept is that creating competitive advantages is the core/heart of any strategy, and in order to achieve competitive advantages the company must make a choice and the company must have a strategic orientation to be successful, according to Porter.

Strategy is usually defined as a company's adaptation to the environment (Holbek 1984; Porter 1985). The choice of competitive strategy is often regarded as the most important decisions for a company's success, and within strategy and management a very important task is to achieve knowledge about various sources of sustainable competitive ability (Andrews 1971; Miles & Snow 1978; Peteraf 1993). This implies an understanding of why some companies perform better than other over a longer period of time. The main focus within the field of strategy prior to the 1990s was mainly the one directed towards the

company's external possibilities and threats. Particularly Porter (1985; 1980) has made significant contributions to the understanding of the links between strategy and the external environment.

During the 1980s the main school in strategy analysis has focused on the links between environment and strategy. More recent research based on the resource- base perspective as understood in strategic management, has also studied the links between resources, strategy and the performance of the company (Borch et.al. 199; Chandler & Hanks 1994). Companies can have series of different types of competitive strategies and within the strategy field a tremendous effort has been made to create competitive strategy typologies (Borch et. Al. 199). (Dess & Davis; Miles and Snow 1978; Porter 1980) In the table below some current competitive strategies are displayed.

Table 1 Typologies of competitive strategies.

Source	Typologies/ Strategy orientation			
	Product	Market	Price	Growth
Porter (1985)	Differentiation	-	Cost-leader	-
Miles & Snow (1978)	Prospector	Analyzer	Defender	-
Borch, Huse & Senneseth (1999)	Product	Market	Price	Growth

The main purpose is to choose strategies linked to resources and competence, which will maximise profits over a longer period of time. This objective is reached by means of effective use of the company's key resources and competence. Snow and Hrebiniak (1980) are concerned about some of the same things. In order to reach a high performance level every strategy must be supported by suitable resources and adjusted competence. Barney (1991) argues that the most critical elements in order to develop lasting competitive advantages are the resource composition of the company. When to a greater extent than before one focuses on the resources of the company as the basis for choosing strategy, the link between resources and strategy will be important to understand. Grant (1991) is concerned about the lack of surveys on the relationship between strategy and the company's resources and argue that this is important to study more closely. Borch et al (1999) elaborates on this further and says that the interaction between market-oriented aspects pertaining to the company strategy, the internal resource composition and the management of the company is still a missing link in research on company strategies.

2.4 Public support

Most countries have various types of support for companies. Usually the explanation for these arrangements will be various market imperfections (Reve & Walderhaug, 1997). In conventional economic theory it is assumed that state intervention in economic activity can only be defended on the basis of market failure, i.e. when the free market mechanism fails to provide adequate allocation of resources in society (Johnsen, Sear & Jenkins 2000). Market failure on this basis is constituted by any deviation from the ideal conditions that are supposed. In this connection the evaluation of SND (Hauknes, Broch & Smith 2000) the following circumstances in relation to market failure were mentioned:

- Externalities, is where the actions on the part of an actor imposes positive or negative consequences without a corresponding reflection in any transactions among the parties
- Competitive failure or deviation form "perfect competition, e.g. monopoly or oligopoly states (imperfect competition)

- Incomplete markets, meaning that there are expectation regarding future conditions or a demand not lending itself to being reflected in market transactions.
- Asymmetric information or information failure, which comprises all breeches of “perfect” information.
- Public amenities, which are constitutes as economic benefits that are roughly speaking not subject to ownership.

In connection with the establishment of SND in 1993 it was particularly the market argument, such as the existence of externalities and other market failure linked to research and development, and that the credit markets were incomplete and that there was asymmetrical information which in this context implied development projects in companies and newly established companies with limited access to credit markets, as private financial institutions have problems evaluating this type of project and customers and to ensure sufficient security (Hauknes et al. 2000). In addition to these market failure arguments there will also be political arguments regarding distribution as well as arguments related to social and organizational arguments linked to developmental challenges of industries, companies and regions (Alsos, Bjørnsen, Borch, Brastad et al. 2000a). Examples of the former can be that the community has goals that are not met by the market, examples of which could be revenue sharing, maintaining established settlement patterns and equality in terms of economic prosperity, while examples of the latter could be to contribute to the establishment of knowledge and innovation systems in the regions.

In the review above, a number of arguments have been presented in favour of company and industry-oriented measures. There are however also arguments against this type of support. Company-oriented support may be perceived as intervention of a market, and the objections to this type of support can be numerous. In the evaluation of company-oriented region-oriented measures these are summed up in the following way:

- That it is a matter of misguided allocation of public funds, funds that could have been used more optimally in other sectors of political activity or in the form of a reduction in taxation on corporate operations.
- That company and industrial support distorts competition and functions in practical terms as company support.
- That support can have a conservative effect. Companies become dependent on continuous support and do not use their resources on readjustment and reorientation towards new markets, products and production methods in line with changes in work conditions. In the worst case the final outcome might be a number of companies becoming support junkies, enjoying support which has a pacifying effect, reinforcing a downward trend in the company”.

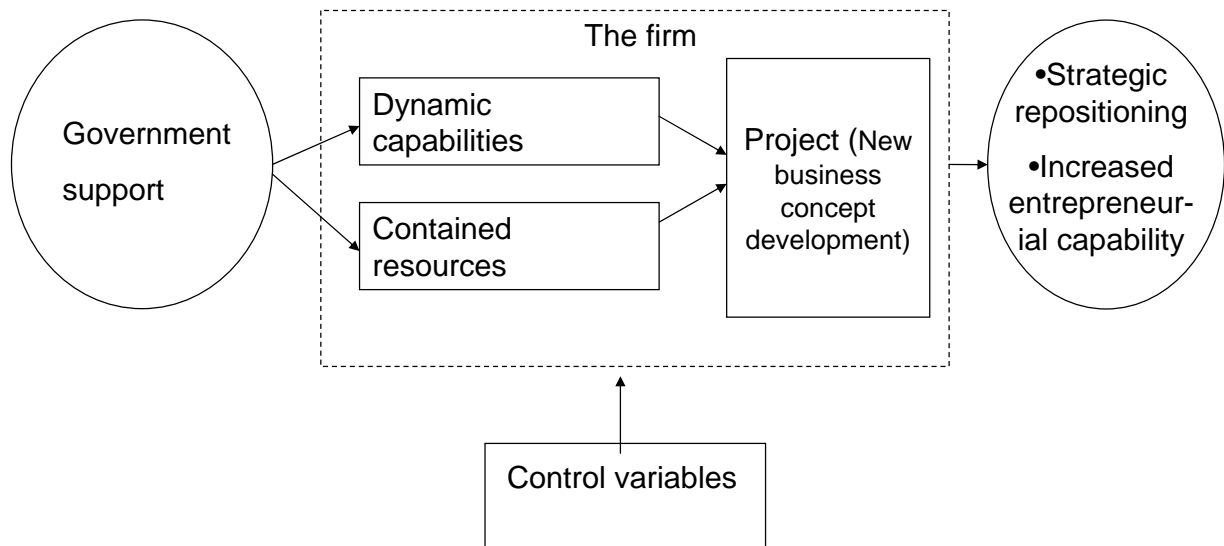
In addition it is mentioned (op. cit.) that even if the support can be justified, critical voices are also raised in connection with the ability on the part of the support apparatus to evaluate the needs of the company. As the level of difficulty is high, the danger of supporting unprofitable projects or projects not in need of support is real. There are also costs linked to maintaining an administrative apparatus as represented by SND, and there are considerable costs linked to the application process in the individual company. These are means that in general could have been allocated to the business community through decreased taxes or more general company support. What arguments that at any given time will dominate at the political level and in the civil service, will vary. At any rate behind the formation of goals and governing documents there will be a framework of understanding and way of thinking with will influence its formation. These evaluations are to a major extent influenced by various conceptions of reality, and will vary both over a period of time and in relation to various stake holders.

In Norway the public sector company-oriented measure system, represented by SND/Innovation Norway, has seen as its goal to contribute to growth and innovation at the national level and in designated regions. With an increasingly turbulent industrial system, where it is difficult to chart and isolate success factors, it becomes important to see to what extent measures will be directed where they will be effective (Alsos, Borch & Jenssen 2000b). Spilling (1998) looks at whether there is sufficient attention focused on that can be regarded as entrepreneurial bottlenecks in the system. Can support arrangements in other words be funnelled so as to prioritise operations directed towards growing and developing. This is a question of whether the right companies are supported, i.e. companies that in the highest degree contribute to: increased growth, increased employment, increased profitability or the most additional effects and external effects on society. A number of circumstances in this context were among other things examined and discussed in connection with the evaluation of SND (Alsos et. al. 2000a; Arnold, Hatling, Hauknes, Smith et.al.2000; White paper #36 (2000–2001)). Evaluations made around the contribution on the part of the individual company to the targets stipulated for the use of measures will therefore be crucial for the results achieved by society through the use of these means. Knowledge about entrepreneurial action internally in the company has however been ignored in much of the discussion around regional innovation systems and innovation –oriented support (Alsos et al. 2000b). For the formation of financial and technical support it is important to establish what company-internal resources and other factors can lead to strategic entrepreneurship aimed at progress and growth.

2.5 Research model and research topics.

The need for entrepreneurship is not articulated only in Norway, but in the entire western world and means that there is interest and need for systematic knowledge about entrepreneurship in companies. In this paper I have argued in favour of strategic entrepreneurship to be understood and measured by studying the company's resources and dynamic capabilities, entrepreneurial orientation and entrepreneurial activity (project). Strategic entrepreneurship in the company is to be the focus of the dissertation.

Entrepreneurship in the company will however be influenced by a number of factors both within and outside the company. A matter of particular interest will be to study what importance government support and company-oriented measures can have, as not just the company, but also public authorities and society in general have interests here. It has previously been shown that the entrepreneurship concept consists of an entrepreneurial (opportunity-seeking) and a strategic (advantage-seeking) part, where strategic actions are of the type where companies develop and utilise existing competitive advantages, while at the same time supporting entrepreneurial actions, while entrepreneurial actions are actions where the company identifies and attempts to exploit entrepreneurial opportunities undiscovered or not fully exploited by the competition. Entrepreneurship is materialised through these entrepreneurial actions. Such actions are according to Lindgren and Packendorff (2003) temporary by nature and can be regarded as projects. Companies being part of this dissertation have carried out innovative projects in the form of newly established operations, innovation, product development, repositioning, etc. This should be regarded as what has been mentioned as characteristic features of entrepreneurial actions, i.e. “exploiting entrepreneurial opportunities not fully discovered or exploited by the competition”. The project and the project results are in this way brought in as an explanatory factor. A research model illustrating the various connections is shown below.



Figur 1 Research model

With this as the basis I will try to answer the following questions

- What resources are most crucial in order to start entrepreneurial processes and changes in competitive strategies in small and middle-sized companies?
- How do public financing and counselling influence the entrepreneurial process and competitive strategies in companies?
- What is the importance of resources and public measures for company results?

The research topics will be examined by means of a survey of companies having been beneficiaries of project financing from SND

3. METHOD

The methodological procedure will be triangular, where the various theoretical perspectives, data sources and methods are used to shed light on the research questions. Such triangulation will contribute to strengthening the validity and reliability of what the evaluation brings to light, and secure both depth and width in the information presented. As mentioned in the previous scientific theory examination, there may be multiple systems and causal chains in what we study, and where there are possibilities for various causal chains to generate the same effect, there will also be the risk of misunderstanding relations (Sayer 200). The analysis of the data will therefore be based on both a quantitative and a qualitative research method.

The former is used to achieve the best possible overview and charting of the material, and to uncover specific patterns, causal relations and influential factors in relation to the research question. Here bi-variate and multi-variate statistical methods will be used. The qualitative research method is to be used in order to uncover circumstances undisclosed by the quantitative (quantitative?) method. This might be to find out what factors lead to change and entrepreneurship in the company, etc. To begin with there will be a need for secondary and primary data from two main groups: (1) The company has received financing from Innovation Norway and (2) and public officials who treated the project application with Innovation Norway. To draw in public officials can give further understanding of how companies e.g. are evaluated, selected, influences and possibly followed up on.

(1) The company has received financing from Innovation Norway.

Here the data as collected by means of a a) questionnaire and b) with a personal interview of the management in some selected companies.

a) Questionnaire survey.

During the development of the questionnaire it is important to mainly use measurement tools that have been used in previous research, and according to Wiklund (1998) it is better to use variables and methods of measurement developed in previous research. However many of the questions are made for SND purposes specifically, which may distort the possibility of comparison with others. As far as possible the findings will be compared to previous findings from previous studies.

The data foundation is from Innovation Norway's (previously SND) customer surveys which I have been working with. In addition collection of qualitative data about particular conditions and processes in individual companies will be contemplated. The customer survey represents a systematic collection of data and analysis of how SND financial and professional involvement influence the economic and strategic development of the customer companies, and is based on annual representative questionnaire-based interviews of slightly less than 1200 business owners of various types, and from various lines of business, spread around the country. Data from the customer survey which are to be included in the study, comprise a selection of companies having received loans and direct financial support in 2000. For these a collection of data in a pre-survey of 2001 and a post-study of 2004 have been collected. It will be possible at a later time to consider the inclusion of data from more years. This provides us with a longitudinal design facilitating the examination of the companies' development over a period of time and what can influence them. In entrepreneurial research there has been a shortage of such longitudinal studies (Zahra, Jennings & Kuratko 1999). I assume that companies being included in the study are the ones that have benefited from the ordinary measures (low-risk loans, nation-wide risk loans, regional risk loans, nationwide development contributions, district development contributions and public and industrial research and development contracts). This will constitute about 5-600 companies per year. Those who are being suggested to be left out are the recipients of direct establishment funding and recipients of loans in agriculture and rural area development funds. The reason for this is that they are rather different from ordinary companies, among other things in terms of strategy and type of operation and are therefore better suited for separate studies. A final decision on this can however be made later.

b) A personal interview with the management of some selected companies.

Here I see that to make a relatively wide selection of companies for different lines of business and of varying size, and location, operating in different markets, providing different products or services, etc. In addition it must be considered how the entrepreneurial profile, resources and strategies of the company should be emphasised when making the selection. Here there will be several possibilities, like e.g. to choose only companies that have had a positive development record with regards to entrepreneurship, or to include those with a considerably poorer record in this area. Certain considerations must be made, not least because of the time-consuming task of interviewing the individual companies. Therefore it will probably not be practical to interview more than 10 – 20 company managers.

(2) Public officials treating the project application with Innovation Norway.

The purpose is here to acquire information/points of view about the company from those who have been in touch with the company and who have treated the application for the project in question. They should therefore have first-hand knowledge about the company and be able to provide different input to the understanding of processes in the company leading to entrepreneurship. The collection of data is carried out by means of personal interviews.

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