

ENTREPRENEURSHIP AND BUSINESS INCUBATORS : WHEN SUPPORT BREEDS ISOLATION.

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INTRODUCTION

The issue of support has become a local and national preoccupation. It has now been thirty years since government started encouraging the creation of structures such as technology parks or incubators. Indeed such initiatives have generally been praised and have built up their legitimacy, but this should not deter us from questioning their efficiency. To what extent do entrepreneurs really use their resources when implementing their plans? How efficient are these structures?

This paper aims at a better understanding of the relation between the support structure and the entrepreneurial process. Our analysis of how entrepreneurs are supported is based on the paradigm of opportunity but we will also use the neo institutional approach to shed new light on the issue.

We will start with an analysis of the role played by support structures in the pursuit of opportunity with a specific focus on the notions of information and legitimisation. We will then present our empirical study. We will suggest a classification of entrepreneurs based on legitimacy. We will show the extent to which these various types of entrepreneurs run the risk of isolation in a support structure.

THEORETICAL FRAME

Our analysis focuses on the role played by support structures in the pursuit of opportunities. It is based on the paradigm of opportunity (Shane and Venkatraman, 2000) to which we added the literature concerning networks (Granovetter, 1973, 1985 ; Burt, 1993 ; Arenius and De Clercq, 2005) and the neo-institutional approach (DiMaggio and Powell, 1983 ; Aldrich and Fiol, 1994 ; Zimmerman and Zeitz, 2002). These various approaches enabled us to highlight the role played by support structures as far as information and legitimisation are concerned.

A comparison between literature and the reality which we observed allows us to bring forward three propositions to be discussed throughout our study.

Proposition 1: the support structure has an influence on the entrepreneur's research and development of opportunities.

Proposition 2: the business creators joining a support structure are already involved in a reticular logic; the support process only strengthens their network approach.

Proposition 3: when developing their business within a support structure, entrepreneurs try to boost their project's legitimacy.

METHODOLOGICAL FRAME

We implemented an exploratory study in a support structure so as to assess our propositions' relevance. The paradigm of opportunity, which is a key to our research, uses methodological individualism -which it shares with the Austrian school. This approach, originally created by Weber, encourages the use of interpretative epistemology (Burrell Morgan, 1979) which is largely interested in understanding individual behaviours. From a methodological point of view, the case study is very helpful when analysing social phenomena such as entrepreneurship. It is particularly helpful in a process study (Eisenhardt, 1989 ; Wacheux, 1996 ; Hlady-Rispal, 2002).

Over the first six months of 2006 we held 9 interviews with the managers of VENTURE, a support structure, and with six entrepreneurs. The interviews lasted one hour and a half on average and they dealt with the following themes: the type of project, the role played by the structure, the nature of the

networks, legitimacy. Recording and then rewriting them enabled us to analyse their content along these key themes (Bardin, 1996).

RESULTS

The managers whom we met put the stress on how important legitimacy is, and particularly when they need resources or information. This concern allows us to distinguish two types of legitimacy: one may be called competitive, the other one professional. At the intersection of these two legitimacies, we may identify four situations which we will describe as “ideal types”

Table : a classification of entrepreneurs based on legitimacy

| | | Competitive legitimacy | |
|-------------------------|--------|-------------------------|---|
| | | strong | weak |
| professional legitimacy | strong | <i>artists</i> COM | <i>open minds</i> PHARMA MOD ECO |
| | weak | <i>outsiders</i> BAT | <i>surfers</i> VIP |

The final document offers a detailed description of these typical profiles

Our investigation reveals that the support structure did not necessarily increase the legitimacy of entrepreneurs, be it professional or competitive. For each of the managers it accommodated, Venture did not help the business creator in his/her research and development of opportunities, which contradicts literature on the subject and also the official definition of the competence and goals of business incubators in France. Thus the research and development of opportunities become an individual pursuit, an entrepreneurial venture. There is absolutely no support in this field, at least in the structure we studied.

The lack of interaction means a growing isolation for the entrepreneur, which may sound paradoxical since these people chose not to start a business alone but to join a structure such as Venture. We may therefore underline the gap between the original goals of a business incubator and what is really delivered by the structure we studied.

DISCUSSION

In our study the support structure does not seem to foster or accelerate ideas (Chabaud and alii, 2005). As the support structure potentially loses its legitimacy, new types of interaction between the partners might show up. Such a trend is certainly not limited to the structure we studied, even if it cannot be described as universal. Indeed the assessment of support structures by entrepreneurs has been changing. Literature on the subject reveals a chronological sequence in the strong link / weak link discrepancy (Larson and all, 1993).

The help or support entrepreneurs were able to muster was not provided by the support structure. Entrepreneurs build informal connections with other business creators in the same structure as they are experiencing identical difficulties in starting their business. Or they turn to partners -suppliers or customers- who once went through hard times of their own due to a firm’s life cycle -the first months- or to their industry’s specificity. In this situation, relations are constant, any information exchanged is relevant to the needs and circumstances, and such contacts become part of a long-term process. This dimension may be related to the belief that support should be -and in fact is- essentially based on a long-term process (Tuner 1982, Schein 1987, Sammut 1995, 2003) and not on a series of short-lived relations with no clear perspective. Our study leads us to qualify our propositions and to take into account the type of support provided.

Venture has no influence on the entrepreneur's research and development of opportunities. The business creators joining such a structure are already potentially part of a reticular structure and they are alone in building or strengthening this network. Venture plays no role in strengthening a network which existed before.

Venture plays no role in the development and /or management of the social network of the new business. Neither does it appear at the intersection of structural holes (Burt, 1992, 2000). It turns out that the added value for entrepreneurs in the structure is close to nil.

Our survey therefore indicates that the support structure may isolate entrepreneurs instead of helping them. Surprising as this may seem, there are also support structures offering no support but merely providing an administrative frame and premises and thus increasing isolation. One may question the relevance of such structures, all the more so as they are publicly funded.

Opportunity becomes a creator's personal attitude. The entrepreneur will manage to survive if his /her personal network is strong enough, if he/she is combative and nimble, if his/her entrepreneurial spirit and vision are secure enough. It would be illusory to trust only the paradigm of opportunity to understand the role played by support structures in this frantic pursuit of research and development of opportunities. The business creator goes on building as his/her firm changes and he/she seizes and develops opportunities. This process of learning step by step while facing economic realities builds his /her competence and his/her ability to act and react. It is unfortunate to note that the support structure did not play its role in boosting the learning process and propping up entrepreneurial spirit in the long-term.

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