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978-0-521-85518-1 - Entrepreneurship and New Value Creation: The Dynamic of the Entrepreneurial Process

Alain Fayolle

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*Entrepreneurship
and New Value Creation*

Why do some individuals decide they want to create businesses and then actually do so? Why do others decide against this course of action, even though they appear to have what it takes to succeed? These two questions were among the first that researchers in the field of entrepreneurship tried to answer. Today, it seems that the problem is much more difficult to solve than it first appeared thirty years ago. The venture creation phenomenon is a complex one, covering a wide variety of situations. The purpose of this book is to improve our understanding of this complexity by offering both a theory of the entrepreneurial process and practical advice on how to start a new business and manage it effectively. *Entrepreneurship and New Value Creation* is a highly original, research-driven book that will appeal to graduate students, researchers and reflective practitioners concerned with the dynamics of the entrepreneurial process.

ALAIN FAYOLLE is Professor and Director of the Entrepreneurship Research Centre at EM Lyon, France.

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Foreword

WILLIAM B. GARTNER

Clemson University

I am delighted to write this Foreword to Alain Fayolle's *Entrepreneurship and New Value Creation: The Dynamic of the Entrepreneurial Process*. The book offers a portal into the breadth and depth of entrepreneurship scholarship and provides many avenues for understanding entrepreneurship and the entrepreneurial process. As Professor Fayolle points out, there is a long history of thought and scholarship about entrepreneurship. The word entrepreneur is, appropriately (given the author is French), French, with roots in sixteenth- and seventeenth-century ideas about the accomplishment of tasks, risk bearing, undertaking to do something, and the organising, operating and assumption of risk for a business. While the idea of the entrepreneur and entrepreneurship has evolved to include the attributes of innovation, opportunity discovery (or construction) and value creation, my sense of the basic gist of the term continues to focus on this facet of human behaviour: *initiative taking*. The process of entrepreneurship invariably involves an individual or individuals investing effort into something they had not previously done before. As this book points out, there are many ways in which initiative taking may occur. I have tended to think of the entrepreneurial process as involving 'organising' (Weick 1979) in a general sort of way, and more specifically, as 'organisation creation' as the phenomenon where entrepreneurship might be more likely to occur and to be ascertained (Gartner 1985; 2001). As this book points out, entrepreneurship, as a phenomenon, is theoretically and empirically much more complicated than either 'organising' or 'organisation creation'.

What *Entrepreneurship and New Value Creation* makes an excellent job of doing is taking the reader on a journey through the many different worlds in which entrepreneurship has been conceptualised and studied. The scholarship of entrepreneurship is somewhat like the phenomenon of entrepreneurship itself. Just as Schumpeter (1934)

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suggests that entrepreneurship involves undertaking ‘new combinations’, the scholarship of entrepreneurship constantly combines new theories, new evidence and ideas from other disciplines (and the phenomenon of entrepreneurship itself), into new approaches to understanding what entrepreneurship is. Keeping up with the various ways that entrepreneurship has been studied as well as how it is currently studied is, then, a daunting challenge in so far as an entrepreneurship scholar has to grapple with such a diverse set of disciplines and approaches. This book more than meets this task.

Entrepreneurship and New Value Creation provides the reader with various concepts and perspectives about entrepreneurship; describes and outlines how entrepreneurship can be understood as a system; demonstrates the characteristics of the process of entrepreneurship; and suggests how entrepreneurship can be seen through process dynamics. As Professor Fayolle points out, there are so many ways that an exploration of the nature of entrepreneurship can be approached that any attempt appears to be a daunting task. He begins this attempt by centring the phenomenon of entrepreneurship as an individual/new value creation dialogic, which links the individual (entrepreneur) to the project (the new value creation potential) as a process. Implicit in this exploration, then, is the sense that the nature of entrepreneurship is not static but ongoing, so that observing the phenomenon of entrepreneurship at one particular moment in time is inadequate. A recognition of the dynamic properties of individual/new value creation dialogic is critical, but often difficult to encompass, particularly as one reviews prior scholarship.

The first part of the book provides a broad overview of the various ways that entrepreneurship can be approached. As a social and economic phenomenon, entrepreneurship has been considered as an engine of economic development and renewal, transformation and growth; a way to generate jobs; a way to organise firms; a set of individual skills; and a way of being and learning. As a phenomenon subject to research, entrepreneurship has been considered as having its disciplinary origins in economics, which continues to overshadow how other disciplines might approach this topic. Scholars have often focused on entrepreneurship as an individual level phenomenon, and have explored a variety of social and psychological factors, as well as process-based approaches that consider how the environment, organisational context and process of entrepreneurship impact this

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phenomenon. Entrepreneurship scholars have more recently focused on the nature of opportunity, and the process of emergence, from Fayolle's point of view, through the lens of value creation, which he suggests has a wider and more useful application than other approaches. Finally, entrepreneurship can be considered as an academic subject, so that what entrepreneurship is taught as, how it is taught and the reasons for teaching it impact our understanding of what entrepreneurship is.

The second and third parts of the book explore entrepreneurship as a system: the individual/new value creation dialogic. As mentioned earlier, the critical aspect of this system approach is to consider seriously the impact of process, that is, that entrepreneurship as a phenomenon always involves change, and therefore, to consider also how events unfold over time. The author considers how other scholars have dealt with concepts of entrepreneur and with value creation, and then develops a framework for exploring the evolutionary nature of the individual/new value creation system dynamic. I find that the core of the book centres on this exploration of the nature of the process of entrepreneurship. The questions of what we mean by process, what the theories of process are and how process is modelled are explored, and then synthesised into a generic model of the entrepreneurial process that considers individual, organisational and environmental factors in an evolving dynamic system. This framework suggests that the evolution of the system involves a trigger that initiates the entrepreneurial process, a commitment to the process, and an unfolding of this process to survival (or failure) and subsequent development.

The last part of the book provides details of the three phases of this entrepreneurial dynamic. The process trigger is elaborated by identifying prior theoretical approaches for explaining the factors that influence why some individuals decide to engage in entrepreneurial activity. Various intention and displacement theories are evaluated and a synthesis of these models is applied to two real situations. The fulcrum of the entrepreneurial dynamic is in the process of entrepreneurial commitment. The evolution of commitment in the individual/new value creation dynamic is not simple to describe: it is complicated and multi-dimensional. I am intrigued with how the book uses catastrophe theory as a metaphor and heuristic for modelling the dynamics of commitment over time. I believe there is some necessity for a coagulation of favourable events to occur in order for entrepreneurial situations to emerge successfully, and that process of emergence is not inherently

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linear in nature (Lichtenstein *et al.* 2007). Complexity dynamics or other models, such as catastrophe theory, are likely to be the pathways for understanding entrepreneurial processes. The book then explores the entrepreneurial process through the survival/development stage, using, primarily, structuration theory (Giddens 1979; 1984b). While most Europeans will be familiar with Giddens' ideas, many North American entrepreneurship scholars would be wise to explore further the value of using structuration theory in entrepreneurship research.

The last chapter of the book is a call to conduct research on entrepreneurship in a manner that is honest to the phenomenon: recognising multidimensional complexity in real time, over time.

Overall, what I found most valuable in this book was the close reading the author undertakes of various books and articles that seem to constitute the core ideas in entrepreneurship scholarship. Professor Fayolle's ability to pay careful attention to the meanings and nuances that other scholars bring to their work is sorely missing from many overviews and analyses of the entrepreneurship field.

In addition, the book introduces a number of new conversations about entrepreneurship that scholars who only read work in English will probably not be familiar with. In a somewhat random sample of citations in this book, I found that about 25 per cent of the references are to works that appear in French. It is apparent, in Professor Fayolle's analysis of entrepreneurship scholarship, that French scholars have been involved in a deep and wide-ranging discussion of this topic, and that this conversation brings to the forefront important new perspectives on the nature of entrepreneurship. The inability to read French has become for many of the 'only English' readers, then, a barrier to grasping a more nuanced view of entrepreneurship. I am really pleased to be introduced to this new literature, as well as guided to how it is related and applied to other entrepreneurship scholarship.

Entrepreneurship, then, is not solely the providence of American scholars, or that of an American way of acting entrepreneurially. Indeed, as this book demonstrates, entrepreneurship is a phenomenon that has deep historical roots based in European culture, ideas and sensibilities, and a more comprehensive and thoughtful understanding of entrepreneurship will only occur when we recognise and use these past and current perspectives.

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Acknowledgements

While I am the sole author of this book, the project behind it would not have emerged without the discussions and exchanges with my colleagues. I feel strongly that I am part of a community of researchers who have been working for many years in the emerging field of entrepreneurship. When I first became interested in this field, at the beginning of the 1990s, I was lucky to meet pioneers and people who were convinced of the social and economic importance of this new field of research and education. I have learnt a lot from them and I have the feeling that, with this book, I continue to pass on their message and echo the works and approaches that they largely contributed to initiating.

I especially wish to thank Philippe Albert who, in 1984, created the Centre des Entrepreneurs (Centre for Entrepreneurs), in the institution within which I pursue my academic activities today. He has worked untiringly to promote the entrepreneurial spirit in French society and higher education institutions. He, along with Stéphane Marion, convinced me of the interest to focus my research on entrepreneurship.

For this book, I am also greatly indebted to my colleague Christian Bruyat, whose contribution has been invaluable in helping French-speaking teachers and researchers better understand this complex and heterogeneous field. I feel privileged to have been engaged in a meaningful discussion with him for over ten years and I believe that I continue to make progress through this continued exchange. This work is also a way to spread some of his ideas and works.

On a different level, as this type of work can only be made possible by the combination of many different skills, I wish to express my most sincere thanks to Karen Bruneaud for the quality of her translation and the professionalism she has shown throughout a year-long collaboration.

Lastly, I would also like to thank all the people who provided the raw material for this book, the individuals who explore new territories, who innovate, who contribute to making people and things evolve, those who take risks to pursue their passions and make their ideas happen.