

The entrepreneurship power house of ambition and innovation

Prof. Dr. Marc Dressler

Situation / research need

Entrepreneurs are deemed to successfully cope with changing environment and to exploit opportunities as they are presumably innovative, proactive, and ready to assume risk. As a consequence, entrepreneurship is regarded vital for eco-nomies. Small entrepreneurial business is of paramount importance for economic and social welfare of nations. The economy of the European Union strongly de-pends on small and medium enterprises making up for 99% of the businesses and safeguarding growth and innovation. Equally, family ownership nurture wel-fare: 60% of the European enterprises are family owned. But small family-owned businesses are under pressure. Increasing competition, globalization, and supplier concentration - hence changes in the external business environment - stress small entrepreneurs. Indeed, survival is not for granted. In the investigated German wine industry, the number of producers was cut in half since 1980. Resilience, meaning the ability to cope with environmental changes, obviously is a necessary precondition for sustainable success.

The concept of entrepreneurship leans on different research streams: entrepreneurship, strategic management, organization design, innovation management, resilience, and lately sustainability. It discloses breadth and richness but also fuzziness in the light of various research perspectives, a bias for positivism, and common equalization of entrepreneurship with small or family business. Need for further research to assess entrepreneurial resilience, foremost in terms of legitimacy and sustainability, is expressed explicitly in the literature. Shedding light on the entrepreneurial resilience seems imperative also from a practical perspective given concentration and drive out of SMEs in all industries

Research design

Survey data of German wineries serve to explore strategic entrepreneurship and the impact on resilience or eventual sustainable growth in a crowding out market. Three online surveys (conducted in 2012, 2014, 2018) assessed strategic measures to combat environmental challenges of German wineries, hence SMEs. The investigation of entrepreneurial behavior addressed the three basic entrepreneurial traits motivating three research questions:

- Pro-activeness: How are environmental challenges perceived and managed?
- Innovativeness: Does innovation interact with perceived environmental challenges and what is the performance impact?
- Risk taking attitude: Is success dependent on ambition level?

Findings

Interviewees prioritize environmental challenges not by risk-impact. Bureaucracy and changing customer behavior represent key environmental influences. Sustainability took third place, followed by climate change. Destructive environmental forces garnered comparatively little attention in the survey. Obviously, respond-ants are more concerned by the ability to react and to create opportunities.

The data confirms posited effectiveness of innovation. Internal as well as customer-oriented innovation measures have a positive impact on the performance (see Fig. 2). In light of the cutthroat competition, winning customers is of paramount importance. The data confirms a significant correlation of customer-oriented innovation and winning clients



Fig. 1: Innovation and success impact

ANOVA analyses reemphasize the positive and significant correlation of ambition level and innovativeness (Tab. 1).

Report			
		internal innovation	customer-oriented innovation
survival	Mean	2,3333	2,7778
stability	Mean	2,8548	2,9833
efficiency	Mean	3,5385	3,4151
growth	Mean	3,4227	3,3958
Total	Mean	3,2455	3,2615
	N	220	218

ANOVA Table						
		Sum of Squares	df	Mean Square	F	Sig.
internal innovation	Between Group (Combined)	24,459	3	8,153	11,718	0,000
	Linearity	17,265	1	17,265	24,814	0,000
	Deviation from Linearity	7,194	2	3,597	5,170	0,006
	Within Groups	150,287	216	0,696		
	Total	174,745	219			
customer-oriented innovation	Between Group (Combined)	9,731	3	3,244	4,945	0,002
	Linearity	7,697	1	7,697	11,735	0,001
	Deviation from Linearity	2,034	2	1,017	1,551	0,214
	Within Groups	140,365	214	0,656		
	Total	150,096	217			

Measures of Association				
	R	R Squared	Eta	Eta Squared
internal innovation * ambition	0,314	0,099	0,374	0,140
customer-oriented innovation * ambition	0,226	0,051	0,255	0,065

Tab. 1: ANOVA of ambition and innovation level (1= low – 5 = very high)

A higher ambition level and performance correlate positively with statistical significance (Tab. 2). More ambitious entrepreneurial wineries are able to win new clients. Costs represent the only depending variable that shows higher value in case of lower ambition levels. Since growth ambitions and investment neither harm the capital structure nor personal satisfaction, investments obviously pay-off. Resulting costs are over-compensated by revenues, securing higher profit.

Report								
		profit	capital structure	costs	new customers acquisition	market positioning	market development	personal satisfaction
survival	Mean	2,3333	1,8889	3,2222	2,1111	1,8889	1,6667	3,0000
stability	Mean	3,4032	3,6452	3,2333	2,6613	2,7000	2,1290	3,9180
efficiency	Mean	3,5000	3,5660	2,7170	3,5000	3,0588	2,6154	3,7647
growth	Mean	3,6392	3,4536	2,6289	3,6186	3,1237	2,7010	4,0722
Total	Mean	3,4864	3,4706	2,8402	3,2591	2,9401	2,4773	3,9128

ANOVA Table						
		Sum of Squares	df	Mean Square	F	Sig.
profit * ambition	Between Group (Combined)	14,669	3	4,890	2,432	0,066
	Within Groups	434,290	216	2,011		
	Total	448,959	219			
capital structure * ambition	Between Group (Combined)	24,916	3	8,305	3,850	0,010
	Within Groups	468,143	217	2,157		
	Total	493,059	220			
costs * ambition	Between Group (Combined)	15,724	3	5,241	3,260	0,022
	Within Groups	345,683	215	1,608		
	Total	361,406	218			
new customers acquisition * ambition	Between Group (Combined)	49,569	3	16,523	9,681	0,000
	Within Groups	368,663	216	1,707		
	Total	418,232	219			
market positioning * ambition	Between Group (Combined)	17,393	3	5,798	2,579	0,055
	Within Groups	478,828	213	2,248		
	Total	496,221	216			
market development * ambition	Between Group (Combined)	19,281	3	6,427	3,231	0,023
	Within Groups	429,605	216	1,989		
	Total	448,886	219			
personal satisfaction * ambition	Between Group (Combined)	11,083	3	3,694	2,500	0,061
	Within Groups	316,261	214	1,478		
	Total	327,344	217			

Measures of Association		
	Eta	Eta Squared
profit * ambition	0,181	0,033
capital structure * ambition	0,225	0,051
costs * ambition	0,209	0,044
new customers acquisition * ambition	0,344	0,119
market positioning * ambition	0,187	0,035
market development * ambition	0,207	0,043
personal satisfaction * ambition	0,184	0,034

Tab. 2: ANOVA of ambition and performance (1= low – 5 = very high)

Practical implications

Prosperous entrepreneurs in the wine industry illustrate that growth in crowding-out markets is possible but requires innovative ideas, ambition, and strategic approaches. The surveys indicate that a strong ambition to grow encourages innovation and improves performance. Historic focus on product quality needs to transition into creative, customer-centric offer design.

Conclusions

Typical entrepreneurial "bricolage" could be observed. Environmental challenges are interpreted in an optimistic manner, even caesural ones. Despite limiting environmental factors entrepreneurs seize opportunities, are more ambitious, show innovativeness, and thereby profit by higher performance.