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TYPES OF PORTFOLIO ENTREPRENEURS: MOTIVATIONS, CHARACTERISTICS AND PERFORMANCE (INTERACTIVE PAPER)

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TYPES OF PORTFOLIO ENTREPRENEURS:
MOTIVATIONS, CHARACTERISTICS AND PERFORMANCE

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Principal Topic

Portfolio entrepreneurship has become a key theme within the entrepreneurship research literature. Premised in the belief that previous experience endows entrepreneurs with both greater knowledge and resource access, superior performance of ventures started by experienced entrepreneurs has been anticipated. However, portfolio entrepreneurs seem to be a rather heterogeneous group. Iacobucci (2002) identified three main reasons why some entrepreneurs become portfolio entrepreneurs; the firm’s growth policy, entrepreneurial dynamics and capital accumulation. Alsos et al (2003) identified three types of portfolio entrepreneurs in the farm sector based on their main motivations. These findings indicate that different motivations for portfolio entrepreneurship may lead to quite different developmental tracks; and hence different characteristics and performance of the new business started.

Insights from the literature indicate that motivations for the start-up of new business activities in addition to existing businesses can be diverse (Carter & Ram, 2003). It is likely that new business that are started to utilize new opportunities along the opportunity corridor, may be quite different from those started because the first business do not give enough income for the family. It may therefore be useful to differ between these different types of business portfolios, in particular when discussing performance consequences of portfolio entrepreneurship.

The present study develops a taxonomy of portfolio entrepreneurs based on empirical data related to motivation for new business start-ups. The types of portfolio entrepreneurs identified are compared to explore differences in characteristics and performance between the groups.

Method

Data was gathered through a postal survey of a representative sample of 3018 farm business owners in Norway. 1019 filled in questionnaires were returned. For this study, only data derived from portfolio entrepreneurs was used. These were defined as respondents who own and manage at least one business in addition to their original firm, leaving us with data on 260 firms and their spin-off ventures.

Results and Implications

Based on a hierarchical cluster analysis four types of portfolio entrepreneurs in the farm sector were identified: Opportunity motivated, income motivated, and employment motivated portfolio entrepreneurs. These three types differed in terms of business characteristics, entrepreneur characteristics, but not in performance. This knowledge will have implications for policy and theory e.g., an enhanced understanding of business dynamics.

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