PORTFOLIO ENTREPRENEURSHIP IN EMERGENT NATIONS, THE EFFECTS OF RISK AND THE ENVIRONMENT (INTERACTIVE PAPER)

Antonio C. Malfense Fierro

University of Edinburgh, s0234469@sms.ed.ac.uk

Recommended Citation

INTERACTIVE PAPER

PORTFOLIO ENTREPRENEURSHIP IN EMERGENT NATIONS, THE EFFECTS OF RISK AND THE ENVIRONMENT

Antonio C. Malfense Fierro, University of Edinburgh, Scotland, UK

Principal Topic

Entrepreneurship is often seen as being key to the creation of wealth in society and as such, a crucial mechanism for the alleviation of poverty in the developing world. Most research however, has concentrated on the role entrepreneurship plays on small and micro entrepreneurs in the informal sector (in largely rural contexts), or in the general adult population (GEM). There has been little research on how entrepreneurship relates to larger businesses in developing countries especially those residing within urban environments. Recent work by Balunywa et al. (2009) has demonstrated that large scale portfolio entrepreneurs can play a vital role in economic development in Uganda. This study, however, whilst strong on measuring impact, has little coverage of the processes in which new business formation occurs by larger scale portfolio entrepreneurs in emerging markets in Africa. In particular because Africa is a risky environment to conduct business in, the role of risk in portfolio diversification has yet to be systematically explored.

The research addresses this gap by exploring processes of portfolio diversification (growth) by habitual entrepreneurs (portfolio entrepreneurs specifically) in a developing market context and the effects of two little studied variables, risk and the environment in this process. The market chosen was that of the country of Malawi: a poor but fast growing Southern African State evincing many of the characteristics of developing nations.

Method

So far twenty two prominent portfolio entrepreneurs have been sampled, owning a total of 97 individual firms. The methodology was qualitative in nature combining in depth longitudinal case analysis, with semi structured interviews whilst looking at both internal (individual level) and external (firm level) determinants to portfolio diversification, using risk as a bridging variable. The analysis combined coding and categorization to discern the evident diversification process.

Results and Implications

The findings suggest that a ‘re-framing’ of our understanding of portfolio entrepreneurs is necessary, particularly in the context of developing nations. Notions of risk (attitude and management) within entrepreneurs and the growth of their businesses and portfolio groups, should be re-evaluated and validated with future research. Further, it is suggested that future policy be directed more to these ‘expert’ entrepreneurs themselves, in creating effective mechanisms to increase their access and use of institutional finance.

CONTACT: Antonio C. Malfense Fierro; s0234469@sms.ed.ac.uk (T): +441316503475