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A qualitative study on Norwegian entrepreneurs' perceived success factors and perception of entrepreneurial education

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International Business and Marketing

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This master thesis marks the final chapter of the Master program “International Business and Marketing” at NTNU in Ålesund.

Finding a topic for a master’s thesis can be challenging, and the topic should be of interest for the student(s). During our time at NTNU Ålesund, we have been working closely with the local industry. Sunnmøre is the home of many entrepreneurs, and they have all their unique stories for succeeding. This has made us interested in finding out more about the Norwegian entrepreneur, thus, a topic within the entrepreneurial field were chosen.

The process of writing a master’s thesis can consist of challenges and frustration, but, as this thesis will discuss in more depth, it is in challenging times one must be persistent in order to succeed.

We would like to give a big thanks to our informants. Thank you for taking the time to let us interview you, your stories have truly inspired us!

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Emma Hoff and Anne Line Skrede Høidal

Abstract

This thesis aims to explore the success factors of Norwegian entrepreneurs. Entrepreneurship is essential in an economy's growth because it creates jobs and contributes to improve our way of living by introducing innovative ways of thinking (Bosma et al., 2020). Since entrepreneurs are such an essential part of a nation's wealth and growth, it is important to gain knowledge within the field of entrepreneurship, in addition to understand what the entrepreneurs consider as important factors in order to succeed. By gaining knowledge within this field, it will be easier for policy makers to understand the entrepreneurial process, and thereby have the opportunity to nurture and facilitate entrepreneurial behaviour. Another interesting aspect that this thesis will consider, is whether there are any differences among the entrepreneurs based on their different educational background. Has an education in entrepreneurship been essential for the entrepreneurs' success, or have other factors been decisive?

The theoretical framework of the thesis is, among others, based on the Norwegian GEM study from 2014 (Alsos et al., 2014), Nielsen et al.'s (2012) definition and categorization of resources, and studies that have looked at the effect on entrepreneurial education (Matlay, 2008; Oosterbeek et al., 2010; Von Graevenitz et al., 2010)

This thesis builds upon a qualitative approach, in which semi-structured interviews have been conducted. The sample consist of six entrepreneurs, in which three have a higher education in entrepreneurship, and three without any type of higher education.

One of the findings from this thesis is that what the entrepreneurs perceive as their main success factors are quite similar despite their different backgrounds. The different success factors are split into three types of resources; human, social and financial. These different resources are considered decisive in order for an entrepreneur to succeed. The entrepreneurs will also face different challenges during the entrepreneurial process. Overcoming these, and being persistent through challenging times, is perceived as one of their main success factors. Even though many of the success factors are similar, some differences were spotted. The differences among the two groups are believed to have its background in the entrepreneurs' different educational backgrounds. Having an educational background in entrepreneurship is considered to be useful, but some areas of improvement are suggested. As research on Norwegian entrepreneurs are limited, this thesis hopes to contribute to a richer knowledge within the field.

Norsk samandrag

Denne masteroppgåva har som formål å utforske suksessfaktorane blant norske gründerar. Entreprenørskap har ei vesentleg betydning for eit land sin økonomiske vekst, fordi den skapar jobbar og bidreg til å forbetre levemåten vår ved å legge til rette for innovativ tenking (Bosma m. fl., 2020). Sidan gründerar er ein så viktig del av ein nasjons verdiskaping og vekst, er det viktig å ha informasjon innanfor entreprenørskapsfeltet for å forstå kva gründerane ser på som nødvendige faktorar for å lukkast. Ved å tileigne seg denne kunnskapen, blir det lettare for myndigheitene å forstå prosessen til gründerane, og dermed legge til rette for auka etableringsverksemd. Eit anna tema denne masteroppgåva tek føre seg, er om det er forskjellar blant gründerane basert på deira forskjellige bakgrunnar frå høgare utdanning. Har ei utdanning innan entreprenørskap vore avgjerande for gründerane sin suksess, eller har andre faktorar vore viktigare?

Det teoretiske rammeverket for denne oppgåva er basert på blant andre den Norske GEM studien frå 2014 (Alsos m. fl., 2014), Nielsen m. fl. (2012) sin definisjon og inndeling av ressursar, samt studiar som har sett på effekten av utdanning innan entreprenørskap (Matlay, 2008; Oosterbek m. fl., 2010; Von Graevenitz m. fl., 2010).

Oppgåva har ei kvalitativ tilnærming, der semistrukturerte intervju har blitt gjennomført. Utvalet består av seks gründerar, der tre av desse har utdanning innan entreprenørskap, medan dei resterande tre ikkje har bakgrunn frå høgare utdanning.

Eit av funna frå denne oppgåva, er at dei faktorane gründerane ser på som avgjerande for sin suksess, er ganske like på tross av deira ulike bakgrunnar. Dei ulike suksessfaktorane er delt inn i tre typar ressursar; humane, sosiale og finansielle. Desse ressursane blir betrakta som viktige for å lukkast som gründer. Gründerane vil også møte på ulike utfordringar under etableringsfasa. Det å overkomme desse utfordringane, og halde ut gjennom vanskelege tider, blir sett på som ein av dei viktigaste suksessfaktorane til gründerane. Sjølv om mange av suksessfaktorane blant gründerane var like, var der også nokre forskjellar. Forskjellane mellom desse gruppene ser ut til å ha sitt utspring i gründerane sine forskjellige bakgrunnar innan høgare utdanning. Det å ha ei utdanning innanfor entreprenørskap blir sett på som nyttig, men nokre område for forbetring er foreslått. Det har vore lite forskning på norske gründerar, denne oppgåva håpar difor på å kunne bidra til ein rikare kunnskap innanfor feltet.

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1 Introduction

Individuals that chooses to establish a firm are vital for the society because they create new jobs and contribute to improve our way of living by introducing innovative ways of thinking (Bosma et al., 2020). They also contribute to the national economy because they increase the GDP level and tax revenues. In a well-functioning economy, there is a balance between the existing and newly established firms (Alsos, Clausen, Isaksen, and Åmo 2014). The fact that some firms fade out due to their irrelevance, leads to innovation and development of an economy. In times of societal changes such as population growth, climate changes and globalisation; new skills, attitudes and behaviours are needed to provide new solutions to complex societal problems (Bosma et al., 2020). Policy makers consider the entrepreneurs as the engine of the economy; thus, they have the responsibility of nurturing and rewarding entrepreneurial behaviour (Van der Sluis, Van Praag, and Van Witteloostuijn, 2007).

In Norway, 590 810 entrepreneurs were considered active at the start of 2020 (SSB, 2020). Even though there are many entrepreneurs active today, not all will survive in the future. In fact, numbers from 2019 showed that only 29,8% of newly established firms survived after five years (SSB, 2019b). SSB defines a firm as the smallest combination of legal entities that produce services or goods, which also, to some extent, have an independent decision-making authority. In this thesis, a *successful* entrepreneur is defined as one who's' firm has survived for more than five years, has generated sales revenues in the active years, and that has at least one employee in addition to the entrepreneur.

While some of the entrepreneurs fail to succeed, others find their place in the market. The factors that have been crucial for success might vary depending on the entrepreneur's personal characteristics, background, and previous experiences, to mention some. In this thesis, the emphasis will be on the entrepreneurs' different educational background. The thesis will look further into whether there are any differences regarding what the entrepreneurs consider as their main success factors. So, when choosing informants for this study, half of the sample were selected based on their education in entrepreneurship, and the rest were selected based on their lack of a higher education. Matlay (2008), Oosterbeek, Van Praag, and Ijsselstein (2010) and Von Graevenitz, Harhoff, and Weber (2010), among others, have studied the impact of entrepreneurship education on entrepreneurial outcomes. In this thesis, the emphasis is on Norwegian entrepreneurs.

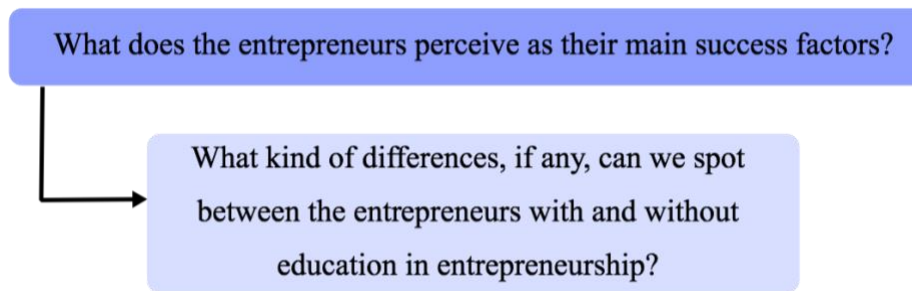
Reports from GEM Global Entrepreneurship Monitor (Alsos et al., 2014) shows that the entrepreneurial activity in Norway has been declining over the last decade. Even though 63% of the Norwegian population states that there are good opportunities for starting a business, only 5,7% of the adult population were considered involved in entrepreneurial activity in 2014 (Alsos et al., 2014). There is limited research regarding what Norwegian entrepreneurs perceive as their main success factors, thus, this a field this thesis would like to explore.

Based on earlier studies like the Global Entrepreneurship Monitor (2020) and the Norwegian GEM report (2014), this thesis would like to contribute to the field of entrepreneurship by studying and comparing Norwegian entrepreneurs. This is done by conducting a qualitative approach, in order to explore the entrepreneurs perceived success factors, as well as their perceptions regarding an education in entrepreneurship.

1.1 Research questions

This thesis will consist of two research questions. In addition to the main research question, a sub-question has been developed in order to cover the desired aspect of this thesis. The main research question deals with what the informants has perceived as their main success factors. As mentioned in the introduction, there is little available information regarding the success factors among Norwegian entrepreneurs. There is also little information regarding their view on entrepreneurial education. By comparing one group of entrepreneurs who has education in entrepreneurship, with one group without education, this thesis aims to contribute to this field. Thus, the sub-research question deals with the potential differences among the entrepreneurs and will look into the reasons behind these differences. Are they based on the entrepreneurs' different educational background, or are there other reasons?

Figure 1: Research question



1.2 Structure of the thesis

In the following chapter, the theoretical framework of this thesis will be presented. First, the definition of entrepreneurship used in this thesis will be clarified, followed by some relevant entrepreneurship literature. Next, resources that are considered decisive for an entrepreneur's success will be discussed. In the end of this chapter, entrepreneurship in an international context will be presented, with emphasis on how it is being an entrepreneur in Norway.

Chapter 3 is the methodology chapter, where the use of a qualitative approach, and semi-structured interviews will be justified. Next, the criteria for the sample will be presented, along with a brief presentation of the informants. Then, the process of data gathering for the thesis will be represented, along with some reflections about our work and the quality of the thesis. The chapter ends with a summary of how the analysis have been completed.

In chapter 4, the results from this thesis will be presented and discussed, and the findings will be connected with the theoretical framework. In chapter 5, the conclusion of the thesis will be presented, and the main findings and contributions will be highlighted.

The thesis will end of by addressing implications for research and practice, as well as a presentation of the limitations, and suggestions for further research.

2 Theoretical Framework

2.1 What is entrepreneurship?

Entrepreneurship is something many see as a synonym for starting a new business. This is true to some extent, but entrepreneurship is also much more than just starting an independent organisation (Nielsen, Klyver, Evald, and Bager, 2012). In this thesis, entrepreneurship is defined as the comprehensive process of discovery, evaluation, and exploitation of opportunities, created by individuals. This definition is based on work by Gartner (1988) and Shane and Venkataraman (2000).

2.2 Who is the entrepreneur?

There are many perspectives in the entrepreneurship literature that aim to describe the characteristics of an entrepreneur. In the early phases of entrepreneurship research, the focus was aimed at the entrepreneur's characteristics, and the first 'optimistic' phase stated that the entrepreneurs were born with a variety of traits that produce a universal and specific entrepreneurial personality (Korunka, Frank, Lueger, and Mugler, 2003). Schumpeter (1934), among others, stressed the importance of the entrepreneur's personality and traits. He considered the entrepreneur as 'A Great Man' who through creative destruction created new waves of change in the economy. The range of characteristics that have been used to identify an entrepreneur is long. Some of the characteristics have attracted more attention than others; such as risk-taking propensity, need for achievement, need for autonomy, self-efficacy, and internal locus of control. These are known as Entrepreneurship's Big Five (Veccio, 2003). Recent studies have also pointed out the importance of holding certain personal characteristics. A study by Setia (2018), showed that certain personal traits, thereby skills related to struggle, drive, fight spirit and resilience, had significant correlation with successful entrepreneurs. It suggests that in terms of planning the entrepreneurship curriculum for students, it is important for them to learn and exercise these skills. In this section, traits have been used for describing an individual's qualities. This is a rather comprehensive concept, and in this thesis, the term 'personal characteristics' will be used to describe the qualities of an entrepreneur.

According to Macko and Tyszka (2009), entrepreneurs are often perceived as more prone to risk compared to non-entrepreneurs. Still, on various studies on whether entrepreneurs have a more positive attitude towards risk than other people, the results are not conclusive. Macko and

Tyszka, however, found significant results that in naturalistic-business risky situations, entrepreneurs did more risky choices compared to non-entrepreneurs.

In addition to personality traits, genetics has also been pointed out as a factor that increases an individual to perform entrepreneurial activity (Shane, 2010). Shane suggests that people with their parents being entrepreneurs, have a greater tendency to become involved in entrepreneurial activity. He further states that individuals with a high level of intelligence, dyslexia, and activity, have a higher tendency of becoming an entrepreneur.

If the logic of personal traits and genetics acts as a consequence of an entrepreneur's success, entrepreneurship education makes less sense, because an entrepreneur is not something you can learn, it's something you are. Another criticism towards the trait research has been that it does not take environmental factors into account, like early childhood and demographic factors (Hisrich and Peters, 2001). According to Hisrich and Peters, factors like age, gender, education, work experience, and entrepreneurial and encouraging parents are assumed to influence whether you become an entrepreneur. The Global Entrepreneurship Monitor Survey (2020) showed that the age group 25-34 years overall has the highest percentage of people involved in the earlier phases of entrepreneurship. It also shows that women are less likely to be involved in entrepreneurship, although this is far from a universal truth, and this differs widely from economy to economy.

Another way of describing who the entrepreneur is, as opposed to considering that the entrepreneur is born, is by viewing it in a broader and more process-oriented way (Nielsen et al., 2012). Looking at the interaction between the entrepreneurs' market and life situation, network characteristics, type of organisation, access to resources, demography, etc. have impact on who will become an entrepreneur and who will not. Contingency theories do not tell as much about the traits of the entrepreneur but looks rather on the interaction between certain structural or system components, factors that are external to the entrepreneur (Nielsen et al., 2012). Gartner (1985) states that there is no single way an entrepreneur is created. Gartner's contingency model shows that the entrepreneurial process is a result of an interaction between the individual, the organisation, the environment, and the process.

According to Shane (2003), there are three cognitive characteristics that make entrepreneurs explore opportunities:

- Entrepreneurs are more optimistic and tend to discover opportunities even though there are uncertainty about the outcome.
- Entrepreneurs are more willing to generalize based on small samples, leading them into making big decision, even though they do not have much information.
- Entrepreneurs use their intuition and follow their inner belief that exploiting the opportunity is the right thing to do.

Gartner's (1988) article "Who is an entrepreneur?", gained a lot of attention, because instead of focusing on the traits of an entrepreneur, which he stated was unfruitful, Gartner argued that the focus should be on the behavioural approach. Gartner stated that "Who is an entrepreneur?" is the wrong question because this leads us into studying the traits and the characteristics of the individual entrepreneur. In the behavioural approach, the entrepreneur is viewed in terms of activities to enable the organisation to come into existence, and is described as

"An economic agent who unites all means of production – the labor of the one, the capital or the land of the others – and who finds in the value of the product which result from their employment and reconstitution of the entire capital that he utilizes, and the value of the wages, the interest, and the rent which he pays, as well as the profits belonging to himself" (Gartner, 1988:21).

Gartner (1988) states that the entrepreneur is not a fixed state of existence, and that entrepreneurship is the creation of new organizations, and is a complicated process influenced by many factors. In this thesis, the definition of an entrepreneur is based on the work of Gartner (1988), and Shane and Venkatarman (2000), and is defined as the comprehensive process of discovery, evaluation, and exploitation of opportunities, created by individuals.

In these two first chapters, basic entrepreneurial concepts have been discussed, along with the main research phases regarding who the entrepreneur is. Next, resources, that in this thesis have been considered decisive for an entrepreneur to possess to succeed, will be presented.

2.3 Resources

A resource can be described in several ways. Wernerfelt (1984) defines a resource as anything that can be thought of as a strength or weakness of a firm. Resources are those tangible and intangible assets which are tied semi-permanently to a firm. The resource theory states that the best way for an entrepreneur and existing organizations to gain competitive advantage is through the control of valuable resources. The concept was introduced by Penrose in 1959. From the start of the business, the entrepreneur can experience limited access to resources, and the optimal resources required evolves and changes over a period of time (Lichtenstein and Brush, 2001). In order to gain access to required resources, the entrepreneur can get hold of them externally. It is crucial for the entrepreneur to have access to a variety of resources, and the entrepreneurs are often characterized by their ability to exploit opportunities regardless of their access to the resources. In order for a resource to be attractive, it needs to help create a barrier to keep current and future competitors out of the game (Nielsen et al., 2012). Examples of resources can be money, knowledge, materials, energy, enthusiasm, motivation, staff and help from friends and family.

According to Nielsen et al., (2012), one can categorize these resources into human resources, social resources and financial resources.

- *Human resources* are inherent within people and refers to a person's abilities and qualities. Relevant work experience, formal education, previous start-up and managerial experience are types of human resources that could be essential.
- *Social resources* are not a resource that one single person can possess. Social resources are something that are created in the interaction between people. It can be something entrepreneurs have access to through their personal relationships with for instance clients or customers.
- *Financial resources* refer to the money that the entrepreneurs have a hold of, either in terms of equity or debt. Equity is money made available by the owners, while debt is the capital not provided by the organisation's owners, such as bank loans or mortgages.

The three different types of resources will be further described below and will also work as a framework for this thesis.

2.3.1 Human resources

Policy makers consider entrepreneurs as the engine of the economy, and thus responsible for sustained levels of competition, the creation of jobs and innovation (Van der Sluis et al., 2007). According to Van der Sluis et al. (2007), human capital is one factor that both academic scholars and policy makers see as important when it comes to performance in entrepreneurship.

Human capital is inherent in people and includes education, experience, knowledge, and skills. Several arguments suggest that there is a positive relationship between human capital and entrepreneurial success (Unger, Rauch, Frese, and Rosenbusch, 2011). There is, though, a disagreement about the magnitude of this relationship. Some believe that the relationship is overemphasized, while others believe it to be one of the core factors in the process of entrepreneurship (Unger et al., 2011). Unger et al. (2011) also argues, based on literature, that entrepreneurs with a higher degree of human capital should be more effective and efficient in running their business, compared to those with lower degree of human capital. In Unger et al.'s (2011) meta-analysis on human capital and entrepreneurial success, they found an overall positive relationship between human capital and entrepreneurial success, though the effect size was a bit low.

Another interesting study is conducted by Lee (2019), in which he studies the relationship between human capital and venture performance. The final sample of the study was of 2,648 ventures founded in 2004 and 21,184 observations through 2001-2004. He found that individuals who make large investments in human capital, will endeavour to gain more rewards than the individuals who make less investments in human capital. Lee also found that general education decreased entrepreneurial labour, while industry experience increased entrepreneurial labour. With entrepreneurial labour, the meaning is entrepreneurial characteristics of hard working, the entrepreneurs' efforts to manage ventures successfully by benefiting from their knowledge and skills that is acquired through industry experience and general education (Lee, 2019). Entrepreneurial labour was, though, significantly related to venture success. To improve venture performance, entrepreneurs need to increase industry experiences, as well as working hard to deliver the value of industry experience to venture performance. The results, thus, suggests that entrepreneurial human capital both has a direct impact on venture performance, and an indirect impact via entrepreneurial labour.

2.3.1.1 Education

As mentioned, education is an important part of human capital. However, the results of various studies on the effects of education on entrepreneurship varies. Policy makers believe that education, and especially entrepreneurial education, can lead to increased levels of entrepreneurship (Oosterbeek et al., 2010). Thus, such education is implemented in school curricula in many European countries, as well as in the United States. This means there is a belief that entrepreneurial skills are not fixed personal characteristics, but rather something that can be taught. The scope of entrepreneurship education is much wider than training on how to start a business. It also includes development of personal attributes and horizontal skills like initiative, creativity, and confidence (European Commission, 2006). It has been shown that measured in years of schooling, the effect of general education on entrepreneurial performance is positive (Van der Sluis et al., 2007).

Some studies have shown that the impact of entrepreneurship education on entrepreneurship skills and motivation does not always have the intended effects (Oosterbek et al., 2010; Von Graevenitz et al., 2010). In Oosterbek et al.'s study (2010), the effect on students' entrepreneurial skills, as self-assessed, was insignificant and it showed that the effect on the intention to become an entrepreneur was negative. What they believed the results to be related to, was that students have obtained a more realistic perspective on what it takes to be an entrepreneur. The participants might have lost their optimism, which in turn have caused the interest in entrepreneurship to reduce. Another explanation may be that the participants disliked the program. Another study is conducted by Von Graevenitz et al. (2010). They suggested that by participating in an entrepreneurial education program, students became more aware of entrepreneurship as a career path. It acts as a sorting effect on entrepreneurial intention. This will lead some students to be more certain of their entrepreneurial path, while others will change their minds and not become entrepreneurs. This means that entrepreneurial education does not necessarily increase entrepreneurial activity. However, those that choose entrepreneurship may be more certain about the path of entrepreneurship and less students choose the wrong path.

2.3.1.2 Motivation

An important aspect of the entrepreneurial process is entrepreneurial motivation (Carsrud and Brännback, 2011). This is related to human capital because it is inherent in the entrepreneur and can be affected by other of forms of human capital, like knowledge, skills, and experience. According to Grigore (2012), motivation is based on an individual's values, needs, desires,

goals, and intentions. In addition, it is based on compensation and rewards that affect these components. Many concepts of motivation have been explored in the past. Carsrud and Brännback (2011) argues for motivation to be the spark that transform intention into real action and is thereby the missing link between them. Louart's (1997) approach shows entrepreneurial motivation as a link between activation of internal energy and channelling it towards the creation of business (Estay, Durrieu, and Akhter, 2013).

Motivation is a decisive factor for an entrepreneur to get through challenging times. When entrepreneurs are faced with uncertainties and difficulties, they also need to be persistent in order to be successful (Hatch and Zweig, 2000). Fear of failure can be a reason why many are able to be persistent in difficult times, and this can be said to be the motive to avoid disappointment (Estay et al., 2013). Entrepreneurs often seek to avoid failure because of the emotions of shame and embarrassment that can follow failure as an entrepreneur. Both risk avoidance and cognitive dissonance are strong motivators for entrepreneurs (Monsen and Urbig, 2009). Research on this could explain why entrepreneurs often do anything to avoid failure and show higher persistence and determination (Baum, Locke, and Smith, 2001).

Further, there are different aspects of motivation. Some that may be of particular interest are goals, persistency, and passion, which will be discussed next.

Goals

Goals have gained a lot of attention in motivation research (Locke and Latham 2004, 2002). Goals can be seen as mental representations of the future, which enables people not to give up (Perwin, 2003). These goals can change over time and being able to change these goals and motives are a way for people, like the entrepreneur, to adjust to changing situations. Locke and Latham (2002) argues that goals can lead to discovery, arousal, and emergence of strategies for goal achievement. They activate people because they are energizing, directive, and impact persistence. Still, the strength of the activation is affected by the motivational strength. Therefore, weak motivation will not transfer into action, especially if the task is seen as difficult, not desirable, or not feasible.

Persistence

The process of entrepreneurship is often very complicated (Carter, Gartner, and Reynolds, 1996). The entrepreneur needs to come up with the right idea, buy equipment and supplies,

obtain financing, establish an office, assemble a team, identify the market, and promote the products/services, to mention some activities. It can be difficult to identify common attributes among entrepreneurs, but Carter et al. (1996) found that they often share a common experience, which is that the start-up process takes time. This argues for persistence to be essential in the entrepreneurial process.

Markman, Baron, and Balkin (2005) recognize persistence, or perseverance, as a key element in entrepreneurship. This because the process of starting up and growing a business often is difficult and ambitious, including many barriers to succeed along the way. It is also argued that lack of persistence is an important factor contributing to the high rate of entrepreneurial failure (Wu and Dagher, 2007). Entrepreneurs that are determined in pursuing their goals, also have a greater chance of succeeding (Timmons and Spinelli, 2009).

Entrepreneurs make the decision to start up only once, but the decision to persist they have to make again and again (Holland and Shepherd, 2013). Some view persistence as a perceived control over adversity and it has been shown that entrepreneurs may have, compared to non-entrepreneurs, a greater perception of control (Markman et al., 2005). They also do anything to avoid failure and show higher persistence and determination than non-entrepreneurs (Baum et al., 2001).

One of the most researched drivers of persistence in entrepreneurship is self-efficacy (Cardon and Kirk, 2013). This refers to task-specific confidence, or the perception of a person's own capabilities to achieve high-performance outcomes (Audia, Locke, and Smith, 2000). Research has found evidence that self-efficacy has a strong relationship with persistence (Cardon and Kirk, 2013). In a study done by Cardon and Kirk (2013) they also found passion to be a significant driver of persistence.

Passion

While there are many different definitions and views when it comes to passion, most view it as an intense emotion that spark people with energy and a longing to make a difference (Cardon, Wincent, Singh, and Drnovsek, 2009). Passion is often used to explain behaviours of entrepreneurs, like unconventional risk-taking, intensity of focus, and unchanging belief in a dream. According to Chang (2002) passion inspires us to work harder and with more effect. The irony of this is that we hardly notice our effort because it comes easily and enjoyably.

Cardon, Zietsma, Saporito, Matherne, and Davis (2005) compare the experience of starting and growing a new business to the experience of giving birth to and nurturing a child. This to provide an understanding of entrepreneurial activities like persistence in spite of bad results, often extreme devotion to the business, cognitive biases that reduce the perception of risk, and the separation problems that can occur. The metaphor sheds light on the importance of passion, which is described as strong emotions and enthusiasm and identification between an entrepreneur and a venture. The love and passion an entrepreneur have for a business ensures that he or she persists when facing difficulties and keep enthusiasm high, but it can also make it difficult to let go of the dream if the venture performs poorly (Cardon et al., 2005). However, a lack of passion may lead to failure, because of lack of effort and faith in the business. The attachment may also suffer, leading to abandonment or rejection of the business.

2.3.1.3 Risks

Even though the entrepreneurs are motivated and persistent, they can also experience feelings such as doubt and uncertainty. Entrepreneurs need to be willing to take risk, because innovation and seeking new opportunities involve taking chances (Bosma et al., 2020). Their futures are uncertain, and they need to work hard in order to succeed.

In a study by Matlay (2008), 64 entrepreneurs were interviewed to rate their own perception of knowledge regarding entrepreneurial themes on a scale from 1 to 10 prior to their entrepreneurship education, and subsequent to the education. One of the topics dealt with business risk. Prior to the education, most of the students claimed that they had very low (1) and (2) knowledge of risk. Subsequent to the education, they took the same test, and claimed that they had acquired a very high (8) and (9) awareness and knowledge regarding business risk.

An education in entrepreneurship involves different aspects of the start-up phase and gives the students a good insight in what is required of them in order to succeed as an entrepreneur. In a study by Oosterbek et al. (2010), they looked at the impact of entrepreneurship education on entrepreneurship skills and motivation. The study showed a negative impact of the program on the intention to become an entrepreneur. The writers state that the reason behind this might be due to a more realistic view of what is needed to start a business. The participants might have lost their optimism, and this might have caused a lower interest in entrepreneurship. Von

Graevenitz et al. (2010) suggests that entrepreneurial education acts as a sorting effect on entrepreneurial intention. The study suggests that the students participating in the educational program becomes more aware of entrepreneurship as a career path. Thus, leading some students to be more certain about following the entrepreneurial path, while others will change their minds.

2.3.1.4 Core competencies

As mentioned, knowledge is an important aspect of human capital. Gaining a specific knowledge, or core competence, is an important aspect for the entrepreneur. Hamel and Prahalad (1994) define core competence as a bundle of technologies and skills that enable a company to provide a benefit to customers. The core competencies are not specific to one product but contribute to the competitiveness of a range of services and products. A successful corporate strategy includes gathering competencies and exploiting them by matching the competencies to the particular market opportunities, thereby gaining competitive advantage (Kak, 2002).

Growth is important for all companies. However, many firms make the mistake of pursuing alternatives for growth that leverages core competencies (Chaifetz, 2010). Growth that does not capitalize on core competencies can be both unsustainable and in the worst case dangerous for the firm. It is therefore important that companies do not reach too far from their true abilities as well as not shift away from their true mission. According to Chaifetz (2010), a commitment to core competencies is one key to sustainable and profitable growth. Still, it might not always be the right solution to “stick to what you know”. Sometimes, the entrepreneurial firm will have to change its strategy. The term pivot is used to describe nearly any strategic shift made by a person, a firm, or a government (Kirtley and O’Mahony, 2019). We still do not know much about when and how entrepreneurial firms do such a strategic change or when that constitutes a pivot. It can, though, be defined as “*a change in a firm’s strategy that reorients the firm’s strategic direction through a reallocation or restructuring of activities, resources, and attention*” (Kirtley and O’Mahony, 2019:3).

According to Gans, Stern, and Wu (2019) is how to choose their strategy the central strategic challenge for an entrepreneur. This because they often face multiple possible strategies and must choose one without knowing the value of neither. As suggested by existing theory, mature

firms do a strategic change when they perceive a performance gap between their expected and target performance (Cyert and March, 1963). Entrepreneurial firms, however, have to take this decision without extensive firm history, which means they might need to make sense of thin data (e.g., Joseph and Gaba, 2015). Learning by doing may thus be more appropriate for entrepreneurial firms than recognition of a performance gap (Ott, Eisenhardt, and Bingham, 2017).

According to Espedal (2005), human capital can also be defined as a core competence. In the resource-based view, internal knowledge, embodied in a firm's resources, is an important source of competitive advantage (Barney, 1991). This means that the main source of competitive advantage is the group of core employees that have unique and valuable capabilities and skills (Espedal, 2005).

2.3.1.5 The importance of the learning process

Instead of trying to determine “who an entrepreneur is”, it is claimed that to view entrepreneurship as a contextual process of “becoming” is more productive (Rae, 2000). The meaning here is that the entrepreneur is continuously learning and developing in accordance with the business and environment (Cope, 2005). According to Reuber and Fischer (1993), the learning process is dynamic and continuous through the life of a firm in entrepreneurship. It is not only within the first few years that it is present. However, there is more research in the learning process regarding the creation of organization than throughout a firm's life (Cope, 2005).

Each entrepreneur has a “stock of experience” that they bring into the start-up process. This consists of their individual history and background that they have built up (Reuber and Fischer, 1999). They also approach the process with their unique range of accrued skills and abilities that build their level of “entrepreneurial preparedness” (Harvey and Evans, 1995). Harvey and Evans further explain that there are two elements to determine an entrepreneur's preparedness, which are the personal elements, and business skills and attributes. However, this learning and development is not concentrated in the start-up phase but occurs throughout the life of an individual (Cope, 2001).

Bygrave and Minniti (2001) argues that an entrepreneur's history is influential, and that knowledge is cumulative, meaning that what is learned in one period builds upon what has been

learned earlier. It is through learning that entrepreneurs develop and grow, and thus have the potential to become adequate business owners (Rae and Carswell, 2000). In terms of what the individual entrepreneur has to learn, a great deal of this remains context specific.

Learning by doing and learning from failure

Regarding “how” entrepreneurs learn, many recognize that much of their learning is experimentally based (Rae and Carswell, 2000). Emphasized by many theorists is that they primarily learn through “learning by doing” (Cope and Watts, 2000). These learning processes includes explicit problem solving, trial and error, and discovery (Young and Sexton, 1997). Knowledge about “how to be entrepreneurial” can only be obtained through “learning by doing” or direct observation, as Bygrave and Minniti (2001) argues. Dalley and Hamilton (2000) have a similar point and state that there are no shortcuts in the learning process. Surviving various “trials by fire” is almost a rite of passage, and there will never be any substitute for experience.

Gibb (1997) emphasizes that the learning mode in an entrepreneurial environment includes learning by doing, from peers, from feedback by suppliers and customers, learning by copying, by experiment, by problem solving and opportunity taking, and finally, learning from mistakes.

Both positive and negative experiences have an impact on the entrepreneurial learning process, such as successes and failures (Bygrave and Minniti, 2001; Reuber and Fischer, 1999). According to Young and Sexton (1997), entrepreneurial learning activities arise in reaction to opportunities and problems that are meaningful. As mentioned previously, learning is a continuous process. However, it seems that confronting challenges and problems, and then overcoming them, can be valuable in terms of learning (Kleiner and Roth, 1997). Deakins and Freel (1998), argues that the determination of how successful their firm will become is affected by the entrepreneur’s ability to maximize knowledge resulting from these learning events.

2.3.1.6 Understanding the business basics

According to Mitton (1989), there are many different aspects by an organisation that an entrepreneur needs to be familiarized with. As well as acquiring a core competence in his particular field of business, the entrepreneur needs to be aware of external factors that can influence the business in different ways. These can include the environment, society, technology, and policies, just to mention some.

Khosla and Gupta (2017) state that thinking big is the key to sustaining and creating a successful business. By looking at the big picture, the entrepreneur has the ability to view any situation, market, and event in its entirety rather than in pieces. The pieces are a key aspect of the business but may lose its relevance if the entrepreneur loses sight of the larger goals set for his business. To think big will help the entrepreneur focus on the key functions of the business rather than getting lost in the procedures and processes required to achieve the goals.

As stated by Mitton (1989), the entrepreneur's ability to see the big picture is what sets them apart. He states that the entrepreneurs are able to see the forest as well as the trees. By this he means that they put the environment, events, people, technology, and information into an understandable perspective, and are able to understand the procedures, policies and rules of a system. This universal perspective guides them in what and who they have to know to make things go. He further states that the entrepreneur's insight gives them a sense of how to structure different situations and how to develop strategies to take advantage of them. As a result of seeing the big picture, Mitton states that the entrepreneur opens his horizon, and sees an opportunity-filled environment with choices rather than restrictions.

In order for the entrepreneur to understand the business basics, and to gain an organisational overview, a useful tool might be to set up a business plan. This planning capability can be inherent within the entrepreneur and is thus a human capital.

Business planning

A business plan is a formal written document which serves as the firm's resume and describes what your business plans to do, how it should be done and why. According to Nielsen et al. (2012), the business plan can play an important role in the firm, both internally for the entrepreneur and employees, and externally in relation to third parties like banks, business partners, investors, etc. It can also play other important roles like providing legitimation in relation to the environment.

Gathering information for the development of a business plan requires a lot of resources, but according to Brinckmann, Grichnik, and Kapsa (2010), the benefits of setting up a business plan outweighs these costs and will create value for the firm. Brinckmann et al. (2010) further states that increased reliability, quality, and quantity of the available information, will benefit

the business planning, and that it is important to use enough resources on developing a suitable plan.

There are different perceptions regarding the necessity of developing a business plan, both for different businesses and for individuals. Gelderen, Thurik, and Bosma (2005) found that for those with limited ambitions regarding their business, often small-scale businesses, a business plan works positively, but that it works negatively for those with high ambitions, often large-scale businesses. Nielsen et al. (2012) states that people with different backgrounds have different perceptions regarding if a business plan is a necessity or not. Some individuals have an education or a background where planning plays a major role. These people believe in controlling the organisational process and uses the business plan as an important management tool for implementing the entrepreneurial process. Whilst others view the business plan more sceptically and argues that the entrepreneur are pressured into a particular mind-set based on the business plan's structure, and that this leads to a reduced amount of creativity. Opponents of viewing the business plan as a management tool see entrepreneurship as art, where opportunities are utilised and generated as a result of an intuitive and creative process, rather than as a rational and logical process.

Marketing

Marketing is a part of human resources because it is something that needs to be learned, and thus will be turned into knowledge and skills for the entrepreneur. For many firms can marketing be of great importance. However, traditional marketing can be challenging for entrepreneurial firms because of certain limitations (Gilmore, Carson, and Grant, 2001). These limitations can include limited resources, lack of specialist expertise, and limited impact in the marketplace. SME marketing is therefore likely to be loose, informal, haphazard, unstructured, spontaneous, reactive, built upon and conforming to industry norms.

Marketing in entrepreneurship is developed by the individual entrepreneur, which adapts traditional frameworks for marketing to suit the firm's specific situation (Morrish and Gilmore, 2011). It will be done in a practical and pragmatic way that fits the firm and will be structured around existing activities and functions of the firm (Gilmore and Carson, 2007).

Gilmore et al. (2001) further explains that small and medium-sized companies often use their networks as a source of marketing. The way marketing by networking is done is by using the

entrepreneurs' peers and business contacts to sound out business ideas and gather information (Morrish and Gilmore, 2011). They will seek out information from individuals in which they believe to be useful. An entrepreneur will be dependent on different networks at different stages of a company's development. Further, are the networks of the entrepreneur and networking fundamental in the way an entrepreneur does business, and the intrinsic value of an entrepreneurial firm lies in its networks (Gilmore, Carson, and Grant, 2000).

Learning how to competently network is important for an entrepreneur (Morrish and Gilmore, 2011). It provides considerable strengths and contributes to successful marketing. Entrepreneurial networking is often highly focused and relevant to the specific context of the position the firm is in the marketplace at any given time. This view argues for marketing to be a social resource in entrepreneurship. However, it is still something that can be turned into knowledge and skills for the entrepreneur, which argues for it to be a human resource. Networks will be more thoroughly described in the next section, where social resources will be presented.

2.3.2 Social resources

Social capital is created in the interaction between people and can be defined as resources that can be mobilized through social networks (Nielsen et al., 2012). There is a lot of people involved through the entrepreneurial process and the social environment influences the entrepreneur. This includes the network they possess. There is a wide agreement that social capital and the entrepreneur's personal networks is important for the performance of small firms (Stam, Arzalanian, and Elfring, 2014).

2.3.2.1 Networks

Having a good network is crucial for the entrepreneurial process. According to Nielsen et al. (2012), the network can consist of people closely related to the organisation, like suppliers, customers, auditors, and investors. But as important is receiving free support and help from experienced friends and family, along with the importance of emotional support and understanding. Network connections can potentially provide the entrepreneur great benefits but could also entail substantial opportunity costs (Stam et al., 2014).

Social networks are very important for entrepreneurs and small firms to access critical resources (BarNir and Smith, 2002). They can provide access to technical information, market

information, and customer information. In addition, the social networks can provide insight into failed approaches or better practices (Ahuja, 2000). The information they gain, translates into knowledge for the firm, and helps them adapt their strategies and behaviours when facing environmental change (Frazier and Niehm, 2004).

What was found in a meta-analysis of “Social capital of entrepreneurs and small firm performance” by Stam et al. (2014), was that the link between social capital and performance was positive but that it depends on the age of small firms, the industry, institutional context in which they operate and on the specific network or performance measured that were used. Weak ties, structural holes, and network diversity were more valuable for new firms, while strong ties and network size were more valuable for older firms. Structural holes refer to people in the network not knowing each other and weak ties to the entrepreneur having weak relationships with people (Klyver and Hindle, 2007). Network diversity was the factor that had the strongest link to performance. This result shows the importance of adapting the social capital over time with their firms’ resource needs (Stam et al., 2014).

Role models

As mentioned in the previous section, a network can consist of people closely related to the organisation, and receiving support and help from family and friends, along with emotional support and understanding, is important for an entrepreneur (Nielsen et al., 2012). As well as being important during the start-up phase, these people can also be important prior to the start-up. Decisions to engage in certain behaviours are often influenced by the opinion and behaviour of others. This can be for instance by examples that they provide, or by demonstrating their identity (Ajzen, 1991). A role model can be described as an individual whose personal styles, behaviours, and attributes are emulated by others. Role models can be an important factor in the creation of an entrepreneur because emulation is a contributory factor in the construction of professional identity (Shapiro, Haseltine, and Rowe, 1978). Many entrepreneurs claim that their decision of starting a business and the development of their business have been influenced by others. These role models can range from former colleagues, family members, or famous people such as Steve Jobs (Bosma, Hessels, Schutjens, Praag, and Verheul, 2012).

The importance of having role models is supported by a range of different studies. In a study by Chlosta, Patzelt, Klein, and Dormann (2010), they studied the influence of parental role models. The study showed that role models in entrepreneurial families are important motivators

for becoming self-employed. However, the role model impact depends on the personality of the individual, and the individuals who are less open, experience a stronger impact. This demonstrates the necessity of considering both personal traits, as well as environmental factors such as role models, in the study of the entrepreneurial start-up process.

Another study about entrepreneur's role models is conducted by Bosma et al. (2012). 292 entrepreneurs participated in their study where they looked at entrepreneurs and the importance of having role models. They found that 81% of the entrepreneurs had a role model before starting up their venture. One third of the entrepreneurs with a role model at the time of the start-up stated that they would not have started their business without this role model. In the study they also looked at 'iconic' entrepreneurs and the frequent use of them as role models in educational programs. They found that these seldom were considered role models by the entrepreneurs. Most often, entrepreneurs know their role models personally, through networks, in professional, or personal spheres.

Adversity

Having a network is crucial for the entrepreneur but not all of its external acquaintances might contribute to support. Even though new ventures are important for society, entrepreneurs must prove themselves frequently under adverse conditions (Zahra and Neubaum, 1998). There is often a hostility in their competitive environment, which can challenge some ventures and lead to failure. Other ventures, however, rise to this challenge and may thrive in these environments. A reason for this, is that adverse environmental conditions may lead new ventures to take risks, innovate, and become entrepreneurial (Zahra and Covin, 1995).

In Norway, something called the "Jante Laws" was used to accurately describe the mores in the culture (Peterson, 1988). It is described as the importance of knowing your place, and was first pointed out in 1930, by Aksel Sandemose. Because of this, creativity and inventive talents might not be encouraged, especially if they are seen as a threat to overall equality in the population (Avant and Knutsen, 1993).

However, the existence of such rules does not prevent the emergence of entrepreneurs who learn how to play by these rules (Peterson, 1988). Entrepreneurship is culture bound, and these cultural norms is not easily changed. Therefore, each country or culture must develop their own brand of entrepreneurship and promote entrepreneurial behaviour adapted to the societal mores.

Thus, entrepreneurs need a deep understanding of the socioeconomic environment they play in. Understanding this and adapting to the environment might be an important factor of success for the entrepreneur.

2.3.2.2 Location and clusters

Because of more open global markets and faster transportation and communication should the role of location in competition be diminishing (Porter, 1998a). Still, there are some places where companies perform much greater than in other places in specific industries. A cluster is a geographic concentration of connected firms and institutions in a particular field (Porter, 1998a). They often include an array of linked industries important to competition. There are three ways in which clusters affect competition. First, they increase the productivity of companies in the area. Second, they drive the direction and pace of innovation, and third, they stimulate the formation of new businesses. According to Porter (2000), the whole is greater than the sum of its parts in a cluster.

According to Porter (1998b), can a presence of a cluster of related industries in a location foster entrepreneurship. This because of lower costs of starting the business, more opportunities for innovation, and better access to diverse ranges of inputs and complementary products (Porter 1998b). It can also increase the pressure to innovate (Porter, 2000). A strong cluster environment can in addition contribute to start-up firm survival (Delgado, Porter and Stern, 2010).

In a study by Delgado et al. (2010), they found that regional clusters that are strong, will enhance the diversity and range of entrepreneurial start-up opportunities and reduce costs associated with starting a business. They argue that at a narrow industry level, firms often compete for a given pool of resources, while in a cluster environment, firms will increase the pool of competitive resources, and reduce entry barriers for new firms. They also found results indicating a better performance of start-ups in such environments.

2.3.2.3 Growth and recruitment

While recruitment is a process to expand human resources, it is gained externally, thus, can be classified as a social resource. As the organisation grows, it becomes more complex, and the need for external know-how and recruitment emerges (Hite and Hesterly, 2001). When the firm

is growing, it requires a more extensive and a broader scope of resources than what the entrepreneur himself had access to during the start-up phase. Thus, the organisation needs to access external resources and know-how that cannot be produced internally.

When moving from the start-up phase to the early growth, the organisation shifts into an exploratory context where it actively seeks new and additional resources in order to grow (Hite and Hesterly, 2001). By gaining these new resources, the firm's network will consist of a larger, less embedded, and more diverse network which bridges more structural holes. It enables the firm to reinforce its network and adds a greater diversity to the organisation. By gaining these new resources, the firm will be better positioned ensuring the continued survival and growth of the firm (Hite and Hesterly, 2001). As mentioned earlier in this paper, entrepreneurs often get a lot of support from family and friends in the start-up phase. In the beginning of the start-up, the entrepreneurs rely mainly on their personal social network when recruiting their core team members. This because of the scarce resources and uncertain environment (Leung, 2003). But as the firm grows, the focus is set on long-term and sustainable growth, and the challenge for the entrepreneur is the transition into a more systematic and professionalized entity.

The recruitment process of entrepreneurial firms tends to differ from recruitment processes of large and well-established businesses (Nyström, 2019). The entrepreneur is the founder of the firm, and to find someone as engaged and enthusiastic can be difficult. Entrepreneurial firms can also face financial constraints in its early phase, thus, the wages they can pay and the amount of time they can spend on the recruitment process is limited (Nyström, 2019). Further, they often lack resources like specialized knowledge in HR, making the formal recruitment process challenging.

Hiring the right people can be critical for the success of any enterprise, according to Tews, Stafford, and Tracey (2011). They state that specific key attributes the employees should have is dependent on the industry the firm operates in. Hertz and Donovan (2000) has published a meta-analysis on a similar subject. They studied the "Big Five" and job performance, which demonstrated that personality have a positive impact on the performance of the firm. Kristof-Brown, Zimmerman, and Johnson (2005) claim that the entrepreneurs are interested in recruiting entrepreneurial-minded staff, because they are familiar to the process and the offerings of a new venture.

2.3.2.4 Support organisations

As mentioned, is support and help from friends and family important for the entrepreneur (Nielsen et al., 2012). Another form of support the entrepreneur can receive is through support organisations. These include organizations like “Innovasjon Norge”, “Åkp”, and “Ungt Entreprenørskap”, and can be of big help for newly established firms.

Innovasjon Norge helps small- and medium-sized companies with growth ambitions through financing, counselling, competence, networking, and profiling (Innovasjon Norge, 2020). Every grant is supposed to contribute to more successful entrepreneurs, growing firms, and innovative learning environments. Further, Åkp is an organization that delivers services in entrepreneurship, innovation, and networking (Åkp, 2020). They are located in Ålesund, and can help with establishment, start-up, growth, scale-up, financing, mentoring, and competence counselling. Many of their activities are tied to the maritime industry, but they are working to transfer the knowledge and experiences from this industry to other industries. Lastly, Ungt Entreprenørskap is an organization that cooperates with the education system, businesses, and other actors to develop the creativity, the will to create something, and the faith in themselves as children and young adults (Ungt Entreprenørskap, 2020). All their programmes are implemented in a close cooperation with local businesses to build bridges between theory and practice.

Nine out of ten companies receiving grants have stated that Innovasjon Norge’s grants have had an effect on whether their project were started (Annual Report Innovasjon Norge, 2019). Further, the 2019 numbers of “Samfunnsøkonomisk Analyse AS” indicates that the effect of support from Innovasjon Norge is in a high level. The companies receiving support have had a higher yearly growth than the control group, which included sales revenues, added value, and productivity. The results show that the capital and competence received gives their customers higher results over time and can illustrate the importance of such organizations.

2.3.3 Financial resources

According to Vinturella and Erickson (2003) can financial choices, and especially those made early on, affect future growth opportunities, and strategic options. Therefore, the entrepreneur needs to structure the business carefully from day one. Lack of start-up capital is one of the primary inhibitors of success for entrepreneurs. This problem is most pressing for company start-ups and for firms that are experiencing rapid growth. Managing a firm’s financial

resources in a smart way is important and can thus be a success factor for an entrepreneur. However, this can also be very challenging when starting up with small amounts of capital.

When a company needs financing for a new investment, they may raise it internally or externally. Internal financing happens when a company is able to use own profits as a source of capital rather than getting capital from outside sources (Capital, 2020). The advantages are that the capital is already available, and it does not have to go through a third party. If the company does not have enough capital available, it may have to turn to external financing. This can be done through investors or a financial institution like a bank. Firms may be reluctant to external financing because it often includes paying transaction costs, which makes the process more expensive.

However, unless the entrepreneur is well known, with a record of starting and running successful businesses, it will be hard getting formal sources of capital in the early stages of the business (Vinturella and Erickson, 2003). Banks usually require the firm to have an operating history, which reduces their risk. Venture capitalists often have high aspirations for market share and growth and is thereby often inappropriate for the majority of firms.

Entrepreneurial firms are even after start-up constantly in the market for new capital (Vinturella and Erickson, 2003). They often have to realize that growth requires capital and that the financing of growth is preferred in stages. If they do not have the necessary capital at hand, they need to raise it externally.

Financing comes from two basic sources, which is debt and ownership equity (Vinturella and Erickson, 2003). Debt is borrowed money that need to be repaid with interests. Borrowing money at the start of a new business can put a drain on the firm's cash flow because it will create an additional and regular cash requirement to make debt payments. Common equity is the exchange of financing for partial ownership of the company. In this case the firm has no requirement of repayment because the funds represent money invested in the firm. However, this may reduce the venture's control and their share of proceeds from the business will be reduced.

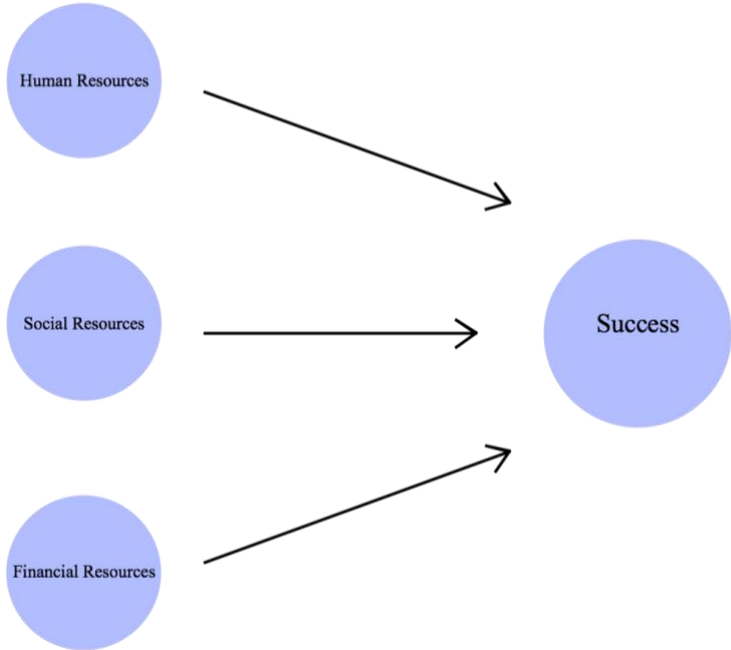
As explained by Vinturella and Erickson (2003) the first source of capital should be the entrepreneur himself. Before approaching others should the entrepreneur exhaust his or her

personal sources. After, the entrepreneur could turn to friends and family. The last option is to get external financing.

In Norway, support organizations like “Innovasjon Norge” can help small firms with financing (Innovasjon Norge, 2020). This can both be loans and grants. However, not all firms are eligible for grants. Still, it may be wise to apply for it. Vinturella and Erickson (2003) explains that there are strategies that can be implemented to use the capital accumulated to its fullest potential. These are called bootstrap strategies, and a big part of it is doing more with less.

Resources that are considered decisive for an entrepreneur’s success has now been presented, and these will work as a theoretical foundation in chapter 4; results and discussion. The resources were split into three parts; human resources, social resources, and financial resources, and are illustrated in the figure below.

Figure 2: Summary of decisive resources for an entrepreneur’s success



Next, entrepreneurship in a national context will be presented. In this section, it will be discussed how it is being an entrepreneur in Norway compared to other economies.

2.4 National perspective; how is it to be an entrepreneur in Norway compared to other countries?

Entrepreneurship develops within national, regional, and local contexts and is influenced by the rules, norms and values that exists within these borders (Nielsen et al., 2012). In some countries and sectors, entrepreneurial activity is impeded or prohibited as a formal activity and often develops informally. The authorities can both inhibit and promote entrepreneurial activity, which affects the entrepreneur's opportunities and incentives. In addition to the formal rules, the culture-related norms and values in a society will also play a big role. Can a woman, for instance, become a minister, president, a general, or an entrepreneur?

2.4.1 Starting a business in Norway

As mentioned earlier in the paper, 590 810 entrepreneurs were considered active in Norway at the start of 2020 (SSB, 2020). In the latest Global Entrepreneurship Monitor (GEM) report from 2020, it is mentioned that many parts in Europe, amongst them Norway, are seen as the easiest places to start a business, with more than three out of four adults agreeing with the statement. According to the Norwegian GEM report from 2014, the Norwegian population stated that there are good opportunities for starting a business in Norway, but only 5,7% of the adult population were considered involved in entrepreneurial activity in 2014.

As an entrepreneur in Norway, you have the possibility of choosing among different types of organisational forms. If you are planning to be the only employee in the firm, you can choose to start a sole proprietorship. If you want to start a company with two, or more, you can start a partnership with apportioned liability (ANS/DA), or a co-operative enterprise (SA). Together with sole proprietorship, private limited dependent company (AS) is the most applied organisational form in Norway (Altinn, 2020).

If you are starting a private limited dependent company (AS), as is the focus in this thesis, some of the benefits included is that the entrepreneur has limited personal responsibility for the company's obligations, it is easier to include investors, and you have the opportunity to be a regular employee with the benefits attached (Altinn, 2020). While there are many advantages regarding starting this kind of company, there are also some disadvantages. These include formalities and bureaucracy, that the firm needs to pay the employers' national insurance contribution, and that starting this kind of company requires 30 000 NOK in initial funding, which is a safety for the company's creditors (Altinn, 2020).

Capital might be a limitation when starting a business. In Norway, there are different support schemes that an entrepreneur can take advantage of (Altinn, 2020). Innovasjon Norge has various financing services for innovative companies with high growth ambitions and an assumed significant value creation potential. It is also possible to apply for a business development funding in the municipality or region in which you start the enterprise.

Norway is among the top ranked countries when it comes to gender equality, but in leadership positions, and as entrepreneurs, women are in the minority. In a study by SSB from 2018, they found that only 19.7% of all the private limited dependent companies started in Norway was started by a woman (SSB, 2019 a). The government has recently launched a plan in order to increase women's entrepreneurship (Bosma et al., 2020)

Although it is considered easy to start up a business in Norway, and that the population generally is well-educated, the GEM report (2020) shows that many do not perceive that they have the necessary skills to start a business. The report states that one way to solve this might be to continuing offering education which focuses on strengthening entrepreneurial skills and mind-set.

2.4.2 Ranking of different economies' ease of doing business

When starting a business, there are many rules and restrictions that needs to be followed (World Bank Group, 2019). The extent of these regulations varies from country to country, or from economy to economy. *Doing Business* is a report where 190 economies are studied in different areas to measure the ease of doing business. The ease of doing business index is created by the World Bank Group, and a higher score on the index indicate better regulations for businesses and stronger protections of property rights. Regulations set by the government should lead to freedom to do business. This can be regulations that aims to prevent mistreatment of workers or to protect the firm's investments. In some economies, the governments maintain regulation that burdens, instead of helping the entrepreneurs. As a result, entrepreneurs might do business informally, away from the oversight of tax collectors and regulators, they might seek opportunities abroad, or they might join the ranks of the unemployed (World Bank Group, 2019).

The latest *Doing Business* report includes rankings that are benchmarked to May 1, 2019 and is based on the average of each economy's ease of doing business for 10 different topics. Out of 190 economies, Norway is ranked as number 9 with a score of 82.6. The economy ranked as the best ease of doing business is New Zealand with a score of 86.8, followed by Singapore (86.2), Hong Kong (85.3) and Denmark (85.3). Somalia ends up at the bottom with a score of 20 (World Bank Group, 2019). Economies with a high score in *Doing Business* might benefit from higher levels of entrepreneurial activity. A higher level of entrepreneurship will generate better employment opportunities, improved personal incomes, and higher government tax revenues.

In the latest Global Entrepreneurship Monitor (GEM) report from 2020, it is described how the Norwegian authorities are continually working on simplifying the interactions between businesses and the government, seeking to reduce bureaucratic burdens. This will make it easier and less expensive for businesses to meet requirements and find necessary information. The authorities have also increased their policing of undeclared work, social dumping, and workplace crime. By doing this, they want to ensure equal competitive conditions across companies.

The theory that this thesis will be built upon has now been presented. The chapter consisted of three parts; first, general entrepreneurial concepts were presented, then, the three resources that in this thesis are considered important for an entrepreneur were discussed; human resources, social resources, and financial resources. Lastly, it was discussed how it is to be an entrepreneur in Norway compared to other economies. Next on, the methodology used in this thesis will be introduced and explained.

3 Methodology

In this chapter, the choice of research design and methods will be specified and explained. The chapter will start of by outlining the qualitative approach of this thesis, then the sample will be presented. Next, we will give an overview of what has been done during the work of this thesis, along with some reflections regarding the challenges that we have come across. Modifications that has been done throughout the process will also be clarified. The chapter will end with a summary of how we have worked with the analysis.

3.1 A qualitative approach

As described in the introduction, the purpose of this paper is to study different entrepreneurs and dig deeper into what they regard as their success factors with special emphasize on the entrepreneurs' educational background. For this study, we considered a qualitative approach as most appropriate. Qualitative research might include in-depth interviews, focus groups, participant observation, ethnographic studies, and surveys, to mention some (Kvale and Brinkmann, 2017). We chose to conduct in-depth interviews. In this way we were able to deep-dive into the minds of successful entrepreneurs and get a rich understanding of what they believe have been crucial for their success, which might not have been possible choosing a quantitative research method.

There are also limitations with qualitative methods, one being the fact that it is not possible to generalize the results to the population. The results are, thus, context specific (Walle, 2015). Another limitation is that the method is time consuming. By using a quantitative approach, we could have gotten answers that is more suited for generalizability, but then again, we could lose some of the richness of responses.

One reason for choosing qualitative research is because this method is underrepresented in entrepreneurial research (Hindle, 2004). An explanation for this might be that traditionally it has been easier to get quantitative research published. Especially amongst American scholars there have been a great pressure of publication. In Europe, there is not the same pressure, allowing for more methodological diversity (Neergaard and Ulhøi, 2007). According to Gartner and Birley (2002:388) "*The study of entrepreneurship involves the process of identifying and understanding the behaviour of the "outliers" in the community – the entrepreneurs*".

Therefore, they believe that numbers will not add up to be an understandable story of the experienced nature of entrepreneurship. Further, Gartner and Birley argues that qualitative research is well suited to contribute to finding the whole story, because some questions simply cannot and will not be asked in a quantitative approach.

One possibility could be to combine the two methods. This is called triangulation, which can provide a more robust analysis because the subject is examined in more than one way (Rothbauer, 2008). However, many qualitative research projects are unique and are not able to be replicated (Walle, 2015). We do not know if that is the case for our study. Still, our goal is not to generalize our findings for a population, but rather telling the stories and success factors for our particular informants. Further investigation needs to be done to generalize.

In in-depth interviews only a few subjects are studied but in a very detailed manner (Kvale and Brinkmann, 2017). The informants have great freedom in their responses because of the open-ended questions, which allows for unique replies. Semi-structured interviews are the specific technique used in this study. This type gives the informants freedom to respond, while the flow of the interview is controlled by the researcher (Kvale and Brinkmann, 2017). It is important that this control is subtle to keep the conversational tone between the informant and the interviewer. This control gives the interviewer the opportunity to steer the conversation in the direction that is needed, and to ask for clarifications and more information if necessary.

The questions in our interview guide were standardized for all the informants, but follow-up questions were customized for the informants throughout the interview, which is classified as semi-structured interviews (Kvale and Brinkmann, 2017). When carrying out the interviews, we were careful not to interrupt the informants to avoid breaking their chains of thoughts. The order and content of the questions were also thoroughly planned for the interview to go as smoothly as possible. The question concerning background and education were strategically put at the end because this is seen as a question that potentially could affect the other answers. The interview guide is available in attachment 1.

3.2 The sample

When finding informants, two different methods were used. For the group with no educational background, purposive sampling was used. That is a non-probability sampling where we rely on our own judgement when choosing informants (Tongco, 2007). We used our own knowledge

about entrepreneurs in the local area and searched on Proff.no to get hold of the company's information. When finding the informants, a list of qualities was composed in order to standardise the sampling (Tongco, 2007).

Showing the list of qualifications to resource people who can help finding informants will save both time and effort (Bernard et al. 1986). To help finding informants with educational background, our supervisors were asked for advice, as they know many more possible informants in the area than we do.

We wanted to look at firms that were relatively newly founded, for them to have the start-up process fresh in mind, and for the informants to have approximately the same basis. A firm started in 1970 might have other challenges and difficulties than a firm started in 2010. Thus, the following criteria were made:

- The firm must be older than five years, but not older than 15 years
- In addition to the entrepreneur, there should be at least one employee
- The business needs to be registered under the organisational form AS (private limited dependent company)
- The firm should have a good economy in terms of positive sales revenues

New businesses might struggle to generate a positive cash flow in the start-up phase, but that does not necessarily mean that the firm's economy is of bad shape. Thus, the firm's economical condition was rated based on the firm's sales revenues.

Table 1 shows the six entrepreneurs who participated in the interview. The table illustrates which industry they come from, whether they have higher education or not, when the firm was established, and how many employees the firm consists of. In order to keep the firms anonymised, the ISIC (International Standard Industrial Classification) codes (United Nations, 2008) were used to describe which industry the firms belong to. The informants were selected across different industries in order to have a diverse content. Most of the entrepreneurs are locals, as we preferably wanted to conduct the interview in the location of the firm and to do the interview in person.

Table 1: Informants in the sample

Firm	Industry code	Higher education	Established	Employees
A	Specialized building- and construction work (43)	No	2013	8
B	Repair and installation of machinery and equipment (33)	No	2014	11
C	Other professional, scientific and technical activities (74)	No	2011	5
D	Production of electrical equipment (27)	Yes	2015	28
E	Sports and leisure activities and the operation of pleasure establishments (93)	Yes	2013	7
F	Agency and wholesale trade, except for motor vehicles (46)	Yes	2008	1

3.3 Preparing and conducting the interviews

When preparing the interview guide, the questions were rewritten many times before they were approved. When forming the questions, we avoided using highly structured and yes/no questions. Instead, the questions were designed to be open-ended giving the informant a great freedom when providing responses (Kvale and Brinkmann, 2017). The interview guide was structured so that the interviews could run smoothly and logically. The interviews started with some background information about the firm, and why the entrepreneurs started it, then it gradually moved on to the main themes. At the end of the interviews, there was an open question giving the informants the opportunity to add on some additional information that they felt were relevant.

When contacting the entrepreneurs, we first decided to call them by phone. This means of communicating was used in order to receive feedback quickly, and for the informants to ask us questions if anything seemed unclear. Some of the entrepreneurs seemed rather sceptical when calling them, and they wanted us to send them an e-mail about who we were and more about the project and its purpose. Based on this experience, we decided to contact the remaining entrepreneurs by mail. In this way, they were able to consider whether they wanted to participate before giving us feedback. Luckily, all of the informants that were asked, agreed to participate in our project. We tried to give them as little information as possible prior to the meeting, for

them to speak independently regardless of what was our main intentions with the interview. In this way we think we could gather useful background information, and other relevant facts that might not be presented if we in addition pointed out the issues that we were interested in.

As mentioned in the theoretical framework, more men than women are entrepreneurs, this also affected our sample. This was something we were aware of when selecting informants, so, out of our six informants, we managed to get in touch with two female entrepreneurs.

The interviews were conducted from mid-February to mid-March 2020. The timing was scheduled due to the entrepreneurs' availability and request. The interviews took place in the locations of the particular entrepreneurs. This made us more aware of the surroundings, and it was easier to familiarize with both the businesses and the entrepreneurs. Two of the informants were not available due to travelling, but we managed to carry out the meetings online. Our last interview was originally planned to be conducted in person but was affected by the Corona-situation; thus, this was also conducted online.

When conducting the interviews, both of us participated in each interview. One of us interviewed the entrepreneur, while the other wrote down key concepts that seemed most relevant for our project. When carrying out the interview, we tried to interrupt the informants as little as possible to avoid guiding the answers. After each interview, we sat down and discussed the interview and the most interesting statements and used the notes from the interview to get hold of the key points. By doing this straight after the interview we had the conversation fresh in mind and developed key points that were useful when we started doing the analysis. In addition to writing down the key points during the interview, a sound recorder was used to record the whole interview. This was turned on as soon as the interview started and was not turned off until we had left the location, in order to get hold of all the information that were given.

Because we were collecting personal information from the informants, we had to apply to NSD for approval before we could start conducting the interviews. We needed to give them necessary information regarding the project, and to fill out two forms; interview guide and a consent form. In order to receive feedback quickly, applications prepared by NSD were used. We were set to wait four weeks before receiving feedback, and were planning to use this time to read theory,

but after only a couple of days we received an e-mail where our application was approved, and we were ready to start interviewing. The reply from NSD is available in attachment 3.

At the top of the interview guide, a big green box was made in order to remind ourselves that the informant needed to read and sign the consent form prior to the interview. This was done to avoid forgetting it when the interview was over, when the entrepreneur perhaps needed to rush into other appointments. It was easier to collect the consent forms from the entrepreneurs where we conducted the interview in person, as they signed it while we sat beside them waiting. With the ones that completed the interview online on the other hand, it was not as straight forward. We had to send them several reminders in order to receive the signed consent form. To act in accordance with NSD's guidelines, we stored the recordings and the transcriptions in NTNU's OneDrive. By storing it there we were able to secure the informants and the information they had given us.

3.4 Transcription

After writing down the key concepts, we listened to the recordings of the interview. By listening to the recordings, we were able to discuss how the interview went, and whether we should have dug deeper into some of the themes, or whether we should have interrupted the interviewee less. We found it useful to discuss this, in case one of us had another perception than the other. The one of us that took the notes during the interview also transcribed it. Due to the spread of the interview arrangements, we were able to transcribe along the way, and we started to transcribe the interviews either the same, or the following day. The transcriptions were completed in Word, and the six interviews consisted of 53 pages.

In the transcript, we tried to write the conversations as detailed as possible. In some of the interviews the conversation drifted towards other subjects than the interview, and in these cases, we wrote down the time to point out where it occurred. In the cases where the interviewee paused, we indicated these pauses with "...", because we found that these pauses also had an important meaning. It could either mean that they did not quite know how to answer it, or that they found the question diffuse or hard to understand. This gave us a good indication whether to adjust or add new information to the questions.

3.5 Reflections and modifications

After the first interview, we realized that one of our questions in the interview guide was too vague and ambiguous. So, we decided to prepare some prompts to each of the questions to be able to give some hints if the interviewee was unsure of the meaning. This made us sure that we received the information we were looking, in addition to us avoiding unpleasant situations where we did not quite know how to guideline the interviewee.

We experienced big differences among the interviewees. In the first interview, the entrepreneur had answered all the question after 10 minutes, and we had to dig deeper into the ones that we were more curious on. The second informant used 10 minutes on the first question. We learned that each interviewee was quite different and that we had to be awake and aware of when we should dig into the questions, and when we should avoid the entrepreneur drifting away to other irrelevant information. This was a difficult task, but we managed this better for each interview.

In one of the interviews one of us had a close relation to the informant. To solve this problem, the one that had a relation to the entrepreneur sat in the background making notes, while the other person interviewed. By solving it this way, we felt that we avoided that the informant was too personal or failing to tell relevant information because one of us already knew some of it.

Some of the informants were not located in Norway at the time of the interviews, thus the interviews had to be completed through Skype or Teams, an online service for video calling. This was a bit more challenging than meeting the entrepreneurs face-to-face. We had some technical difficulties, which meant that the informants had to repeat themselves a couple of times. Some time was also spent trying out different video calling services. Still, we found this as a good solution compared to just calling or getting answers through e-mail. In this way we got to see the entrepreneurs and they got to see us, which we believe strengthens the information flow.

Based on the limited number of informants, it is not possible to make statistical generalizations from this data. It is also worth mentioning that the interviews are based on the entrepreneurs perceived main success factors. Some of them started their business more than 10 years ago, thus, it can be difficult to recall and reflect on all of the relevant information in an interview. This can lead to some challenges regarding after rationalization (Yin, 2009). Even though this

can be challenging, we hope to have overcome this challenge by being aware of the issue, and by regarding it as a potential source of error.

In March, the Covid-19 virus broke out in Norway, and the whole community was affected. All schools were closed, a limited number of businesses were open, and people were encouraged to stay at home to minimize the spread of the virus. Although we mostly sat at home working on our thesis, the virus also affected us in some ways. We were not allowed to meet at school to work together or to discuss different issues. This was particularly challenging when we started to work on the analysis part in NVivo because it was not possible to cooperate from two different computers. As no activities were allowed on campus, the meetings with our supervisors had to be conducted through Skype. Although online-meetings is a good way to solve this kind of isolation-problem, it does not give the same communication flow as meeting face-to-face. Thus, it was challenging to maintain the same routines and efficiency due to the Corona-situation.

3.6 The quality of the thesis

The ability to learn directly from the research subject is one of the advantages of qualitative research (Dana, L.P., and Dana, T.E., 2005). In this way it is possible to reduce measurement errors which are common in survey studies where one often need to make assumptions. The result is a deeper understanding of what the subject actually is saying. The approach also reduces Type III errors, which is asking the wrong questions, and Type IV errors, which is solving the wrong problem (Dana, L.P., and Dana, T.E. 2005). This is because of the interaction between the researcher and the subject allows for modifying the questions and dig deeper in the interesting areas.

The criteria used to evaluate quantitative research, such as reliability and validity, might not be as appropriate for qualitative research (Agar, 1986). One solution to this is replacing concepts like “reliability” and “validity” with “credibility”, “authority of the writer” or “accuracy of representation”. In this way qualitative research can be evaluated fairly and appropriately.

Guba (1981) identified four universal measures of trustworthiness that include truth value, applicability, consistency, and neutrality. Truth value concerns credibility and understanding the subjective “reality” that is experienced by the informants (Walle, 2015). In qualitative research this is typically measured by the degree the research captures human life as it is

perceived by the informants. In addition, there may be more than one “truth” based on different perspectives and feelings of the informants.

Applicability concerns whether the findings of the research can be applied beyond the specific situation they are found in. In qualitative research, most work is done in settings that are unique, which makes generalization difficult or even impossible (Walle, 2015). This direct applicability is therefore not the goal of this type of research. Guba (1981) refers to “transferability”, meaning the appropriateness of applying the findings to other circumstances. It is up to readers of the research to decide whether the findings can be applied in other contexts (Walle, 2015). The responsibility of the researcher is to accurately report all the details. Still, the research has no “value” unless it can be used in some manner.

The next criterion is consistency. In the qualitative perspectives the aim is to capture the reality as it is perceived by the informants, not to find the one and only reality (Walle, 2015). Thus, issues of reliability to be relevant in such studies. Qualitative research recognizes, weights, and builds on the uniqueness of the context, which makes measures of consistency better expressed in terms like ‘dependability’. The concept of dependability concerns observed variations with links to an identifiable cause or influence (Guba, 1981). Thereby, other measures of consistency must be used, where one is the degree to which all parties agree consistently discussing something (Walle, 2015).

The last criterion of trustworthiness is neutrality. This means that the findings and conclusions of the research are written objectively and in an impartial way (Walle, 2015). In addition, should priorities, opinions, motivations, or other biases of the researcher not influence the result (Guba, 1981). Confirmability is emphasised as the standard of neutrality (Walle, 2015). It refers to the degree to which others agree with the conclusions of the project. It should reflect, at least in a general way, what others have observed. In qualitative research the researchers are closely involved with the informants, which can both lead to understanding and reducing biases. However, it can be a threat to the neutrality of the study. This can be controlled and mitigated via research designs, applications, and monitoring.

When we evaluate our study’s quality, it might be useful to look at these four criteria of Guba (1981). The first criterion is truth value. We have tried, in the degree it is possible from one interview to capture the entrepreneurs’ life as it is perceived by the six. We have emphasised

that this is the views of the six informants in the study, and that the results are not generalizable. There is, thus, more than one truth and more than one perspective when it comes to this subject.

The next criterion is transferability. It is up to the readers to decide whether the findings can be applied in other contexts. Still, we believe this study to be of value to researchers wanting to study similar concepts. It can, however, not be generalized to a wider part of the population. The third one is consistency or “dependability”. In some of the matters discussed, a big part of our informants agrees. Still, we have observed variations in our results, and these we have discussed thoroughly throughout the analysis.

The last criterion is neutrality. We believe that our findings and conclusions of the research are written objectively. That has at least been our goal throughout this study. We have done changes through the process, which have included shifting focus, when we have found that our results were not exactly what we thought they would be. This we believe to be important when it comes to neutrality. Thus, we consider our study as trustworthy.

3.7 Analysis of the data

The nature of the research question will influence the coding choices that are made. The researcher should carefully consider which coding method(s) that may generate the types of answers he/she is interested in, based on the forms of questions that are posed (Saldana, 2013). In this thesis, we used descriptive coding in order to summarise the main topics into suitable headings. This method categorizes the data at a basic level to give the researchers an organizational grasp of the study (Saldana, 2013).

When working on the transcription of the interviews, we gained a good knowledge of the material. We started to notice the main themes and connections early in the process. When the interviews were transcribed, it was re-read and the main themes that we were interested in were highlighted. By doing this before coding it in NVivo, it was easier to come up with suitable headings for the nodes.

The use of methods in this thesis can neither be classified as inductive, nor deductive. Rather, it can be categorised as abductive. Abductive reasoning can be understood as a form of logical inference, which starts with an observation, and then tries to find the most likely conclusion

from the observation(s) (Sober, 2020). As with this thesis, we have tried to end up with a conclusion that best explains the data from our interviews.

Our main themes are based on the research questions. So, when coding the interviews, they were split into four themes; about the entrepreneur, success factors, challenges, and education in innovation and entrepreneurship. These four themes were determined prior to the coding, and is thus classified as provisional coding (Saldana, 2013). The themes were also split up in subthemes based on what the informants mentioned as relevant. We placed the relevant answers based on which theme they belonged to. In this way, the data amount was reduced, which made it easier working on the large data set.

One of the disadvantages with conducting qualitative research is the time consumption that is required because of the volume of data (Kelle, 2006). Although it is time consuming, it also gives the researchers a unique opportunity to dive deep into the answers and examine the issues in detail. As we were two students writing this thesis together, it might give us some advantages due to the trustworthiness to the study, because we were able to discuss and clarify if there were any disagreements.

There are two main approaches when presenting the findings of a qualitative study (Burnard, Gill, Stewart, Treasure, & Chadwick, 2008). The first is to report the key findings under each main theme and presenting appropriate quotes that illustrate the findings. Then, discussing the findings in a separate discussion chapter. The other method is to do the same, but to include the discussion into the findings chapter. In this thesis, we have decided to use method number two, discussing the findings as we present them. We use this method because we feel that this gives the thesis a better flow, and the reader a good overview.

4 Results and discussion

Based on our research question, the findings regarding what has been the main success factors for our informants, will be presented. To give the reader a better insight into sample, this chapter will begin by introducing each one of the entrepreneurs and give some relevant background information. Next to be presented, is the main success factors and challenges that the informants have emphasised. Whether there are any differences between the two groups will also be clarified here. These differences will be dug deeper into in an own chapter, and lastly, the informants' experiences and opinions regarding an education in entrepreneurship will be presented.

4.1 Presentation of the informants

In the previous chapter, the six entrepreneurs were presented in a table (Table 1). In this table, the industry in which the entrepreneurs belonged to were presented, whether they had a higher education in entrepreneurship or not, when their firms were established, and how many employees their firm consisted of.

Now, the entrepreneurs will be presented in more detail to give the reader a better overview of the sample. Each of the informants will be presented giving some relevant background information about how their business started, as well as specifying their motivations for becoming an entrepreneur. We hope this will give a better understanding and knowledge of the entrepreneurs. As this information is confidential, each informant will be given a fictive name.

Andrew – Firm A

Our first informant, let us call him Andrew, runs his business within the specialized building- and construction work industry. He established his firm in 2013, and has 8 employees (Proff, 2020).

Andrew was earlier working in a similar, but not quite identical industry as he now has started. When he was hired in his previous job, he observed that there was a potential in establishing a separate firm within one of the fields the firm conducted their work. He saw the potential in starting a new business due to the few numbers of parties that were established in Norway, despite a high demand in the market. Andrew's boss did not fulfill his desires, so instead,

Andrew quit his job and started the business himself. Andrew does not have a background from higher education but has a certificate of apprenticeship in his field of specialization.

When asking about his motivations for starting a firm, Andrew emphasized his good work ethic, as well as having a good role model in another entrepreneur:

‘‘I’ve always had a dream of starting a business. I’ve always enjoyed working and figured it would be interesting starting something for myself. I’ve also had a good role model in another entrepreneur and thought that it would be interesting to try it for myself.’’

Ben – Firm B

Our next informant, we can call him Ben, started his business in 2014, has 11 employees and runs his firm within the repair and installation of machinery and equipment industry (Proff, 2020).

Ever since he was 16 years old, Ben has worked in the industry which he now runs his business in. From the day he started working, he has been genuinely interested in the subject, and have always looked for ways to improve his work. As a former employee, he gained a lot of experience and knowledge, both within Europe, and overseas. Based on his interest in improving ways of doing things, as well as his passion for the field, he figured that he would start a business on his own. Regarding Ben’s educational background, he took one year of electrical subjects in high school.

When asking about his motivations for starting a firm, he mentioned two main factors. Firstly, he wanted to manage his own day. Secondly, he wanted to contribute to the society by developing a product that worked.

Chloe – Firm C

Our third informant, Chloe, runs her business within other professional, scientific, and technical activities. She established her firm in 2011, which consists of 5 employees (Proff, 2020).

Chloe first started a firm within a quite different industry than the one she runs today. After running her previous business for a while, she spotted an opportunity in starting up a business within a field that she had been interested in her whole life. The industry had been walking along the same path for a long time, and Chloe figured it was time to offer a new kind of product. She decided to sell her previous firm, while her husband sold his firm, and together they gambled everything to establish their current business. Chloe does not have a background from higher education, but has a certificate of apprenticeship, in the field in which she started her first business.

When asking for Chloe's motivations for starting a business, she mainly pointed out her good work ethic, and that she had always enjoyed working, as one of her main motivations for starting a business. Chloe also mentioned that she never thought of herself as an entrepreneur:

'I've never called myself an entrepreneur, but when you have an idea that evolves, you become an entrepreneur. I think few people can say that they want to become an entrepreneur, because it has to evolve around ideas.'

Daniel – Firm D

Our next informant, let us call him Daniel, started his business within the production of electrical equipment. The business was established in 2015, and has 28 employees (Proff, 2020).

Daniel started his business together with a friend he had known for a long time. One day, the two friends went out for a walk. During their walk, they looked around at the surroundings, and suddenly, they came up with an idea of a product that was not available at the market at that time, despite its high demand. They discussed the product and figured they would try to establish a business within the industry. They both attended an educational program in entrepreneurship at that time and started to work on this idea during their studies. Before the actual start-up, they used a lot of time figuring out what they wanted the firm to consist of and developed a vision and a strategy. After their graduation, they started the firm, without any kind of network, thus, they used a lot of time in contacting potential customers, and developed their product based on the customers' requirements.

When asking about his motivations for starting a business, Daniel mentioned that he never had the dream of starting a business himself, but based on his life situation, and because his good friend asked him to become his business partner, he figured that he couldn't turn down the offer.

Even – Firm E

The next informant, Even, started his business within the sports and leisure activities and the operation of pleasure establishments. His business has 7 employees, and was established in 2013 (Proff, 2020).

After his graduation, Even figured that he wanted to start a business within one particular field. He had limited knowledge about this field, thus, he got a job in a similar firm in order to gain as much experiences and knowledge possible. When he was hired in the firm, he met a co-worker which he gained a close relationship with. They soon figured that they wanted to start the business together. Prior to their start-up, they conducted analysis about the potential market where they wanted to set up their business. First, they started with one business, and as they got more confident and experienced, they started up their business in several areas in the country.

Based on his background, he stated that he has entrepreneurship in his blood, and that he always knew that he would start something on his own. Further, he stated that one of his motivations for starting a business was the possibility of managing his own day, as well as gaining higher financial outcomes. As Even stated:

‘‘As long as you are an employee, your boss will only pay you what he thinks you deserve. So, your earnings are limited as an employee. But, if you start on your own, there are no financial limitations regarding how much you can earn.’’

He also mentioned that much of the joy was not about earning money, but rather about creating a product other people will use, and the fact that it might improve someone's way of living.

Fiona – Firm F

Our last informant, Fiona, started her business within the agency and wholesale trade. The business was started in 2008, and has one employee (Proff, 2020).

Fiona started her firm while attending school. The idea of this product, Fiona got when working part time in a similar business. Together with her fellow student, they developed the product in a course named ‘‘Product development’’. Fiona stated that during the educational program, they got a lot of support and advice from the business sector, as well as from their mentors, thus, the barrier for starting a business was reduced.

When asking for Fiona’s motivations for starting a business, she mentioned that the start-up was quite a coincidence, and that it was a result of deciding to join the entrepreneurship program. She also mentioned that both her father and grandfather was entrepreneurs, which she thought had helped her in taking the step towards starting an own business, as the concept of entrepreneurship had become quite harmless.

These are the stories of Andrew, Ben, Chloe, David, Even and Fiona, which we hope gives a better insight and overview of the sample. To sum up this section, all of the six informants have their unique story regarding how their business started. When it comes to their motivations for starting a firm, the entrepreneurs mentioned different reasons. It is possible to summarize the responses into different categories; having a good work ethic, being able to manage their own day, having a good role model, receiving higher financial outcomes, and the possibility to contribute to society. And also – a strong interest in the topic they are engaged in. Two of the entrepreneurs also mentioned that starting a business was quite a coincidence, and it is interesting to see that both of these entrepreneurs come from the group with higher education. It is also interesting noticing that all of the informants with higher education started their business with a business partner.

This chapter has consisted of a discussion from an individual perspective, next, the business perspective will be discussed. The entrepreneurs’ responses regarding what have been their main success factors, as well as challenges when starting a business will be presented and discussed. We are also interested in figuring out whether there are any differences based on the entrepreneurs’ backgrounds. If there are any differences, are these based on their different educational backgrounds, or are they based on other factors?

4.2 Success factors and challenges

The main purpose of this study is to dig deeper into each business and figure out what the entrepreneurs consider as their main success factors. As with the resources in the theory section,

the analysis is divided into three categories. These are human resources, social resources, and financial resources. This, because we found all the main success factors to be related to one (or more) of these categories. Some of them are, though, more directly related than others.

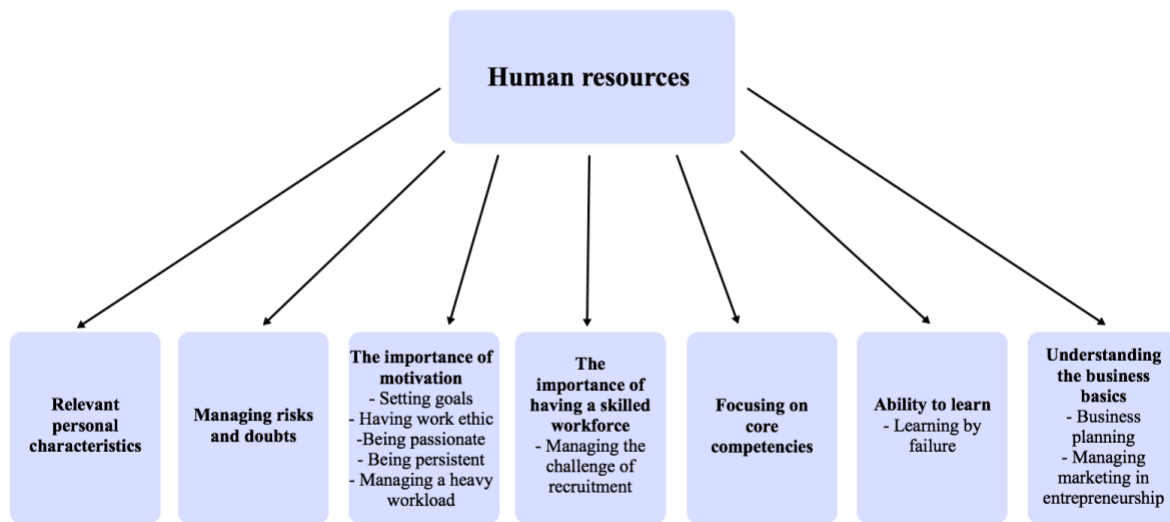
Further, the entrepreneurs have mentioned some challenges that can be linked to the success factors. Some of the challenges can be small and easy to overcome, while others can be rather difficult to deal with. Overcoming these can be turned into success factors. These will also be discussed through these three subsections. In addition, it will be pointed out where there are clear differences among the entrepreneurs. These will, however, be more thoroughly discussed in the next chapter.

4.2.1 Human resources

As in the theory chapter, the first category that will be discussed is human capital. In this thesis, six subcategories related to human capital have been identified. These are; relevant personal characteristics, the importance of motivation, the importance of having a skilled workforce, focusing on core competencies, the ability to learn, and understanding the business basics. In the subcategory about motivation, goals, passion, persistence, and work ethic are included. In the one about understanding business basics, business planning, and marketing are included. These are some of the main success factors that are mentioned by the entrepreneurs, in which can be related to human resources. In addition, some challenges related to these subcategories are included. These include the challenge of recruitment, managing risks and doubts, managing a heavy workload, and learning by failure. Managing and overcoming these can be turned into success factors for the entrepreneurs.

The figure below illustrates the human resources and its related subcategories, which will now be presented and discussed.

Figure 3: Human resources that are considered important for an entrepreneur's success



4.2.1.1 Relevant personal characteristics

As mentioned in the theory section ‘*Who is the entrepreneur?*’, some specific personal traits have been pointed out as preferable for an entrepreneur to possess. This was also pointed out by our sample. Most of the entrepreneurs viewed personal characteristics as more important than possessing a specific competence. There were mainly three specific characteristics which the entrepreneurs viewed as important. These were stubbornness, fearlessness, and being efficient.

Two of the entrepreneurs specifically pointed out that personal characteristics are more important than having a specific competence or knowledge:

“It’s easy to think that entrepreneurship is something you learn at school, but that’s not necessarily the answer. You can learn a lot at school, but in the end, it’s about how you are as a person.... Personal characteristics are not something you can change easily. It’s almost impossible. But competence on the other hand... Skills can be learned, hire for personality. I think that’s important to reflect on.” (David)

“I think the formal knowledge is less important, and that the personal characteristics are extremely important.” (Even)

Further, there were mainly three personal characteristics the informants considered decisive for an entrepreneur. Two of them emphasised being stubborn, three described the necessity of being fearless, and two saw efficiency as imperative. To illustrate this, some quotes are included:

‘‘As a person you need to be stubborn because nobody will come to help you.’’ (Andrew)

‘‘If you dare to take some chances, it will open up doors for you that will lead you further... You can’t walk around being scared of everything’’ (Chloe)

‘‘Characteristics like courage and the ability to accomplish things. That you are fearless, but mainly the ability of getting things done. I consider that decisive because you are in charge of your work schedule.’’ (Fiona)

Characterising an entrepreneur by his or her personal traits is a method that has been used for a long time. Schumpeter (1934), among others, stressed the importance of the entrepreneur’s personality and traits. He considered the entrepreneur as ‘A Great Man’ who through creative destruction created new waves of change in the economy. As mentioned earlier in the thesis, characterizing an entrepreneur by his or her personal traits is a criticized perspective because it does not take environmental factors into consideration. Although there have been developed new and improved ways of characterising the entrepreneur, our sample consider personal characteristics as decisive for an entrepreneur’s success.

A study by Setia (2018) conducted in Indonesia showed that certain personal traits had significant correlation with successful entrepreneurs. The study suggests that in terms of planning the curriculum for entrepreneurship students, skills related to struggle, drive, fight spirit and resilience are important to learn.

To sum this section up, all of the entrepreneurs emphasised certain personal characteristics of the entrepreneur. Even though this method of describing the entrepreneur has been criticised, there are also recent studies emphasising this. The findings from Setia’s (2018) study supports our informants’ statements; that personal characteristics like being stubborn, fearless, and efficient are important characteristics that an entrepreneur needs to possess.

Even if the entrepreneurs have these particular personal characteristics, they might still experience doubts regarding starting a business, managing these are important in order to succeed. This will be discussed next.

4.2.1.2 Managing risks and overcoming doubts

As described by the informants, starting a new firm can be very risky. Many entrepreneurs have to quit their job and give up on their salary to start their own firm. Further, there are risks associated with raising enough capital and staying liquid, both in the start-up phase and in the later years. There are also risks in picking the right strategies when growing, and again gaining enough capital to finance the growth. Because of the associated risks of starting a business, some have experienced stress and doubts. For some of them, this doubt has decreased after seeing themselves succeed. For others, the doubt has lasted longer. Managing these risks and overcoming the doubts can be turned into success factors for the entrepreneurs.

One of the entrepreneurs described the doubts he felt when he started his firm:

“In the beginning it is a lot of doubt. Is this right? Does it work? Will it work? So, you can feel a sort of anxiety. At least I experienced this and felt mentally stressed.” (Even)

David explained that he felt kind of paranoid in the start. He was taking a chance with a new technology and did not know if the market would accept it. He was also afraid that someone would come up with an even better solution. However, the company’s technology took over, which affected a lot of big competitors. He further explained that at some point, this product will be “as milk and bread” and that a better solution will be discovered. As he stated:

“You never know when the next thing is coming” (David)

Another entrepreneur started her firm as a student. She did not have a job or a salary yet, which made it less risky to start the firm. She thinks she would have been more hesitant today, because the risk would have been of a larger extent in terms of her personal economy.

Starting a firm can be very risky. Only 29,8% of newly established firms survives the first five years in Norway (SSB, 2019b). This makes it natural for entrepreneurs to feel some doubts. However, entrepreneurs are often perceived as more risk prone compared to non-entrepreneurs

(Macko and Tyszka, 2009) and risk-taking is one of the characteristics that have attracted more attention than other in entrepreneurs (Veccio, 2003). Still, results of various studies are not conclusive on whether entrepreneurs have a more positive attitude towards risk than other people. Macko and Tyszka (2009) did a more thoroughly test on this, in which they found a significant result that in naturalistic-business risky situations entrepreneurs did more risky choices than non-entrepreneurs.

Starting a business is a risk by itself, which also argues for entrepreneurs to take more risks. Some of them have also explained risk-taking in form of growth, like buying up other companies. It seems, however, that most of them experienced less doubt and paranoia than they did during the start-up. Thus, it seems as they have overcome their doubts. However, risks are something the entrepreneurs will face from time to time. A factor of success is therefore to manage these risks and doubts in an appropriate way.

To sum this section up, two of the entrepreneurs mentioned the doubts they felt during the start-up. They were scared that the concept would not work, or that the market would not accept their product. In addition, one explained how she had no doubts when starting her firm, but that she would have had more doubt if she were to start the firm today. Because the risks associated with starting a business is so extensive, it is natural for an entrepreneur to experience some doubts. However, it is argued that risk-taking is one of the main characteristics of entrepreneurs (Veccio, 2003). Thus, risk taking is a natural part of entrepreneurship and the entrepreneur must continuously manage these risks.

An interesting difference here, is that both mentioning having doubts during the start-up had higher education in entrepreneurship. In addition, some of those without education mentioned that if they had been aware of the risks associated with starting a business, they might not have started it. The potential reason for this will be discussed more thoroughly in the next chapter.

4.2.1.3 The importance of motivation

All of our informants mentioned having some kind of motivational drive, and most also viewed this as important for their success. The aspects of motivation that are mentioned includes goals, passion, and persistence. In addition, many of the entrepreneurs mentioned having a good work ethic. However, a challenge that can be related to motivation is having a heavy workload. This challenge makes these motivational aspects extremely important. The tie to human resources is

that motivation can be dependent on experience, knowledge, and skills amongst other factors, and is inherent in the individual.

Setting goals

Setting goals is an aspect of motivation which can be of importance for both entrepreneurs and non-entrepreneurs. However, only one of the entrepreneurs mentioned setting goals for herself. She viewed this as important for her success:

“I like to reach goals and I am very accustomed through sports to set goals for myself and then work towards them.” (Fiona)

Goals have gained a lot of attention in research (Locke and Latham, 2004, 2002). It can be viewed as mental representations of the future, that can enable people not to give up (Perwin, 2003). Thus, it seems important in entrepreneurship. The goals can also change over time. Being able to change the goals and motives are a way for the entrepreneur to adapt when situations change. Goals also have an impact on the persistence of the entrepreneur (Locke and Latham, 2002), which means setting goals can make it easier getting through difficult times or work harder. The ones that are determined in pursuing their goals, often have a greater chance of success, according to Timmons and Spinelli (2009).

Goals is an aspect of motivation that is viewed as important for success. However, only one of the entrepreneurs mentioned setting clear goals for herself. This does not mean that the others do not see the importance of this, but they have not mentioned it as a success factor. Thus, it seemed that other aspects of motivation were more important from their point of view. Next, work ethic will be discussed.

Having work ethic

Some of the entrepreneurs described having a good work ethic. They explained that having a good work ethic and enjoying working long hours can be important for the success of an entrepreneurial firm. Some of them explained how they always have enjoyed working, while others found more joy in working after they started their own business. However, it seems common for most of them that they share a good work ethic when it comes to working for their firm to succeed.

These quotes illustrate their good work ethic:

“I’ve always enjoyed working and figured it would be interesting starting something for myself.” (Andrew)

“Firstly, I’ve always enjoyed working. And I know that starting a business requires working long days.” (Chloe)

A good work ethic might act in accordance with a passion. As entrepreneurs often start a business based on what they are interested in, the hard work is not always even noticed because the passion inspires them to work harder and with greater efficiency (Chang, 2002). As shown in a study by Lee (2019), entrepreneurial labour – the hardworking of entrepreneurs – was significantly related to venture success. This argues for work ethic to be of importance in entrepreneurship.

Three of the entrepreneurs have emphasised work ethic. Still, it seems that all of them work a great deal for their firm to succeed. Because the process of entrepreneurship is challenging, a good work ethic might be of great importance. In addition, working hard is shown to be of importance of venture performance. This work ethic might be related to both passion, persistence and having a heavy workload. Next, passion will be discussed.

Being passionate

When selecting what kind of business to start, some explained the importance of choosing something you are passionate about. This way, you are able to work long hours, and still enjoy it. Chang (2002) explained this well. He stated that passion will inspire us to work harder and with greater effect. However, we hardly notice our effort because it comes easily and enjoyably.

Ben also explained this in a good way. In his view, you need to have passion and a genuine interest in what you do in order to become an entrepreneur.

“If you are going to do something (entrepreneurship), you need to have passion for it. Some likes to sew and make furniture, some likes agriculture, and some likes excavators. You do not become an entrepreneur unless you have a genuine interest in what you are going to do.” (Ben)

Others explained the importance of taking pride in their work and being engaged as important factors. This can also be seen as a form of passion. According to one of the entrepreneurs, a genuine interest, or passion, comes with knowledge as well. This because if you are passionate about what you do, you will acquire the knowledge you need in order to be successful.

Further, Even explained how hard it was to find people for the team as passionate as himself. He believed this to be impossible since the entrepreneur is the owner of the concept and idea. An employee, on the other hand, would not get the same kind of attachments to the business. This acts in line with Cardon et al.'s (2005) comparison of the experience of starting and growing a business to the experience of giving birth to and nurturing a child. It is a metaphor that sheds light on how important passion is for an entrepreneur, which is here described as identification, strong emotions and enthusiasm between the entrepreneur and the business.

Even also had another view of passion. He believed that it is more important to have a passion of starting something, rather than being passionate about a certain field:

“The idea is not as important as your ambition to start something. Ideas are pretty trivial and has no value if they aren't pursued. When it comes to ideas, it is important to sit down and think about which problems that needs a better solution.” (Even)

Having passion is seen as an important part of the motivational aspect of entrepreneurship. This is true both in previous literature and for the entrepreneurs in the sample. Five of the entrepreneurs mentioned having a passion and described it as important for their success. However, some described a passion for the industry they worked in, while others had more of a passion for entrepreneurship. Still, they all seemed passionate about the firm they had started. Another aspect of motivation that is related to passion, is persistence. This will be discussed next.

Being persistent

Persistence is an aspect of motivation which have seemed inherent in all of the entrepreneurs to some degree. The entrepreneurs viewed this as a very important element, which have helped them succeed. Persistence can be especially important when facing challenges, in which the

entrepreneurs at one point will. It is then important not to give up, even though they may make some mistakes. It is also important to be persistent when facing a heavy workload.

One thing most of the entrepreneurs mentioned, was having a heavy workload. Especially in the start, they worked day and night without even getting paid. Still, it seemed like it was a manageable sacrifice for most of them. They explained that you have to be willing to work long hours and prioritize work over everything else. David explained that it is all about focus and dedication. Another entrepreneur, Even, explained that the ability to see things through is extremely important for entrepreneurs. Without that ability, he believed that the chance of succeeding becomes much smaller.

Other factors that are mentioned are taking risks and being fearless and brave. This can also be seen as motivation or persistence, especially when facing challenging times. It can also be viewed as self-efficacy, which is one of the drivers of persistence (Cardon and Kirk, 2013). The entrepreneur has to believe in himself in task-specific situations, which includes taking risks and being fearless. Chloe explains that taking risks can open doors, which in turn can lead you to the next step. Further, David explained how being fearless and brave had been a great success factor for his business:

“Another success factor for our business is that we are fearless and brave. We don’t see limitations, we see possibilities.” (David)

Even mentioned specifically that many entrepreneurs fail in being persistent. He explained that to be an entrepreneur it is important to get things done and having progress. He further explained that many fails in doing this. This acts in line with what Wu and Dagher (2007) showed, that a lack of persistence is a factor contributing to the high rate of entrepreneurial failure.

For some of the entrepreneurs, persistence and other motivational aspects were something they experienced in all working situations. For others, it became visible in the entrepreneurial role. This might be because of the passion one can feel when starting something on your own.

“Earlier, I had a part time job in a bank. I could work for only four hours and be completely drained for energy. When I started my company, I could work for twelve hours and be filled with energy after. So, I noticed an extreme difference in my energy

level when I was working with something that was my own, versus working in a bigger company.” (Even)

This can again be viewed in light of the metaphor by Cardon et al. (2005) of giving birth to and nurturing a child. The entrepreneur might not feel the same strong emotions for other businesses, compared to when starting their own business.

All the entrepreneurs have mentioned a motivational drive in the form of persistence. Despite challenging times, they have still not given up. They have worked hard, even though they might not have achieved results right away. Still, it seems like the work has paid off in the end for most of them. Some of them have also shown a form of self-efficacy, which is a driver of persistence. Another driver of persistence is passion, which also has been described by most of the entrepreneurs. For some, persistence has been inherent in other working situations as well, while for other it became visible in the entrepreneurial context. Next in line is the challenge of having an overwhelming workload, which is closely related to persistence.

Managing a heavy workload

Even though the entrepreneurs are passionate about their firm and love what they do, some of them have also mentioned having a comprehensive workload. They described having to work a great deal in order to become successful, which had been both challenging but also enjoying for some of them. Some explained that they did not have time for much else, especially in the start-up phase. The risk is that they can feel exhausted, which in turn can cause them to give up on the firm. Managing this heavy workload can be important in terms of success.

Three of the entrepreneurs mentioned this challenge. Chloe explained how much work it is running a business, but also mentioned that it was one of the reasons she chose to start for herself.

“There is a lot of work in running a business from early in the morning to late at night.”
(Chloe)

Ben described how he had to sacrifice aspects of his personal life in order to succeed. This was very challenging for him. He further explained how hard it was to say no to opportunities, which also made the workload bigger than it had to be.

“You have to be willing to forsake everything. Or find the time for everything. The day has 24 hours. That is the issue with entrepreneurs. We don’t say no.” (Ben)

Other entrepreneurs also mentioned the sacrifices they have had to make in relation to their personal lives. These include receiving a salary, leisure time, but also personal relationships, for some of them. This acts in line with Baum et al.’s (2001) statement, that entrepreneurs often do anything to avoid failure.

Fiona explained that she worked way too hard for a period, which made her completely exhausted. She worked on the side, in order to finance her life, as she did not receive a paycheck from her entrepreneurial firm. She also struggled with structuring herself while working from a home office. This ended with her selling the company, to get a job with a salary and more structure. This again argues for the importance of the motivational aspects. Of course, there might also be other factors contributing to her selling the company.

According to Markman et al. (2005), the process of starting up and growing a business includes many barriers in order to succeed, thus, it is often difficult and ambitious. This can result in many working hours for the entrepreneur. It is therefore imperial that the entrepreneur has persistence. A lack of persistence is also argued to be a contributing factor to entrepreneurial failure (Wu and Dagher, 2007).

Even though the entrepreneurs might have passion, good work ethic, persistence and clear goals for themselves, the workload can still be overwhelming. At least it seemed that way for one of the entrepreneurs. In addition, there are sacrifices that may have to be made in favour of the firm. Even though only three clearly mentioned having a huge workload as a challenge, the others might have implicitly described it. A reason why the other entrepreneurs did not mention this specifically as a challenge might be because they really enjoy the work and feel energised by it.

To sum the motivational section up, the workload can be overwhelming for an entrepreneur. It is thus important that the entrepreneur has a motivational drive to persist through challenging times. A passion and a good work ethic might be of great help in such times. When having a passion, the work becomes more enjoyably and it makes it easier to work harder and with greater effect. There are often some sacrifices that needs to be made when starting a company,

when it comes to leisure time, family obligations, and salaries. Still, it seems for the entrepreneurs that the sacrifices are worth it in the end.

There was one educational difference in this section, which is in the view of passion. The possible reasons for this will be more thoroughly discussed in the next chapter. For the other motivational aspects, there were no remarkable differences among the two groups.

4.2.1.4 The importance of having a skilled workforce

Having a skilled workforce and a good teamwork is important, maybe especially when the organization is growing. This has been mentioned by a few of our informants. They emphasised that the members of the team need to complement each other in a way that makes a synergy-effect possible. This can be viewed as a social resource existing between the employees in a firm, but in this context, it is categorized as a human resource for the firm.

David viewed the team as the most important element of the firm:

“The most important element is the team. The culture and the unity in the firm.” (David)

He further explained that the members of the team need to complement each other. If one has difficulties understanding accounting, someone else must have that ability. One person might have difficulties knowing how to sell, then someone else that handles the task must be hired. The same entrepreneur also explained the importance of a synergy effect in the team. He believed that the output of the teamwork should be bigger than what they would have produced individually. He also sees the importance of hiring competent people in the management. Even also stressed the importance a skilled workforce and the dynamic of the team.

Human capital is inherent in people, and includes education, knowledge, experience, and skills. According to Unger et al. (2011), there are arguments that suggest a positive relationship between human capital and entrepreneurial success. However, there is debate over the magnitude of this relationship. Lee (2019), though, found that entrepreneur human capital has both a direct effect on the performance of ventures, and an indirect impact via entrepreneurial labour.

Human capital can also be defined as a core competence (Espedal, 2005). Internal knowledge, embodied in a firm’s resources, is an important source of competitive advantage, according to

the resource-based view (Barney, 1991). Thus, the main source of competitive advantage is the group of core employees that have unique and valuable capabilities and skills and can from this view be defined as a core competence (Espedal, 2005). Espedal focus mostly on the managers of the firm, but we believe human capital in the form of employees to be decisive as well.

Only two of the entrepreneurs emphasised a skilled workforce as a success factor. Human capital is definitely important but the others might not have perceived it as a success factor. Hiring the right people for the firm can be of importance for the growth of the firm and for its success in the long run. As one explained, would a synergy effect of the team be to prefer. To have team members that complement each other, would help in getting such an effect.

An interesting difference here was that the two mentioning this, both had an education in entrepreneurship. Could this be tied to their education, or are there other factors explaining this? This will be discussed in the next chapter. The importance of having a skilled workforce have now been discussed. However, there is also a challenge tied to this, namely recruitment. This will be discussed next.

Managing the challenge of recruitment

Some of the entrepreneurs have talked about the importance of having a skilled workforce and good teamwork. However, some found it challenging both to find the right people, in addition to learn how to deal with people having more experience than themselves. One also saw it as challenging finding people that were as passionate as himself. Being able to recruit the right people for the firm is very important and can be a decisive success factor for the firm.

An entrepreneur is often very passionate about his/her firm. However, this does not mean that everyone else is going to be passionate at the same level. One of the entrepreneurs expressed this challenge:

“Another challenge is how hard it is to find the right types of people for your firm. And how hard it is to find someone who is as passionate for it as yourself. That is practically impossible. You just have to lower your expectations.” (Even)

David explained the importance of hiring people that are better than you in some areas. This, he found very challenging. It made him wonder what his role in the firm was and he did not

know how to deal with the situation. He still saw the importance of hiring experienced people when growing.

Even also described the risks in hiring the wrong people for the firm. He found it very challenging finding the right people:

“And then there is challenges in relation to recruitment. Wrongful recruitment can in the worst-case end in lawsuits, as it did with us. The risk is very high, both in the form of lawsuits, but also in form of productivity loss. People can appear competent in the interview but be a totally different person when they come to work. It is extremely difficult to hire the right people.” (Even)

David also explained that when hiring, personality is much more important than experience and education. This because skills can be learned, but a personality is difficult to change.

The recruitment process can be very challenging (Nyström, 2019). The process tends to be different for entrepreneurial firms in comparison to larger and well-established businesses. They can face both financial constraints and other resources, which makes the process more challenging. This has also been expressed by some of the informants. Human capital is argued to have a positive relationship with entrepreneurial success (Unger et al., 2011). It is therefore important to find competent people that together can raise the competence within the firm. It might be hard to find people that are as passionate as the entrepreneur himself, but managed the right way, it can be of high value for the organisation.

According to Tews et al. (2011) is hiring the right people critical for the success of any enterprise. What specific key attributes they should have is dependent on the industry the firm operates in. One entrepreneur saw value in the personal characteristics of the people he hired. This is in line with Hertz and Donovan's (2000) meta-analysis of the Big five and job performance, which demonstrated that personality have a positive impact on performance. According to Kristof-Brown et al. (2005), entrepreneurs are often interested in recruiting entrepreneurial-minded staff, since they are more familiar with the process of entrepreneurship and starting a new venture.

This section shows the importance of hiring competent people to the firm. Still, it might be a challenge finding the right people. As one of the entrepreneurs mentioned, personality may be a valuable indicator. Only two of the entrepreneurs mentioned this as a challenge, but these were also the ones who valued a skilled workforce and good teamwork. It may therefore be, that because they valued the team as highly as a success factor, that they found it more challenging to recruit the right people.

The workload, as described by the entrepreneurs in the sample, is huge. It is therefore important to recruit competent people. This might especially be decisive during growth. One person cannot do everything, at least not when the firm is reaching a certain size. It might be hard finding the right people for the firm. As the entrepreneurs explained, should the team complement each other, and also contribute to a synergy effect. They stated that it might be wise to hire for personality, instead of skills. Still, this might make the process of hiring and training the employees more time-consuming.

4.2.1.5 Focusing on core competencies

One success factor that were mentioned in the interviews, was to focus on a core competency. The informants believed that to succeed, they needed to focus on one core area instead of doing a lot of different things. This might be difficult for some entrepreneurs because they generally experience difficulties saying no to new opportunities. However, some opportunities should be pursued. In some situations, could a strategic shift, called a pivot, be to prefer for the success of the firm.

Focusing on a core competence has been mentioned as a success factor by four of the entrepreneurs. This way they could raise the specific competence in their field, instead of trying to be good at everything.

“You have to take courses and raise your competence in what you do. You cannot be good at everything. I think that would be very difficult. You should rather try to narrow it down.” (Andrew)

This has also been described as challenging for some of them. They described often wanting to do a lot of different things and wished to pursue all the opportunities they faced. As Ben put it:

“One has to learn to stick to one basis product and one core area. As “Eggen” said it; be good at what you are good at. Because you cannot be good at everything. Even though I tried.” (Ben)

This entrepreneur further explained that he previously tried to do everything. It had been a struggle for him not to start new projects all the time. Another entrepreneur, David, explained how the company had defined a niche, in which they want to be really good at. He also sees opportunities everywhere and gets tempted to do a lot of different things. Further, two of the entrepreneurs explained how hard it was to say no to some opportunities. According to one of them, David, you need to have focus and dedication and dare to say no to some things, which can be very difficult. One informant, Chloe, also believed that in her specific industry, she had to specialize and become the best in what she did.

As mentioned earlier, commitment to core competencies is a key to profitable and sustainable growth (Chaifetz, 2010). However, one cannot always stick to what one knows. Sometimes entrepreneurial firms also have to change their strategies (Kirtley and O’Mahony, 2019). However, if the entrepreneurs were to go through with such a strategic change, the most appropriate way is in learning by doing (Ott et al., 2017). None of the entrepreneurs in the sample mentioned doing any big strategic changes. But as explained previously, entrepreneurial firms often do incremental changes they can benefit from. Such small changes have been done by a few of the firms. Still, they stick to their core concept in this change.

Core competence can also be related to persistence. Persistence is important when the entrepreneur face new and exciting opportunities and possibilities. Of course, some opportunities should be pursued. Still, it might be wise to not drift too far away from their core competence.

In summation, four of the entrepreneurs emphasised the importance of sticking to a core area. This way they could raise their competence in that area, thus gain a competitive advantage over their competitors. Many experienced difficulties saying no to certain opportunities, but eventually learned that the opportunities outside their core competence should not be pursued. A strategic shift can, however, sometimes be in the best interest of the firm. Still, none of the entrepreneurs described doing such a shift. Incremental changes, however, has been described. Core competence can also be tied to persistence, because, as some of the entrepreneurs

explained, it could be challenging not pursuing everything that seemed interesting. Next in line is another success factor, namely the “ability to learn”.

4.2.1.6 Ability to learn

Learning has been mentioned as important by most of the entrepreneurs. They know a lot more about running a business today, then what they did when first starting their company. Learning can lead to more knowledge, experiences, and skills, which makes it part of human resources. It can, though, be differences in the amount two different entrepreneurs learn from one situation. Some of them have also learned a lot through the educational program but have still learned a great deal more when doing it in practice. Learning by doing, however, can sometimes lead to failure.

Some of the entrepreneurs explained how they learned a great deal in the process of starting their business. Even explained it like this:

“We opened the first centre in August, and the next one in December. We found the formula after some time. We learned some from opening the first one, resulting in it being easier to open the second one. We got better at negotiating rent contracts, we got better at negotiating equipment contracts, and better at doing the right types of purchases. So, every centre got more and more profitable, and it got easier to open them.” (Even)

This can be explained as “learning by doing”. The entrepreneur found entrepreneurship to be very difficult in the beginning but was able to manage it better as he learned through the process. As shown by Bygrave and Minniti (2001), can knowledge about entrepreneurship only be obtained through “learning by doing” or direct observation. Several entrepreneurs have explained how certain tasks got easier after doing it in practice. However, it is not only in the start-up process entrepreneurs learn a great deal. According to Reuber and Fischer (1993), the process of learning is dynamic and continuous through the life of an entrepreneurial firm. Further is an entrepreneur’s knowledge cumulative, which means that what is learned in one period builds upon what has been learned earlier. This acts in line with what the entrepreneurs have described, they know a lot more today than they did when starting the business.

Each entrepreneur has described certain experiences which they brought into the firm when starting up. For some, this was industry experience, for others it was education. Some of them had neither, but they still bring along their individual history and background which is built up over time (Reuber and Fischer, 1999). This is influencing their level of “entrepreneurial preparedness” (Harvey and Evans, 1995). Still, whether they have a lot of relevant experience or not, the learning and development will occur throughout the life of an individual.

Four of the entrepreneurs mentioned the learning process. They argued that entrepreneurship is something you have to learn by doing. They know a lot more about running a business after having done it in practice, compared to when they started up. This learning will continue throughout the entire life of the individuals. Even though only four mentioned this, it seems likely that all of the entrepreneurs have learned a great deal through the process of entrepreneurship. Still, not all viewed it as worth mentioning as a success factor. Learning from failure is also a challenge, or a success factor, that some have mentioned. This will be discussed next.

Learning from failure

In some situations, learning by doing can lead to failure. This is a challenge related to learning that has been mentioned by some of the entrepreneurs. However, what seems common for the informants is the belief that mistakes is a part of the process, and further important for their learning. They further explained the importance of not giving up when doing mistakes. Mistakes can happen to anyone and can actually be valuable in terms of learning and success.

Some explained how they had done mistakes in the process of entrepreneurship. Still, they believed this to be a natural part of the process, which eventually have made them more successful.

“I have done a lot of mistakes but without them I wouldn’t be where I am today. You think you are doing the right thing, but then you realize that it wasn’t. If you have to stop to analyse everything you do, then you wouldn’t get anywhere.” (Andrew)

This is in line with what Bygrave and Minniti (2001) believes, which is that both positive and negative experiences have impact on the learning process. Another entrepreneur, Even,

explained how doing mistakes is part of the process. He further explained that when you do those mistakes, it is all about changing course and steering into the right direction.

One of the entrepreneurs, David, believed that you do not always learn from your mistakes. Some do the same mistakes again and again. It is thus important to confront the challenges and problems, and then overcoming them, for them to be valuable in terms of learning (Kleiner and Roth, 1997).

Another important aspect is the importance of not giving up when doing mistakes.

“You cannot give up when you are doing mistakes. A lot of people do. Many go in the wrong direction, but then again, you just have to accept that it’s a part of the process. I think a lot of people do one mistake, two mistakes, and then they just give up because they have done too many mistakes. But then you have to accept that its part of the process, and that’s how you get to the right solutions.” (Even)

This is related to persistence, which previously has been discussed. When entrepreneurs are facing uncertainties and difficulties, it is also important for them to be persistent in order to be successful (Hatch and Zweig, 2000). However, entrepreneurs have shown to do anything to avoid failure, in addition to have higher persistence and determination compared to non-entrepreneurs (Hatch and Zweig, 2000).

To sum this section up, three of the entrepreneurs mentioned learning by failure. Some of them perceived this as very valuable in terms of their current success. They did not think they would have been where they are today without doing these mistakes. One also explained how it might be difficult to actually learn from the mistakes. Another informant emphasised the importance of not giving up when doing mistakes. Entrepreneurs often do a lot to avoid failure, but when they occur, the entrepreneur needs to accept it, be persistent and not give up. This way, the failure can turn into a rich learning experience, and end up being a factor of success for the entrepreneur.

4.2.1.7 Understanding the business basics

In this section, three success factors will be discussed, in which are named understanding the business basics. The main theme here is having an understanding of some of the business basics and having an overview over what goes on in the organization. In addition, business planning

and managing marketing in entrepreneurship are included in their own subsections. They are all a part of human resources, since it is something that can be inherent in the entrepreneur.

The entrepreneurs have mentioned a few aspects of the business that are important for an entrepreneur to have knowledge of. One of them is understanding accounting and numbers. The reason for this is to know whether the firm is earning money or not. If they did not have this understanding themselves, they stated that they had to recruit someone in the team that did. In addition, some of them mentioned the importance of having an understanding of the market, and how to sell their products or services to customers.

Even viewed it as very important to understand the financial aspects of the firm:

“You have to have a financial understanding. That is important. Then you can set up an accounting and calculate on whether you can earn a profit. I think that is important to have.” (Even)

One of the informants, Ben, did not have this understanding when starting up, but eventually learned the importance of it. He emphasised the importance of liquidity and saving money for rougher times. Previously, he spent a lot of the company’s money, but were eventually able to learn how to save. Two of the entrepreneurs also mentioned that if you are missing an economic understanding, you should hire someone who has it. This can be tied to having a skilled workforce.

In addition to understand the economics of your business, the entrepreneur also needs to know how to sell his/her product and understand what the market needs. It is important to listen to the customers in order to understand their demands. According to Even, there are a lot of people that sits on extremely good ideas but whether you can sell your product is what differentiate a successful entrepreneur from one that is not.

As Mitton (1989) explained, there are many different aspects of the organization that an entrepreneur needs to be familiar with. The entrepreneur needs to be aware of external factors that can influence the business, including the environment, society, policies to mention some. This is also supported by Khosla and Gupta (2017). They further state that by seeing the big picture, the entrepreneur has the ability to view any situation, market, and event in its entirety instead of looking at it as separate pieces. In our view, this also includes understanding the

financial aspects and market. If the entrepreneurs are able to see the big picture, including all aspects of the organization, they also know how to structure different situations and how to develop strategies to take advantage of them (Mitton, 1989).

Having a team that complements each other, is also mentioned as important by the entrepreneurs. If there are certain aspects of the organization the entrepreneur is struggling with, a good idea might be to team up with someone who is capable of handling these aspects. This might be especially important when the firm is growing, because, as the organization grows it also becomes more complex and the need for external know-how and recruitment arises (Hite and Hesterly, 2001).

Four of our informants mentioned the importance of understanding the financial aspects of the firm, while two of them also emphasised understanding the market and how to sell their products or services. This can be tied to understanding the business basics. To see the big picture of the organization is important. It can lead to a better knowledge on how to structure different situations and how to develop strategies to take advantage of them. This might be especially important when growing. Another success factor related to understanding the business basics is business planning, which will be discussed next.

Business planning

Business planning was mentioned as important by three of the informants. What was emphasised was the importance of having a business plan. Half of our sample mentioned that they had developed a business plan, while only two described it as important for their success. Especially one, explained that she followed it strictly and valued it greatly. This is related to human capital because planning capability is something that is inherent in the entrepreneur.

Chloe valued her business plan highly and spent a lot of time on the preparatory work before starting her business. She believed this to be one of her greatest success factors.

“I think it was the fact that I had a good business plan. I spent a year on it. I followed it almost exactly. I believe our preparatory work was a success factor for us. I stood by it and did not get influenced by what other might say.” (Chloe)

Another entrepreneur, Even, explained how important it is to make a business plan you know you can make profitable, which he believed many entrepreneurs choose not to focus on. He also did a thoroughly demographic study before starting his business.

“The fact that you develop a business model that you know you can earn money on. Many entrepreneurs don’t do that. They make something that is innovative and fancy but cannot make money on it. Then it does not matter how innovative it is.” (Even)

This acts in line with Brinckmann et al. (2010), which states that setting up a business plan will create value for the firm, even though it requires a lot of resources. Whether a business plan is necessary or not, is a question that entrepreneurs perceive differently. Nielsen et al. (2012) state that people with different backgrounds also have different perspectives on whether a business plan is necessary or not. As some have an education or a background where planning plays a big role, they might find it important to also structure the entrepreneurial process by using a business plan as a tool.

It might be easy to draw the conclusion that those without education choose not to have a business plan, while those with education choose to have one. However, this has not been the finding from this study. It is therefore more likely that there are other reasons for the differences here. Having a background where planning has been important may play an important role. Another explanation can be that those preferring to have a business plan like to have more structure in their life and in their work.

Also, even though the other three did not mention this as a success factor, they might still have had a business plan. In that case, they might not have seen it as decisive for their success. Further, there are also opponents to using a business plan as a management tool. They view entrepreneurship as art, where intuitive and creative processes lead to utilization of opportunities (Nielsen et al., 2012). This can also be the case for the ones not mentioning a business plan.

Three of the entrepreneurs mentioned having a business plan, whereas two emphasised the importance of it. This does not mean that the others did not use a business plan, but it was not anything they mentioned as a success factor for their firm. However, since there are different opinions to whether a business plan is necessary or not, they might have chosen not to have

one. Entrepreneurial marketing can also be viewed as a part of business basics, which will be discussed next.

Managing marketing as an entrepreneur

Marketing is a skill best learned in practice. At least some of the entrepreneurs believed so. Three of the entrepreneurs mentioned the importance of successful marketing. However, these also believed marketing to be extremely difficult. Two of the entrepreneurs described doing a form of traditional marketing through social media, while one of them described the importance of networks in marketing. One entrepreneur also described using networks and word-of-mouth as the main source of sales, but did not specifically mention marketing. Because entrepreneurs often use networks as a source of marketing, this could also be viewed as a social capital. However, successfully managing marketing in entrepreneurship is a human capital because it is something the entrepreneur can learn how to do and is then inherent in the entrepreneur.

One entrepreneur, Chloe, pointed out the importance of marketing, but she also perceived it as difficult. Chloe knew nothing about marketing before starting her business. Still, she worked hard in order to do this successfully. The firm tried to market themselves on more than one platform but found it hard to know which platforms to use and how to reach its customers. They have spent a lot of money on this. Often, entrepreneurial firms are small and do not have enough resources to market themselves in such a big degree (Gilmore et al., 2001). It is thus important that they are able to reach their target customers when spending money on it.

Marketing is a subject included in the entrepreneurial education. Still, two of the entrepreneurs found that it was best learned by doing it in practice. As Even stated:

“Marketing is something I believe to be best learned in practice” (Even)

David explained that the company wasted a lot of money on marketing in the start. The firm found it better to reach out to the customers themselves, in order to market their products. Even though this entrepreneur did not know all the people he contacted, they eventually became a part of his network. Further, Ben explained that word of mouth was enough to obtain the required sales. He believed this to be a result of very good products. It might also be a result of the company’s networks. The entrepreneur mentioned having a big network of customers, suppliers, and competitors.

Traditional marketing can often be challenging for entrepreneurial firms (Gilmore et al., 2001). Reasons for this are limitations like limited resources, lack of specialist expertise, and limited impact in the marketplace. Because of this, entrepreneurs often adapt the traditional frameworks to suit the specific situation of the firm (Morrish et al., 2011). Gilmore et al. (2001) explain that entrepreneurial firms often use their networks as a source of marketing. This way they seek out peers and business contacts to sound out business ideas and gather information (Morrish et al., 2011).

Two of the entrepreneurs described a way to use networks as a source of marketing. They contacted people to tell about their products and used word-of-mouth as a way of gathering customers. This is as described, a cheap and efficient way for an entrepreneur to market themselves. Another entrepreneur also described doing more traditional marketing, mainly through social media. This might be a more expensive way, but for some it might be necessary.

To sum it up, three of the entrepreneurs mentioned marketing in some way, while one explained it implicitly. The main idea was that they found it to be both very important and challenging at the same time. They further explained it to be something best learned in practice, instead of something you can learn by reading a book. For two of the entrepreneurs, networks have been of great importance in their marketing. This acts in line with Gilmore et al. (2001) and Morrish and Gimore's (2011) view on entrepreneurial marketing through networks. Managing marketing, whether it is through networks or in the traditional way, can be a factor of success for the entrepreneurs.

The aspects that were considered important in the category of human resources have been presented and discussed. Next, the second of the three resources, social resources, will be discussed.

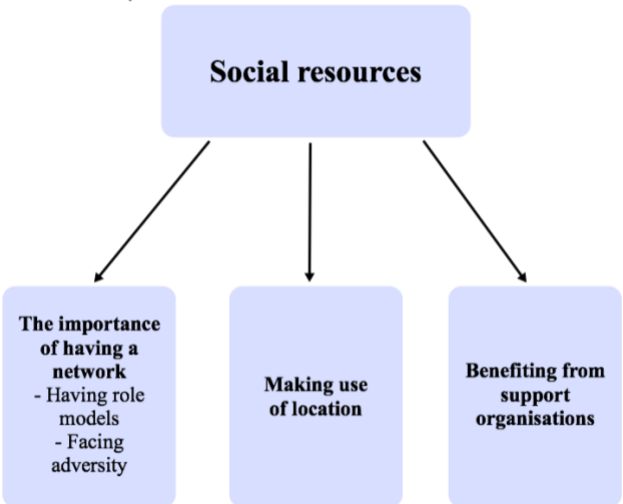
4.2.2 Social resources

The next category that will be discussed is social resources, which are created in the interaction between people. In this study, three categories were found that can be tied to social resources. These include the importance of networks, taking advantage of location, and support organisations. In the subcategory about networks, having role models is included. These are success factors related to social resources, that are emphasised by the entrepreneurs in our

selection. In addition, one challenge can be related to social resources, namely adversity. Facing and adapting to this challenge can be turned into a success factor for entrepreneurs.

The figure below illustrates the social resources and its related subcategories, which now will be presented and discussed.

Figure 4: Social resources that are considered important for an entrepreneur's success



4.2.2.1 The importance of having a network

Networks is an important part of social resources, which have been mentioned by all the entrepreneurs in the sample. Some of them have valued their networks greatly in relation to their success, explaining how they have provided great benefits for them both in the start-up phase and later in the process. Some of them built these networks over a long period of time, as they were a part of the industry before starting their own business. Others had to build these networks while starting up. Some also explained how fearless and brave they had to be when going out to build those networks.

Some of the entrepreneurs stated that they knew a lot of people in the industry before starting their firm. This was mostly people who had worked in the industry earlier and decided that they wanted to start something of their own. As one of them stated:

“The fact that I had worked in this industry for five years, and the fact that I had a network in the industry was of big help” (Fiona)

Chloe described knowing sellers, purchasers, the fairgrounds, and the whole concept. She believed this to be important when going into an industry. Ben explained how important it was to talk to everyone in the industry, forming a big network. He also described having a quite big network today.

“To be inside the industry and develop contact with others, both competitors and non-competitors, is important. You just have to talk with everyone, without stepping on their toes. To acquire knowledge and to not be scared to ask people is important. But without being bothersome.” (Ben)

For those not having a big network from previous, they emphasized the importance of going out and building that network. In doing this, some explained how fearless and brave they had to be. They had to contact people, without knowing them, which was considered uncomfortable for some. David tried to build the networks before deciding whether to start up the business:

“We figured we just had to go out to build networks and understand the market, to be able to paint a picture regarding if this were something we could build a business on. Is the concept and the market big enough?” (David)

He further described calling big firms to form networks before starting up their firm. He described this as very uncomfortable in the beginning. They used a new technology, which made it difficult to get people to believe in their product. David believed this to be crucial for their current success. He further stated:

“It is in meetings with people that things happen.” (David)

Networks can potentially provide great benefits for the entrepreneur (Stam et al., 2014). They are important for entrepreneurs and small firms to access critical resources (BarNir and Smith, 2002). This is also something the entrepreneurs have experienced. Networks can consist of people closely related to the organization, like customers, suppliers, auditors, and investors (Nielsen et al., 2012). However, it can also consist of friends and family, which can give the entrepreneur emotional support and understanding. Most of the entrepreneurs have emphasised building a network consisting of people in the industry. However, some of them have also mentioned receiving support from friends and families, in addition to having role models or

mentors. These role models could be family or other individuals the entrepreneurs look up to. The information they gain from their networks can be translated into knowledge for the firm, which helps them adapt their strategies and behaviours in facing environmental change (Frazier and Niehm, 20014).

The entrepreneurs did not mention what kind of structure their networks had. As stated in Stam et al.'s (2014) meta-analysis, are weak ties, structural holes, and networks diversity more valuable for new firms, while strong ties and network size more valuable for older firms. What they emphasised however, was the importance of knowing people, and constantly developing their network.

To sum it up, the entrepreneurs see great value in having networks. Some started their business without having any kind of network in the industry, while others had worked in the industry years prior to the start-up. Still, many mentioned having family and friends, role models or mentors when starting their firm. The ones without a network in the industry, viewed it as important to build such a network while starting their firm. Some described how fearless and brave they had to be in that process. They did not mention what kind of networks they had, but emphasised the importance of constantly developing them. Another success factor related to networks is having good role models. This will be discussed next.

Having role models

When being asked about people that had been important for the success of the entrepreneurs, many emphasised having role models. Role models have been mentioned by some as decisive factors for them starting a business of their own. Five out of six informants mentioned it as important in different ways, and the majority pointed out that their role models had shaped them as the person they had become today. Some also stated that the role models had been of great importance as a source of support.

Some of the entrepreneurs explained how their family had taught them work ethic and how that shaped them as a person.

‘‘When I grew up, my grandfather was one of my neighbours, he couldn’t work because of his injured back, so I had to help him. He taught me how to use my hands and to do practical work. So, I learned a lot about working and about work ethic.... My parents

also had a lot to say. They expected the children to help at home, and if we did something wrong, they were patient and let us figure out how to fix it by ourselves. I think that has made a major impact on me as a person.’’ (Ben)

Another informant, David, described how both his grandfather and his uncle started up with practically empty hands and managed to build up something for themselves. They were great workers and took big risks, which has influenced him wanting to do something similar. Fiona also explained how both her father and grandfather had their own businesses.

‘‘Both my father and grandfather have always had their own business. So, it was maybe a bit harmless for me to start something compared to others.’’ (Fiona)

Fiona further explained that she had a mentor as a role model. This was of great help to her in the start-up process.

This acts in line with the study by Chlosta et al. (2010), which studied parental role models and how they influenced the entrepreneur. What the study showed, was that in entrepreneurial families, role models work as important motivators of becoming an entrepreneur. This, however, depends on the personality of the entrepreneur. Other research has also suggested that people with their parents being entrepreneurs, have greater tendencies to be involved in entrepreneurial activity (Shane, 2010).

In another study, by Bosma et al. (2012), they found that 81% of the entrepreneurs in the study had a role model. A third out of them, further stated that they would not have started their business without their role model. This emphasizes the importance of role models and is in line with what some of our informants have mentioned.

To sum this up, five of the informants mentioned having role models and viewed this as an important factor for their success. For some, the role models have also been a source of support, while for others, they have been something to live up to. The fact that many entrepreneurs have role models who are of great importance, are supported by studies like Bosma et al. (2012). Some of the informants also had parents being entrepreneurs, which might have been a contributing factor for them to take the step. Further, there is also a challenge related to

networks and role models, namely adversity and people not being supportive. This will be discussed next.

Facing adversity

Several of the informants mentioned gaining a lot of support when starting up their business. Still, some have also mentioned adversity and people not being supportive. Adversity is something all people face in their lifetime in some form, but maybe especially entrepreneurs. In Norway, as well as in other countries, there are some cultural mores that can make the process of entrepreneurship even more challenging. It can be difficult to persist in such times, and sometimes it might be easier to just give up. What the entrepreneurs have mentioned as adversity is people going against them, and not wanting them to succeed. They have also mentioned the bureaucracy as a challenge. Adapting to or overcoming these adversities might at the end be a source of learning and success for the entrepreneur.

Andrew explained that he experienced adversity from his competitors because he ‘stole’ work that they previously had conducted:

“A lot of people are against us. We have stolen work from them, and that does not make you popular.” (Andrew)

Another entrepreneur, Chloe, explained that some cynical men had put her in challenging situations. Sometimes she just had to give up, instead of fighting it. The same entrepreneur also found it challenging talking about how well the firm was doing. It was much easier to focus on the difficulties, to make people happy.

“Some people don’t like it, so I chose not to brag about my achievements. I usually say that it is a tough and fun job, but I don’t say much about how well we are doing. I try to focus on the aspects that are difficult to balance it.” (Chloe)

Entrepreneurs must constantly prove themselves under adverse conditions (Zahra and Neubaum, 1998). There can be a hostility in their competitive environment, as also mentioned by a few of our informants. This can lead to failure for some entrepreneurs, while for others it may lead to greater success. The entrepreneurs in our study mentioned some of these adversities, which includes people not wanting them to succeed and not wanting to hear about

their success. This can be related to the “Jante Laws”, which is described as the importance of knowing your place in the society (Peterson, 1988).

Creativity and inventive talents might not be encouraged because of these mores of the culture, which can make it very challenging to be an entrepreneur in Norway (Avant and Knutsen, 1993). This means that the entrepreneurs have to learn how to play by these rules, and each country must develop their own brand of entrepreneurship adapted to the societal mores.

Further, a few of the informants mentioned bureaucracy as a big challenge. They stated that there is a lot of paperwork and rules that is important to follow. Ben had experienced challenges with understanding the system:

“The biggest challenge is bureaucracy. Paperwork and to understand the bureaucracy. The paperwork that is necessary for you to create jobs. For me, that is a challenge. You have the same requirements for documentation as a big company does.” (Ben)

He also stated that the bureaucracy is built in a way that prohibits people to start up, and wished that there were some other kinds of requirements to make it easier for the entrepreneurs. He further explained that it is way too costly to start a business. Another entrepreneur, Even, struggled with the bureaucracy when he was selling the company. He felt enormous difficulties in splitting the company up.

“It is an everlasting bureaucracy paper mill.” (Even)

However, in 2019, the authorities in Norway continued their efforts to reduce bureaucratic burdens, by digitizing and simplify interactions between business and government. According to GEM (2019), this will make it easier and less expensive for small business to find necessary information, and to meet reporting requirements.

When facing adversity, it is also important being persistent. Some view persistence as a perceived control over adversity, and this control may be greater for entrepreneurs than non-entrepreneurs (Markman et al., 2005). It is also shown that entrepreneurs do anything to avoid failure, and that they show higher persistence and determination than non-entrepreneurs (Baum et al., 2001).

To conclude, four out of six entrepreneurs mentioned adversity in some form. Some described a sort of hostility in their competitive environment, which made their days more challenging. This can also be tied to “The law of Jante”, which describes the Norwegian culture of not standing out from a crowd. This can also make entrepreneurship more challenging. In addition, have some mentioned the bureaucracy as difficult. However, as stated in 2019, the authorities are working to reduce the bureaucratic burdens on all firms.

When facing these types of adversity, it is important that the entrepreneurs are persistent and keep their motivation going. Even though they experience adversity, it also seems common that most of them experience support from family, friends, networks, support organizations, and the greater environment. For most of them, it seems like this outweighs the adversities. If they are able to adapt to these adversities and keep their motivational drive, it might be a source of learning, and thus, success.

4.2.2.2 Making use of location

Location can be very important for some, while completely irrelevant for others. This will depend on factors such as which industry they operate in and how dependent they are on suppliers, customers, competitors, to mention some. Because of the relevance of the surrounding networks, this can be viewed as a social capital. Two of the entrepreneurs in the sample viewed location as important. Others believed they could have started up anywhere.

Both Ben and Daniel viewed location as important for their success. Daniel explained that he chose to be in Ålesund because of one specific reason:

“We chose to be in Ålesund. This because of the world leading cluster in ship building you find in that area. This was decisive for us.” (Daniel)

For others, the location had not been as important. They believed that they could have started their business anywhere. Fiona even believed she would have done better if she had located in a bigger city.

“We were a bit out of place, in relation to the main offices that is located in Oslo. That is where it all gets decided. Therefore, I believe that we would have gotten a bigger return if we were located in that area or had a bigger market than Norway.” (Fiona)

Because the global markets are more open, in addition to transportation and communication going much faster (Porter, 1998a), the importance of location might not be as important as it has been some years ago. This seemed to be true for most of our entrepreneurs. However, some of them found location to be decisive for their success.

According to Porter (1998b) can a presence of a cluster of related industries in a location foster entrepreneurship. The reasons for this are lower barriers for new firms to entry, an increased pool of competitive resources, and reduced costs associated with starting a business. In addition, are there more opportunities for innovation and easier access to ranges of inputs and complementary products. If the clusters are particularly strong, they can in addition contribute to start-up firm survival (Delgado et al., 2010).

The two entrepreneurs viewing location as important are operating in the maritime industry and is thus part of the big maritime cluster at Sunnmøre. The cluster is world leading in many areas, and holds a unique concentration of maritime companies, specialized research, and educational institutions (Blue Maritime Cluster, 2020). For the others, however, it is hard to say whether they would have been better off in another part of the country, or world, for that matter. It seems like they have chosen to start up where they already lived. However, even though they have not mentioned this, they might be in an advantage because of the network and support they can receive by being close to their home.

To sum this section up, two of the entrepreneurs viewed their location as important for their success. The two entrepreneurs are part of a big maritime cluster, which can be beneficial for an entrepreneurial firm. Others did not see their location as decisive. However, it might be of bigger importance than they realize because of the networks and support they can gain from being close to home.

4.2.2.3 Benefiting from support organisations

Support organizations can be a source of help and support for the entrepreneur. This can be of great help both for newly established firms and growing firms. Two of the entrepreneurs

mentioned receiving help from these organizations and valued this greatly. The support they received were financial, and in the form of a mentor in the start-up phase. Organizations that were mentioned were “Innovasjon Norge”, “Åkp”, and “Ungt Entreprenørskap”. In addition, has one mentioned the bank being supportive.

Of the ones mentioning support organisations, one received help financing a big project in the early phase, before having the liquidity to finance it themselves. The entrepreneur, David, further explained how stressful the situation was. They had a big customer and a big project but did not have enough capital to finance the supplies. He was then able to make a contract with both “Innovasjon Norge”, and the bank, and received the required capital. The other entrepreneur mentioning this, Fiona, got support through “Ungt Entreprenørskap”. This was while she still was under education, in which she got a mentor who helped them get into the market. This entrepreneur was also talking positively about Åkp.

As mentioned in the theory chapter, can these types of support organizations be of big help for entrepreneurial firms. Their help includes financing, counselling, competence, networking, mentoring, and profiling to mention some. According to Innovasjon Norge (Annual Report Innovasjon Norge, 2019), do companies that receive help from them experience higher yearly growth in sales revenues, added value, and productivity, compared to a control group. This indicates a positive effect of receiving services from support organizations.

Two entrepreneurs viewed help from support organizations as crucial for their success. This included both financial support and support in form of a mentor. An interesting question is whether the other entrepreneurs received any help from these organizations. The fact that they have not mentioned it does not mean they have not received it. If they have received it, they might not see it as important for their success. One possibility might be that they are not fully informed about their options. Another possibility might be that they are not meeting the criteriums for receiving help.

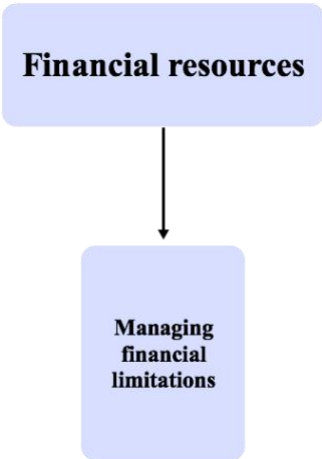
One interesting difference here is that only the ones with education mentioned receiving help from support organizations, while it was especially the ones without education that emphasised how difficult it was to start-up. This will be further discussed in the chapter about differences.

Findings categorised as social resources have now been presented and discussed. The next, and final resource that will be discussed, is financial resources.

4.2.3 Financial resources

The third, and last resource that will be discussed is financial resources. Mostly challenging aspects were mentioned about this type of resource. It seems like most of the entrepreneurs had difficulties raising enough capital in some situations. However, some also mentioned support organizations like “Innovasjon Norge” and had positive experiences with the bank helping them in challenging situations. In this category there is one success factor that has been greatly emphasised, namely managing financial limitations (see figure 5 below). This can both turn out as a challenge for the entrepreneurs, or a factor of success if managed well.

Figure 5: Financial resources that are considered important for an entrepreneur’s success



4.2.3.1 Managing financial limitations

Liquidity can be a challenging aspect for any firm. All of the entrepreneurs mentioned this as a big challenge, but in different circumstances. Some of them viewed it as most challenging in the start-up phase, while others were struggling more when growing. They further explained what kinds of sacrifices they had to make due to the financial limitations. This included going a long time without any salary, not having money for a place to live, and working long hours to make the ends meet. This has also been a source of stress and doubt for some of them. Being able to manage these financial limitations in a good way, can be turned into a success factor.

As mentioned, some viewed liquidity as most challenging in the beginning. As Even put it:

“I think the biggest challenge in the beginning is to get the cashflow-wheel to spin.”

(Even)

Further, Ben explained how hard it was to start something today. He stated that it is necessary to spend a lot of money in the beginning, despite the company’s limited capital. A few of the entrepreneurs also mentioned sacrifices they had to make. One of these sacrifices was not receiving salary for a while, which affected their personal lives enormously. Even explained that he and his business partner did not have money for a place to live, because they used all their savings on their business. Thus, they had to live in a bomb-shelter in the basement of their business centre for four months. Another entrepreneur, Fiona, explained that she worked way too much in the beginning. She chose to have a job in addition to her firm, which eventually made her exhausted:

“What happened was that we worked too many hours and invested too much in being entrepreneurs, in addition to working on the side to finance our lives.” (Fiona)

Another aspect is liquidity in challenging times. One entrepreneur, Andrew, experienced a challenging year, in which they had few customers. They still had a lot of expenditures, which made it difficult to survive. A second entrepreneur, Ben, learned about liquidity the hard way. He never saved any money for rougher times, which resulted in them going bankrupt. Today, he has learned how important it is to have available funding.

Further, a challenge is whether one should raise capital through investors or build it up by oneself. Chloe chose to do it by herself:

“It is very challenging to grow because you need capital through a bigger work force. Capital has been very important. The fact that I have been able to build it up myself without investors I see as a strength. We have in this way reinvested as we have raised the capital and have been able to grow in our own speed.” (Chloe)

Another entrepreneur, Even, also mentioned this challenge. He explained that whether one should obtain financing externally or finance on your own is a universal challenge. He chose to get external financing through debt, because of the risk of running out of money. He further explained that running out of money is the worst thing that can happen to a firm.

It might be easier to gain external financing after having some good years to show the banks. At least Chloe believed so:

“When the banks believe in you, it’s much easier. Of course, you have to show good results from a few years back before you can do what I did.” (Chloe)

According to Vinturella and Erickson (2003), a lack of start-up capital is actually one of the main inhibitors of success for entrepreneurs. Further, should the entrepreneur exhaust all personal sources of capital before turning to others and use the funds accumulated to its fullest potential. This means that the entrepreneurs might have to make some sacrifices.

When it comes to way of financing, there are positive aspects of both self-finance and having investors. As Chloe explained, the firm is able to grow in its own speed without investors. In addition, the firm does not need to pay transaction costs or divulge information that could be useful for competitors (Capital, 2020). It is thus cheaper and quicker than obtaining external financing. Still, if the company are not able to raise the capital needed; it might have to turn to an external form of financing.

The company can then choose between investors or a financial institution such as a bank. Gaining financing through debt can though put a big drain on the firm’s cash flow, while raising financing through investors may reduce the control of the venture. What the best option is, might be dependent on the firm and the capital needed. For some, the best option is to source the capital from debt. For others, it would be best to source it through ownership equity.

As mentioned, one of the entrepreneurs explained that it is easier to get external financing when you have some good years to show the bank. This is also explained by Vinturella and Erickson (2003). It will be hard for a firm getting formal sources of capital in the early stages because banks usually require the firm to have an operating history.

When facing financial limitations, a good idea might be to approach support organizations. As long as the firm meets the requirements, the firm can receive either grants or loans from the organizations. If they are not able to get financial aid, however, there are other services the firm can receive, including counselling or networking (Innovasjon Norge, 2020). As explained by Vinturella and Ericson (2003) are there also strategies that can be implemented for the entrepreneurs to use their capital to its fullest potential, namely bootstrap strategies. A big part of this is doing more with less.

All of our informants mentioned the challenges regarding liquidity. As explained by Vinturella and Erickson (2003), capital is very important when it comes to the survival and success of entrepreneurial firms. Some found it most challenging in the beginning, while it got easier when they started earning money. Others saw this as a challenge that lasted. There were also some differences when it came to whether financing should be raised internally or externally. Thus, this is seen as dependent on the firms and the degree of capital needed. Further, some entrepreneurs also stated that liquidity was challenging when growing. By managing these financial limitations in a good way, it can be turned into a success factor for the entrepreneurs. A way to do this is by implementing bootstrap strategies, which can help the entrepreneurs use the capital accumulated to its fullest potential. Another possibility can be to approach support organisations.

Now, the main success factors of the informants have been discussed. Most of them were common for all the entrepreneurs, however, some differences were also spotted. These differences will now be dug deeper into.

4.3 The differences among the entrepreneurs

A total of four main differences were pointed out regarding the entrepreneurs' main success factors; managing risks and doubts, being passionate, the importance of having a skilled workforce, and lastly, the entrepreneurs' use of support organisations. In this chapter, the potential reasons for these differences will be discussed.

4.3.1 Managing risks and doubts

One of the differences among the entrepreneurs is their experienced doubts regarding starting a business. The ones that mentioned this, said that they were unsure if they had done the right thing starting a business, and that they felt anxious and stressed during the first period of the start-up. Both of the informants mentioning this, belong to the group with higher education in entrepreneurship.

Regarding the ones without education, they did not mention having this kind of doubt and anxiousness in the beginning of their start-up. Rather, they pointed out that if they had been familiar with the risks and the uncertainty during the start-up process, and how difficult it actually was to survive, they might not have started their business at all. This is a quite

interesting finding. What if the three had joined an entrepreneurial program, learned about potential pitfalls, would they have started their business subsequent to an education in entrepreneurship?

A reason for the experienced doubts in the start-up process among the entrepreneurs with education might be due to the information they gained at school. As the study by Oosterbek et al. (2010) and Von Graevenitz et al. (2010) shows, the effect on entrepreneurial education might have a negative impact on the students' optimism regarding starting their own business. They state that the reason might be due to a more realistic view of what is needed to start a business. Thus, those that choose entrepreneurship may be more certain about the particular path, while the ones that were unsure, will reject the idea.

4.3.2 Being passionate

Both groups mentioned having a passion for their business. Although they both mentioned being passionate about their work, it is possible to distinguish this passion between the two groups.

The ones without education, described their passion as a result of being interested in a particular field of business. And because of this interest, they wanted to start a business. One of the entrepreneurs stated that you do not become an entrepreneur unless you are genuinely interested in what you are going to do. Another said that she had never called herself an entrepreneur. Further, she said that few people can say that they want to become an entrepreneur, because this needs to evolve around ideas. This tells that becoming an entrepreneur is not something that will depend on whether you take an education or not, but whether the idea, and the dream of evolving this idea is strong enough.

While for the ones with education, they have another perception of their passion. It seems that their business was a result of their participation in the educational program, rather than a result of a genuine interest. One of the entrepreneurs said that the idea behind your business is not as important as the desire of starting something on your own.

The reason for this difference regarding passion might be that the entrepreneurs with no education not necessarily had a dream of becoming an entrepreneur, but because they had a genuine interest in their field, they figured they would start their own business. While the ones

participating in an educational program, knew that they wanted to become an entrepreneur, but not necessarily what kind of business they wanted to start.

4.3.3 The importance of having a skilled workforce

Another difference among the two groups, was the entrepreneurs' perception of the importance of having a good team. Out of the six informants, only two of them mentioned this as one of their main success factors. Both of these entrepreneurs belong to the group with a higher educational background.

The reason why the group with no education did not mention this, might be because they started up alone, not considering the importance of having a good teamwork in the early years of the firm. It is also interesting to notice that all of the three entrepreneurs with educational background, chose to start their business with a business partner. One reason for this, might be their awareness of the potential risks in starting a business. In Matlay's (2008) study, he found that one of the effects from the entrepreneurship education, was that the students acquired a very high awareness regarding business risk subsequent to their education. The entrepreneurs with higher education might have gained knowledge regarding potential pitfalls, thus, wanting to have a business partner to communicate and discuss with in order to avoid making big mistakes.

4.3.4 Benefiting from support organisations

The last difference was the entrepreneurs use of support organisations in the start-up phase. It was interesting to notice that the ones that had received support from support organisations was the ones with higher education. One of the entrepreneurs started her business as she participated in the educational program and emphasised how important "Ungt Entreprenørskap", and Innovasjon Norge had been for the firm's success.

Informants from the group without education mentioned that the start-up was difficult due to lacking external support and did not mention receiving any kind of support from organisations.

One of the reasons for the differences among these groups might be the information the students gained regarding potential support organisations at the educational program. The ones with education seemed rather aware of the external support they could apply for, while the ones without education mentioned the lack of such support as a challenge.

4.4 Education in entrepreneurship

As discussed previously, the reasons for the perceived differences regarding the entrepreneurs' success factors, can be many. One of them might be the different backgrounds that the entrepreneurs have. In this thesis, we have chosen to distinguish the entrepreneurs based on their educational background. So, in the final question in the interview guide, the entrepreneurs were asked about their thoughts regarding an education in entrepreneurship. Half of the informants actually have a background from this particular education, while the rest of them only had an opinion based on what they have heard about the program. This section will present the informants thoughts on an education in entrepreneurship.

4.4.1 The ones with higher education in entrepreneurship

Among the group with higher education in entrepreneurship, they all agreed that the education program was useful, but some mentioned that it could have been improved with some adjustments.

One of the entrepreneurs explained that all that he had learned in the program was useful, but that adding a technical perspective would have strengthened it:

“All that I learned in that program have come in handy. There are some things that I think would have strengthened the program; to connect with something technical. It was very mercantile. But I've used everything that I learned. Or, I learned everything that I studied when I started my business. If you know what I mean.” (David)

Another entrepreneur stated that it was hard to take an academic approach to learn how to start a business, because that is something you learn better by doing it:

“Honestly, there's not much you can learn in school about starting a business. Even marketing is something I don't think you should study because it changes so rapidly.... We learned more from the student business than the subjects that were very academic. It's difficult to look at an academic perspective regarding starting a business, because it's everything else than academic.... So, I think the education is good to have as a

background, it's not a waste of time because you learn a lot. But when it comes to starting a business, you learn that by starting it.'' (Even)

The last entrepreneur with education stated that she had learned a lot from the program. She emphasised the importance of being able to start a business in the program, and that the business was followed up by mentors in the start-up phase.

''I think the program is very good. Especially the cooperation with Ungt Entreprenørskap... I think a program like that is very important, one that has a general perspective and focuses on learning to discover opportunities, instead of looking only at theoretical subjects. And Ungt Entreprenørskap and the possibilities it provides, really develops people.'' (Fiona)

As stated earlier in the thesis, different studies have shown that entrepreneurs primarily learn through ''learning by doing'' (Cope and Watts, 2000). A study by Sherman et al. (2008), shows that to encourage students to be entrepreneurs, an experiential approach is more effective than the traditional approach. It states that activities that are more experiential have a greater impact on the decision to become an entrepreneur, and that these activities make the students more interested in becoming an entrepreneur. Another finding was that the primary approaches used in entrepreneurship, reading a textbook, had one of the smallest impacts on the desire to become an entrepreneur.

The main conclusion from this section is that it is hard to learn how to start a business based on just an academic approach, rather, the main focus should be on starting the firm itself. All the entrepreneurs mentioned that the experiences from starting a student business was relevant and hands-on.

4.4.2 The ones without education in entrepreneurship

Among the group without higher education, they had little knowledge regarding the educational program, but they all agreed that they would not have attended it. Rather, they emphasised that a business should be developed based on a specific interest or idea, and that gaining competence within the specific field was more important than attending an educational program.

One of the entrepreneurs stated that if he had participated in this kind of course, it might give him too much information about the pitfalls, leading him to not wanting to start a business.

‘‘I don’t think that kind of education program would have helped me. Maybe a little bit. I think it depends on your profession. If I had attended that kind of school before starting a firm, I don’t know whether I had dared to start something, because then I would have been aware of all the potential pitfalls. I have made a lot of mistakes, but without those mistakes, I would not have been where I am today.’’ (Andrew)

Studies by Oosterbek et al. (2010), and Von Graevenitz et al. (2010) acts in accordance with the previous statement. The studies showed that the students gained a more realistic view of what is needed to start a business after attending the entrepreneurship education, thus, some of the participants might have lost their optimism, leading to a lower interest towards the intention of becoming an entrepreneur. A study by Matlay (2008) also acts in accordance with the awareness of business risk subsequent to an entrepreneurial education. Prior to the education, they had very low (1) knowledge of risk, while after their graduation, they had a very high (8) and (9) awareness of the risks regarding starting a business.

Another informant viewed entrepreneurship as something you have to figure out by yourself, and not something that can be taught through an educational program:

‘‘What surprises me when I ask these people (with higher entrepreneurial education) where they plan to work, they don’t know. So, why are you attending that kind of education program? Are your teachers going to teach you to be interested in a profession? That’s not possible! I don’t even know what the curriculum consists of, but how can you teach somebody to be an entrepreneur? That’s something you need to figure out yourself... I think that kind of educational program is ridiculous.’’ (Ben)

The last informant, Chloe, also agreed with Ben, with the idea that the passion of starting a business has to come from somewhere. But she also stated that if the students had a lot of ideas, and that the program was to help getting them systematized, then it would be a good alternative.

‘‘I’m a bit sceptical. It’s difficult to decide if you want to be an entrepreneur, it has to come from somewhere. But, if you have a lot of ideas and just need to get them

systemized, then it probably is a good alternative. Maybe the program can cultivate entrepreneurs. But when I saw that education program I thought, wow, that must be hard. I would never attend it myself. I was not thinking that I would become an entrepreneur.’’ (Chloe)

All of the three informants also pointed out that attending this kind of educational program would take a lot of time, and that during those three years, they would have learned a lot by starting the business itself. This statement acts in accordance with Dalley and Hamilton (2000) which stated that there are no shortcuts in the learning process, and that surviving various ‘‘trials by fire’’ is almost inevitable. They further stated that there is no substitute for experience.

The entrepreneurs without higher education seemed to have little knowledge regarding what the program consisted of, but they all agreed that a program like this was something they would not have attended. Instead, they believed that a business should be built on a specific interest and idea, rather than attending a school for three years where the teachers would try to get them engaged in a particular field.

5 Conclusion

Establishing as an entrepreneur can be challenging, and statistics show that in 2019, only 29,8% of newly established firms in Norway survived after the five first years (SSB, 2019b). The ones that survive all have their unique background and reasons for succeeding.

In this thesis, six Norwegian entrepreneurs, who were defined as successful based on predefined criteria, were studied. The criteria were that the firm should have survived for more than five years, but not be older than 15 years, should have generated sales revenues in the active years, and should have at least one employee in addition to the entrepreneur. Half of the sample consisted of entrepreneurs with education in entrepreneurship, and the rest without education. This were done in order to see whether there were any particular differences among the two groups.

According to the sample of entrepreneurs, there are many factors that are important for entrepreneurial success. Even though the informants have different backgrounds, there are some clear patterns in what is perceived as success factors. However, there are also some differences that might be explained by different educational background. In addition to the perceived success factors, some challenging aspects of entrepreneurship were described. It seems like managing and overcoming these challenges can be some of the most important success factors for the entrepreneurs.

The perceived success factors are divided into three categories, which are human resources, social resources, and financial resources. Related to human resources, the entrepreneurs emphasised some important personal characteristics that they perceived as important. These were being fearless, stubborn, and efficient. Further, all perceived motivation as decisive for their success. This included setting goals, having passion, being persistent, and having a good work ethic. The importance of having a skilled workforce was also perceived as a success factor. The entrepreneurs who mentioned this, saw the importance of having team members that complimented each other in a way that made a synergy-effect possible. Focusing on core competencies has been perceived as a factor of success for the informants. This has also been perceived as a challenge for some of them because they generally have difficulties saying no to new opportunities.

Further, the ability to learn from the entrepreneurial process is an interesting success factor. Some of the informants explained that entrepreneurship is something one learns by doing, and the ability to learn through the process is therefore important in relation to success. Also, when learning by doing leads to failure, it is important to see the value of this in terms of learning outcomes. The last success factor related to human resources was understanding the business basics. What was emphasised here was understanding accounting and numbers, the market, and being able to sell a product or service. In addition, is the entrepreneurs' planning capability of importance, where a business plan can be used as a tool. Marketing can also be viewed as a part of business basics. This was perceived as an important success factor but also a big challenge for the entrepreneurs. Other challenges related to human resources were managing risks and overcoming doubts, managing a heavy workload and the challenge of recruitment. These can all be turned into success factors if they are managed or overcome in an appropriate way.

Under social resources, the importance of having a network was emphasised. The entrepreneurs' network consisted of friends and family, but also of people within the industry. Some also perceived having role models as decisive for their success. However, the entrepreneurs did not only receive support from their environment. Some described experiencing different types of adversity, and that facing or managing these adversities can be a source of success. For a few of the entrepreneurs, location has been of great importance. The ones mentioning this are part of the maritime cluster in Sunnmøre, and experience great benefits from being located there. Others have also located close to home, where their network is based. Making use of location, can thus be a success factor for the entrepreneurs. Further, benefiting from support organizations is a perceived success factor for some. From support organisations they can receive financial support, counselling, and mentoring, to mention some.

In the last category, financial resources, only one success factor was mentioned, namely managing financial limitations. All of the entrepreneurs mentioned liquidity as challenging. For some it was most challenging in the start, while others struggled more while growing. Managing this challenge when it arises was perceived as important in terms of success.

Contradicting to what we believed prior to this study, most of the success factors were equally emphasised by the two groups in the study. However, even though most of the factors were common for the sample, there were also found some differences. Based on the discussion, there is reason to believe that these differences have their root in their different educational background.

The first difference was regarding the entrepreneurs' awareness of support organisations. Based on our discussion, it seemed like the ones with higher education were more aware of these organisations, and therefore had applied for, and received support. The entrepreneurs without higher education mentioned a lack of external support as a challenge. We believe that the reason for this is due to the knowledge and experiences the entrepreneurs gained about support organisations from joining the educational program.

Next, there were two differences that might have its background in the entrepreneurs' awareness of potential pitfalls when starting a firm. These were their perception of the importance in having a good teamwork, and also their experienced doubts. The ones with education, all started up with a business partner, and pointed out the importance of having a good teamwork, while the other group all started by themselves. We believe this has its background in their awareness of the risks associated in starting a business. Regarding the entrepreneurs experienced doubts, the only ones mentioning this in their start-up, were the entrepreneurs with education. We believe that this uncertainty comes from the information they gained from an educational program, where they might have received information regarding the risks associated with a start-up. The ones without education did not mention doubts in the start, rather they stated that if they had been familiar with the actual conditions and the uncertainty prior to their start-up, they were not sure whether they had started their business at all.

Lastly, we noticed a difference in the entrepreneurs' perceived passion. The ones without education started their business because they spotted an opportunity within their particular field of interest, and not necessarily because they wanted to become an entrepreneur. While the ones without education, seemed to have a passion towards entrepreneurship, rather than a specific industry.

Thus, it seems that the motives of becoming an entrepreneur differs among the two groups. The ones starting a business without education, seemed to start it based on a genuine interest in a field. They all gained knowledge within the field by working in a similar business prior to the start-up, rather than joining an educational program. Regarding the ones with higher education, it rather seemed like they started their business as a result of joining the entrepreneurial program. They were not determined on which particular industry to start up in, and figured this out either during the educational program, or subsequent to it.

Based on these findings, it seems like the entrepreneurial program fosters entrepreneurs that want to start a business but are not quite sure of what to start. The informants that had joined the entrepreneurial education program seemed happy with the experiences they had gained from the program, but also mentioned some areas of improvement. Regarding the academic approach, they mentioned that it was difficult to learn how to start a business based on literature and academia. Rather, they believed that the experience from starting a student business was relevant and hands-on. Based on these findings, one idea for improving the educational program might be to change its structure, focusing more on the start-up of a business, where lecturers could act as some kind of a mentor for the students when starting their firms, and give advices and support along the way as they face difficulties and challenges. As stated by the informants, an education in entrepreneurship is relevant, but there are always ways for improvement.

As stated previously in the thesis, the GEM Global Entrepreneurship Monitor shows that entrepreneurial activity has decreased over the last decade. Only 5.7% of the adult population in Norway were considered involved in entrepreneurial activity in 2014 (Alsos et al., 2014). Our aim is to contribute to better understand the field of entrepreneurship and gain new knowledge regarding what the factors of success might be for Norwegian entrepreneurs. Entrepreneurship is important for a society for many reasons, and it is thus valuable to know what the reasons for entrepreneurial success might be.

Implications for research

When discussing implications for research, we might contribute with findings relevant for entrepreneurial literature. Research on what Norwegian entrepreneurs perceive as their main success factors are limited and has not been studied in depth previously. Our aim is therefore to contribute with a deeper understanding of what is perceived as success factors for Norwegian entrepreneurs, in addition to give a new insight related to their view on entrepreneurial education. This new insight can be of relevance in discussions about entrepreneurial success and education in entrepreneurship. It can also be of relevance for others wanting to study this, and similar concepts further. It would be interesting to know whether these findings are specific for our sample of entrepreneurs, or if the findings would be similar when studying other entrepreneurs.

Implications for practice

Since Norwegian entrepreneurial activity has decreased over the last decade, knowing what the entrepreneurs perceive as success factors and challenges can be of great importance for policy makers. Because of the entrepreneurs' essential role in society, it is important to facilitate the process of starting a new venture. Our implications for practice are thus to share these entrepreneurs' view on how it is to start up a business in Norway today. In addition, the entrepreneurs have shared their views on education in entrepreneurship. This can be of great importance for educators when deciding how an educational program should be structured. Their perspective has never been shared before and can be a contribution to understand entrepreneurship on a deeper level. Based on our findings, one idea might be to change the structure of entrepreneurial programs in a way that focuses more on the start-up of a business, where the lecturers could be mentoring the students in this process. It is thus important to know what the success factors and challenges are, so the lecturers can guide and support the students in the best possible way through the process.

Limitations

As in most studies, this thesis also has its limitations. It might be difficult to generalise based on these six interviews. Different professions than those studied here might require different knowledge and backgrounds, in addition, they might have other perceptions on what leads to success. Thus, it is important to specify that these findings can only be generalized to the sample that was studied, and not to an entire population of entrepreneurs. This is also the general case for qualitative research. The results of this study are context-specific, and more research is therefore needed to generalise the findings to the larger population. In addition, the sample is very small, consisting of only six informants.

Further, we acknowledge that these findings are based on what the entrepreneurs perceived to be their success factors. Since some of them started their business a long time ago, there might be some challenges related to after rationalization. What they recall today about their success factors might not be exactly what they perceived as success factors while actually starting up. We have, however, tried to be aware of this issue in writing this thesis.

Another limitation is that unsuccessful entrepreneurs have not been included in this study. Because of this, we only have one side of the story. If unsuccessful entrepreneurs were to be included, this could contribute to an even deeper understanding of what is most important in

terms of success in entrepreneurship. This can, however, be a good suggestion for further research.

One possibility could be to combine this method with a quantitative approach, which is called triangulation (Rothbauer, 2008). However, since many qualitative research projects are unique and not able to be replicated, this combined method might be difficult in practice. In addition, our goal is not to generalize these results for a community or a population. Rather, we want to tell the story of these particular entrepreneurs and look at what they perceive as important and challenging in terms of their success. These results would probably be slightly different had we asked other entrepreneurs.

Despite these limitations, the results of this study contribute to the necessity and value of higher education in entrepreneurship. We hope that this study will inspire more empirical research on education in entrepreneurship, which is needed to better understand the mindset of the entrepreneur, and what is essential in the learning objectives of this type of educational program. When discussing transferability, we believe the study to be of value for researchers wanting to study similar concepts. Nobody has studied these particular entrepreneurs previously, and we believe their perceptions to be a contribution to entrepreneurial research. However, it is up to the readers of this thesis to decide whether the findings can be applied in other contexts, and what the value of the findings are for their causes.

Further research

As mentioned in the last section, there are some interesting considerations that can be of value for further research. It would be interesting to find out whether the results would be the same studying another sample of entrepreneurs. In addition, other methods could potentially be used to study the success factors of entrepreneurs, and the role of education. By using a quantitative approach, more generalizable findings could be retrieved. Another interesting approach could be to study unsuccessful entrepreneurs. This could contribute to a deeper knowledge of what the factors of entrepreneurial success are, in addition to what they perceive to be the prohibitors of success.

In this thesis, only entrepreneurial education has been studied. However, it could be interesting to study other types of education in relation to entrepreneurship. Are there bigger chances for succeeding if having higher education related to the industry in which one is starting a business?

Or could higher education in any subject be related to entrepreneurial success? This is an interesting topic that potentially could be studied further.

Also, it seems like the entrepreneurs with background from entrepreneurial education reaches out to support organisations more easily. One interesting topic for further research could be to study the reason for this. Is it because they are more aware of the available support organisations, or are there other reasons for this?

The last suggestion for further research, is to explore the reasons behind the declining entrepreneurial activity in Norway. As stated by Alsos et al. (2014), the entrepreneurial activity has declined, and in 2014, only 5,7% of the adult population were considered involved in entrepreneurial activity. In addition to study the perceived success factors among entrepreneurs, exploring the reasons behind the decline in entrepreneurial activity, and discovering actions for improvement, can be of importance in order to facilitate and nurture entrepreneurial behaviour in Norway.

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Attachment 1: Interview Guide

Intervjuguide

(Bruk den tida du treng til å svare)



1. Fortell historia om korleis bedrifta ***** oppstod. (Bedriftsperspektiv)
 1. Kva spesifikke situasjonar har påverka bedrifta slik den er i dag? (*Endring av strategi, endring i etterspørsel, leverandør konkurs, nye lovverk...*)
 2. Kva andre element har vore viktige for bedrifta? (*Lokasjon, etterspørsel, kompetanse*)
 3. Kva meiner du var suksessfaktorane for di bedrift?

2. Kvifor valde du å starte for deg sjølv? (Individuelt perspektiv)
 1. Kva bakgrunn hadde du med deg i oppstarten av bedrifta?
 2. Kva personar var relevante for oppstartinga?
 3. Kva utfordringar har du opplevd?
 4. Kva kompetanse er det viktig for ein entreprenør å ha?

3. Kva har vi ikkje snakka om som er viktig å få med?

4. Kva tenker du om utdanning innan entreprenørskap?

Attachment 2: Consent form

Vil du delta i forskingsprosjektet ”Suksessfaktorar ved entreprenørar”?

Dette er eit spørsmål til deg om å delta i eit forskingsprosjekt der formålet er å skrive ei masteroppgåve innan entreprenørskap. I dette skrivet gir vi deg informasjon om måla for prosjektet og kva deltakinga vil innebere for deg.

Formål

Formålet med dette prosjektet er å gjennomføre ei masteroppgåve ved linja Internasjonal Business og Markedsføring ved NTNU i Ålesund. Vi skal sjå nærare på ulike entreprenørar, og undersøke suksessfaktorar ved dei ulike bedriftene. Vi skal intervju 6 forskjellige entreprenørar og utifrå desse intervju skal vi sjå analysere den innsamla dataen, og sjå nærare på faktorane for suksessen.

Kven er ansvarleg for forskingsprosjektet?

Instituttet for internasjonal forretningsdrift v/ Kjersti Kjos Longva ved NTNU i Ålesund er ansvarleg for prosjektet.

Kvifor får du spørsmål om å delta?

Du blir spurt om å delta basert på vårt inntrykk og kjennskap til di bedrift. Vi er nysgjerrige på å få høyre historia til bedrifta, og ønsker å vite meir om din veg til suksess.

Kva inneberer det for deg å delta?

I dette prosjektet vil det bli gjennomført eit djupneintervju, der målet er å samle inn relevant informasjon for oppgåva vår. Opplysningane vil bli registrert via notater og lydopptak. Vi vil også hente inn regnskapsopplysningar frå di bedrift frå offentlige registre.

Det er frivillig å delta

Det er frivillig å delta i prosjektet. Dersom du vel å delta, kan du når som helst trekke samtykke tilbake utan grunn. Alle opplysningar om deg vil da bli anonymisert. Det vil ikkje ha nokon negative konsekvensar for deg dersom du ikkje vil delta, eller seinare vel å trekke deg.

Ditt personvern – korleis vi oppbevarer og brukar dine opplysningar

Vi vil berre bruke opplysningane om deg til formåla vi har fortalt om i dette skrivet. Vi behandlar opplysningane konfidensielt og i samsvar med personvernregelverket.

- Dei som vil ha tilgang til opplysningane er masterstudentane Emma Hoff og Anne Line Skrede Høidal. I tillegg vil veiledarane Kjersti Kjos Longva og Mari Liavaag Holm ha tilgang.
- For å sikre at ingen uvedkommande får tilgang til personopplysningane, vil vi lagre dataen på NTNU si skybaserte lagringssystem som er passordbeskytta. Namnet og kontaktopplysningane vil bli koda og lagrast på eiga namneliste åtskilt frå øvrige data. Deltakerane vil ikkje kunne kjennast igjen i publikasjon, då all data er anonymisert.

Kva skjer med opplysningane dine når vi avsluttar forskingsprosjektet?

Prosjektet skal etter planen avsluttast i juni 2020. Ved prosjekt sin slutt vil alle personopplysningar bli sletta frå lagringssystemet.

Dine rettigheter

Så lenge du kan identifiserast i datamaterialet, har du rett til:

- innsyn i kva personopplysningar som er registrert om deg,
- å få retta personopplysningar om deg,
- få sletta personopplysningar om deg,
- få utlevert en kopi av dine personopplysningar (dataportabilitet), og
- å sende klage til personvernombudet eller Datatilsynet om behandlinga av dine personopplysningar.

Kva gir oss rett til å behandle personopplysningar om deg?

Vi behandlar opplysningar om deg basert på ditt samtykke.

På oppdrag frå NTNU – Norges teknisk-naturvitenskapelige universitet har NSD – Norsk senter for forskningsdata AS vurdert at behandlinga av personopplysningar i dette prosjektet er i samsvar med personvernregelverket.

Kvar kan eg finne ut meir?

Dersom du har spørsmål til studien, eller ønsker å nytte deg av dine rettigheter, ta kontakt med:

- NTNU ved Kjersti Kjos Longva (kjersti.kjos.longva@ntnu.no), eller student Emma Hoff (emmaho@stud.ntnu.no), eller student Anne Line Skrede Høidal (alhoidal@stud.ntnu.no).
- Vårt personvernombud: Thomas Helgesen (thomas.helgesen@ntnu.no)
- NSD – Norsk senter for forskningsdata AS, på e-post (personverntjenester@nsd.no) eller telefon: 55 58 21 17.

Med venleg helsing

Prosjektansvarleg

Kjersti Kjos Longva
(Forsker/veileder)

Student Emma Hoff

Student Anne Line Skrede Høidal

Samtykkeerklæring

Eg har motteke og forstått informasjon om prosjektet ‘‘Suksessfaktorar ved entreprenørar’’, og har fått anledning til å stille spørsmål. Eg samtykker til:

- å delta i intervju
- at personopplysingane blir lagra fram til prosjektslutt, ca. juni 2020

(Signert av prosjektdeltakar, dato)

Attachment 3: Reply from NSD

07.02.2020 - Vurdert

Det er vår vurdering at behandlingen av personopplysninger i prosjektet vil være i samsvar med personvernlovgivningen så fremt gjennomføres i tråd med det som er dokumentert i meldeskjemaet 07.02.2020 med vedlegg. Behandlingen kan starte.

MELD VESENTLIGE ENDRINGER

Dersom det skjer vesentlige endringer i behandlingen av personopplysninger, kan det være nødvendig å melde dette til NSD ved oppdatere meldeskjemaet. Før du melder inn en endring, oppfordrer vi deg til å lese om hvilke type endringer det er nødvendig å melde:

https://nsd.no/personvernombud/meld_prosjekt/meld_endringer.html

Du må vente på svar fra NSD før endringen gjennomføres.

TYPE OPPLYSNINGER OG VARIGHET

Prosjektet vil behandle alminnelige kategorier av personopplysninger frem til 30.06.2020.

LOVLIG GRUNNLAG

Prosjektet vil innhente samtykke fra de registrerte til behandlingen av personopplysninger. Vår vurdering er at prosjektet legger o til et samtykke i samsvar med kravene i art. 4 og 7, ved at det er en frivillig, spesifikk, informert og utvetydig bekreftelse som kan dokumenteres, og som den registrerte kan trekke tilbake. Lovlig grunnlag for behandlingen vil dermed være den registrertes samtykke, jf. personvernforordningen art. 6 nr. 1 bokstav a.

PERSONVERNPRINSIPPER

NSD vurderer at den planlagte behandlingen av personopplysninger vil følge prinsippene i personvernforordningen om:

- lovlighet, rettferdighet og åpenhet (art. 5.1 a), ved at de registrerte får tilfredsstillende informasjon om og samtykker til behandlingen
- formålsbegrensning (art. 5.1 b), ved at personopplysninger samles inn for spesifikke, uttrykkelig angitte og berettigede formål, c ikke viderebehandles til nye uforenlige formål
- dataminimering (art. 5.1 c), ved at det kun behandles opplysninger som er adekvate, relevante og nødvendige for formålet med prosjektet
- lagringsbegrensning (art. 5.1 e), ved at personopplysningene ikke lagres lengre enn nødvendig for å oppfylle formålet

DE REGISTRERTES RETTIGHETER

Så lenge de registrerte kan identifiseres i datamaterialet vil de ha følgende rettigheter: åpenhet (art. 12), informasjon (art. 13), inn (art. 15), retting (art. 16), sletting (art. 17), begrensning (art. 18), underretning (art. 19), dataportabilitet (art. 20).

NSD vurderer at informasjonen som de registrerte vil motta oppfyller lovens krav til form og innhold, jf. art. 12.1 og art. 13.

Vi minner om at hvis en registrert tar kontakt om sine rettigheter, har behandlingsansvarlig institusjon plikt til å svare innen en måned.

FØLG DIN INSTITUSJONS RETNINGSLINJER

NSD legger til grunn at behandlingen oppfyller kravene i personvernforordningen om riktighet (art. 5.1 d), integritet og konfidensialitet (art. 5.1. f) og sikkerhet (art. 32).

For å forsikre dere om at kravene oppfylles, må dere følge interne retningslinjer og eventuelt rådføre dere med behandlingsansvarlig institusjon.

OPPFØLGING AV PROSJEKTET

NSD vil følge opp ved planlagt avslutning for å avklare om behandlingen av personopplysningene er avsluttet.

Lykke til med prosjektet!

Kontaktperson hos NSD: Tore Andre Kjetland Fjeldsbø
Tlf. Personverntjenester: 55 58 21 17 (tast 1)