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THE ROLE OF ENTREPRENEURIAL COMPETENCIES IN FINNISH SMEs

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LIST OF ABBREVIATIONS

SMEs	Small and Medium-sized Enterprises
ECs	Entrepreneurial Competencies
RBV	Resource Based View
VRIN	Valuable, Rare, Inimitable and Non-substitutable

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ABSTRACT

Previous studies indicate a lack of research in entrepreneurial competencies (ECs) in Finland. Therefore, the objective of this study is to investigate the role of ECs in Finnish small and medium-sized enterprises (SMEs). The three research questions of the study include: What are the important ECs in Finnish SMEs? What is the most important EC in Finnish SMEs? How are the important and the most important ECs used?

This study is qualitative in nature and follows a deductive research approach. As a data collection method, semi-structured interviews were conducted and the respondents were from six Finnish SMEs in four different industries, that is, cosmetic, health, food and film industry. A cross-industry analyses of the six SMEs were carried out to answer the research questions and to reach the objective of the study.

The findings of this study suggest that relationship, commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies are important in Finnish SMEs. In addition, this study identified how the aforementioned ECs are used. Moreover, based on different industry analysis (cosmetic, health, food and film), relationship competence was identified as the most important EC.

This study offers theoretical contribution to the existing studies on ECs in Finnish context by offering insights on the important and the most important EC. The managerial implications of this study include that besides commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies, the major focus must be on building relationship competence. This can be achieved, through effective communication with employees within the organization and by building ties and trust between an entrepreneur and his/her business networks.

KEYWORDS: Entrepreneurial Competencies, SMEs, Entrepreneur, Intangible resources

1. INTRODUCTION

Researchers have recognized that entrepreneurial competencies (ECs) are of great importance for the birth, survival, growth, success, competitiveness and performance of SMEs (Rasmussen Mosey & Wright 2011; Mitchelmore & Rowley 2010; Sajilan & Tehseen 2015). ECs are human capital, which are firms' intangible assets. ECs can create sustainable competitive advantage for companies because they are always valuable, rare and difficult to imitate by rivals (Barney 1991; Tehseen & Ramayah 2015). Today, more than ever, the business world faces intense competition, therefore it is critical for small and medium-sized enterprises (SMEs) to possess and utilize ECs (Rungwitoo 2012; Kaur & Bains 2013).

Although, ECs are considered a significant factor for sustainable competitive advantage in SMEs, few studies have been conducted, particularly in specific geographical context. For example, a study conducted by Man (2001) in Hong Kong's SMEs and Ahmad (2007) in Australia and Malaysia identified 'what' set of ECs are important in the SMEs in their research context. Other studies have focused on 'how' the important ECs are used in SMEs (Man 2001; Man, Lau & Chan 2002; Kyndt & Baert 2015). Given that these studies have been carried out in specific geographical context, the findings cannot be generalized in Finnish SME context. Therefore, this study attempts to identify both important and the most important ECs in Finnish SME context and how these ECs are used by entrepreneurs.

Finland is among the fastest growing countries in terms of SMEs. In fact, SMEs are cornerstones of Finnish economy. In 2013, Finland had 283,290 enterprises excluding agricultural enterprises. 98, 9 percent of these enterprises are SMEs. SMEs play a significant role in the Finnish economy and account for 65 percent of employment in the private sector. Moreover, SMEs account for 50 percent of the total turnover of all Finnish enterprises and 16 percent of Finnish export revenue (Yrittäjät 2016). Although Finnish SMEs significantly contribute to the Finnish economy, research in this field lacks to pinpoint the important and the most important ECs in Finnish SMEs and how they are used.

1.1. The objective of the study and research questions

The objective of this study is to investigate the role of both important and the most important ECs in Finnish SMEs. In order to fulfill the objective of this study, the following research questions were constructed.

1. What are the important ECs in Finnish SMEs?
2. What is the most important EC in Finnish SMEs?
3. How are the important and the most important ECs used in Finnish SMEs?

1.2. Structure of the study

The first chapter of this study is the introduction and presents the background, research gap, objective, research questions and the structure of the study. The second chapter is the literature review. The literature review section describes the meaning of ECs and identifies ECs from previous research. Moreover, this section describes the categorization of ECs and presents the theoretical framework. The third chapter is the methodology of the study comprising of research philosophy, research approach, research strategy, time horizon, data collection technique, sampling method, data analysis and interpretation. This section also presents the research quality, research ethics and the overall research process of this study. The fourth chapter presents the empirical findings. The analysis of the findings was conducted in two phases, that is, firstly, individual industry based analysis, followed by cross-industry analyses of SMEs representing different industries (cosmetic, health, food and film). In the last section, findings are discussed by reflecting on the literature review as well as the theoretical contribution, managerial implications, limitations and the suggestions for further research are presented (see Figure 1).

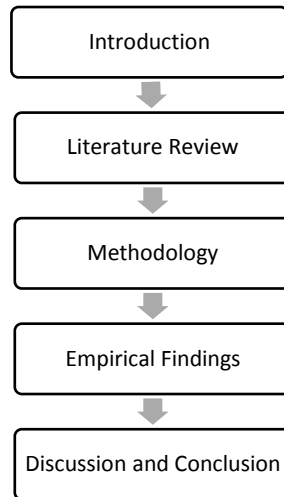


Figure 1: Structure of the study

1.3. Key terms and concepts

In Finnish context, SMEs are “defined as enterprises which have fewer than 250 employees, and have either an annual turnover not exceeding EUR 50, or an annual balance-sheet total not exceeding EUR 43 million” (Statistic Finland 2016).

Firm resources are regarded as tangible and intangible assets (Wernerfelt 1984), which include managerial skills, entrepreneurial skills (Brahma and Chakraborty 2011), all assets, capabilities, organizational processes, information, knowledge, firm attributes (Barney 1991) and ECs (Mitchelmore & Rowley 2010).

ECs are high-level characteristics (Man 2001) such as knowledge, skills (Bird 1995; Man 2001; Man et al. 2002; Rungwitoo 2012 and Sajilan & Tehseen 2015), abilities (Man 2001; Sajilan & Tehseen 2015), traits (Bird 1995; Man 2001; Man et al. 2002), self-image, motives and social roles (Bird 1995) that are needed for an entrepreneur to perform his/her job successfully (Man 2001; Man et al. 2002; and Sajilan & Tehseen 2015) which results in firms’ birth, survival, growth (Bird 1995) and performance (Rungwitoo 2012).

2. LITERATURE REVIEW

Resources are key part of any form of business enterprise such as large, medium and small companies. This means that, no firm can operate without having resources. Resources are firm's internal characteristics (Tajala 2012). Firm resources are regarded as tangible and intangible assets that are tied semi-permanently to the firm (Wernerfelt 1984). Brahma and Chakraborty (2011) define resources of a firm as managerial skills and entrepreneurial skills. Firm resources has been regarded as all assets, capabilities, organizational processes, information, knowledge and firm attributes (Barney 1991).

The importance of firms' resources can be described through the theories of resource-based view (RBV) that examines the link between a firm's resources and performance to ascertain competitive advantage. RBV further provides two alternative assumptions in analyzing the sources. The first assumption of RBV argues that a firm may be heterogeneous in regard to the strategic resources under its control. The second assumption argues that resources may be immobile across firms, which enable heterogeneity and sustainability. According to the RBV, not all resources have the capacity to sustain competitive advantage. However, in order for a firm to be aligned with such resources, four attributes have to be met : 1) valuable: it must be valuable and be able to exploit opportunities and neutralize threat in its environment; 2) rare: it must have great level of rareness among current and potential competitors; 3) inimitable: it must be imperfectly imitable; and 4) non-substitutable: there cannot be a strategically equivalent substitute for the resources that are valuable, rare or imperfectly imitable (Barney 1991).

It has been observed by the RBV theorists that ECs are firms' valuable and critical resources (Reed & Defilippi 1990; Barney 1991, Grant 1991; Mitchelmore & Rowley 2010). ECs are human capital and are firm's intangible asset that can ensure superior performance. ECs can create sustainable competitive advantage for firms because they are valuable, rare, difficult to imitate and non-substitutable (VRIN) by their rivals (Zaugg & Thom 2003; Wickham 2006; Man, Lau, & Snape 2008; Rungwitoo 2012; Tehseen & Ramayah 2015). Given the fierce competition in the business world including SMEs (Rungwitoo 2012), ECs have become critical for SMEs to possess and

utilize in order to be competitive in today`s globalized world (Rungwitoo 2012; Kaur & Bains 2013).

2.1. The meaning of entrepreneurial competencies

In order to have a better understanding of ECs, the definitions of ECs by different authors are shown in Table 1. Thereafter, the similarities and differences of these definitions are critically examined.

Authors	Definitions of entrepreneurial competencies
Bird (1995:51)	“Entrepreneurial competencies are defined as underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles, and skills which result in venture birth, survival, and/ or growth”.
Man (2001:67)	ECs are “higher level characteristics, representing the ability to the entrepreneur to perform a job role successfully and encompassing personality traits, skills and knowledge, which are in turn influenced by entrepreneur’s experience, training, education, family background or other demographic variables”.
Man et al. (2002:124)	“Entrepreneurial competencies are considered as higher-level characteristic encompassing personality traits, skills and knowledge, and therefore can be seen as the total ability of the entrepreneur to perform a job role successfully”.
Rungwitoo (2012: 246)	“Entrepreneurial competencies are combinations of knowledge and skills which are considered as key contributions for great performance”.
Kaur and Bains (2013:31)	ECs are “individual characteristics”.
Sajilan and Tehseen (2015:21)	“Entrepreneurial competencies are the individual characteristics such as abilities, skills and knowledge needed to perform a specific job”.

Table 1: Definitions of entrepreneurial competencies

As shown in Table 1, authors argue and define the nature of ECs differently. For instance, ECs as underlying characteristics (Bird 1995); higher-level characteristics (Man 2001; Man et al. 2002); individual characteristics (Kaur & Bains 2013; Sajilan & Tehseen 2015) ; abilities (Man 2001; Sajilan & Tehseen 2015); knowledge (Bird 1995; Man 2001; Man et al. 2002; Rungwitoo 2012; Sajilan & Tehseen 2015); traits (Bird 1995; Man 2001; Man et al. 2002); motives, self-image and social roles (Bird 1995); skills (Bird 1995; Man 2001; Man et al. 2002; Rungwitoo 2012; Sajilan & Tehseen 2015).

Even though the definition of ECs varies, it can be argued that they are highly critical to run the SMEs successfully. This argument is addressed in several studies. For instance,

ECs are needed to perform a job or role (Man et al. 2002; Sajilan & Tehseen 2015), for the birth, survival and growth of a company (Bird 1995), and for great performance (Rungwitoo 2012).

Given the diverse definition of ECs, it is important to consider each of them as they represent unique element. Therefore, this study adapts all of the afore-presented definitions from different authors (Bird 1995; Man 2001; Man et al. 2002; Rungwitoo 2012; Kaur & Bains 2013; and Sajilan & Tehseen 2015) and formulates a combined definition to identify the entrepreneurial competencies suggested by literature. The following sub-chapter reviews the entrepreneurial competencies according to the literature.

2.2. Identified entrepreneurial competencies from previous research

ECs have been identified from the work of numerous authors such as Mintzberg (1973), Mintzberg and Waters (1982), McClelland (1987), Chandler and Jasen (1992), Baum (1994), Bird (1995), Man et al. (2002), Mitchelmore and Rowley (2010), Rungwitoo (2012), Mugion (2013), Kaur and Bains (2013), Kyndt and Baert (2015), Tehseen and Ramayah (2015). The ECs suggested by authors are listed in Table 2. The selection of literature on ECs was done based on their citation ranking. These reviewed literatures were most cited in the field of study and were considered to have significantly contributed to the EC literature. Moreover, the list covers the main studies that presents the list of ECs in SMEs.

Authors	List of entrepreneurial competencies
Mintzberg (1973); Minzberg and Waters 1982)	Initiating and designing controlled change, maintaining direct control and scanning for opportunities.
McClelland (1987)	Commitment to others, motivation for achievement and reactiveness.
Chandler and Jasen (1992)	The ability to recognize, envision and act on opportunity. The willingness and capacity to generate intense effort.
Baum (1994)	Self-management, leadership, opportunity recognition, opportunity development, cognitive ability, administration, decision skill and human resource.
Bird (1995)	Drive, tolerance of ambiguity, achievement/task motivation, the need for controlling material (financial) outcomes, recognizing and seizing

	opportunities, the importance of business relationship recognition, interested in high quality work ,monitoring, planning, network management, motivating others, industry maneuvering, designing certain business organization ,designing certain services and products and knowledge in various aspect such as- leadership, oral communication and human relations skills.
Man et al. (2002)	Opportunity, relationship, conceptual, organizing, strategic and commitment competencies.
Mitchelmore and Rowley (2010)	Analytical, opportunity, innovative, operational, strategic, relationship, commitment, human and learning competencies.
Rungwitoo (2012)	Analytical skill, interpersonal skill, organizing skill, strategic marketing knowledge, responding skill, executing skill and operations knowledge.
Kaur and Bains (2013)	Efficiency orientation, self-confidence, persistence, concern toward high quality of work, opportunities, commitment to work contract, systematic planning, concern of employee welfare, persuasion, monitoring, use of influence strategies and problem solving.
Mugion (2013)	Systematic planning; goal setting; persuasion and networking; quality and efficiency; information seeking; monitoring and calculated risk-taking.
Tehseen and Ramayah (2015)	Strategic, conceptual, opportunity and learning competencies.
Kyndt and Baert (2015)	Persuasive ability, network building, independence, future planning ability, decisiveness, learning orientation, seeing opportunities, perseverance, and market insight.

Table 2: List of entrepreneurial competencies

2.3. Towards entrepreneurial competence categorization

The list of ECs discovered by different authors above are categorized in Table 3 below. Based on critical analysis, six categories of ECs were identified: opportunity, relationship, conceptual, organizing, strategic and commitment competencies.

Scanning for opportunities (Mintzberg 1973; Mintzberg & Waters 1982), seeing opportunities (Kyndt & Baert 2015), opportunity recognition, envisioning and acting on opportunity (Chandler & Jasen 1992; Baum 1994; Bird 1995) are all related to opportunity competence (Kaur & Bains 2013; Tehseen & Ramayah 2015).

Relationship competence includes interpersonal skill (Rungwitoo 2012), persuasive ability (Kaur & Bains 2013; Mugion 2013; Kyndt & Baert 2015), oral communication and network management (Bird 1995; Mugion 2013; Kyndt & Baert 2015).

The conceptual competencies are divided into six classes because it entails conceptual activities that are not directly observable but are clearly related to entrepreneurial traits and behaviors (Man 2001; Man et al. 2002; Tehseen & Ramayah 2015). The six classes of conceptual competencies are: 1) risk taking and management, 2) decision-making, 3) cognitive and analytical, 4) innovativeness 5), problem solving, and 6) learning orientation. The ECs identified from the study conducted by Mugion (2013) was calculated risk-taking and it is related to risk taking and management competence (Man et al. 2002). Decision-making competence is related to decision skill (Baum 1994), independence and decisiveness (Kyndt & Baert 2015). Cognitive ability (Baum 1994) and analytical skill (Mitchelmore & Rowley 2010; Rungwitoo 2012) are clearly associated with cognitive and analytical competence (Man 2001). Being innovative (Mitchelmore & Rowley 2010) and designing certain services and products (Bird 1995) are related to innovativeness competence (Man et al. 2002). Problem solving ability (Kaur & Bains 2013) is clearly related to problem solving competence (Man 2001). Learning (Mitchelmore & Rowley 2010; Tehseen & Ramayah 2015) and information seeking (Mugion, 2013) are related to learning orientation competence (Kyndt & Baert 2015).

Organizing competence was identified from the work of different authors. Maintaining direct control is related to organizing competence (Mintzberg 1973; Mintzberg & Waters 1982). ECs such as controlling material, monitoring, motivating others, leadership, human relations skills are associated with organizing competence (Bird 1995). In addition, operational and human management fit this category of ECs (Mitchelmore & Rowley 2010). Similar to human management identified from the work of Mitchelmore & Rowley (2010) are monitoring (Mugion 2013) and showing concern for employee welfare (Kaur & Bains 2013). Moreover, operations knowledge and organizing skill are associated with organizing competence (Rungwitoo 2012).

Initiating and designing controlled change identified from the study conducted by Mintzberg (1973) and Mintzberg & Waters (1982) are related to strategic competence (Man et al. 2002; Mitchelmore & Rowley 2010; Tehseen & Ramayah 2015). ECs such as planning, industry maneuvering and designing certain business organization, are associated with strategic competence (Bird 1995). Similarly, systematic planning, future planning ability, goal setting, market insight, use of influence strategies and strategic marketing knowledge were identified from the works of several authors (Kaur & Bains 2013; Mugion 2013; Rungwitoo 2012; Kyndt & Baert 2015).

Commitment to others, motivation for achievement and reactivity (McClelland 1987) are similar to commitment competence (Man et al. 2002; Mitchelmore & Rowley 2010). Bird (1995) argued that commitment competence includes drive, tolerance of ambiguity, achievement/task motivation and interest in high quality work. Similarly, efficiency orientation, persistence, willingness and capacity to generate intense effort, concern toward high quality of work, commitment to work contract, responding skill and executing skill fit into this category of ECs (Chandler & Jasen 1992; Rungwitoo 2012; Kaur & Bains 2013; Mugion 2013; Kyndt & Baert 2015). After the categorization of ECs in Table 3, each category of ECs is further explained below showing its importance and how they are used.

Categories of EC	Identified EC from different authors
<p>Opportunity (This entails locating opportunities, acting on new opportunities and developing opportunities).</p>	<p>Scanning for opportunities (Mintzberg 1973; Minzberg & Waters 1982). Ability to recognize, envision and act on opportunity (Chandler & Jasen 1992). Opportunity recognition, opportunity development (Baum 1994). Recognizing and seizing opportunities (Bird 1995). Opportunity (Man et al. 2002; Kaur & Bains 2013; Tehseen & Ramayah 2015). Seeing opportunities (Kyndt & Baert 2015).</p>
<p>Relationship (This competence requires persuasive ability, network management, using connections and contacts, interpersonal skill, communication skill, cooperation and trust building skill).</p>	<p>Business relationship, network management, oral communication (Bird 1995). Relationship (Man et al. 2002; Mitchelmore & Rowley 2010). Interpersonal skill (Rungwitoo 2012). Persuasion (Kaur & Bains 2013). Persuasion and networking (Mugion, 2013). Persuasive ability, network building (Kyndt & Baert 2015).</p>
<p>Conceptual: Risk taking/management (The ability of taking and handling chances in business). Decision-making (The ability of making conclusions of business related matters). Cognitive & analytical (The ability to think critically and analytically before actions and decisions are made). Innovativeness (The ability to create or develop new products and services). Problem solving (The ability to face and deal with business related challenges). Learning orientation (It involves participating in development and training activities, showing interest to new relevant techniques and methods, having the knowledge of relevant information database and new developments updates)</p>	<p>Conceptual (Man et al. 2002; Tehseen & Ramayah 2015). Calculated risk-taking (Mugion 2013). Decision skill (Baum 1994); Independence and decisiveness (Kyndt & Baert 2015). Cognitive ability (Baum (1994) Analytical (Mitchelmore & Rowley 2010). Analytical skill (Rungwitoo 2012). Innovative (Mitchelmore & Rowley 2010). Designing certain services and products (Bird 1995). Problem solving (Kaur & Bains 2013). Learning (Mitchelmore & Rowley 2010; Tehseen & Ramayah 2015). Information seeking (Mugion, 2013). Learning orientation (Kyndt & Baert 2015).</p>
<p>Organizing (The ability to monitor, lead, control and develop the internal and external resources towards the company's capabilities).</p>	<p>Maintaining direct control (Mintzberg 1973; Minzberg & Waters 1982). Self-management, leadership, administration & human resource (Baum 1994). Controlling material (financial) outcomes, monitoring, motivating others, leadership, human relations skills (Bird 1995). Organizing (Man et al. 2002). Operational and human (Mitchelmore & Rowley 2010). Operations knowledge and organizing skill (Rungwitoo 2012). Concern of employee welfare, monitoring (Kaur & Bains 2013). Monitoring (Mugion 2013).</p>

<p>Strategic (It involves setting, evaluating and implementing company`s strategy).</p>	<p>Initiating and designing controlled change (Mintzberg 1973; Mintzberg & Waters 1982). Planning, industry maneuvering, designing certain business organization (Bird 1995). Strategic (Man et al. 2002; Mitchelmore & Rowley 2010 and Tehseen & Ramayah 2015). Strategic marketing knowledge (Rungwitoo 2012). Systematic planning, use of influence strategies (Kaur & Bains 2013). Systematic planning; goal setting (Mugion 2013). Future planning ability, market insight (Kyndt & Baert 2015).</p>
<p>Commitment (Showing dedication and determination to one`s business activities).</p>	<p>Commitment to others, motivation for achievement and reactiveness (McClelland 1987). The willingness and capacity to generate intense effort (Chandler & Jasen 1992). Drive, tolerance of ambiguity, achievement/task motivation, interested in high quality work (Bird 1995). Commitment (Man et al. 2002; Mitchelmore & Rowley 2010). Responding skill, executing skill (Rungwitoo 2012). Efficiency orientation, persistence, concern toward high quality of work, commitment to work contract (Kaur & Bains 2013). Quality and efficiency (Mugion, 2013). Perseverance (Kyndt & Baert 2015).</p>

Table 3: Entrepreneurial competencies categorization

2.3.1. Opportunity competence

Opportunity competence is defined as the ability to recognize and develop new market or products (Covin & Miles, 1999; Man et al. 2002; José Sánchez 2011). Opportunity competence is one of the most important competencies that the entrepreneur must possess. Successful entrepreneurs must be able to see favorable chances and then act on them (Markman & Baron 2003; Philips & Tracey 2007; Tumasjan & Braun 2012; Gras & Mendoza-Abarca 2014). According to Chandler and Jansen (1992), the ability to recognize, envision and make use of opportunities is one of the critical roles of an entrepreneur. Research has proven that the founder of the business or the founding team interacts with the environment by choosing from the available opportunities. Similarly, some other researchers relate spotting unique opportunities and opportunity skill with opportunity competencies. The empirical study conducted by Snell and Lau (1994:13) in Hong Kong identified “*readiness to seize relevant opportunities*” as a key competence for the growth of a company. Similarly, Kirzner’s (1979:38) perspective on entrepreneurial is about “alertness to opportunities” as the central of entrepreneurship process. Furthermore, some researchers suggested proactive action as entrepreneurs’ ability to explore new business opportunities through sales and marketing activities. Overall, opportunity competence are entrepreneurial activities which include earnestly pursuing, locating, developing and taking advantage of favorable chances in business.

2.3.2. Relationship competence

Relationship competence is associated with individual-to-group or person-to-person based communications (Man et al. 2002). Entrepreneurs need to communicate with a group of employees or people on business related matters. Entrepreneurs may also find themselves in situations that require personal communication with a person. Man et al. (2002) suggested that relationship competence requires persuasive ability, using connections and contacts, interpersonal skill, communication skill and cooperation and trust building skill. Entrepreneurs must have the competence of building important internal and external networks and manage these networks for recruiting and retaining clients (Baron & Markman 2003; Markman & Baron 2003). A successful entrepreneur must possess the ability to act interpersonally, build relationship, persuade and communicate (McClelland 1987; Man 2001; Davidsson & Honig 2003). Relationship

building activities requires that the entrepreneur should possess the ability to restructure relationships as the firm goes through growth process and partnership dissolving process. The competence of persuading others (employees, clients, organizations) is of key importance for an entrepreneur to have because it helps in many ways such as planning stage, product development and convincing others of their opinions (Baron & Markman 2003; Davidsson & Honig 2003; Markman & Baron 2003; Brush 2008; Wagener, Gorgievski, & Rijdsdijk 2010). There are benefits that this competence brings when negotiating with organizations and clients (Kyndt & Baert 2015). According to Man (2001), this competence is very important and common in Hong Kong Chinese SMEs' context because they are known for family ownership and use family networks to expand their businesses. Nevertheless, it has been proven that SMEs usually depend on their networks irrespective of the business environment (Ramsden & Bennett 2005). These networks could be experts and professionals such as consultants, lawyers, accountants, from where they get their advices and supports when needed. In addition, they could also get support from suppliers, governments, customers and training and research institutes (Ritter & Gemunden 2004). In summary, relationship competence is about having the ability to communicate, persuade, build ties and trust between an entrepreneur and his/her business networks.

2.3.3. Conceptual competencies

Conceptual competencies are associated with diverse conceptual abilities which shows in the behaviors of entrepreneurs. They may not be easy to identify but are usually very important for successful entrepreneurs to possess (Man 2001). The conceptual competencies are: 1) risk taking and management, 2) decision-making 3), cognitive and analytical, 4) innovativeness, 5) problem solving, and 6) learning orientation (Man 2001; Man et al. 2002).

Several authors identified risk taking as one of the competencies an entrepreneur must possess to succeed in business (Latham 2009; Wagener et al. 2010; Makhbul 2011; Estay, Durrieu, & Akhter 2013). However, risk taking could result to failure or costly mistakes (Shane & Venkataraman 2000; Baron & Markman 2003). Thus, it is important that entrepreneurs have the right competencies to manage risks (Kyndt & Baert 2015).

Entrepreneurs must possess cognitive and analytical ability. This ability enables entrepreneurs to think critically and analytically before decisions are made. Therefore, attention must be paid to details before decisions are made. It also involves calculating risks before they are taken (Man 2001; Rungwitoo 2012).

Entrepreneurs must be able to make a definite decision. Decisiveness is a key skill that entrepreneurs must possess in order to move forward (Wagener et al. 2010; Rezaei-Zadeh, Hogan, O'Reilly, Cleary & Murphy 2014). They must be able to make good decisions based on the idea or insights from colleagues, consultants and experts. Sometimes they might make decisions even if everybody does not agree with them. This means that they can act independently. Independence is the ability to make decisions by oneself and it involves being responsible for one's actions and having trust in oneself (Rauch & Frese 2007; Wagener et al. 2010).

Innovation is about making breakthroughs in business by trying new methods (Man 2001). It is critical for entrepreneurs to be able to create or develop new products and services (Mitchelmore & Rowley 2010; Rungwitoo 2012). This is required in order to grow, gain, succeed and develop businesses (Ahmad 2007; Tehseen & Ramayah 2015).

Entrepreneurs must have orientation towards learning, which encourage them to seek new skills and knowledge for self-development. Learning orientation is essential in regularly developing market, which gears the entrepreneurs to be updated with the recent developments and retain an excellent position in the market. By so doing, entrepreneurs are able to deal with new challenges posed by innovation, economical and technical changes. Furthermore, learning orientation involves participating in development and training activities, showing interest to new relevant techniques and methods, having the knowledge of relevant information database and new developments updates (Lans, Bergevoet, Mulder, & Van Woerkum 2005; Lans, Hulsink, Baert, & Mulder 2008; Kyndt & Baert 2015).

It is critical that entrepreneurs possess problem solving ability, which makes them handle situations and problems accurately in their businesses (Ahmad 2007; Mitchelmore & Rowley 2010). In addition, Izquierdo, Deschoolmeester & Salazar

(2005) argue that entrepreneurs must be able to face and deal with business related challenges.

Moreover, the conceptual competencies help the performance of entrepreneurial duties and responsibilities in both present and future. For instance, the learning orientation competence enables entrepreneurs to utilize future resources effectively and tackle complex situations. In addition, conceptual competencies are critical to direct the entrepreneurs and to keep them effective (Man 2001).

2.3.4. Organizing competence

Organizing competence is associated with coordinating internal and external physical, technological, financial and human resources such as controlling, leading employees, team building and training (Man et al. 2002). This competence is similar to managerial competence in the work of McClelland (1987), where he suggests that competencies such as monitoring, focusing on high quality of work, and efficiency orientation should be needed to manage different functional aspects in SMEs in order for the firm to operate efficiently. Organizing competence deals with seeing the need for total control and embracing the competencies of others. This particular competence has been tested against firm performance in the organization, where the results were positive and significant (Baum 1994; Man 2001). Organizing competence consist of skills, ability and knowledge in diverse managerial functions. It is also important in the aspect of managing people because it is a key area in SMEs and it requires competencies in delegating, leading, training, coaching and working with others. In summary, organizing competence is associated with the ability to control, arrange, monitor, lead and coordinate the internal and external resources of the company towards achieving its goal.

2.3.5. Strategic competence

The entrepreneur is the manager or owner of the firm and one of his major tasks is to determine the direction that the company must follow. Strategic competence can be defined as the ability to make plan about “various functional areas with strategic orientation” (Man 2001:63). This area of competence emphasizes that the entrepreneur

must be able to have a big picture of the company in his/her mind, have clear set of goals to accomplish, be versatile in formulating and implementing strategies to accomplish his/her goals and vision. For example, strategic planning competencies, managerial competencies in business strategy, systematic planning and sustaining strategy focus. Furthermore, strategic competence also involves having the ability to form strategic alliance with others (Man 2001). Being able to form strategic alliance with others is also related to relationship competence. This is because, if an entrepreneur does not have relationship competence, he/she will not be able to relate with others to form strategic alliance with them. Successful entrepreneurs plan for the future by having mid-term and long-term goals. Their plans and visions for the company must be realistic, workable and present the necessary steps towards achieving their goals if they have the ability to plan (Karlsson & Honig 2009; Brinckmann, Grichnik, & Kapsa 2010; Chwolka & Raith 2012). Moreover, successful entrepreneurs have market insight and knowledge of how their businesses are positioned in the regularly developing market. They are also aware of the company's current and future competitors (Man et al. 2002; Wagener et al. 2010; Chwolka & Raith 2012; De Clercq, Sapienza, Yavuzc, & Zhoua 2012). Summing up, this area of competence is about having a blueprint of how the firm will accomplish its goals and sustain competitive advantage.

2.3.6. Commitment competence

Commitment competence drives entrepreneurs to continue with the business (Man et al. 2002). Successful entrepreneurs are usually, diligent to their work. They show commitment, dedication and determination to their business activities. They also take proactive steps towards duties and responsibilities (Man 2001). It corresponds with motivation for achievement (McClelland 1961). Perseverance is another aspect of commitment competence that entrepreneurs should possess. Despite any difficult business situation, successful entrepreneurs are capable of continuing their duties (McClelland 1987). Perseverance helps them focus on the job until they achieve their goals (Valtonen 2007). Whenever successful entrepreneurs are faced by failures or challenges and it seems that they should give up, they rather persevere and strive until the tasks are completed (Markman & Baron 2003; Rauch & Frese 2007; Kyndt & Baert

2015). In a nutshell, commitment competence is the effort that entrepreneurs put on the business or on a certain goal.

2.4. Summary of literature review

ECs are intangible resources that can create competitive advantage and enhance the performance of an organization. ECs are defined as underlying characteristics such as knowledge, skills, abilities, traits, self-image, motives and social roles that are needed for an entrepreneur to perform his/her job role successfully and which results in a firm's birth, survival, growth and performance. Six categories of ECs such as opportunity, relationship, conceptual, organizing, strategic and commitment competencies are identified based on the review of existing literature. The important ECs and their uses discussed above led to the theoretical framework of this study (See Figure 2).

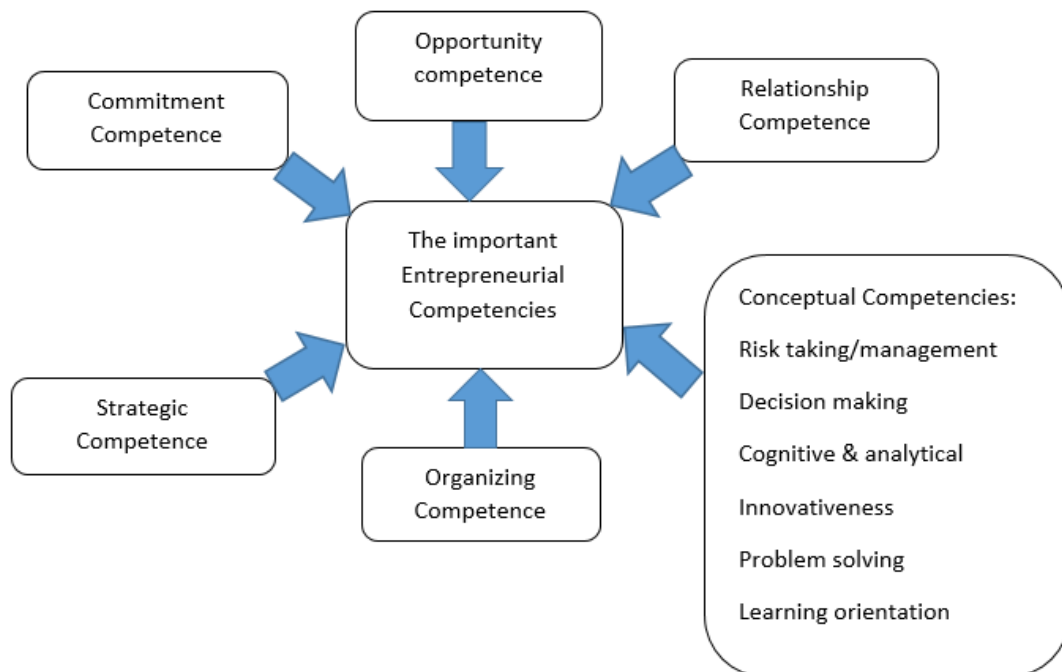


Figure 2: Theoretical framework

3. RESEARCH DESIGN AND METHODOLOGY

Research methodology is an important part of the thesis because it shows the overall process on how the research questions and objectives will be achieved. Research design is a blueprint or a plan for a research that shows how the research questions will be answered (Yin 2009; Saunders, Lewis & Thornhill 2014). This chapter presents the research purpose, research philosophy, research approach, research strategy, time horizon, data collection, sampling method, data analysis and interpretation, overall research process, research quality and the research ethics of this study.

3.1. Research purpose

The way a research question is asked results in either explanatory, exploratory or description answers. Therefore, research purpose is classified into descriptive, explanatory and exploratory. It is possible to have more than one research purpose in a research project. “An exploratory study is a valuable means of finding out what is happening; to seek new insights; to ask questions and access, phenomena in a new light”. It is effective in clarifying one’s understanding of a particular problem, if one is not sure of the exact nature of the problem. Even though exploratory research is flexible does not mean that it does not have direction to an enquiry. But, it means that the focus of the research is broad at the beginning and as the research proceeds it becomes narrower. On the other hand, the descriptive research is about accurately describing a situation, an event or a person’s profile. The researcher has a clear knowledge of the phenomena before the data collection process. There is no need for the researcher to evaluate data and synthesize ideas when research is based on descriptive. The explanatory research is a study that establishes “casual relationships between variables”. For instance, statistical test such as correlation can be done to know the relationship between the age of a machine and the scrap rates (Saunders et al. 2014: 139, 141).

This research is based on exploratory study because it aims to find out “what” and “how”. Moreover, the nature of the research questions and the research objective requires the use of exploratory.

3.2. Research philosophy

Research philosophy is concerned with knowledge development and the nature of that particular knowledge (Saunders et al. 2014). Knowledge can be developed in four different ways such as pragmatism, interpretivism, realism and positivism (Saunders et al. 2014). The philosophy of pragmatism seeks to use multiple or mixed method in order to answer the research questions. Pragmatism emphasizes that the research question is the key determinant of the ontology, axiology and epistemology adopted. One of these may be more suitable to answer a certain question (Saunders et al. 2014).

The philosophy of positivism is about “observable social reality” and “law-like generalizations” which is related to the works of the natural and physical scientists. Using this kind of philosophy emphasized that, only observable phenomena can result to the production of reliable data. In order to create a research strategy for the data collection, it is feasible that existing theory will be used to “develop hypotheses” (Saunders et al. 2014: 113).

The philosophy of realism is related to scientific enquiry. This philosophy stresses that there is a reality, which is separate from the mind. For instance: an object exists independently of the human mind. That is to say, realism is opposite to idealism, which emphasizes that there is no other reality apart from the mind and its contents. Realism is also related to positivism because it uses a scientific approach to develop knowledge (Saunders et al. 2014).

The philosophy of interpretivism argues that the world is complex and it should not be limited to law-like generalizations because rich insights will get lost by doing so. (Saunders et al. 2014). Considering the research questions and objective, this study relies on the philosophy of interpretivism. Furthermore, by being interpretivist, the author of this study interprets the differences between interviewees understanding and experiences on the same issues and tries to portray the reality in practice.

3.3. Research approach

It is important to consider and choose research approach in one's research work because of the following reasons. Firstly, it helps to make a good decision about one's research design. Secondly, it enables one to be able to consider the workable and non-workable research strategies and choices. Thirdly, if someone is knowledgeable about diverse research traditions, it helps to deal with constraints. According to Saunders et al. (2014), there are two types of approaches: 1) deductive and 2) inductive. The deductive approach is related to scientific research and it is dominant in natural sciences. This kind of approach is about testing theory. On the other hand, the induction approach is about building theory. It also involves the collection and analysis of data in order to develop theory. According to Perry (1998: 789) "pure induction might prevent the researcher from benefiting from the existent theory". Therefore, the deductive approach is used in this study to test the theories about ECs in the existing literature.

3.4. Research strategy

According to Saunders et al. (2014), research strategies are experiment, survey, case study, action research, grounded theory, ethnography and archival research. Yin (2003) classified research strategy into five categories such as experiment, case study, history, archival analysis and survey. This study will only use case study as its research strategy because it is suitable to answer the research questions of this study, which is about "what" and "how" and it is also a useful tool for testing theory. Case studies are usually conducted in close communication and discussion with practitioners (Gibbert et al. 2008). A case study can be defined "as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin 2003:13). In designing case studies, it is important to make a distinction between single- and multiple-case studies. Figure 3 shows "the basic types of design for case studies, which is based on a 2 x 2 matrix". The types are type 1: single-case (holistic) designs, type 2: single-case (embedded) designs, type 3: multiple –case (holistic) designs and type 4: multiple-case (embedded) designs (Yin 2003: 39).

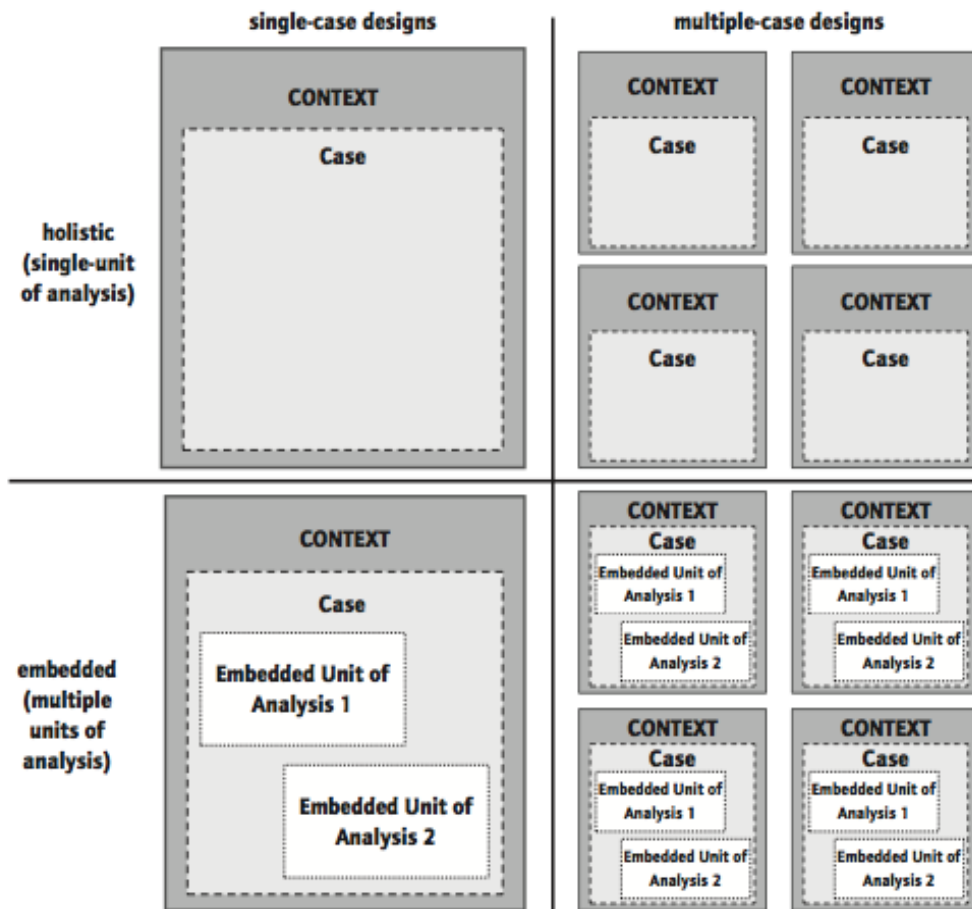


Figure 3: Basic types of designs for case studies (Yin 2009:46)

A researcher has to decide whether single case study or multiple case studies will be used for the research work before data collection process (Yin 2003). The single case study is suitable in many cases. Yin (2003) proposed five rationales for using single case study. Firstly, single case is suitable in a situation where it serves as a critical case for testing a well-developed theory. Secondly, the single case is suitable when it serves as a unique-case or extreme case. Thirdly, it is suitable if it is a typical case or a representative. Fourthly, it is also suitable if it is the revelatory case. This case reflects a situation when a researcher is observing and analyzing a phenomenon that was previously not accessible to scientific examination or research. Fifthly, it is suitable if it is longitudinal case, which means that the same single case is studied twice or more at different period of time. Single case designs could be either holistic or embedded. The holistic involves single unit of analysis. On the other hand, the embedded involves

multiple unit of analysis. That is to say, a researcher gives attention to subunits or subunit within a single case.

However, the multiple case studies can be best explained as case study design that contains more than a single case. The use of this particular design has increased lately. There are specific advantages and disadvantages that the multiple case designs have over the single case design. This study involves multiple case studies so that replication is possible and the “evidence from the multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust” (Yin 2003: 46). Nevertheless, the rationale for using single case study presented above cannot be fulfilled by multiple cases. Conducting a multiple-case study requires time and huge resources than what one student or independent researcher can bear. The understanding of literal and theoretical replication is the rationale for multiple case studies. That is to say, multiple case studies are involved with “the selection of two or more cases that are believed to be literal replications, such as a set of cases with exemplary outcomes in relation to some evaluation theory” (Yin 2003: 52). That is why the cases involved in this study are all SMEs in Finland. Multiple case studies could be either holistic or embedded case study. In the case of an embedded design, each case study can include collecting and analyzing highly quantitative data by using surveys within individual case. The research design for this study is based on multiple case design and embedded (multiple unit of analysis) because the research involves six different SMEs representing four different industries. Industry analyses was conducted among the six Finnish SMEs to determine the important ECs that is peculiar to each industry. Thereafter, cross industry analyses was conducted to determine the most important EC. Moreover, analyses was conducted to determine how the important and the most important ECs are used in Finnish SMEs.

3.5. Time horizon

Time horizon could be either cross-sectional or longitudinal. The time horizons in research design depends on the research question, strategy or the method a researcher is using. Cross- sectional research is the study of a certain phenomenon at a given time.

Cross-sectional usually involves the use of survey strategy or qualitative methods (case studies that are based on interviews within a short time frame). On the other hand, a longitudinal study is concerned with studying the change and development of event and people over time. For instance, a researcher is studying the changes in the process of manufacturing in a company within a year (Saunders et al. 2014). Due to the scope of this master's thesis and for its limited time frame, this study is conducted in a cross-sectional time-horizon.

3.6. Data collection

It has been stated earlier that the research strategy of this study is case study. According to Yin (2003), data can be collected for case study research through six sources such as direct observation, archival records, documents, physical artifacts and participant-observation and interviews.

Data can be collected through direct observations. This can be done by visiting the case site. This kind of data collection method could be done formally, which involves observation of factory work, meetings, classroom and sidewalk activities. On the other hand, it can be less formal for example during field visit and during the interview process (Yin 2003). Archival records are usually in the form of computer records and files. Data can also be collected from different documents such as memoranda, letters, minutes of meetings, agendas, announcements, reports of events, newspapers, proposals and articles (Yin 2003). Physical artifact is a source of evidence, which is also known as cultural artifact such as art work, an instrument or tool, technological device and “some other physical evidence” (Yin 2003). Participant observation is another method of collecting data. This mode of observation is special, which means that the researcher is not a passive observer (Yin 2003).

Interview is one of the most important sources of case study evidence or information. Interviews are in form of ‘guided conversation’ instead of ‘structured queries’. The researcher has two tasks when conducting interview such as following “own line of inquiry, as reflected by own case study protocol”, asking own actual questions in an

unbiased way that as well meet the requirements of own line of inquiry (Yin 2003: 89, 90). Usually, case studies are about human affairs and that is why interviews are very important sources of case study evidence. There are three types of interview such as open-ended, focused and structured interview. During the open-ended interview, the interviewer asks the respondents “about the facts of a matter as well as their opinions about events” (Yin 2003: 90). According to Saunders et al. (2014: 320), this could also be called unstructured interviews, which can be used to explore a general area in depth. It is also possible for the respondent to suggest another person for the interviewer to be interviewed and other sources of evidence that are useful to the case (Yin 2003).

The focused interview is the second type of interview, which is conducted on the respondent within a short period of time. For example, an hour. In this case, the interview is guided by a particular set of questions. The main purpose of this type of interview might be to confirm the opinion of the researcher on some established facts. This type of interview is also called semi-structured interviews, where a list of questions and themes are prepared for the interview. Some questions may be omitted or added during the interview depending on the organizational context. The flow of the conversation might also change the prepared order of the questions. Due to the nature of the questions and discussion in this type of interview, it is paramount to record the conversation by audio-recording or note taking (Saunders et al. 2014).

The third type of interview is the structured interview, which has structured questions like a formal survey (Yin 2003; Saunders et al. 2014: 320) “Such a survey could be designed as part of a case study and produce quantitative data as part of the case study evidence” (Yin 2003: 91). However, the data collection method in this study is based on interview (semi-structured interview) because it is suitable to achieve the objective of this study and it has been tested and re-tested on research that involves ECs (Man 2001). Semi-structured interview will be conducted in order to gain access to emerging discussion and so that this research will not deviate totally from its objective.

3.7. Sampling method

In this research, non-probability purposive sampling method was used. In qualitative research, non-probability sampling techniques are mostly used. Compared to probability, it is a quicker, cheaper, easier way to collect data. This study will not use probability technique because it involves statistical estimation of the characteristics of a population from a sample. The five methods of nonprobability sampling include purposive, quota, convenient, snow-ball and self-selection sampling. The purposive sampling was selected for this research because it makes it possible to use one's judgement to choose the cases that will provide answers to the research questions and achieve the research objective (Saunders et al. 2014). Since this research is based on the EC in Finnish SMEs, therefore six Finnish SMEs were selected out of the ones that accessibility was possible and interviews were conducted on the owners of the companies (entrepreneurs). In addition, the owners of the Finnish companies are entrepreneurs in Finnish context and they are operating their businesses daily. More also, the companies are not presently facing liquidation and they are considered to exist for the foreseeable future. In the beginning, access was gained into nine Finnish SMEs conveniently but only six of them were selected to participate in this study. One out of the three that were not selected is an artist who seasonally operate his company. The second one joined a cooperative association that makes her get unemployment money if she does not get income or profit. Therefore, she does not fulfill the requirement to be an entrepreneur in the Finnish context. The third one was considering ending the business because of another career path.

3.8. Data analysis and interpretation

According to Yin (2003:109), "the analysis of case study evidence is one of the least developed and most difficult aspects of doing case studies". There are four general strategies that a researcher can use during data analysis process, such as relying on theoretical propositions, developing a case description, using both qualitative and quantitative data and examining rival explanations. The strategy of relying on theoretical propositions is a strategy that is mostly preferred because it involves relying

on the theoretical propositions that has led to one's case study. This particular strategy links the case study analysis with the theoretical proposition and the research objective in the beginning of a study (Yin 2009). The second strategy is called developing a case description, which involves developing "a descriptive framework for organizing the case study" (Yin 2009: 131). The third strategy is, using both qualitative and quantitative data. This is attractive and beneficial to scholars and advance student. The fourth strategy is called examining rival explanations, which entails defining and testing rival explanations (Yin 2009).

The data analysis of this case study is based on the strategy of relying on theoretical propositions because the objective and the research questions of this study are connected with the theoretical part. The important ECs and their uses that were identified in the existing literature were used as themes to structure the case analysis in order to apply a common basis for case assessments and comparison (pattern matching) (Yin 2009). In practice, the recorded interview of each respondent was transcribed. Each transcript was critically examined to identify the ECs the interviewees suggested are important and most important. Thereafter, the companies were categorized according to the industry they belong to. The important and the most important ECs that the interviewees stated were listed under the industry sectors. For example, entrepreneur A representing company A mentioned that the most important ECs in her line of business is relationship competence, followed by learning orientation and decision-making competence. The company of entrepreneur A is in the cosmetic industry, therefore relationship competence is the most important EC in the cosmetic industry, followed by learning orientation and decision-making competence. The same process was also repeated for other industries (health, food and film). Thereafter, cross-industry analysis was conducted among the four industries to examine the similarities and differences in the important and the most important ECs discovered from each industry. After the comparison, it was discovered that relationship competence was the most important EC in Finnish SMEs because it is the most important EC in the cosmetic, health and food industries. Moreover, it is the second important EC in the film industry. However, other ECs such as commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies are considered important ECs in Finnish SMEs. Please see Table 4.

In order to analyze how the most important and the important ECs are used, themes on how ECs are used were derived from the theory part and were used as a guide. Thereafter, the transcript of each interviewee was also examined and the information relating to how the ECs are used were placed under the themes that were derived from the theory part. It was discovered that how Finnish SMEs use their ECs are similar irrespective of the industry they are operating in. Since Finnish SMEs use their ECs in similar way, there was no need presenting each individual case. However, it was integrated in the cross-industry analysis directly under each important EC and the most important EC discovered from the respondents.

3.9. Overall research process of this study

The research process of this study is based on earlier presented methodology. The overall research process is depicted in Figure 4 below. In the beginning of this study, the research objective and questions were clearly defined. Considering the research objective and questions, the research purpose of this study is exploratory and the research philosophy is interpretivism. This research work is based on deductive approach, which tests the theory. Multiple case study was used as the research strategy. Furthermore, the time horizon of this study is cross sectional because it is carried out at a certain period. Data was collected through semi-structured interviews from the sample size of six Finnish SMEs. Thereafter, the data of each company were transcribed and industry analysis was conducted to answer the research questions. Moreover, the discussion and conclusion chapter summarizes the study. Furthermore, the theoretical contributions, the managerial implication, limitations and suggestion for future research are presented.

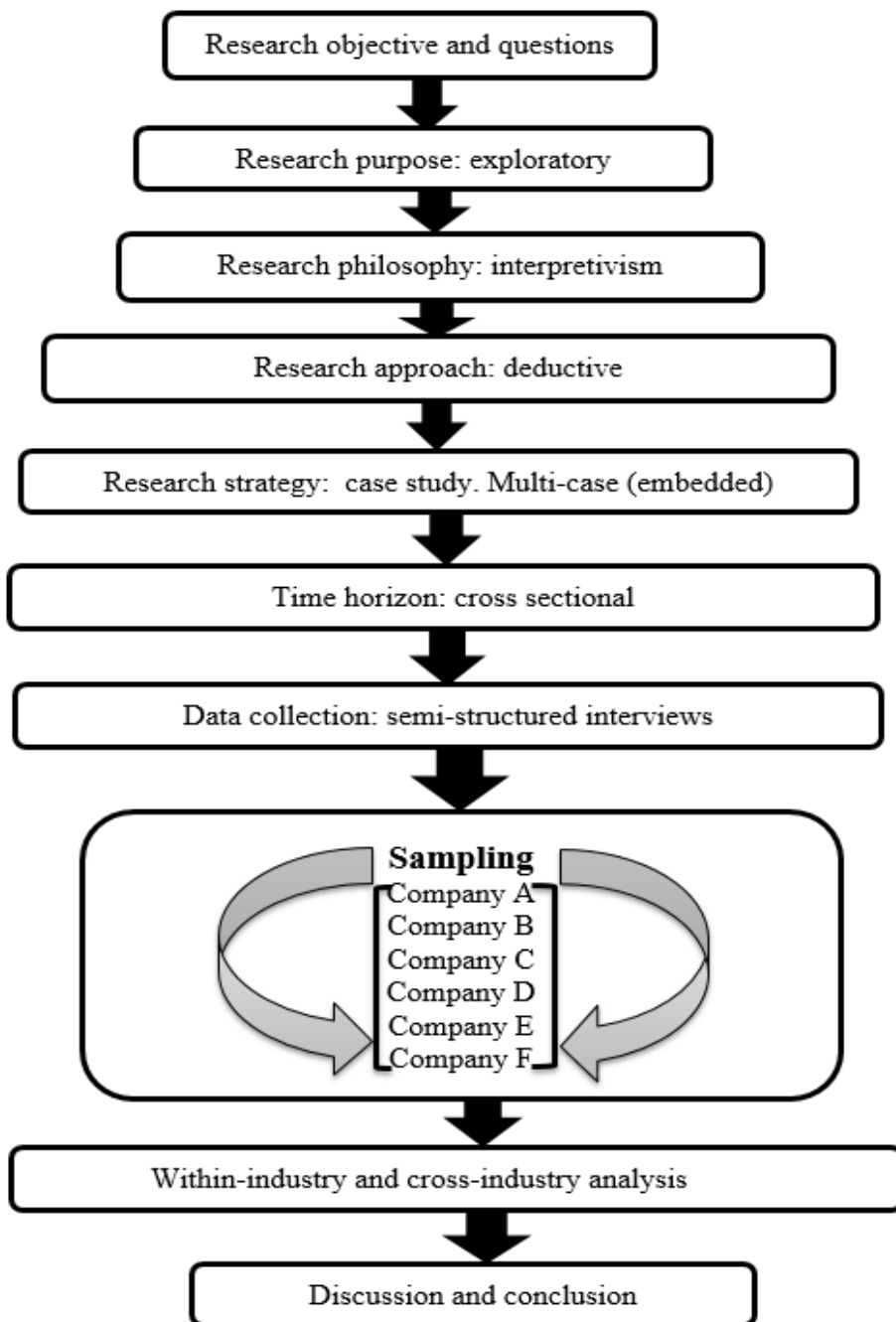


Figure 4: Overall research process

3.10. Research quality

The quality of a research design can be established if it fulfills the conditions of certain tests. In establishing the quality of any empirical social research, four tests are mostly

used. This study will use these four tests to establish its quality because case study belongs to a social research. These four tests are called construct validity, internal validity, external validity and reliability.

Construct validity is demanding in the case study research. To increase the construct validity of a research, a researcher should use three tactics. The first one is using multiple sources of evidence in a way to encourage convergent line of enquiry. The second tactic is establishing a chain of evidence. The first and second tactics are important during data collection process. The third tactic is to let the drafted report of the case study reviewed by the key informants (Yin 2009). A chain of evidence was formed by a thorough description of the research framework that led to formulation of the research questions and objective and then to the choice of methodology, data collection and data interpretation process. Finally, the interviewees reviewed the drafted report of the case study in order to increase the construct validity of this study.

Internal validity has received a lot of attention in the research that involves experiment and quasi-experiment. Usually, an explanatory case study research makes use of the internal validity to explain why and how event x led to event y. But this logic is not applicable to exploratory or descriptive studies because this kind of casual situation does not concern them. The tactics that can be used to address internal validity are pattern matching, explanation building, addressing rival explanations and using logic models. All these tactics are done during data analysis stage (Yin 2009). This study is based on exploratory research and will not address the issue of internal validity because it is not applicable to exploratory study.

External validity is also referred to as generalizability. This test addresses the problem of knowing if the findings of a study can be generalized beyond the present case study. There are two tactics that address the external validity of a research work. The first one is by using case study protocol and the second one is by replication logic in multi-case studies. These tactics are done during research design phase (Yin 2009; Saunders et al. 2014). This study ensured that external validity is established by having six different SMEs from four different industries (replication logic in multi-case studies). In addition, the findings of this study can be transferred to other contexts because the overall process

of the research, study background, research design and method were described systematically.

Reliability is another quality test of a research study. The objective of this test is to ensure that, if another researcher later conducts the same study again following the same procedures as the earlier researcher described, the later researcher should reach the same findings and conclusions. The aim of this test is to minimize biases and errors in a study (Yin 2009; Saunders et al. 2014). In order to minimize biases and errors in this study, the qualitative research process in this study was documented so that other researchers can repeat the same method (Figure 4). In addition, all the interview transcripts used in this study were also documented.

However, there are four threats to reliability, which are subject or participant error, subject or participant bias, observer error, and observer bias (Saunders et al. 2014). The subject or participant error occurs when a respondent is influenced by external factors for example the time of the day or the day of the week (Saunders et al. 2014). To prevent participant error, the interviewees were approached beforehand so that they could choose the most convenient day and time for the interview. The subject or participant bias occurs when the respondent gives inaccurate/biased information because he /she is influenced by the boss (Saunders et al. 2014). In this study, subject or participant bias did not occur because all the respondents are the owners of the companies interviewed. They were not afraid of any boss or under supervision of anybody. In addition, the respondents were guaranteed anonymity and they were represented as entrepreneurs A, B, C, D, E and F. Moreover, the interviews were conducted in a quiet and confidential environment. Observer error could occur if there is more than one person conducting the interview because it is possible that there would be more than one way of asking questions (Saunders et al. 2014). To avoid observer error, only one researcher has conducted the interview in this study. Observer bias could happen when interpreting the answers from the respondent if there is more than one person collecting the data (Saunders et al. 2014). To avoid observer bias, the same researcher that conducted the interview also interpreted the data in this study. In addition, the researcher was familiar with the businesses of the respondents and the subject matter before conducting the interview.

3.11. Research ethics

“Research Ethics relates to questions about how we formulate and clarify our research topic, design our research and gain access, collect data, process and store our data, analyze data and write up our research findings in a moral and responsible way” (Saunders et al. 2014:184). Permission was taken from the interviewees before the interview was recorded and confidentiality was promised. For the sake of confidentiality, the names of the companies and the participants were unanimous in this thesis work but it was written as company/entrepreneur A, B, C, D, E and F. The interviews were conducted privately with the interviewees without the intervention of any third party. All the interviewees participated in this interview voluntarily. All the participants were comfortable with the method of data collection and the use of the information they gave to this study. The use of data and participation rights were fully known to the interviewees (informed consent).

4. EMPIRICAL FINDINGS

Firstly, this chapter presents a brief description of the case companies. Secondly, it presents the findings and analyses of the interviews conducted among six Finnish SMEs to identify the important ECs and how these ECs are used. Thirdly, based on the cross-industry analyses among the four different industries, the most important ECs in Finnish SMEs was determined.

4.1. Brief description of the case companies

The interviewees have been promised confidentiality before the interview was conducted. Therefore, the companies'/entrepreneurs' names are unanimous. They are referred to as companies/entrepreneurs A, B, C, D, E and F. The information of the companies will be as brief as possible so that it cannot be connected to the real companies.

4.1.1. Company A

Company A was established in the beginning of the year 2014. It is a beauty salon, which offers cosmetology services. The company's business activities are eyelash extensions, gel nails, gel polish, pedicure, facials and sugaring to remove hair from eyebrow, feet, armpits. The owner is the only one that works in the company. The company' customers are different people in different age. The company focuses its business on the customers living in Finland.

4.1.2. Company B

The business of company B is about making films and sounds design. Therefore, it is a film production company that focuses on storytelling for film, television, music and internet. This company started business operation in 2011. Currently this company has nine employees and they sometimes use the services of freelancers. The company focuses its business on the customers living in Finland.

4.1.3. Company C

Company C is operating a restaurant business. It started business operation in 2014. This company sells food and drinks for example soft drinks and beers. It has about five employees including the owner depending on the season. The company focuses its business on the customers living in Finland.

4.1.4. Company D

This company was established in 2012. The company is a restaurant business. The main business activity of this company is to sell drinks and foods to different range of customers. The number of employees of this company is four. The company focuses its business on the customers living in Finland.

4.1.5. Company E

Company E was established in 2007. The company is a consulting firm, which offers services in psychology, psychotherapy and training clients. These services are offered to individual customers or customers from another company or organization. The company focuses its business on the customers living in Finland. The company has two employees.

4.1.6. Company F

Company F started business operation in the year 1998. It is a consulting firm, which deals with psychological treatment. The owner of the company is the only one working in this company. The services that this company offers are: mindfulness, neuro sonic therapy, art therapy, hypnosis and EFT (emotional freedom technique). The company focuses its business on the customers living in Finland.

4.2. Important and most Important Entrepreneurial Competencies

Firstly, within-industry analysis of the important ECs according to the respondents is conducted. For this, each industry is analyzed individually so that the important ECs in

each industry is identified. Thereafter, cross-industry analyses is conducted among the four different industries to determine the most important ECs in Finnish SMEs. The four different industries are cosmetic (company A), film (company B), food (company C and D) and health (company E and F). However, it is important to note that the interviewees were asked to list three important ECs and the most important EC according to them. This is to limit and focus the findings rather than listing wide numbers of important ECs. As a result, this study is able to present the most important ECs that is also the most common among four industries. The author of this study believes that delving down the few most important ECs brings the in-depth presentation.

4.2.1. Cosmetic Industry

The important ECs in the cosmetic industry are: 1) relationship, 2) learning orientation and 3) decision- making competencies.

Relationship competence

Relationship competence emerged as the most important EC among the three important ECs in the cosmetic industry. Specifically, good customer relationship makes it possible to operate this business. In addition, it is very important to keep the relationship with the suppliers because the work materials cannot be bought from regular shops.

Entrepreneur A: *“Without good relationship with customers and suppliers I cannot work at all”.*

Learning orientation competence

Learning orientation competence is the second important EC in this industry. It is very important to develop oneself in this line of business because the techniques of offering services to the customers in the industry is changing rapidly. If someone refuses to develop with the trend, it will be impossible to satisfy the customers and retain them.

Entrepreneur A: *“This industry changes quickly, if I don't develop with it, customers could change to some other place where they get the new trendy things”.*

Decision- making competence

The third important EC in the cosmetic industry is decision-making competence. It is very important to make good decisions based on customers' requests. This is also related with the relationship competence because the entrepreneur has to listen and communicate with customers. Thereafter, the best decision is made that best suit the customers.

Entrepreneur A: *“I listen carefully to what customers want and like and then make good decisions on how to serve them”*.

4.2.2. Health industry

Two entrepreneurs (entrepreneur E and F) in the health industry were interviewed. According to entrepreneur E, relationship competence is the most important EC in her company, followed by commitment competence. According to entrepreneur F, relationship and strategic competencies are equally the most important ECs in her company. One of the reasons why strategic competence is one of the most important ECs in her company is because she has to plan how to clearly state her product offerings on her website so that the customers can understand it. This is related to relationship competence because it involves communicating with customers. Therefore, it can be said that, relationship competence is the most important ECs in her company followed by strategic competence. Moreover, relationship competence is the most importance EC in the health industry, followed by strategic and commitment competence.

Relationship competence

The relationship competence is the most important EC in this business line because the entrepreneurs work with people and good relationship is required to serve the customers. Furthermore, it is critical to build trust with clients so that they can be satisfied and recommend the company to their friends. In addition, it is also important to have good relationship with different networks, experts and professionals because of

their support. Their support helps in the establishment, development, growth and success of one's company.

Entrepreneur F: *“I work with people so I need to be in good relationship and build trust with my customers so that they can be happy and tell their friends good stuff about my company. I also need to be in good relationship with experts because I get support from them”.*

Entrepreneur E: *“The connections made me start training in a large scale in whole Finland, supported my idea to make own company and enhance business success”.*

Strategic competence

Strategic competence is the second important EC in this line of business. It is important to set goals for the company and clearly define the ways of achieving the goals because it has positive impact on the growth, development and the profits of the business. This industry is competitive, therefore one has to clearly state what the company is offering to the customers. By so doing, it can lead to more patronage and performance in the business enterprise.

Entrepreneur F: *“It is important to know the goals and the strategy to achieve the goals so that I act according to it. Competitors are much so it is important to make it clear (what I offer). These things affect the profit, growth and development of the company”.*

Commitment competence

Commitment competence is the third important EC in the health industry because one has to make oneself available and be prepared to attend to clients professionally when they are visiting. In addition, it involves taking responsibilities to sell the products and services of the company in order to achieve success.

Entrepreneur E: *“I have to be fully ready to attend to customer. I have to sell my services to be successful in business”.*

4.2.3. Food Industry

Two entrepreneurs (entrepreneur C and D) in the food industry were interviewed. According to entrepreneur D, relationship competence is the most important EC in the industry. Entrepreneur C was more elaborate by stating that relationship competence is the most important EC, followed by innovativeness and problem solving competence. Therefore, the most important EC in the food industry is relationship competence followed by innovativeness and problem solving competencies.

Relationship competence

Relationship competence is the most important EC in the restaurant industry. It is paramount to keep good relationship with customers and the employees. Keeping good relationship with the employees make them happy and therefore make them serve the customers well. If the customers are served well, they will be happy and continue patronizing the company.

Entrepreneur D: *“I think restaurant business is all about relationships with staff and customers. If the relationship with staff are good, it affects the customers as well”.*

Innovativeness competence

Innovativeness competence is the second important EC in the restaurant business because customers' needs are changing rapidly. Therefore, entrepreneurs in this line of business have to be creative by introducing new ideas in the business if they want to satisfy the customer and keep the business running. For instance, new ideas such as new menu, new trends, different arrangement of the restaurant and decoration.

Entrepreneur C: *“New ideas, movements, and trends are important to stay alive in the fast movement in restaurant business. Customers appreciate new and fresh ideas”.*

Problem solving competence

Problem solving competence is the third important EC in the restaurant business because it involves people (employees and customers). Dealing with people can be problematic because people' mood vary from time to time. Therefore, an entrepreneur must have different approach of solving problems.

Entrepreneur C: *“When there are people there are problems. People have different periods in their life, so we need lots of different kind of problem solving systems”.*

4.2.4. Film Industry

The three important ECs in the film industry are: 1) commitment, 2) relationship and 3) learning orientation competencies.

Commitment competence

Commitment competence is the most important EC in the film industry. It is important that everyone in the company fulfills his/her duties and responsibilities so that a common goal and success can be achieved.

Entrepreneur B: *“I know we can succeed, when everyone in the company play their role”.*

Relationship competence

Relationship competence is the second important EC in this industry. In this line of business, it is very important to keep contacts with people for example customers, employees, freelancers and suppliers etc. Keeping good contacts with people guarantees good reputation and therefore lead to success. Specifically, people should be seen and treated like potential customers.

Entrepreneur B: *“It is all about contacts with people [...] because they could be your future customers. Good reputation and success is a result of good contact with customers, suppliers and employees”.*

Learning orientation competence

Learning orientation competence is the third important EC in the film industry. An entrepreneur in this line of business must continually develop and acquire new skills so that the business will continue to exist. In addition, continues knowledge seeking gives one the ability to act professionally in business operations.

Entrepreneur B: *“If you want to stay alive in the business you need to be learning new skills and develop old skills. This makes you more powerful and more professional day by day”.*

4.3. Cross-industry analyses

Table 4 shows the important and the most important ECs according to four different industries (cosmetic, health, food and film industries). Cross-industry analyses was conducted to determine the most important EC in the industries. The cross-industry analysis is elaborately presented below:

INDUSTRIES			
Cosmetic	Health	Food	Film
Three important ECs			
Relationship Learning orientation Decision- making	Relationship Strategic Commitment	Relationship Innovativeness Problem solving	Commitment Relationship Learning orientation
Most Important EC Relationship competence			

Table 4: The most important and the important ECs

4.3.1 Relationship competence

Relationship competence is the most important EC in the cosmetic, health and food industry. However, it is the second most important competence in the film industry. Therefore, the present study suggests relationship competence as the most important EC in Finnish SME context. Interpretive codes such as “good relationship with customers and suppliers”, “good relationship and build trust with customers”, “it is all about relationship with staff and customers”, “contact with people”, “good reputation”, and “good contact with customers, suppliers and employees” are all indicative of how the respondents associate special significance to relationship competence. In all the four industries, it is paramount to have good relationship with the customers. By so doing, the customers will be satisfied and give positive word of mouth. In addition, it will lead to good reputation, customer retention, growth and success in the business enterprise. Moreover, it is very important to keep good relationship with the employees so that they can be happy working in the company and serve the customers better. Furthermore, entrepreneurs must keep contact with other networks such as suppliers, experts and professionals so that the company can develop and operate efficiently.

In the case companies, relationship competence was used to persuade customers on services offered. In addition, it was used to persuade colleagues about services offered to clients. The finding support previous studies (Baron & Markman 2003; Davidsson & Honig 2003; Markman & Baron 2003; Brush 2008; Wagener et al. 2010) indicating that the competence of convincing others of their opinions (employees, clients) is of key importance for an entrepreneur to possess. This is further highlighted by the responses of entrepreneurs A and B.

Entrepreneur A: *“I get like older lady who has really thin but weak lashes and she wanted really showing Hollywood style lashes. I had to explain to her that it is not possible”.*

Entrepreneur B: *“We made this animation film for the client and they had an idea that I did not like [...] I showed them the new design that I have worked*

and explained to them why this is better and why will I want to do it like this. So the client loved it”.

This competence was also used for utilizing existing connections and contacts. It was emphasized that the recommendations from friends are very important. For example, entrepreneur A gets more customers from the recommendations of some friends and vice-versa. Entrepreneur F got a very good accountant through a person she met in a course. Man et al. (2002) support this finding by stating that this particular area of competence is based on using connections and contacts.

Entrepreneur A: *“She does not do the volume lashes, so if someone asks for them, she just tells them to contact me”.*

Entrepreneur F: *“I was speaking to this person that was giving advice in the program. [...]Then he recommended an accountant for me. The accountant is still my accountant until now”.*

Relationship competence was used to act interpersonally in business operations. For instance, entrepreneur C used it to act interpersonally with employees, while entrepreneur D used it with the supplier. This is consistent with the work of (McClelland 1987; Man 2001; Davidsson & Honig 2003) where they emphasized that a successful entrepreneur must possess the ability to act interpersonally.

Entrepreneur C: *“I relate with the employees face-to face mostly and also on WhatsApp. The most communication is like telling the employee how to do things”.*

Entrepreneur D: *“The wholesaler [...] called me and made offer and I took it. I tried it for like six months to see how it goes and what we need, what she is willing to offer us and it went good and we made contract again”.*

Relationship competence was used to communicate about business related matters with accountants, customers, suppliers, government and colleagues. Using this EC to

communicate is related with the work of (McClelland 1987; Man et al. 2002 and Davidsson & Honig 2003).

Entrepreneur A: *“I talk to my accountant monthly. [...] I tell my customers to go to my friends’ place [...]. I contact my suppliers [...], I communicated with the government about the company name”.*

Furthermore, it was also used by the case companies to cooperate and build trust with their business networks and business partners. In relation to this finding, Man et al. (2002) stressed that the relationship competence is utilized for building trust and cooperating with others.

Entrepreneur C: *“We had to do some personal relationship with the guys at the brewery because they were really mad with the ex-owners. We had to make the relationship again to show them that we are good guys”.*

In addition, relationship competence was used to build relationship. For instance entrepreneur A has used it to build relationship with the customers. Entrepreneur C used it to build relationship with his business partner, entrepreneur D with her suppliers and entrepreneur F with her international networks. This finding is supported by (McClelland 1987; Man 2001; Davidsson & Honig 2003) emphasizing that successful entrepreneur must possess the ability to build relationships.

Entrepreneur A: *“I have been able to build relationship between me and my customers because there is communication between me and them daily”.*

Entrepreneur C: *“We started the brewery restaurant and it was easy to build the network. We had to do some personal relationship with the guys at the brewery”.*

Entrepreneur D: *“[...] we made contract again with the wholesaler and now we have very good contact. Just getting better all the time”.*

Entrepreneur E: *“I love travelling to the conferences and we live in people’ home. When your friends are making a new project in their country so we share and we do the same thing as good friends do”.*

Moreover, relationship competence was used to get support and advice from experts and professionals such as consultants, lawyers and accountants. Entrepreneurs A, B and F got support and advice from their accountants and entrepreneur E got support from her lawyers. This study supports the findings of Ritter & Gemunden’s (2004) study, indicating that relationship competence can be utilized to get support from experts and professionals such as consultants, lawyers and accountants.

Entrepreneur E: *“I have Lawyers as friends and they have been doing the legal related work for me without any payment”.*

Entrepreneur F: *“My accountant gives tax ideas and bookkeeping ideas and he also gave advice on value added taxes to me”.*

Finally, relationship competence was used in the case companies to get support from suppliers, government and union. This finding is similar to the work of (Ritter & Gemunden 2004), indicating that relationship competence can be utilized to get support from suppliers, governments, customers and training and research institutes.

Entrepreneur A: *“The suppliers update me about new product by email and other means. Some sent samples and I think that is the best way”.*

Entrepreneur E: *“Psychology union gave me part of the money to go for congresses and pay for flight [...].Government is also one of my networks; they gave the money for the communities to buy the training from me”.*

Besides relationship competence, other important ECs include commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies.

4.3.2. Commitment competence

Commitment competence is the most important EC in the film industry and the third important EC in the health industry. This category of EC is critical because it involves fulfilling one's role and responsibility in the company in order to achieve company's goal and success. If entrepreneurs do not fulfill their roles and responsibilities in their business enterprise, nothing will be achieved and it will lead to negative results.

Commitment competence was used among the case companies to persevere and continue their duties despite the fact that they were facing difficult situations at a particular time. For instance, entrepreneur B could have gone bankrupt if he was not able to handle the challenges. Entrepreneur E was having serious financial situation that they managed to handle and got a solution for it. In relation to this finding is the study conducted by several authors (McClelland 1987; Markman & Baron 2003; Rauch & Frese 2007; Valtonen 2007; Kyndt & Baert 2015) who suggested that perseverance is another aspect of commitment competence that entrepreneurs should possess. Despite any difficult business situation, successful entrepreneurs are capable of continuing their tasks or duties and focus on the job until they achieve their goals.

Entrepreneur B: *“Couple of years ago we almost run bankrupt [...] we just thought that we don't wanna give up. So we did this old school style door to door sales man. At the end we got two big ones and we survived”.*

Entrepreneur E: *“The beginning of my company was tough financially. I had to work in the project work of Vaasa city for one year and working in my company half a day just to get enough money to survive”.*

4.3.3. Learning orientation competence

Learning orientation competence is the second important EC in the cosmetic industry and the third important EC in the film industry. It is critical that entrepreneurs develop themselves and acquire new skills in order to best serve their customers and operate

efficiently. If the customers are well served, they will patronize the company again and the company will be able to continue business operation.

Learning orientation competence was used to seek new skills and knowledge for self-development. For instance, entrepreneurs A and B sought new skills and knowledge by attending trainings and courses. This finding is associated with the works of several authors (Lans, Bergevoet, Mulder, & Van Woerkum 2005; Lans, Hulsink, Baert, & Mulder 2008; Kyndt & Baert 2015) who stressed that entrepreneurs should have an orientation towards learning, which make them seek for new skills and knowledge for self-development. It also involves participating in development and training activities, showing interest to new relevant techniques and methods.

Entrepreneur A: *“Every now and then I look for new ways of doing things and participate in trainings like eyelash extension”.*

4.3.4. Strategic competence

Strategic competence was found to be the second important EC in the health industry. This competence was not among the important ECs in the cosmetic, food and film industries.

Strategic competence was used to determine the direction the company must follow. The use of this EC is consistent with the work of Man (2001), which emphasized that one of entrepreneur’s major tasks is to determine the direction the company must follow.

Entrepreneur F: *“I want to sell more to organizations. For this to happen, I participated in a course and bought the services from a marketing firm.*

This competence was also used to have clear set of goals to accomplish and to be versatile in formulating and implementing strategies to accomplish these goals. In relation to this finding are the works of numerous authors (Man 2001; Karlsson & Honig 2009; Brinckmann, Grichnik, & Kapsa 2010; Chwolka & Raith 2012) who

emphasized that an entrepreneur must be able to have clear set of goals to attain and be versatile to formulate and implement realistic or workable strategies to achieve the goals.

Entrepreneur F: *“I want to make a new and clear internet page. First I will make the text ready, the logo and the photos and sent it to a professional”.*

Finally, the strategic competence was used to know how the business is positioned in the regularly developing market and to know the companies’ both current and future competitors. There is a relationship between this finding and the works of numerous authors (Man et al. 2002; Wagener et al. 2010; Chwolka & Raith 2012) who stated that successful entrepreneurs have a clear knowledge of how his or her business is positioned in the market and knows the company’s competitors.

Entrepreneur F: *“I know them. They are like five in this city. But I am unique. I know exactly what they do by going to their internet page and spy. I have spied so much on how they make their brand. After that I make my own strategy in a unique way”.*

4.3.5. Innovativeness competence

Innovativeness competence was found to be the second important EC in the food industry. Innovativeness competence was not among the important ECs in the cosmetic, health and film industries.

Innovativeness competence was used to create new products or services. For instance entrepreneur C used it to develop the products and services in his company. Previous studies by (Man 2001; Man et al. 2002), confirms the finding in this study that, this particular competence is for making innovations.

Entrepreneur C: *“No one else sold craft beer in this city before us. Now we are selling 70-80 different kinds of craft beers”.*

4.3.6. Decision-making competence

Decision-making competence was found to be the third important EC in the cosmetic industry. This competence was not among the important ECs in the food, health and film industries.

The decision-making competence was used to make definite decisions. For instance, entrepreneur A made customer service related decisions. The studies by Wagener et al. (2010) and Rezaei-Zadeh et al. (2014) supported this finding by showing that entrepreneurs should be able to make a definite decision.

Entrepreneur A: *“I make decisions based on customers daily. For instance: if I get like older lady who has really thin but weak lashes and she wants really showing Hollywood style lashes. I have to make a decision on how to tell her that it is not possible”.*

Decision-making competence was used to make good decisions based on the ideas or insights from colleagues and expert. In relation to this finding are the studies of Rauch and Frese (2007) and Wagener et al. (2010), who argued that the entrepreneurs must be able to make good decisions based on the ideas or insights from colleagues, consultants and experts.

Entrepreneur A: *“If there is something new I am thinking about, I ask how my colleagues and accountant”.*

This competence was also used to make decisions independently without seeking the advice of anyone. The studies conducted by Rauch & Frese (2007) and Wagener et al. (2010) support this finding by emphasizing that entrepreneurs make decisions even if everybody does not agree with them.

Entrepreneur A: *“I decide on the time I go for holiday and my free time irrespective of any situation or events”.*

4.3.7. Problem solving competence

Problem solving competence was found to be the third important EC in the food industry. Problem solving competence was not among the important ECs in the cosmetic, health and film industries.

Problem solving competence was used to face and handle challenges. For instance, entrepreneur C had difficult problems with his services because the cash machine was broken and he was able to solve it. The use of this competence was supported by Man (2001), who suggested that entrepreneurs must utilize their competence to solve problem and deal with complex situations.

Entrepreneur C: *“The cash machine broke in the restaurant. Nowadays, I have an extra machine”.*

4.4. Summary of empirical findings

Based on the industry analysis, seven important ECs were identified in Finnish SMEs. The ECs are relationship, commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies. In addition, the findings indicate relationship competence as the most important ECs among them. This study also presents how the important and the most important ECs are utilized.

Relationship competence was used to persuade customers and colleagues; to utilize connections and contacts; to act interpersonally and to communicate with accountants, customers, suppliers, government and colleagues. Furthermore, relationship competence was used to cooperate and build trust with their business networks and business partners. Moreover, it was utilized to build relationship with the customers, business partners, suppliers and networks. In addition, relationship competence was utilized to get support and advice from experts and professionals such as consultants, lawyers and accountants. Relationship competence was also used to get support from suppliers, government and union. Commitment competence was utilized to take proactive steps towards duties and responsibilities in their companies. Commitment competence was also used to persevere

and continue their duties when facing difficult situations. Learning orientation competence was used to seek for new skills and knowledge for self-development. Strategic competence was used to determine the direction the company must follow. Furthermore, this competence was utilized to have clear set of goals to accomplish and be versatile in formulating and implementing strategies to accomplish these goals. In addition, it was utilized to form strategic alliances with business partners and suppliers. Moreover, strategic competence was used to know how their businesses are positioned in the regular developing market and the companies' current and future competitors. Innovativeness competence was used to create new products and services in the business. Decision-making competence was used to make definite and independent decisions in their businesses. In addition, decision-making competence was utilized to make good decisions based on the idea or insights from colleagues, consultants or experts. Problem solving competence was utilized to face and handle business related challenges.

5. DISCUSSION AND CONCLUSION

In this chapter, the findings are compared with the theories on ECs. The most important and the important ECs are discussed. Thereafter, the theoretical contribution, managerial implications and the limitations and suggestions for further research are discussed.

Relationship competence emerged as the most important EC in Finnish SMEs because building and maintaining good relationship with customers, employees, suppliers, experts and professionals are linked to the growth, competitiveness and the success of the interviewed companies. In addition, relationship competence was identified as the most important EC in the cosmetic, health and food industry. These findings support existing studies indicating that entrepreneurs must have the competence of building important internal and external networks and manage these networks for recruiting and retaining clients (Baron & Markman 2003; Markman & Baron 2003). Furthermore, the present study suggests that in one hand entrepreneurs must have good ties with the customers because it is central to business growth and success. On the other hand, entrepreneurs should also maintain good relationship with the employees, suppliers, experts and professionals to enhance the relationship with the customers. This is further highlighted by the response of one of the interviewed entrepreneurs, who stated that keeping good relationship with the employees makes them happy to serve the customers well. If the entrepreneurs keep good relationship with the suppliers, they will have access to necessary materials that will make them serve the customers efficiently. The entrepreneurs are in contact with experts and professionals in order to get support from them. Support could be in the form of advice for self and business development, which are later utilized to provide good services for the customers. If good services are provided for the customers, they will be satisfied and the bond with them will be stronger. As a result, existing customers are retained and they will spread positive word-of-mouth about the company's products and services. Today, customers communicate about the products and services of the company on their social media for example Facebook and Twitter. Communicating on social media helps to reach out to large number of people than through face-to-face interaction. Therefore, through these social

media and positive word-of-mouth the company gains reputation and more customers, which in turn leads to increase in turnover, growth, performance and competitive advantage.

Apart from relationship competence, the findings indicate that entrepreneurs must also possess other important ECs for gaining sustainable competitive advantage. For example, this study identified the significance of commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies.

Learning orientation competence is critical because entrepreneurs need to develop their skills and acquire new ones so that they can render the best services to their customers and perform business operation in the best possible way. Serving the customers well with the help of new skills creates customer retention, business continuity and competitiveness. The findings support existing studies indicating that learning orientation competence is important because it helps entrepreneurs to be updated about new developments that will ensure competitiveness of the company (Kyndt & Baert 2015; Lans et al. 2005; Lans et al. 2008).

Commitment competence is also important because it involves fulfilling one's role and responsibility in the company in order to achieve company's goal and success. Man et al. (2002) states that commitment competence is important for entrepreneurs to possess because it makes them continue doing business. Moreover, ECs could be connected to each other when they are used. For example, learning orientation competence is associated with commitment competence through taking proactive steps towards duties and responsibilities (Man 2001). This is highlighted by the response of one of the interviewed entrepreneurs indicating that in order to fulfill her role in her business; she has to develop her knowledge in therapy, psychology, people and business. She further stated that she develops her knowledge by reading books, browsing on the internet, attending trainings and participating in discussion forums.

Strategic competence is important in Finnish SMEs because an entrepreneur must plan for the future by setting goals and clearly stating how the goals can be achieved. By so doing, the company will grow, develop and be profitable. It is also important that

entrepreneurs are aware of the competition and ensure that their products and services are clearly stated for the customers to understand. This will lead to increase in the company's turnover and performance. This finding is further supported by (Karlsson & Honig, 2009; Brinckmann, Grichnik, & Kapsa 2010; Chwolka & Raith, 2012), who suggested that successful entrepreneurs plan for the future by having midterm and long term goals. Their plans and visions for the company must be realistic, workable and show the necessary steps towards achieving their goals.

Innovativeness competence was also identified as one of the important ECs in Finnish SMEs. Due to the rapid changes in the needs of customers, entrepreneurs must take proactive steps by developing new products and services to meet such needs. By doing so, customers will be satisfied and the business will continue to exist. The study conducted by (Man 2001; Man et al. 2002) confirmed that innovativeness is a very important EC that an entrepreneur must possess in order to have a successful business.

The findings suggest that decision-making competence is essential in Finnish SMEs because an entrepreneur has to make decisions that involves rendering services to the customers. For example, a customer might request for a particular service which makes the entrepreneur decide how to serve the customer in the best possible way. This is supported by (Wagener et al., 2010; Rezaei-Zadeh et al., 2014), where they emphasized that entrepreneurs should be able to make a definite decision. Decisiveness is a key skill that entrepreneurs must possess in order to move forward.

Problem solving competence was found to be critical in Finnish SMEs because its daily operations involves interaction with people such as employees and customers. For example, an employee might come to a place of work with a moody look as a result of a personal situation. In this case, an entrepreneur is in the position to make sure that the employee is taking care off so that such negative feeling does not affect the daily work or output. Another example is that, if a customer returns a product or complain about a service, it is the responsibility of the entrepreneurs to handle such matter so that the customer is happy and retained. This area of EC is related to the findings of (Man 2001; Man et al. 2002), which emphasized that it is very important for successful entrepreneurs to possess problem solving competence to tackle complex situations.

Theoretical contributions: Firstly, the present study contributes to the existing literature on EC by suggesting a comprehensive definition of ECs based on the literature review and the author's own critical analysis. Given diverse definition of ECs in the existing literature comprising of both narrow and broad understanding of the concept, the author suggests a comprehensive definition of ECs. In this study, ECs are defined as underlying characteristics such as knowledge, skills, abilities, traits, self-image, motives and social roles that are needed for an entrepreneur to perform his/her job role successfully and which results in a firm's birth, survival, growth and performance. Secondly, based on the critical analysis of the existing literature on ECs, the author also developed own categories consisting of different ECs: opportunity, relationship, conceptual, organizing, strategic and commitment competencies. Thirdly, based on the identified categories the findings show that relationship, commitment, learning orientation, strategic, innovativeness, decision-making and problem solving competencies are the important ECs in Finnish SMEs. Fourthly, based on cross-industry analyses, relationship competence was identified as the most important EC. Lastly, this study identified how both important and most important ECs are used in Finnish SMEs.

Managerial implications: The findings of this study offers numerous managerial implications for Finnish entrepreneurs and SMEs. The managerial implications of this study include that entrepreneurs should emphasize more on the relationship competence, for example, through effective communication with employees within the organization, by building ties and trust with customers, suppliers and other business networks. In addition, relationship competence can be fostered through performing role behaviors, interaction management, by establishing meaningful interpersonal relationships (Saeed 2004), and by dealing with different social customs (Harris and Moran 1995). On the other hand, entrepreneurs should also focus on other ECs to gain competitive advantage. For example, the way of doing business is changing every day because of different factors such as customers' demands, technology, and social factors. Therefore, entrepreneurs need to constantly update themselves to address the changing environment (learning orientation competence). In addition, entrepreneurs should show commitment towards their businesses by fulfilling their roles and responsibilities. For example, an entrepreneur should make sure that customers are well served (commitment competence). Furthermore, entrepreneurs should also be aware of the challenges in

business and take necessary steps to overcome such problems (commitment and problem-solving competence). Moreover, entrepreneurs should look beyond the present by creating both mid-term and long-term goals for the company. They should create a realistic plan to achieve the set goals (strategic competence). Furthermore, it is critical that the entrepreneurs are innovative by developing and introducing new products and services in order to attract and retain existing customers and enhance firms' competitiveness (innovativeness competence). Lastly, entrepreneurs should take business related decisions on their own. For example, an entrepreneur may decide on the products and services the company has to offer the customers. However, there are some decisions that are difficult to take by oneself. If entrepreneurs find themselves in such situation, they should seek advice from colleagues, consultants and experts (decision-making competence).

Limitations and suggestions for further research: This study includes several limitations. Firstly, given the time and resource limitations the respondents of this study was limited to six participants and represents four different industries. Future studies should include large number of respondent and other industries to provide a better understanding of the most important EC based on cross-industry analysis. Secondly, this study employed only interview as a method of data collection, therefore, future studies should adopt a greater array of research methods to overcome this limitation. For instance, triangulation can be an option to strengthen and enhance the validity of data. This may be operationalized through a range of research instruments including focus groups and surveys.

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APPENDICES

Appendix 1: Interview questions

1. Opportunity competence related questions:

Have you ever spotted any favorable chances/circumstances (business opportunities) in your business area (sales, marketing) that nobody else (competitors) has discovered? Please give examples.

How often do you discover such favorable chances?

How do you spot these chances?

After you have discovered these chances, how do you act on them?

Do you think your company can grow/succeed/ withstand the competitive pressure without been able to spot chances?

Do you think it is very important to be able to spot favorable chances in your line of business? Why?

2. Relationship competence related questions:

Does your company have business partners, networks, suppliers, accountants, lawyers etc.?

Could you tell about your business partners, suppliers, accountants, lawyers, networks and their importance?

How have you created these business networks above?

Who is in charge of communicating and relating with these groups?

How do you participate in communicating and relating with your business partners, networks, suppliers, employees, accountants, lawyers, customers and the government? With practical examples.

How often do you communicate and relate with them (daily, weekly, monthly, yearly) ?

Do you think it is very important to keep these relationships and why?

3. Conceptual Competencies related questions:

3a. Risk taking/management

Have you ever taken any risk in relation to your business? Please give examples of the risk you took and how did it go? (Did it produce negative result or positive result)?

Do you think it is very important to be able to take risk in your business and why?

3b. Decision-making

Are you in charge of the decision-making in your company? Please give examples of the kind of business related decisions you took? What kind of results have these decisions produced (positive or negative result examples)?

Do you make decisions with your own judgement alone or do you seek advice from others (colleagues, consultants/experts)?

Do you think it is very important to be able to make decisions in your business and why?

3c. Cognitive and analytical

In a situation whereby you are making decisions or tackling issues in the company, do you come out with solutions spontaneously or do you analyze and critically examine the events surrounding such issues? Please give examples.

Do you think it is very important to be able to analyze and critically examine situations before actions are taking in your business and why?

3d. Innovativeness

Has your company developed unique products or new services over the years? What are your roles in these developments?

Do you think it is very important to be able to develop unique products and services in your business and why?

3e. Problem solving

Have you experienced any form of challenges in your business activities? Please give examples. How did you participate in solving these challenges?

Do you think it is very important to be able to solve problems in your business and why?

3f. Learning orientation

Do you develop your business knowledge? (Do you participate in development and training activities?) If Yes, how?

How has the new knowledge helped in your business activities?

Do you think it is very important to develop your business knowledge in your line of business and why?

4. Organizing Competence related questions:

Does your company have physical, human, technological and financial resources?

If yes, how do you control, monitor and manage these resources? For example, how do you build your team, lead employees, delegate duties, coach and train others? With Practical examples.

Do you think it is very important to be able to manage these resources in your business and why?

5. Strategic Competence related questions:

What is the vision of your company?

Have you been able to formulate and implement strategies to achieve this vision? What are the strategies?

What are the goals of your company? Both short term and long term.

Have you been able to formulate and implement strategies to achieve these goals? What are the strategies? (What are the steps you have put in place to achieve these goals?)
How realistic are these steps?

Who are your current and future competitors and how do you respond to their activities and outperform them?

Do you have strategic alliance with any firm and why?

Do you think it is very important to be able to create a vision and goals for your company and how they can be achieved and why?

6. Commitment competence related questions:

Have you ever faced any difficult situation in your business that felt like the business was going to collapse? Please give examples of the circumstances and how you handled it. Why didn't you give up (motivations for not giving up)?

What are your roles and responsibilities towards the goals/specific task of the company?
Do you fulfill these roles and responsibilities until these goals/tasks are completed?
Please give examples.

Do you think it is very important to be able to face and handle difficult situations/challenges in your business and why?

Do you think it is very important to fulfil your roles and responsibilities until business goals/tasks are achieved and why?

Appendix 2: Profile of Interview Respondents

Case Company	Current position of respondents	Date of interview	Duration of interviews
Company A	Owner	21.09.2016	85 minutes
Company B	Owner	12.09.2016	117 minutes
Company C	Owner	14.09.2016	110 minutes
Company D	Owner	14.09.2016	99 minutes
Company E	Owner	09.09.2016	85 minutes
Company F	Owner	22.09.2016	148 minutes