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HOW DO ENTREPRENEURIAL GROWTH INTENTIONS EVOLVE? A SENSEMAKING-SENSEGIVING PERSPECTIVE

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ABSTRACT

In this paper, we develop a process model to explain how growth intentions evolve over the venture's life cycle. Adopting an inductive approach, we use case study data from 30 small and medium enterprises (SME) with an explicit focus on venture growth over five years. Three waves of data were collected from the same set of lead entrepreneurs in these firms to identify if and why their intentions to grow their businesses changed over the timeframe. Using grounded theory development, we formulate a model characterizing entrepreneurial growth intentions. The model incorporates a sensemaking-sensegiving perspective and is recognized in terms of its constituent 3Ps (Precursors, Process and Product), serving to capture the essential dynamic of the entrepreneurial growth intention process over time.

Keywords: firm growth, entrepreneurial orientation, small business

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INTRODUCTION

While high-growth entrepreneurial firms widely vary across size, sector, and age characteristics, they all need a high level of commitment from the lead entrepreneur to achieve growth (Gilbert, McDougall, and Audretsch, 2006; Smallbone, Leigh and North, 1995). Yet, as Gilbert et al. (2006) note, research by Barringer, Jones, and Neubaum (2005) shows only 3.5% of the new ventures started each year in the U.S. actually evolve into large firms. Entrepreneurs differ widely in terms of their attitudes towards growth (Cliff, 1998), need for wealth attainment (Amit, MacCrimmon, Zietsma and Oesch, 2001), and willingness to grow (Davidsson, 1989).

Much of what unfolds in course of the history of an entrepreneurial venture is inextricably linked with entrepreneurial intention, i.e. what entrepreneurs *think* with respect to their ventures and how they *act* on these thoughts (Bird, 1988, emphasis our own). Intentions characterize entrepreneurial action and are affected by individual and contextual factors such as social, political, and economic factors, personal history, current personality, and abilities of the entrepreneur, and experience and satisfaction with current job (Lee, Wong, Foo and Leung, 2011). Intentions are also influenced by the entrepreneur's rational analytic, as well as, intuitive holistic thinking frames and structures used to make sense of the environmental potential that exists with respect to creating and making a success of the new business (Palich and Bagby, 1995). Focusing our attention on factors that influence the process of evolution of entrepreneurial growth intentions can help to inform us why some ventures achieve growth while others do not do so. Therefore, in this paper, we study how entrepreneurial growth intentions

evolve over the venture's life cycle, by utilizing insights from Gioia and Chittipeddi's (1991) sensemaking-sensegiving perspective.

According to Cornelissen and Clarke (2010), new venture creation requires the entrepreneur to not only develop mental models of the market, so as to identify and act on opportunities, but also situate such understanding in a wider social environment, evoking meaning in line with political interests that matter as far as realization of the entrepreneurial opportunity is concerned. To do so, the entrepreneur: (i) must construct a reality based on his/her beliefs about an emerging opportunity and (ii) be able to articulate the reality to other stakeholders that matter as far as launching and growing the venture is concerned (Vaghely and Julien, 2010). Together, these tasks involve a dynamic process of sensemaking-sensegiving on the part of the entrepreneur (Bettiol, Maria and Finotto, 2012). Gioia and Chittipeddi (1991) developed the sensemaking-sensegiving framework to explain how organizations accomplish strategic change. The first process, sensemaking, is how the organizational leader searches information relating to the internal and external environments and engage in meaning-making, in order to identify strategic imperatives and a plan for action. The second process, sensegiving, relates to how the leader communicates his/her understanding to organizational members and influence the latter's meaning-making process. Because our study is concerned with change in entrepreneurial growth intentions over time, we adopt the sensemaking-sensegiving framework to understand how this process of change evolves and factors that influence the process. In doing so, we arrive at the 3P model, which suggests three sets of factors

drive the evolution of growth intentions over time: Precursors, Process, and Product.

GROWTH INTENTIONS AND ENTREPRENEURIAL SENSEMAKING-SENSEGIVING

New venture growth is a complex process. It is affected by a range of factors: (i) the entrepreneur's personality, motivation, aspirations, knowledge, and experience; (ii) resources available, from the entrepreneur as well as external sources; (iii) industry and geographical context the venture is located in; (iv) organizational structure and processes adopted; and (v) the venture's strategy for achieving growth (Delmar, Davidsson and Gartner, 2003; Gilbert et al., 2006). Entrepreneurial growth intentions exhibit differences, at least in terms of outcomes resulting from them. Not all entrepreneurs keep their venture on a continuing growth path. Some aim for a target growth in the business and then are engaged in maintaining this level of performance. Yet others may exit from the business and having done so, may or may not set up another new venture. Thus, the entrepreneurial intention to launch a business is usually followed by decisions associated with growing and stabilizing performance, or the decision to exit the business, as the entrepreneurial firm progresses in its life cycle.

When faced with equivocal information or risky situations in identifying and enacting opportunities, entrepreneurs adopt unique categorization and choice processes (Palich and Bagby, 1995). They use simplified cognitive processes to form perceptions, even though these may cause distortions in viewing reality. In fact, the entrepreneur's cognitive elements seem to act as enablers, directing the entrepreneur's efforts in a specific direction (Sommer and Haug,

2011). Thus, potential biases can occur, in that entrepreneurs may exhibit excessive optimism in situations where non-entrepreneurs demonstrate pessimism or risk aversion. Cognitive processes, far from being completely rational, tend to overload the information-processing capacity of entrepreneurs dealing with varying situations, thus subjecting them to cognitive bias (Baron, 1998). For instance, Doern (2011) finds that the ways in which entrepreneurs perceive and interpret barriers have an influence on their intentions to grow their businesses. While these barriers do arise based on the entrepreneur's disposition, personality characteristics, and prior experience, factors external to the entrepreneur also play a role. For instance, Diaz-Casero, Ferreira, Mogollon and Raposo (2012) have highlighted the influence of the entrepreneur's institutional environment where the entrepreneur is based, which has an impact on the entrepreneur's intention, specifically with regard to the desirability and feasibility of a business idea.

Entrepreneurs constantly engage in sensemaking and sensegiving as they create and lead the venture through its formation, growth, and survival (Bettiol, Maria and Finotto; Hill and Levenhagen, 1995). Sensegiving and sensemaking are interpretive processes engaged in by the leader, in order to affect organizational change (Gioia and Chittipeddi, 1991). According to Gioia and Chittipeddi, "... 'sensemaking' has to do with meaning construction and reconstruction by the involved parties... [while] 'sensegiving' is concerned with the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality" (1991: 442). Sensemaking arises when leaders scan the organization's internal and

external environment, in order to discern trends and signals that have the potential to affect the organization, and engage in meaning-making for themselves. Sensegiving is the counterpart process that involves the leader's efforts to shape the meanings of other organizational members, such that the leader's suggested vision and path of organizational change can be followed.

Existence of sensemaking and sensegiving as processes characterizing human interpretation, understanding, decision making, and action in systems that involve individuals, groups, and organizations has been well-recognized in prior literature (e.g. Craig-Lees, 2001; Daft and Weick, 1984; Gioia and Chittipeddi, 1991; Weick, 1979; Weick, 1995). For the leader, sensegiving is triggered by issues he/she perceives as ambiguous, unpredictable, and spanning across multiple stakeholder domains (Maitlis and Lawrence, 2007). Yet, as the leader engages with and responds to these triggers, frequent modification of the leader's opinions on these issues can give rise to inconsistencies between sensemaking and sensegiving (Bartunek, Krim, Necochea and Humphries, 1999). This problem can become especially compounded in entrepreneurial settings, which are characterized by high levels of uncertainty with regard to the market, product, and organizational survival and growth prospects. Therefore, for the present study, we adopt the twin concepts of entrepreneurial sensemaking-sensegiving and apply them in the inductive setting of a field study, in order to arrive at insights about the process guiding the changing nature of growth intentions as the firm evolves.

THE PRESENT STUDY

Approach to the Research

The present study was conducted on the belief that entrepreneurial intention, being the primary force that guides the action by SMEs in a volatile environment, is critical in the overall process of entrepreneurial sensemaking and sensegiving. Our pre-supposition is that entrepreneurial intentions itself would emerge as part of the broader process of entrepreneurial interpretation and enactment. Growth, evolution, survival, and decline of the SME can be conceptualized as being elements of a broader process of organizational change affecting the firm encapsulated in a wider business environment. Prior literature has suggested organizational change involves a dynamic interplay of forces along three distinct but inter-related dimensions – context, content, and process (Pettigrew, 1987; Barnett and Carroll, 1995). Context is the situation surrounding the firm - the field of forces in which the firm finds itself, which creates conditions for the “why” of change. Content and process reflect the internal forces operative in the firm as it responds to change, or the “what” and “how” of change, respectively (Pettigrew, 1987). Organizations have been classified as interpretive systems, with interpretive processes within the organization shaping its realities (Daft and Weick, 1984). Being the prime driving force within the SME, the entrepreneur's role in the process of sensemaking-sensegiving can hardly be overemphasized. Mental models of individuals allow them to perceive environment on a scale that goes beyond the range of their immediate perception (Barr, Stimpert and Huff, 1992; Linan, Santos and Fernandez, 2011). It is this change schema that guides an individual's attitude toward change (Lau and Woodman, 1995).

As research methodology, we adopted grounded theory development (Glaser, 1992; Glaser and Strauss, 1967; Martin and Turner, 1986; Strauss and Corbin, 1998). Grounded theory provides a recognized technique of inductive theory development by giving the researcher ways of developing in-depth explanation of a phenomenon. We agreed with Orlikowski (1993) that the three characteristics of grounded theory development – inductive, contextual, and processual – are well suited to developing an inductive understanding of the phenomenon, which within itself incorporates content, context and process elements. Following the traditions of grounded theory research (e.g. Beyer and Hannah, 2002; Eisenhardt, 1989), we adopted only a few central a priori themes to inform the research design and data collection process, thus allowing the data to speak for itself. Primarily, the following two themes were taken to serve as guideposts to the study: (i) entrepreneurial intentions are modified by the entrepreneur's sensemaking and (ii) entrepreneurial sensemaking is a dynamic process that changes character with time. With these core themes to guide us, we progressed with three waves of interview data collection by following up with the same group of entrepreneurs.

Research Setting and Data Collection

The research design incorporated a longitudinal, multi-site case study of thirty SMEs located in Western Canada. A unique feature of these SMEs is that just before the commencement of the first wave of data collection, they had secured subordinated debt for working capital from a single venture capitalist, which indicates an explicit intent to grow their ventures. Given their focus on venture growth, our chosen sample satisfied the criterion of theoretical sampling appropriate for grounded theory

(Draucker, Martsolf, Ross and Rusk, 2007). Data was collected at periodic intervals (2001, 2003 and 2005) through in-depth interviews by the two authors. All the entrepreneurs have been interviewed repeatedly - during each cycle of data collection process. The interviews were deliberately kept unstructured except that the broad domain of questioning included the following pointers: (i) venture's current profile, (ii) intention towards growth in the upcoming 2-3 years, (iii) involvement of other organizational members on discussions about the firm's growth strategies, and (iv) constraints that could affect the intended growth. Every interview was recorded on tape and then transcribed verbatim. The participants were explained the longitudinal nature of the project as well as assured of complete confidentiality of the data collected. The interview data was supplemented with archival case data on each company. These documents described the company's history, performance statistics, and web-based data available on the company's homepage, as well as due diligence reports prepared by the investment managers from the mezzanine financing agency. Also, the company's financial statements were made available to the researchers every quarter during the timeframe of the study.

Data Analysis

An independent professional agent (who was otherwise unconnected with the study) transcribed the interview data individually collected by the two authors over the study timeframe. Transcription of the data was completed within a month of each wave of data collection (in 2001, 2003, and 2005). Each interview transcript thus formed a data file and had a name that incorporated the month and year the interview was conducted as well as the name of the respondent firm.

Content analysis of the interview data was carried out by both authors, independent of each other. Having identified central themes and associated patterns from the data, the authors compared notes, discussing the similarities as well as distinctiveness associated with the patterns. This process of triangulation (Jick, 1979; Labianca, Gray and Brass, 2000) allowed us to narrow down the original set of themes into a reduced set containing common themes suggested by several entrepreneurs. In line with established practice in grounded theory development (e.g. Gioia and Chittipeddi, 1991; Labianca et al., 2000), we engaged in both first-order and second-order analysis of the data. "The first-order analysis ... tries to faithfully reflect the events that occurred ... through the participants' eyes ... This is followed by second-order analysis ... in which several themes and schemas are linked in a model of how change occurred. In second-order analysis, the researcher offers and interpretation of what transpired that goes beyond that offered by the informants in the first-order analysis" (Labianca, Gray and Brass, 2000: 242).

First-order Findings

Based on the study, the following first-order findings emerged. Entrepreneurs begin with an intention to launch or acquire a business. This is almost immediately followed by an intention to consolidate and grow. In terms of their affinity for growth, entrepreneurial intentions may be classified as falling along a continuum – from maintaining stability to going for unbridled growth. At a later stage, there may emerge an intention to diversify or expand the business -- in terms of products/services and or geographies. Alternatively, some entrepreneurs seem not to adopt the expansion/diversification route but exit from the business. Thus, intentions follow a range of growth choices: (i) stability (or zero growth) can be followed

by (ii) expansion (or positive growth), (iii) diversification (growth with variety), (iv) consolidation and/or (v) exit.

Having launched the business, most entrepreneurs focus their attention on the intention to stabilize operations of the new venture and overcome its liabilities of newness and adolescence (Bruderl and Schussler, 1990). The idea is to develop a sense of security in the business, test the waters as it were, and find out if the venture is going to be profitable and whether setting it up was the right thing to do.

Thus:

"I guess just almost, like, at that stage, it was just about establishing the viability of it. Like, on a really basic level, 'could this happen?' like 'could this work?' And so, the funny part is though that my original business plan has in large part turned out to be accurate, and it's just funny that it has happened that way."

Or:

"You don't know whether a product will be successful or not, so it's a little harder to plan completely for it ... So that's one of the few things that I see really – we've got the representation in place, we've got the product, I think, is starting to attention, we've got very attractive new buying ... getting to the right people ... Well, obviously you have to recognize that uncontrolled growth is very dangerous. If you don't have that understanding, you're in deep, deep trouble."

Some entrepreneurs are intent on expanding their business right after the time the venture is launched. They set ambitious growth targets and seem to believe that it is

possible to maintain rapid growth on a continuing basis.

Thus:

“And I wanted to create something that made a difference, but also that was growing... One of the things that we decided is to grow rapidly, to really get a much bigger piece of the pie.”

Having expanded and stabilized the business, many entrepreneurs aim for further expansion of the business through either product and/or market diversification. This appears to follow a process of successive consolidation and expansion. Sometimes, the intention to diversify may arise as a direct outcome of the intent to survive and grow by going up the value-chain.

Thus:

“Yes – the company went from what has been described as anything for money, it will undertake any contract where they would be getting paid for their services to one where they evolved to try to develop a product strategy and they had a couple of products, one of which had a competitive advantage and one they didn’t, and then focusing on where they had an advantage... What we decided to do was to expand geographically.”

Or:

“I would say this would cease to be a viable operation if within a year or so we don’t have revenues in excess of two or three million dollars. And to do that we actually need to expand the scope of the services, either geographically or through product lines. And we’re addressing both of those issues as we speak.”

Having gone through the stages of launch, stability, growth, and possibly diversification, there occurs the stage when the entrepreneur has the intention to exit or intention to divest from the business. The intention may arise because in the opinion of the entrepreneur the business has lost its relevance or because the entrepreneur has found an alternative business idea or venture to henceforth focus his/her energies on.

Thus:

“I’m not sure how long... my personal strategy, which I’ve communicated to all the shareholders, is to actually retire in four to five years.”

Or:

“My personal goal is to back out within two to three years of active day to day and set the company up so the employees can buy it and take over. Where do I go from there?... Um, well I have some other plans... another passion you can say – that I have been nurturing. And I would like to pursue that as a new business.”

To summarize, it appears that after the initial intention to launch the business has been achieved, entrepreneurial intentions do not disappear or remain static. Rather, they continually evolve and change with time. While intention to launch is usually followed by intention to stabilize, expand, diversify, and exit at some point in time, these in-between stages may overlap and reinforce each other. For example, an intention to stabilize may actually be motivated by an intention to expand, or an intention to diversify may be adopted as a way of achieving expansion. Even an intention to exit a product line or

geographical market may be motivated by a need to stabilize and grow the business.

Having noted that entrepreneurial intentions follow a dynamic process and change over time, the question that arises is why do they change? We find that the change happens as an outcome of interaction of several factors – environment, organization, and the individual entrepreneur. The first category of factors relates to the external environment, i.e. the industry, market, and competition.

Thus:

“The market dictates the products this company develops... It can be episodic at times... If we are successful in endeavors we’ll put more time and resources into it, otherwise not... In this case, the decision was that we were not going to be able to make money, so we decided it was appropriate to close this facility and redeploy the resources elsewhere.”

Or:

“Most of it is market driven. It’s based on customers’ needs and the way you address them. If the customers’ needs change, then you have to change with them... You can’t hide in a box... Because you are not stuck in some little world, you’re out in everybody’s world all the time and you learn a lot. I mean, the ways other people run their businesses. And they love talking about it. And a lot of them want to share that.”

Or again:

“Without resources and team, your growth aspirations remain on paper. You develop a growth plan, but you have to convince your

employees about the vision, and then get them to help you achieve it.”

In other words, a second category of factors are those relating to the entrepreneurial organization itself. These may include factors such resource availability, the experience, and involvement of the entrepreneur’s management team, the internal organizational processes and capabilities, and learning efforts within the firm.

Thus:

“It goes in cycles. Technical side was first. I have an idea how to make that work – how do we turn it from my head into a tangible product? And you see that the evolution of hiring in this company really tells the story as to what was most important... Then the next phase comes with: we built technology, proved the concept, we need money. Then you hire more people who can harden it off, costs money, now I need more and more money. In the meantime, we had to hire some business development people – sales people – to be able to start looking outward. Now we’ve got this product, how are we selling it, who are our partners, how is that happening? Then we need more financing because we’re building new generation of products and we now need to enhance who we’re going out to. So it kind of goes around and around in a big circle. But every time it gets more complex, every time. And bigger... And it’s starting to happen simultaneously.”

Finally, there exist a third set of factors that affect entrepreneurial intentions. These include factors relating to the personal disposition of the entrepreneur or his/her evolving personal situation. Some of the factors that we identify in this category are: the entrepreneur’s risk perception, personal

involvement, ability to let go of some of the personal involvement with time, and competing entrepreneurial desires such as achieving a balance between work and personal life. The quotes below exemplify this:

“So the key thing that’s been important for me, from being hands on - this is my baby - I keep feeling like I’m taking off jackets every other day... And I have a wonderful management team who is incredibly capable and as we move forward, continue to find exact areas in which they can focus and really add value and I can set that part off in my mind. So, I keep taking off all these jackets and I don’t have to wear them all anymore... I can take some new directions.”

Or:

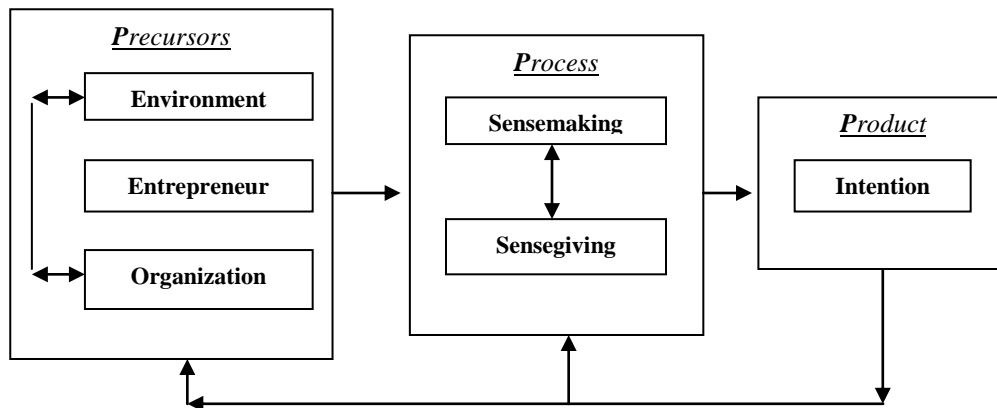
“I have let go some of the hold in the company... You can’t do everything by yourself – you have to believe in the team you have assembled... And once you realize this, it creates in you a desire to move on and do something different.”

Second-Order Findings

As part of this analysis, we develop an

understanding of the process issues that seem to be driving entrepreneurial intentions in the group of firms comprising our sample. Our analysis suggests that the twin processes of sensemaking and sensegiving (Gioia and Chittipeddi, 1991; Weick, 1979) seem to operating in development of entrepreneurial intentions as well as changes in them over time. In their study, Gioia and Chittipeddi (1991) found that during initiation of strategic change in firms, the twin processes of sensemaking and sensegiving by the firm’s CEO vis-à-vis his/her associates assume critical importance. In view of the fact that in the SMEs studied by us the entrepreneur performs the most central role and in effect serves as the CEO of the firm, we find a similar set of processes to be operating. However, in addition to what was already noted by Gioia and Chittipeddi (1991), we find that the twin processes of sensemaking and sensegiving operate in a contextual space spread across multiple levels: the environment, organization, and the entrepreneur. Therefore, in our view, the overall model of evolution of entrepreneurial intentions may be characterized as being 3P, i.e. Precursors-Process-Product. This is depicted in Figure 1.

Figure 1: The 3P Model of Evolution of Entrepreneurial Growth Intentions



Precursors The first P or “Precursors” denote those operating contextual factors that we noted in our study. These arise at multiple levels (environment, organization, and entrepreneur) and act as inputs to the next stage, i.e. the “Process” of development of intentions over time. This wider context not only includes the individual entrepreneur (in terms of personal disposition, preferences, motivation, aspiration, and skills) but also the environment in which the entrepreneur operates as well as the pre-organization and the organization the entrepreneur helps create. At the same time, these contextual factors continually interact with each other and not just through the entrepreneur, even though the entrepreneur occupies the central position in this classification of contextual factors. For instance, at the pre-organization stage, the entrepreneur combines multiple responsibilities and closely interacts with the environment (customers, competitors, venture capitalists, and banks). However, after the creation of the new venture, the environment interacts with the organization not only through the entrepreneur but also directly. Thus, entities operating in the environment such as the venture capitalist or the bank work with the entrepreneur as well as with other organizational members such as the firm’s management team. It is important to recognize the existence of multiple inter-linkages amongst the precursor variables, because this helps us to conceptualize the complex nature of the precursor influences on the process of intention formulation and its evolution and change over time.

Process The second P or the “Process” comprises the actual process of intention development and modification as engaged in by the entrepreneur under the influence of precursors, and in association with his/her employees. We found that the actual

process of evolution of entrepreneurial intention involves a circular relationship between sensemaking and sensegiving, even as it operates within the wider contextual arrangement of the three precursors (environment, organization, and entrepreneur). Thus, on the one hand the entrepreneur is engaged in interpretation and sensemaking of external stimuli (e.g. opportunities) as well as his/her internal aspirations with respect to creating a new venture. On the other hand, the entrepreneur must engage in sensegiving towards other critical stakeholders (e.g. venture capitalist, bank, government, customers, and employees) who help and support are required in this process of creation of the new venture. We also found that the twin processes of sensemaking and sensegiving not only influence each other but also feedback on to the precursor factors. Thus, for instance in view of sensemaking-sensegiving the entrepreneur’s personal disposition and/or motivation to create a new venture may undergo change. If the market conditions are interpreted to be extremely hostile at that point in time the entrepreneur may decide to give up the objective of creating a new venture. Similarly, if an entrepreneur believes that support from a venture capitalist is difficult to come by, he/she may decide to scale down the operations of the venture to be created and commence operations on a smaller scale than what was anticipated before.

Product The third P or the “Product” is the intention. In our conceptualization, product denotes not only the intent in the mind of the entrepreneur to create, expand, or exit from a venture but also the resulting action. Not only is the process of emergence of intention highly dynamic (arising as the outcome of the circular sensemaking-sensegiving loop) but, in turn, it also feeds

back into the prior stages (precursor and process). For example, having developed an intention to launch a venture, the entrepreneur may be successful in ensuring a supply of critical resources from partners in the external environment (e.g. venture capital, human resources, and supplies). Similarly, having recognized an intention as it emerges and taking a series of action that lead to certain outcome, the entrepreneur's subsequent sensemaking and sensegiving may be affected.

CONCLUSION

Contribution

In this paper, we used an inductive, grounded theory approach to explain how entrepreneurial growth intentions evolve as a process. Our longitudinal study of the same group of entrepreneurs over a five-year timeframe suggests that: (i) entrepreneurial intentions are not static but follow an evolutionary path, (ii) the overall process of evolution of entrepreneurial intentions is characterized by three stages or the 3Ps (precursors, process, and product) with associated feedback loops, and (iii) the overall model is complex and incorporates inputs from multiple levels (environment, organization, and entrepreneur).

By focusing too much attention on the initial entrepreneurial intention leading to creation of a new venture, extant research has rather neglected the issue of how or why intentions change with time, especially regarding the growth aspirations of the new venture. We believe that the first contribution of our study is in attempting to bridge this gap in the current state of the research on entrepreneurship theory. The inductive, longitudinal nature of our research allows us to study the dynamics associated with entrepreneurial intention as it evolves over time through a process of

entrepreneurial sensemaking-sensegiving. Our second contribution is in developing the 3P process model, which serves to capture the essential dynamic of the entrepreneurial growth intention process. Specifically, this is achieved through the 3Ps - precursors, process, and product – of intentions as well as in terms of the interactive loops and feedback linkages that are depicted in the model. In developing the 3P model, not only are we able to trace the evolutionary path of entrepreneurial intentions but also comment about its multidimensional nature that spans across multiple levels of analysis - environment, organization (which also includes the pre-organization), and the entrepreneur. We believe that this opens up exciting possibilities for future research, both toward theory building as well as empirical testing of relationships of antecedents of entrepreneurial growth intentions and contingencies on the process.

Directions for Future Research

Given its exploratory nature, the present study has concentrated its efforts in developing an indicative, overall model of how intentions emerge in entrepreneurial firms. The resulting conceptual model developed is anchored in field-level data gathered over a five-year timeframe. As such, it provides us with a description of the processes engaged in by entrepreneurs in our study. At the same time, our study does not propose any specific hypothesis to speculate upon the nature of specific relationships between the chosen constructs. We suggest that this can be taken up in a subsequent study.

As a follow-up research, the following directions are proposed. First, it may be worthwhile to conduct a qualitative study that focuses on understanding the precise nature of the relationships within as well as

between the 3Ps. More specifically, the challenge will be to understand how these relationships cross multiple levels of analysis. Similarly, it will be important to understand how the twin processes of sensemaking and sensegiving relate with each other across multiple levels (individual entrepreneur, organization, and the wider environment incorporating the venture's external stakeholders). Future research could take this up.

Limitations

Our study has several limitations. First, given its exploratory nature, it is a "macro-level" study that aims to identify the overall process characterizing a phenomenon of interest (entrepreneurial intentions). To achieve this overall understanding, the study sacrifices "micro-level" detailing of specific relationships that may exist between the constructs identified in the model, which we have suggested can form the basis of future research on the phenomenon. Second, in order to isolate the characteristics of the phenomenon under study, we concentrated on a small, purpose sample: fast-growing entrepreneurial firms based in one Canadian province that had accessed mezzanine financing from a single venture capital agency. This makes it difficult to generalize to the population based on the sample. It is possible that entrepreneurial firms in other operating contexts may exhibit a somewhat different process of actual evolution of entrepreneurial intentions over time. Finally, the sample of firms that we studied has a survivor-bias in that we have not been able to investigate the process of intention formulation in companies that have gone out of business. Even within our sample, while we expected to find instances of exit decisions (at least with respect to market segments and/or product lines), we noted that very few entrepreneurs talked about the

intention to exit. This perhaps is a characteristic of our sample. As our study is based on a sample of high-growth firms, by definition intention to exit would not prevail in such firms at the time of conduct of the study.

Insights for Practice

Our research has several implications for practitioners. First, it suggests that even though an entrepreneurial firm is launched by achieving a match between the initial vision and motivation of an entrepreneur and opportunities identified in the external environment, entrepreneurial intentions do not remain static but evolve with time based on a complex process that incorporates several parameters. In that sense, the continued existence of an entrepreneurial venture is very much an outcome of interaction of a series of environmental, organizational, and entrepreneurial factors. In other words, our study reiterates the importance of incorporating into assessment of new venture creation and sustenance factors that transgress the individual entrepreneur.

Second, our study clearly suggests the importance of understanding the process nature of the phenomenon. Therefore, practicing entrepreneurs stand to gain if they focus not just on the expected outcomes of their decisions but also the processes associated with them. Specifically, it becomes extremely critical to understand how the twin processes of sensemaking and sensegiving operate and not just within the entrepreneurial mind but in the wider cognitive system incorporating other external stakeholders as well. We believe that entrepreneurs intuitively do this already. However, our research indicates possible reasons behind why entrepreneurs may be doing so. It also indicates what the results of such deliberations may be, as far

as evolution of entrepreneurial growth intentions over time is concerned.

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