Building Theory from Data in the Field of Entrepreneurship

Mäkelä, Markus; Turcan, Romeo V.

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Building Theory from Data in the Field of Entrepreneurship

Markus M. Mäkelä†
Software Business Laboratory
Helsinki University of Technology

Romeo V. Turcan
Hunter Centre for Entrepreneurship
University of Strathclyde

†corresponding author

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Purpose

To understand the contribution of Grounded Theory (GT) to the advancement of the field of entrepreneurship:

- To provide an explicit paradigmatic positioning of the GT methodology
- To link the discussion to the potential value of GT research to the field of entrepreneurship
- To identify the need of entrepreneurship field of further GT
GT Methodology: An Overview

GT is defined as a theory derived from data that has been systematically collected and analyzed using an iterative process of considering and comparing earlier literature, its data and the emerging theory (see Glaser and Strauss, 1967; Strauss and Corbin, 1998)

Potential outcomes of GT research:
- Causal theory
- Process theory
- Less mature building blocks of a theory (Sutton and Staw, 1995)

Paradigm on which we take the main focus in our paper:
- Positivistic-postpositivistic (Strauss and Corbin, 1998)

Methodology:
- Partly overlapping viewpoints to the study of social reality
- Conceptualize the ‘case study’ as a choice of object of study
GT in Entrepreneurship Research

We reviewed empirical studies that explicitly integrated the concepts of entrepreneurship and GT

Data sources:
- Emerald, Infotrac, ProQuest, and ScienceDirect
- ‘Advanced search’ in citation, abstract and text fields
- Time frame – 1993-2004

Definitions by Glaser and Strauss (1967) and Strauss and Corbin (1990) were adopted to reflect original Discovery of GT and its subsequent evolution.

The emerged articles were screened twice
GT in Entrepreneurship Research
(1st screening process)

Articles excluded from the review at this stage were those that were found to be

- non-empirical (e.g. Carson and Coviello, 1996; Fillis, 2001; Parry, 1998);
- employing both qualitative and quantitative research methods, with qualitative research as merely a prestudy (e.g. Shama, 1995; Thornhill and Amit, 2001; Watson et al, 1995).

A total of 100 articles were selected for the second round of screening.
Content analysis of each identified article was performed by applying the following selection criteria:

- that the research actually was inductive
- analysis involved iterative rotation between data, emerging theory and existing literature, and
- data collection was controlled by theoretical sampling (Glaser, 1978; Strauss and Corbin, 1998)

Plus, summary table of contents from the Frontiers of Entrepreneurship Research (www.babson.edu/entrep/fer/) was used to identify several entrepreneurship constructs:

- networks, knowledge, innovation, gender, family, strategy, venture capital, internationalization, small business, corporate entrepreneurship, failure/survival

A total of 42 articles were accepted for the review
## Entrepreneurship Articles Employing GT
(by source and year)

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<th>Year</th>
<th>Entrepreneurship</th>
<th>Management &amp; Organization General</th>
<th>Small Business</th>
<th>Public Administration &amp; Research Policy</th>
<th>Total</th>
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Markus M. Mäkelä & Romeo V. Turcan

Entrepreneurship Articles Employing GT (by publication year)

![Bar chart showing the number of entrepreneurship articles employing GT by publication year from 1993 to 2004. The chart indicates a peak in 1996 with 6 articles, and a general increase from 1993 to 2004.]
Entrepreneurship Articles Employing GT
(by focus domains of publication outlets)

(Note: the labels refer to the stated area of focus of the publication outlet. E.g., while the Academy of Management Journal and Administrative Science Quarterly are general ‘management and organization’ journals by stated focus, entrepreneurship papers published in these journals are here listed in the domain ‘Management and Organization General.’)
Key Observations

- A significant minority of papers failed to present an appropriate justification for using GT methodology.
- Despite the claimed use of GT methodology, many articles were descriptive or exploratory with no rigorous commitment to an actual theoretical contribution.
- While most papers were detailed in describing the sampling and data collection procedures, very few were detailed enough in describing the data analysis.
- In a minority of articles, appropriate theoretical sampling is not conducted.
- A majority of the articles do not have an explicit assessment of the quality of the study.
- Many articles reported longitudinal research.
- Most articles had a literature review, and they explicitly linked their findings to existing literature.
Entrepreneurship & GT: Research Process

Designing research

- **Research problem & initial constructs:**
  - Avoid being guided by regularly analyzing your own research and thinking process with respect to the potential effect of being knowledgeable of prior literature

- **Elements of quality**
  - Theory-data compatibility
  - Consistency of process
  - Generalizability
  - Significance of the theory generated
  - Replication (theoretical and literal)

Data collection

- Triangulation
- Overlap of data collection and analysis

Data analysis phases (Strauss, 1987)

- Open coding
- Axial coding
- Selective coding
Discussion & Conclusions

Most important areas that call for improvement are

- presenting a justification for using the grounded theory methodology
- carefully planning and conducting appropriate sampling
- using a rigorous and systematic analysis process and describing the process to the reader
- explicitly assessing the quality of research in the report.

Generally, we urge grounded theorists of entrepreneurship to consider

- what actually constitutes a theoretical contribution and
- to aim to produce not only substantive theory (theory specific to a substantive domain)
- but also formal theory (theory of a higher level of generality).

Some more minor suggestions

- evidence source triangulation should be employed better
- always, when appropriate, advanced tabular displays should be considered