

ENTREPRENEURIAL AND RENEWAL CAPITAL OF FINNISH AND ITALIAN FIRMS. INSIGHTS FROM AN EMPIRICAL STUDY

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Abstract:

Entrepreneurial Capital (EC) refers to competence and commitment related to entrepreneurial activities in an organization (Erikson, 2002) and it is related with entrepreneurial orientation of organizational actors (managers and employees). Entrepreneurial orientation has been described by a set of three to five behaviors, including autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness (Covin and Slevin, 1989; Miller, 1983; Lumpkin and Dess, 1996). Even if innovativeness is commonly considered one of the main entrepreneurial postures, we introduce the concept of renewal capital (RC) referring to the ability of an organization to continuously develop itself through learning and innovation (see e.g. Kianto et al., 2010). We argue that EC and RC are stand-alone components of organizations' intangible assets and don't have overlapping meanings.

To this end, we compare the level of EC and RC in the context of two countries, Finland and Italy, submitting a structured questionnaire to samples of firms with at least 100 employees (262 firms in Finland and 105 firms in Italy). We utilized two multi-item scales as the key constructs (EC and RC). The items were adapted from Kianto et al. (2010), Garcia-Morales et al. (2006) and Hughes, Morgan (2007).

Survey's results show that EC and RC are measures that have discriminant validity and internal reliability. In both datasets, we found that the constructs of EC and RC load into two distinguishing factors, representing the theoretical rationale behind them. Consequently we suggest they are relevant for measuring the growth and innovativeness potential of established medium and large firms.

Keywords: entrepreneurship, entrepreneurial capital, renewal capital, innovation, intangible assets, medium and large firms