

1 **Conceptualizing Small Agro Firm's Entrepreneurial Orientation in**  
2 **Developing Economies: Overcoming the one size fits all approach**

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## 3 **Abstract**

4 Entrepreneurship is acknowledged as a solution to a range of poverty issues at the base of  
5 the pyramid (BoP) in developing countries. However, entrepreneurs face a double challenge  
6 making their entrepreneurial endeavors extremely difficult. They operate with negligible or  
7 scarce resources in an uncertain institutional environment. While, external interventions  
8 from governments and NGOs work to relief the resource scarcity and institutional  
9 constrains in economic structures, entrepreneurs try to develop some internal capabilities to  
10 tackle the challenges they are facing. Research increasingly shows interest in the methods  
11 and strategies that entrepreneurs use in this particular business context to cope with these  
12 challenges and achieve their goals. Learning from the concept of entrepreneurial  
13 orientation, the present study aims to analyze the dimensions of entrepreneurial behavior  
14 and conceptualize entrepreneurial orientation of small firms operating in poverty settings in  
15 developing countries. Hence, in-depth interviews (N=17) were conducted to investigate  
16 entrepreneurial behavior that is perceived to be relevant by agricultural entrepreneurs –  
17 i.e., agropreneurs – in Benin. The results indicate that there are five behavioral patterns of  
18 entrepreneurial orientation. When comparing these dimensions with literature, the study  
19 confirms that innovativeness and proactiveness are applicable to entrepreneurship at the  
20 BoP. It also extends the entrepreneurial orientation theory in that it identifies two new  
21 specific dimensions of the construct for this context: resource acquisition capability and  
22 collaborative orientation instead of competitive aggressiveness. The risk taking dimension is  
23 less obvious in the present study.

24 **Keywords:** Entrepreneurial orientation, agropreneurs, resource acquisition capability,  
25 collaboration orientation, base of the pyramid, developing countries

26

## 1. Introduction

Over the past decade, there have been increasing calls for alternative ways of tackling poverty problems in developing countries. Rather than the aid and charity approaches that have dominated the debate for the past few decades, the alternative line of discussion around inclusive markets and base of the pyramid (BOP) approaches emphasize the role of innovation and pro-poor entrepreneurship. Also, the importance of entrepreneurship to the structural economic transformation for economic development (Gries & Naudé, 2010), including poverty alleviation issues in developing economies has been widely acknowledged (Amin & Islam, 2015; Grimm, Knorringa, & Lay, 2012; Li & Rama, 2015; Mano, Iddrisu, Yoshino, & Sonobe, 2012; Nichter & Goldmark, 2009). Small and micro enterprises are major sources of employment and income (Mead & Liedholm, 1998), especially for the poorest members of society. However, this setting exhibits particular characteristics that make the start and growth of businesses typically more difficult than in other parts of the world (Miguel Rivera-Santos, Diane Holt, David Littlewood, & Ans Kolk, 2015). Entrepreneurs operate with negligible or scarce resources (Toledo, Hernández, & Griffin, 2010; Viswanathan, Sridharan, & Ritchie, 2010) and a lack of potential business opportunities (Alvarez, Barney, & Anderson, 2013). Furthermore, they develop their business activities in contexts marked by formal institutional voids (Khavul & Bruton, 2013; Mair & Marti, 2009; Mair, Martí, & Ventresca, 2012), including a high level of informality, uncertainty (Beugré & Offodile, 2001; Dia, 1996), and a relative high level of market failures due to the lack of market-based institutions and facilitating rules.

In addition, the global removal of trade barriers in the past three decades has increased internationalization of markets and enhanced entry of new competitors into formerly protected markets. These liberalization reforms with the shift from a state-protected economy to an open market economy introduced new operating conditions, markets and challenges (Le Roux & Bengesi, 2014). In general, firms should develop methods and strategies to cope with challenges and achieve their goals (Stevenson and Jarillo (1990)). In the context of BoP, internal factors of small firms deserve special attention. A lack of capabilities and strategic orientation may restrict entrepreneurs from finding and developing innovations.

1 Classical entrepreneurial orientation (EO) perspective provides a useful framework for  
2 researching enterprises capabilities (George T Lumpkin & Dess, 2001). EO refers methods,  
3 practices and decision-making styles that business owners use to act entrepreneurially  
4 (Tang, Tang, Marino, Zhang, & Li, 2008). EO perspective shows that firms with a strong EO  
5 achieve greater market access and higher profitability than firms with less or no EO do  
6 (Green, Covin, & Slevin, 2008; Rauch, Wiklund, Lumpkin, & Frese, 2009). The framework of  
7 EO can be readily applied to small firms in formal sector in developing countries (see  
8 (Ginting, 2014; Gunawan, Jacob, & Duysters, 2015; Lim & Envick, 2013; Ndubisi & Agarwal,  
9 2014), including the Sub-Saharan Africa ( see (Boso, Cadogan, & Story, 2013a; Boso, Story, &  
10 Cadogan, 2013b; Ibeh, 2003; Okpara, 2009) because its closeness to the Western context  
11 where the construct has been developed and refined. These restudies rely on the classical  
12 entrepreneurial orientation conceptualization of EO in mature economies through  
13 unidimensional or multidimensional perspective (Jeffrey G Covin & Slevin, 1989; G. T.  
14 Lumpkin & Dess, 1996; Miller, 1983). Although this conceptualization framework is suitable  
15 for firms operating in formal economies and institutional environment in developing  
16 countries (i.e., in institutional contexts that are most comparable to those in the US and  
17 Western European countries), little information exists regarding the informal sector where  
18 the majority of small firms operate in, in particular. The existing studies (e.g., (Le Roux &  
19 Bengesi, 2014; Lindsay, Ashill, Roxas, & Victorio, 2014; Roxas & Chadee, 2012) provide a  
20 limited insight in the capacity of EO as conceptualized in mature economies to capture  
21 behaviors developed by entrepreneurs in poverty settings to do their businesses.

22 The current used definitions of EO of firms in mature economies for small and micro  
23 enterprises in poverty settings may fails to explain or capture a relatively small proportion  
24 of the reality of entrepreneurial behavior in developing economies because of the lack of the  
25 significant resource scarcity conditions (Toledo et al., 2010), informal economy most  
26 companies are part of (Henriques & Herr, 2007) and the institutional logics of social  
27 embeddedness and networking (Chikweche & Fletcher, 2010; Viswanathan, Rosa, & Ruth,  
28 2010) that characterized the context. While the essential act of entrepreneurship – creation  
29 of new economic activity, new markets, new jobs, and new revenue streams - is context-free  
30 or universal (Jeffrey G Covin & Miller, 2014), the beliefs, preferences, and behaviors that  
31 lead to such new entries and company growth may be on the contrary context-specific, i.e.  
32 not universal (Garry D Bruton, Ahlstrom, & Li, 2010; Shinkle, Kriauciunas, & Hundley, 2013).

1 In this research, we primarily focus on the behavioral patterns of entrepreneurs in order to  
2 the conceptualized the entrepreneurial orientation of small firms in informal sector in  
3 developing countries .

4 The current study applies a qualitative inductive approach to identify practices, attitudes  
5 and behaviors related to entrepreneurship from an actor perspectives. This paper explores  
6 two research questions in the area of small enterprises in the informal sector within  
7 developing countries: What are the relevant dimensions for capturing and meaningfully  
8 interpreting entrepreneurial orientation? How can this entrepreneurial behavior be  
9 conceptualized? By addressing these research questions, we conducted in-depth interviews  
10 with entrepreneurial businesses operating in fresh vegetable production (agropreneurs) in  
11 Benin, a developing sub-Saharan African country (N= 17).

12 The paper aims to make several contributions to the under researched and poorly  
13 understood phenomenon of entrepreneurial behavior in informal sector in developing  
14 countries. First, the paper contributes to the literature on strategic management by  
15 analyzing the behavioral patterns of small scale entrepreneurs. Second, the paper  
16 contributes to the literature on small business by offering new insights into the dimensions  
17 and delineation of entrepreneurial orientation in small firms. Finally, by identifying five  
18 distinctive dimensions of small firms' entrepreneurial orientation, we offer a  
19 conceptualization of Entrepreneurial orientation in poverty settings in developing countries  
20 overcoming the prevailing generalization of EO construct.

21 The paper is organized as follows. The next section presents the theoretical framework  
22 situating the research. The research methodology of the study is then described, including  
23 the research settings, data collection and analysis, followed by the presentation of the  
24 empirical results. Lastly, we present a discussion of these results, conclusions, and some  
25 academic and managerial implications.

## 26 **2. Theoretical framework**

### 27 2.1. Classical characterization of firms entrepreneurial orientation

28 The conceptual framework of entrepreneurial orientation (EO) has traditionally its roots in  
29 the strategic decision making process literature. It has taken its point of departure from the

1 fact that managers are forced to move away from the paradigm within which organizations  
2 strive for mass production efficiencies, hierarchical organization, and bureaucratic structures  
3 that provide central control over activities, to a more flexible management and learning  
4 process for organizational success. Managers facing difficult environment related to a rapid  
5 change and the competitive environment are challenged to manage disruption created by  
6 phenomena such as interdependent global economy, higher economic volatility, hyper-  
7 competition, knowledge base competitions (Daft & Lewin, 1993). To cope with such  
8 challenges, scholars have suggested that an entrepreneurial approach to strategy making  
9 may be critical for organizational success. An entrepreneurial strategy making process  
10 referred to as an “entrepreneurial posture” by Covin and Slevin (1989), and “entrepreneurial  
11 orientation” by Lumpkin and Dess (1996). This strategic making process is said to exist in  
12 firms that engage in product or process innovations, undertake risky actions, and are first to  
13 come with up with proactive innovations (Miller, 1983). This illustration is consistent with  
14 the previous works of strategy making process described by Mintzberg (1973), Miles, Snow,  
15 Meyer, and Coleman (1978) and Miller and Friesen (1982). Firms with adaptive strategy-  
16 making are reactive compared to proactive firms (Mintzberg, 1973) , and entrepreneurial  
17 firms are considered as conceptual opposite of the conservative firms which are reluctant to  
18 innovation. Miles et al. (1978) emphasized the fact that defender firms avoid risk by  
19 protecting previous gains while prospector firms are risk takers.

20 Miller (1983) identified three salient dimensions of the EO: innovation, risk-taking  
21 and pro-activeness. Innovativeness is the predisposition to engage in creativity and  
22 experimentation through the introduction of new products/services as well as technological  
23 leadership via R&D in new product development. Risk taking involves taking bold actions by  
24 venturing into the unknown, borrowing heavily, and/or committing significant resources to  
25 ventures in uncertain environments. Proactiveness is an opportunity-seeking, forward-  
26 looking perspective characterized by the introduction of new products or services ahead of  
27 the competition and acting in anticipation of future demand. Building from Miller (1983),  
28 Covin and Slevin (1989, 1991) posited the existence of a continuum used to plot a firm’s  
29 strategic behavioral proclivities. The continuum ranges from more conservative to more  
30 entrepreneurial, with the entrepreneurial end of the spectrum evidenced by innovativeness,  
31 proactiveness, and risk taking. Therefore, firms confronting challenges and intense  
32 competitive environments, entrepreneurial orientation may represent an important strategy

1 making process. Furthermore, Lumpkin and Dess (1996) identified competitive  
2 aggressiveness and autonomy as additional components of the EO construct. Competitive  
3 aggressiveness is the intensity of a firm's effort to outperform rivals and is characterized by a  
4 strong offensive posture or aggressive responses to competition. Autonomy refers to  
5 independent action undertaken by entrepreneurial leaders or teams directed at bringing  
6 about a new venture and seeing it to fruition. In general, entrepreneurial oriented firms  
7 outperformed their counterparts (J. G. Covin & Lumpkin, 2011; Wiklund & Shepherd, 2003).

8         Although this addresses several important aspects relevant for business, it is still  
9 insufficient for conceptualizing the strategic behavior of small firms at the base of the  
10 pyramid in developing economies, where a host of factors constrain small firms (Benet  
11 DeBerry-Spence & Elliot, 2012). On the one hand, the socioeconomic and institutional  
12 conditions of entrepreneurship in SSA differs from those in mature economies. On the other  
13 hand, the behavioral characteristics of enterprises are heavily shaped not only by the culture  
14 and religious values of each nation (Hofstede & Hofstede, 2001; House, Hanges, Javidan,  
15 Dorfman, & Gupta, 2004; Reynolds, Hay, & Camp, 1999; Runyan, Ge, Dong, & Swinney,  
16 2012), also by socioeconomic and institutional conditions (Welter & Smallbone, 2011) that  
17 differently favor the emergence of entrepreneurial orientation and its components (Jeffrey G  
18 Covin & Miller, 2014). Therefore, such dimensions of EO discussed above - yet still not  
19 generally valid, but, applied for enterprises in developing economies - might rather be  
20 considered an attempt to artificially avoid setting arbitrary definition of entrepreneurial  
21 behavior. These dimensions of EO are thus no sufficient basis for the conceptualization of  
22 the EO in poverty settings in developing economies.

## 23 2.2. Institutional environments

24 From neo-institutional economic view, institutions establish a framework for economic  
25 transactions by defining what is socially acceptable within a society and enacting incentives  
26 and constraints to promote desirable behaviors and outcomes (North, 1990). The overall  
27 institutional environment is composed of two complementary frameworks: formal and  
28 informal institutions. Formal institutions comprise the formally codified laws and regulations  
29 that define a society's legal framework as well as the supporting apparatuses, such as  
30 utilities, judicial systems, labor markets, and enforcement structures, which present  
31 incentives to operate legally and disincentives to operate illegally. In contrast, informal

1 institutions are norms, values, and beliefs within a society that establish definitions of  
2 legitimacy (North, 1990).

3         The nature of informality varies across societies. In developed economies, informality  
4 is an issue of legality because the formal institutional environments create a relatively clear  
5 demarcation of legality. Laws and regulations are well defined and the benefits of  
6 complying with these laws as well as the penalties rules are significant (Justin W. Webb,  
7 Ireland, & Ketchen, 2014). In contrast to developed economies, developing countries are  
8 characterized by institutional voids. Institutional voids may consist of the lack property  
9 rights(De Soto, 1989), limitations in contract law, corruption, unreliable utilities, and  
10 inefficient legal systems (Kistruck, Webb, Sutter, & Ireland, 2011; Justin W. Webb, Kistruck,  
11 Ireland, & Ketchen, 2010). Even when laws are clearly formalized, enforcement apparatuses  
12 are often inefficient. As a result, formal institutional voids reduce entrepreneurs' willingness  
13 to transact with for fear of opportunism, and entrepreneurs have to spend significant  
14 investments in time and money to resolve contract violation (Lyon, 2000). Moreover, they  
15 introduce inefficiencies in market transactions and thereby economic entities such as small  
16 enterprises embedded in the local communities rely to a greater extent on informal  
17 institutions as providing complementary, substitute mechanisms for organizing and  
18 transacting. These informal institutions are related to family ties for operational support  
19 through labor, financial resources (Justin W Webb, Pryor, & Kellermanns, 2015), Social  
20 capital (Babah Daouda, Ingenbleek, & van Trijp, 2016; Ingenbleek, 2014), business networks  
21 (Boso et al., 2013a; Boso et al., 2013b), and informal savings scheme (Dia, 1996) or  
22 traditional credit or trust systems.

### 23         2.3.         Socioeconomic conditions

24 In Sub-Saharan Africa, Zoogah, Peng, and Woldu (2015) distinguished two dimensions of  
25 institutional contexts. First, a modern context that originates from the colonial state,  
26 mostly associated with urban locations and close to the Western institutional environment  
27 with formal institutions. Second, a traditional context represented by rural areas where the  
28 majority of the people and their economic activities such as micro and small enterprises are  
29 embedded. The rural area features differ drastically from the Western context (Collier,  
30 2008; Collier & Gunning, 1999) and are dominated by informal institutions.



1 The socioeconomic conditions of entrepreneurs in rural areas is characterized by a least  
2 status and power, and a significant resource scarcity. Resource scarcity refers to a limited  
3 access to key production and transaction factors such as technology, information, capital  
4 and knowledge (Benét DeBerry-Spence, 2010; Fafchamps, 1994, 1997; Henriques & Herr,  
5 2007). To cope with the resources scarcity challenge, some entrepreneurs are able to  
6 harness indigenous knowledge (Dia, 1996) traditional technologies related to agriculture,  
7 and service through ingenuity for the growth of entrepreneurial businesses (Zoogah, 2012).  
8 Other small scale entrepreneurs rely on networks relationship and experimental learning to  
9 facilitate the development and transformation of their enterprises (Dia, 1996; M. Rivera-  
10 Santos, D. Holt, D. Littlewood, & A. Kolk, 2015).

#### 11 2.4. Institutional logics of entrepreneurial actions

12 Entrepreneurial actions in rural areas are embedded within prevailing institutional logics of  
13 social embeddedness and networking. Based on Thornton and Ocasio (1999), institutional  
14 logic is conceptualized as “the sets of values, rules, assumptions and practices associated  
15 with the key institutions of a society (such as the family, the market, politics, religion and  
16 bureaucratic administration) which have been socially constructed over time and through  
17 which patterns of social organization and human activity are shaped and given meaning”  
18 (Watson, 2013, p. 413). Various studies have shown that rural contexts are characterized by  
19 social interactions and network relationships (Chikweche and Fletcher, 2010; Viswanathan,  
20 Rosa, et al., 2010). Thus, through embeddedness in traditional ties, including kinship, age  
21 groups, tribes, and religions, members come to view themselves as collective group entities.  
22 They aim to fulfil group goals, cope with resource scarcity to fulfil basic needs for the group,  
23 and achieve a shared way of life (e.g., London & Hart, 2004; Viswanathan, Rosa, et al., 2010;  
24 Woolcock and Narayan, 2000). With the logic of exchange in networks, the ongoing social  
25 ties shape actors expectations and opportunities (Granovetter, 1985; Uzzi, 1996) in ways  
26 that differ from the economic logic of markets or within the boundaries of hierarchical firms  
27 (within the organization) in mature economies (Williamson & Mueller, 1985). For small firms  
28 operating in developing countries, the economic functions and transactions within the  
29 boundaries of hierarchical firms are either impossible or extremely difficult because they are  
30 inherently lacking in resources (Toledo et al., 2010; Viswanathan, Sridharan, et al., 2010) and  
31 facing formal institutional void institutional (Khavul & Bruton, 2013; Mair & Marti, 2009;  
32 Mair et al., 2012). It causes higher production costs. Market mechanism is also not a better

1 solution because perfect competition (transactions are carried out without transaction  
2 costs) is far from reality. It causes higher transaction costs.

3 Together, institutional settings, socioeconomic conditions, and logics of  
4 entrepreneurship in the informal sector in developing countries might shape differently the  
5 entrepreneurial orientation and its components from what we know from entrepreneurship  
6 in developed economies.

### 7 **3. Materials and methods**

8 In order to conceptualize the entrepreneurial orientation in informal sector in developing  
9 countries, we adopted a qualitative case study approach (Eisenhardt, 1989) and followed the  
10 procedures outlined by Gioia et al. (2013) for our qualitative data analysis. Once we had  
11 decided to focus on EO of small firms and articulated our research questions, we proceeded  
12 to select a case of entrepreneurship that would serve as rich sources of data to help us  
13 answer our questions.

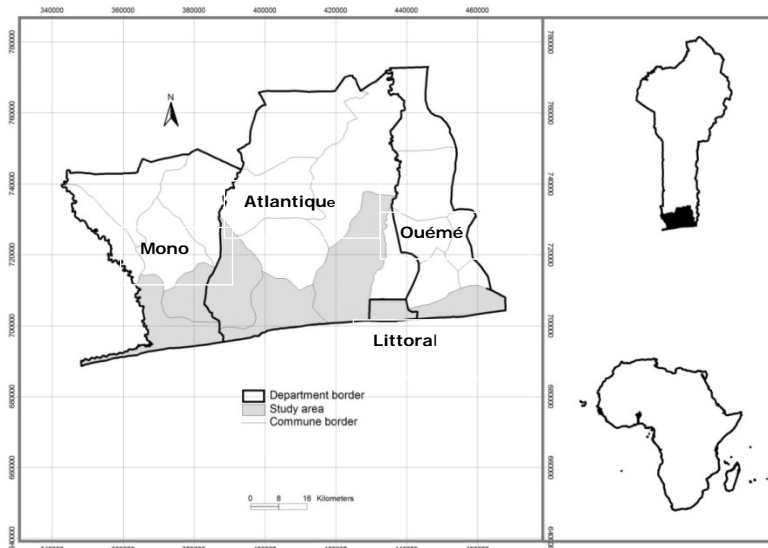
#### 14 **3.1 Research setting**

15 The selection of cases to study should be driven by the aim of better understanding the  
16 phenomena of interest (Buchanan, 2012). Since the potential of entrepreneurship in  
17 agricultural sector in general, and high value crops (fruits and vegetables) industry in  
18 particular (Anonymous, 2013; Valdés & Foster, 2010; Wiggins, Kirsten, & Llambí, 2010) for  
19 poverty alleviation is widely acknowledge (Garry D. Bruton, Ketchen Jr, & Ireland, 2013), we  
20 sought out entrepreneurship case that was operating in this context. The case we selected  
21 for this study was entrepreneurial businesses operating in fresh vegetable production in  
22 Benin, a developing country in Sub-Saharan (Figure 1). At the time of data collection,  
23 vegetable production businesses (agropreneurship) has been in operation in rural and peri-  
24 urban areas and these represent a context where informality is highest in developing  
25 countries. Firstly, about 75% of the population in SSA lives on less than 2 dollars a day  
26 (World-Bank, 2010). Agriculture is the most important economic sector, with approximately  
27 60% of workforce gaining their revenue from this industry (Eisenhardt, 1989; Zoogah et al.,  
28 2015), and contributes up to 80% to export revenues (SCRIP-Benin, 2011; World-Bank, 2014).  
29 However, the socioeconomic conditions of farmers in rural areas is characterized by a least

1 status and a significant resource scarcity (Toledo et al., 2010). Furthermore, the rural area in  
2 is dominated by informal economy (Zoogah et al., 2015).

3 Secondly, High value crop such as vegetable crops production contributes to poverty  
4 reduction by providing employment and wages to laborers (Weinberger & Lumpkin, 2007).  
5 The production is more labor intensive than the production of staple crops, because it often  
6 requires twice as much labor than the production of cereals crops. Moreover, labor demands  
7 also arise in the postharvest activities such as transportation, packing, sorting, grading, and  
8 cleaning that are labor-intensive. The additional labor requirements in vegetable production  
9 business are met through hired labor, benefiting small farmers and landless laborers  
10 (Maertens, 2006; Weinberger & Lumpkin, 2005). Greater employment opportunities result in  
11 greater incomes for poor people. A relative profitability and high value-added of vegetables  
12 compared to cereals has been shown and resulting in a substantially increase in producers'  
13 revenue (Joshi, Gulati, Birthal, & Tewari, 2004). In addition the vegetable production has a  
14 comparative advantage under conditions of agricultural land scarcity and labor abundance,  
15 the typical situation in many countries in Sub Saharan Africa. The market integration of  
16 vegetable producers has been shown to be higher than that of staple crops producers  
17 (Weinberger & Lumpkin, 2007).

18 Finally, due to the complexity that characterized vegetable farms, the decision-  
19 making and entrepreneurial behavior of their owner-managers is critical for the success of  
20 their business activities. Particularly, the need to use large amounts of inputs; the  
21 requirement of managerial skills; the requirements imposed to integrate international and  
22 lucrative markets regardless producers location (Swinnen & Maertens, 2007); the necessity  
23 for vertical coordination to deliver perishable products to markets or processing facilities in  
24 time; the need for access to future markets to withstand the price and supply fluctuations;  
25 and requirements for quality labor (Carter, Barham, Mesbah, & Stanley, 1995), should be  
26 entrepreneurially managed. Thus, the vegetable-based business in SSA provides a  
27 particularly interesting context in which to study the entrepreneurial orientation of firms at  
28 in informal sector in developing countries.



1  
2 Figure 1. Southern Benin with the study locations  
3

4 **3.2 Data collection**

5 Consistent with a typical case analysis, we explored entrepreneurial behaviors of agro-  
6 entrepreneurs using qualitative technique to enhance the validity and reliability of findings  
7 (Noor, 2008). Data was collected through semi-structures interviews vegetable farm owner-  
8 managers. This technique was used because it's flexibility to approach different  
9 respondents differently while still investigating the same topic (Noor, 2008). Criteria for the  
10 selection of a farm-firm are that (1) ownership and management is under the responsibility  
11 of an individual farmer, (2) the farmer is holding at least a vegetable farm and (3) the  
12 production is market-oriented.

13 Besides some guiding questions such as 'What do you mean with that?' or 'Could you  
14 please explain that a little more in detail?', functional questions are used, which are based  
15 on established research guidelines for entrepreneurial behaviors of small firms (Nordqvist &  
16 Melin, 2010). Relevant questions include: 'Do you generally take new initiatives/strategic  
17 actions and those ahead of your competitors?'; 'Describe your fam business and your  
18 personal capabilities to take new actions (initiatives)'; 'Do you generally invest where the  
19 outcome is highly uncertain or do you prefer to invest where less resource is at stake and  
20 you know fairly well the result?' and 'Do you generally take actions that directly and  
21 aggressively challenge the positions held by your competitors?' The sample size consists of  
22 17 interviews, conducted with farm owner- fresh vegetable farms throughout the southern  
23 Benin (Figure1).

1 Interviews were conducted from April to June 2015 , and the average length of the  
2 interviews is approximately 40 minutes. Following the guidelines of methodological research  
3 on how to pursue meaningful and valid qualitative research (Crouch & McKenzie, 2006), the  
4 main restriction when selecting the interviewees was to ensure speaking with established  
5 farmers in the vegetable production industry. In addition, the data were collected from  
6 different regions and from farm firms of different sizes and age. The regions are known as  
7 vegetables production area in Benin and a large part of the country's workforce gaining  
8 their revenue from this activity (SCRIP-Benin, 2011; World-Bank, 2014). The area offers  
9 products for various target markets: local markets and neighboring countries (Nigeria, Togo  
10 and Ghana).

11

### 12 3.3 Data analysis

13 Following the procedures described in (Gioia, Corley, & Hamilton, 2013), our data analysis  
14 consisted of four main phases. First, narrative case summaries were written for each  
15 interviewee to capture their overall experiences and perspectives. Second, interview  
16 transcripts were analyzed to develop first-order concepts. Third, we organized our first-order  
17 concepts into more abstract behavioral patterns. Each summary included information about  
18 the interviewee's experiences of daily actions taken in their work, attitudes and  
19 understandings of entrepreneurship phenomenon. These summaries, combined with the  
20 extensive amount of time spent in the research settings, were designed to help us develop a  
21 clear understanding of the strategic orientation and perspectives of the participants  
22 (Easterby-Smith, Golden-Biddle, & Locke, 2008). While the summaries helped us to ground  
23 those actions reported in the experiences of individuals, the coding process allowed us to  
24 identify patterns that were representative of the entire set of interview data (Lee, Mitchell,  
25 & Sablynski, 1999). The first-order concepts results are validated and categorized into  
26 behavioral patterns and compared to previous research (Eisenhardt, 1989).

27

28

#### 4. Results

As a first step, the interviews were analyzed to capture which activities the interviewees mostly associate with the actions taken during the entrepreneurial process. Throughout the answers and narratives of the respondents, we attempted to identify the behavioral patterns that allowed agro-entrepreneurs to accomplish actions related to various entrepreneurial endeavors, albeit not with equal proportions of time and effort. An overview of the behavioral patterns were identified across the discussion with agro-entrepreneurs is provided in Table 1.

*Behavioral pattern 1: switching back and forth between production-oriented task and exploration activities*

The interviews provide an opportunity to capture actions in which entrepreneurs are engaged frequently. One key pattern that emerged from the interviews were the switching between two core tasks: production-oriented task and exploration activities. We found that one category of farmers claimed that allocated their time mainly on production. This category claimed that the focus on development of high quality food production, new products, the use of good materials (including raw materials, inputs and equipment), the expansion of farm size, the diversification of the businesses, and the improvement of products represent critical activities of a good agropreneur. As mentioned by a respondent, *"... it is fantastic to know that the quality of your products [absence of parasites attacks, lifetime of good physical appearance...], is attractive and that your customers are not going to struggle in commercializing them."*

Contrarily, a second category of farmers emphasized the importance of switching back and forth between production-oriented and other activities. One respondent told us, *"... you need to keep one eye outside the farmyard to know how things are on around"*. Some of other activities mentioned are related to investigating the current situation on production about particular crop in other regions, the weather which give them clue about the level of production in others regions.

1 **Table 1.** Behavioral patterns

Examples of recorded actions	Behavioral patterns
<ul style="list-style-type: none"> <li>. Focus on high quality food production</li> <li>. Using good raw materials, inputs and equipment</li> <li>. Expand farm size</li> <li>. Switch between production tasks and explorative actions</li> <li>. Act quickly</li> </ul>	<p><b><i>Behavioral pattern 1: Switching back and forth between production-oriented tasks and others activities (BP1)</i></b></p>
<ul style="list-style-type: none"> <li>. Engage in new projects</li> <li>. Adopt new technologies which ease the production and increase the productivity</li> <li>. Enter new markets</li> <li>. Need to progress and develop</li> <li>. Involved in experimentation</li> </ul>	<p><b><i>Behavioral pattern 2: Avoiding becoming trapped in businesses that may become uncompetitive (BP2)</i></b></p>
<ul style="list-style-type: none"> <li>. Engage in technical know-how and learning</li> <li>. Search of financial resources</li> <li>. Involvement in market information exploration</li> <li>. Get market knowledge from customers</li> </ul>	<p><b><i>Behavioral pattern 3: Engaging in resource acquisition (BP3)</i></b></p>
<ul style="list-style-type: none"> <li>. Build and nurture relationships with other producers and producers organizations</li> <li>. Maintain close contacts with government advisory services and NGOs.</li> <li>. Establish long-term relations with customers and intermediaries in the markets</li> </ul>	<p><b><i>Behavioral pattern 4: Building and maintaining collaborative relationships that support business activities (BP4)</i></b></p>
<ul style="list-style-type: none"> <li>. Take a moderated risk that make the business resilient to failure</li> <li>. Ensure the longevity of the business</li> </ul>	<p><b><i>Behavioral pattern 5: Involving in moderate risk taking (BP5)</i></b></p>

2

3

4 *Behavioral pattern 2: avoiding becoming trapped in crops production (businesses) that may*  
 5 *become uncompetitive*

6 Results show that agropreneurs tend to be bogged down in successful businesses.  
 7 Unsurprisingly, for all of them investing in successful business is the default mode of action.  
 8 Nevertheless, the majority of agropreneurs in our sample (about two third) saw the benefit  
 9 of stepping back and not getting stuck in the successful businesses, but engaged in new

1 projects. Accordingly, their actions included adopting new technologies to facilitate the  
2 production and increase the productivity, engaging in new products, finding new buyers  
3 (markets). Ten of the seventeen agropreneurs emphasized the need to progress, and  
4 develop. Also, we captured that agropreneurs always tend to allocate a small part of  
5 cultivated plot for experimenting new crops in order to create new revenue streams.  
6 However, although agropreneurs seem to be open for in trying new technologies, the  
7 portion of land allocated for this form of experimentation is in some way relatively  
8 negligible. In general, the experimental site does not exceed 2 plots of 2\*5 meters each per  
9 farmer.

### 11 *Behavioral pattern 3: engaging in resource acquisition*

12 Agropreneurs engaged in activities which sustained resource acquisition. When starting the  
13 farm businesses some have highlighted the little resource they owned at the beginning. All  
14 of the agropreneurs interviewed have mentioned the need to engage in resource acquisition  
15 process for growth. Resources frequently mentioned by respondents are related to technical  
16 know-how, financial resource, and market information. Actions are related to the  
17 development and nurturing of relationships with friends, colleagues, potential micro-  
18 financing institutions.

19 While we categorized the engagement in resource acquisition as behavioral pattern  
20 3, this behavior appeared as a precondition of the others above mentioned. Systematically,  
21 producers highlighted this endeavor at the initial state of their agropreneurial process, even  
22 if they are doing it continuously. For instance, for the initial “know-how” acquisition, some  
23 respondents indicated to have been worked as labor in vegetables farm-firms for an amount  
24 of time, others mentioned to learn from close relatives. At the growth stage of the  
25 entrepreneurial process, some agropreneurs planned to visit a colleague for new  
26 information searching.

### 28 *Behavioral pattern 4: building and maintaining collaborative relationships that support 29 business activities*

31 Another key pattern that emerged from respondents answers were collaborative behavior  
32 with a wide range of actors, including customers, suppliers, producers’ organisations,  
33 technical advisory organizations and even competitors. Often, agropreneurs have to meet or



1 communicate rapidly with these actors which, over time, become part of their networks. For  
2 example, the relationship with governmental advisory services and NGOs working in the  
3 agricultural sector favor information acquisition on latest technologies (technical lines of  
4 production, inputs, and equipment). A frequent contact with suppliers gave them the  
5 opportunity to be informed about the availability of new inputs on the market. Calls to  
6 potential buyers help to be informed on the market trends or the characteristics of product  
7 they may be willing to buy the coming months. Distribution is done through long-term  
8 relations with customers or intermediaries in the markets. In this relationship, farmers  
9 assure supply and customer assure price.

#### 11 *Behavioral pattern 5: Involving in moderate risk taking*

12 From the respondents answers, it was found that the risk-taking is controversially used.  
13 Eleven of the agropreneurs interviewed stress the need to take “moderate” risk to remain  
14 competitive, while others are rather risk-averse to ensure the longevity of the business.  
15 According to the former group, a moderate risk refers to taking risk which won't be harmful  
16 the sustainability of the firm in case of failure. The latter group emphasized the need to be  
17 sure to some extent before engaged in actions that the responses is unknown before  
18 because the businesses they own in still under a precarious balance.

19 This pattern is partially an expansion of the behavioral pattern 2 above described  
20 where the experimenting field in a bare minimum of land available for the production. This  
21 implies that the resource engaged is also minimized.

## 23 **5. Discussion**

24 As a second step, we discussed and compared the dimensions identified in the Table 1 with  
25 the dimensions from the established EO construct in the literature. Based on Lumpkin &  
26 Dess and (1996) and Miller, (1983), we further elucidated how entrepreneurial behaviors  
27 describe entrepreneurship in vegetable business entrepreneurship by comparing and  
28 contrasting seemingly related or opposed dimensions. This discussion of findings highlights  
29 the proactive, resource acquisition orientation, collaborative behavior and moderate risk  
30 taking behaviors of farm firms.

1 *BP1: Switching back and forth between production-oriented task and other tasks versus*  
2 *proactiveness EO dimension*

3 The advantage of being able to switch back and forth between production tasks and other  
4 activities is partially in congruence with the findings of small business literature. There,  
5 proactiveness as an opportunity seeking behavior, a forward looking perspective (G. T.  
6 Lumpkin & Dess, 1996) or a first mover's behavior has been found to be beneficial for firms  
7 in formal sectors in developing countries (Boso et al., 2013a) and microenterprises operating  
8 in emerging economies (Lindsay et al., 2014). Several farm-owner managers indicate being  
9 dynamic in both production and explorative activities is an important trait for an  
10 agropreneur as the numerous positive evaluation in Table 1 for the behavioral pattern 1.  
11 In these impoverish contexts, people who engage in entrepreneurial activities manifest  
12 significant initiative and proactiveness in moving quickly in various activities. Only a few  
13 statements describe the lack of actions of agropreneurs to be reactive due to the high focus  
14 on production activities as it is the case in traditional farming system.

15 Through a proactive behavior, agropreneurs are able to respond to changes in their  
16 environment (weather, markets, technology, "competition"-with others farmers from  
17 neighboring countries or remote regions of the country), and sustainability. It can be noted  
18 from anecdotal examples the interviewees gave us that some farmers seem to be quite  
19 successful in developing themselves as 'proactive agropreneurs' as conceptualized above,  
20 for instance through an alertness on events.

21  
22 *BP2: Avoiding becoming trapped in successful businesses versus Innovativeness EO dimension*

23 Several farmers indicate that being innovative is an important trait for a farm enterprise, as  
24 the numerous activities evaluations in Table 1 for progress, development, new markets  
25 entry, adoption of technologies, show. Constant progress and modernization within the  
26 business as well as the improvement of the product portfolio are important factors. This  
27 result is in line with prior micro and small business research, which considers being  
28 innovative to be important in businesses (Le Roux & Bengesi, 2014). Farm owner-managers  
29 have strong incentives to act in the long-term interests of their enterprises. This state of  
30 affairs makes it more likely that they support innovation as a source of growth, wealth  
31 creation and also as a survival mechanism over time. However, since innovation occurs  
32 primarily through new combinations of resources, ideas and technologies, these smallholder

1 agropreneurs typically have too few resources to truly invest in innovative products given  
2 the primitive economic conditions that confront them. Their innovative behavior is generally  
3 related to adoption of new technologies. In addition, the always emphasis the need to  
4 experiment the new technologies adopted at a relative small scale before deeply engage in.

5

### 6 *BP3: Engaging in resource acquisition*

7 Most vegetable farm owner-managers consider resource acquisition as critical for their  
8 businesses. They have too few resources to invest, and the search for resources becomes a  
9 main activity in running the businesses. In general, the literature acknowledges the  
10 importance of the resource acquisition for a firm. For instance, the resource-based view  
11 (RBV) of the firm ((Barney, 1991) argues that resource scarcity is a primary cause of firms  
12 being competitively disadvantaged. Moreover, in the production function, access to scarce  
13 resources results in prosperity. Almost all enterprises need technological and financial  
14 resources, but not all enterprises can access them. Particularly in poverty settings, access to  
15 formal resources is extremely difficult for entrepreneurs due to many factors, making  
16 imperative that they acquire these resources. Agropreneurial behavior related to intense  
17 focus on resource acquisition therefore make sense to lifting their businesses. However,  
18 the conceptualization of EO by Miller (1983) or Lumpkin and Dess (1996) does not capture  
19 this notion of resource acquisition capability that is critical for agropreneurs in poverty  
20 settings.

21

### 22 *BP4: Building and maintaining collaborative relationships that support business activities: a* 23 *collaborative entrepreneurial behavior versus competitive aggressiveness dimension of EO*

24

25 Most farmers consider their businesses to be relationally and structurally embedded.  
26 Competition seems to be an important notion, but is usually not perceived in an aggressive  
27 manner, but in the quality improvement and collaboration with actors. Often, competitors  
28 also know each other well or even have friendly connections or organized in producers'  
29 association, but works individually on their farms. As a member of an association, the  
30 producer is a member of an organization that provides needed assistance through  
31 monitoring, group selling, assisting in finding markets, and social assistance. Furthermore, it  
32 is easy for the producer to access extension services and financial support through the  
33 association.. The farmers also argue that communication is very important. Comparing these

1 statements with the EO dimension, only little competitive aggressiveness can be identified  
2 with regard to an aggressive behavior in competition. In addition, agropreneurs emphasized  
3 of the importance of collaboration between actors. It is clear that farmers manage their  
4 enterprises within the institutional logics of embeddedness and networking which differ  
5 from the institutional logics of market and hierarchy that underlying the entrepreneurial  
6 endeavor in mature economies (Pascucci, 2010), where the aggressive competition is the  
7 modus operandi. The collaboration appears as crucially important to the entrepreneurial  
8 process of producers, because the resource needed to for businesses and the transaction are  
9 passed to them basically through the relationship.

#### 11 *BP5: Involving in moderate risk taking versus Risk-Taking EO dimension*

12 Taking risks is one of the terms showing diverging opinions of the interviewees. The  
13 agropreneurs often estimate risk-taking to be necessary. In general, they referred to the  
14 common adage “nothing ventured nothing gained”. Nevertheless, they emphasized the  
15 need to be moderate is risk-taking actions. There was no real evidence of great risks took  
16 from the responses we got from agropreneurs even though many of them believe that  
17 vegetable farming is more riskier than the traditional farming because of the perishable  
18 nature of products and the lack of storage facilities. On the one hand, due to the  
19 environment in which they are operating characterized by unsupportive policy and  
20 regulatory formal institution, instable and predictable climate conditions, and asymmetric  
21 information the market place. On the other hand, because of the limited resources they are  
22 owning. Both environmental condition and resource scarcity situation make some to be  
23 reserved and consequently risk averse, while others are willing to take moderated risks.

24 This dualistic thinking is also represented in the literature which emphasizes that in a  
25 perceived high-risk business environment, few people are willing to attempt new initiatives,  
26 and those who are willing to do so are likely to generate more profit, enhancing the firm’s  
27 growth, if their businesses succeed (Tang & Murphy, 2012). However, there are reasons to  
28 believe that risk avoidance is stronger in entrepreneurship in poverty settings because the  
29 owner-manager tends to have the most of its wealth invested in the small firm and so bears  
30 the full financial burden of failed investments which might threaten the livelihoods of the  
31 family. Consequently, necessary but risky strategic decisions and actions are postponed due  
32 to concerns about the safety of the family livelihoods and the resilience of the enterprise – a

1 capacity of the business to bounce back from unexpected, stressful and adverse situations  
2 (Armenakis & Harris, 2009; Beck, Brüderl, & Woywode, 2008). The situation is not the same  
3 in other types of firms in mature economies, where the motivation is more the wealth  
4 creation and the resource issue is not so challenging (G. D. Bruton, Ahlstrom, & Si, 2015).

#### 5 6 *Smallholder entrepreneurial orientation construct*

7 As it has been shown in above discussion, the conceptualization of entrepreneurial  
8 orientation of small firms in poverty settings in developing countries cannot be derived from  
9 the same dimensions used to define the construct in mature economies. It is therefore  
10 useful for refining the EO of small firms in informal sector by means of typical the  
11 dimensions that characterized them in order to be able to grasp the reality of decisions and  
12 actions undertaken and subsequently explain and handle them.

13 The core of the “entrepreneurial orientation of small firm” lies in the handling of  
14 innovative actions along new technologies adoption, being proactive in both opportunity  
15 exploitation and exploration, acquisition of resources including competences which make  
16 up the ability of the firm to handle the challenges and lift out the stagnation, and  
17 collaboration with external actors to get businesses stability and development. Due to the  
18 fact that a failure in risk-taking can be handled only to a very limited extent because of a lack  
19 of resilience, small entrepreneurs in poverty settings are very sensitive.

20 The entrepreneurial orientation of in poverty settings in developing countries refers to  
21 small firm entrepreneurial behavior comprised of five dimensions (encompassing  
22 innovativeness, proactiveness, resource acquisition, collaboration and moderate risk-  
23 taking). An entrepreneurial-oriented firm uses innovativeness not as a specialized in  
24 innovation process, but as a general innovative orientation, an adoption of existing  
25 innovations that might improve businesses performance. An entrepreneurial oriented small  
26 firm, act more problem-focused and proactively search for new information while remains  
27 largely open to external environment. A small firm is more motivated to engage in resource  
28 acquisition to lifting businesses out of stagnation and engaged in growth process. An  
29 entrepreneurial oriented firm develop relationships and communication with actors to fill  
30 the limited resource available. This is not to say that an entrepreneurial oriented firm will  
31 not be concerned with competition. However, entrepreneurial oriented firm would be  
32 unlikely to engage in aggressive competition and would rather favor quality improvement  
33 and collaboration with others actors including competitors.

## 6. Conclusion

This paper contributes to an improved understanding of entrepreneurial behaviors in the informal sector in poverty settings. It explored entrepreneurial dimensions that are perceived to be relevant from the perspectives of owner-managers of farms. Results from the empirical study context are categorized and compared to the EO construct in literature, indicating peculiarities for small firms in developing countries.

Our contribution goes further than the definitional development of a core EO dimensions. Although much work needs to be done, our conceptualization adds to efforts toward the systematic development of a theory of EO in a specific context of poverty context. On the basis of this conceptualization, it is possible –on the basis of various theories and methods- to generate scientific statements. Within the field of small business entrepreneurship, decisions and processes in micro and small enterprises are still of interest.

This study is not without limitations. Concerning the focal construct, limitations include the fact that the behavioral patterns were investigated within a specific sector of agricultural businesses. It has to be admitted that other sectors might develop practice different dimensions of the EO construct. Furthermore, it has to be noticed that this research only represents a first step in the development of a construct of entrepreneurial orientation of small firms in informal sector in developing countries. Future work on developing a valid scale of EO would be an important empirical work in this area. In addition, concerning the development of the nomological net, we encourage further research on entrepreneurial orientation and relationships to other antecedents and outcomes constructs. The conceptualization we developed here based on empirical data might be replicated in other sectors in future research.

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