

NOVICE AND HABITUAL ENTREPRENEURS AND EXTERNAL BUSINESS SUPPORT EXPLOITATION

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ABSTRACT

Habitual entrepreneurs have become an important group of entrepreneurs who make a large contribution to the process of wealth creation. Previous studies have indicated that habitual entrepreneurship is a widespread phenomenon, hence, policy makers and practitioners should target support tailored to the special needs of novice and habitual entrepreneurs.

This article aims to present results of a study regarding the role of prior business experience in the inclination to use external business support and the choice of various forms of this support.

Research was conducted on a sample of 373 Polish small innovative enterprises in the fourth quarter of 2017. Enterprises were surveyed by means of a questionnaire using the Computer Assisted Telephone Interviewing technique.

The scale of habitual entrepreneurs in the examined sample is 32,44 % and is comparable with research carried out in other countries. The findings suggest that habitual entrepreneurs use external business support to a greater extent than novice entrepreneurs but differences between various forms of support used by novice and habitual entrepreneurs are not significant.

The presented research results are a starting point for further detailed analyses that should be undertaken to explore the characteristics of habitual entrepreneurs: whether and to what extent entrepreneurs learn from their own experience, what is the impact of success or failure in previous businesses on the current behaviour of entrepreneurs and their companies, and what implications this has for the development of the future SME support policy.

KEY WORDS

entrepreneurial experience, business support, habitual entrepreneurship

CLASSIFICATION

JEL: L25, L26, L53

INTRODUCTION

Entrepreneurship is the subject of many scientific, economic and political discussions, and enterprises and entrepreneurs are perceived as the key drivers of economic growth [1-3]. They contribute to employment growth, improvement of competitiveness and increase in the well-being of societies [4]. This approach justifies the widespread policy of supporting entrepreneurship.

Organization for Economic Cooperation and Development (OECD) [5] indicates that entrepreneurs are the initiators of changes and growth of the market economy, and may accelerate the generation, dissemination and implementation of innovative ideas. Public assistance is mainly focused on novice entrepreneurs who do not have previous business experience. At the same time, there is an increasing knowledge that entrepreneurship is not limited to the creation of a new company as a single action [6-7], and it is also not a one-off event. An important part of the group of small and medium-sized enterprises are habitual entrepreneurs [8-10].

According to theory of cognition [11] and learning from entrepreneurial experience, habitual entrepreneurs may run more successful businesses over time. Ucbasaran et al. [8], referring to this theory, state that entrepreneurial experience is an important element of entrepreneurs' human capital which affects how entrepreneurs think and identify opportunities.

Previous experience can be used to improve entrepreneurial skills as well as reputation, which can help reallocate resources in subsequent business ventures that can be founded, acquired or inherited [12]. Some entrepreneurs may use experience, the ability to deal with formal requirements and gained credibility to obtain funds for further undertakings from banks, venture capital investors or other informal investors.

Business support can be treated from the perspective of opportunities that determine the company's development. Krupski [13] as examples of such opportunities mentions the use of different types of support from the European Union funds, and favorable legal solutions.

The study presented in this article was aimed at examining the behaviour of novice and habitual entrepreneurs in relation to the use of external business support. To achieve the goal, the following research questions were formulated:

To what extent habitual and novice entrepreneurs use external business support?

What impedes the use of external support by habitual and novice entrepreneurs?

What kind of external support are used by habitual and novice entrepreneurs?

In Poland the main barriers to cooperation between enterprises and business environment institutions are: insufficient information and promotion actions, lack of adaptation of the offer to the needs of enterprises, lack of specialized services, complicated regulations [14-16]. In Poland, so far, there has been no research on the use of external support by novice and habitual entrepreneurs, hence the author's research fills a gap in this area. In-depth research will allow for a better adjustment of the policy to the needs of different groups of entrepreneurs.

The outline of the article is as follows. First, the literature review is presented and further elaborated the theoretical positioning of this study. Next, the research methodology, data and research instrument are explained. Then, the major results and theoretical and practical implications of the findings are presented. Finally, the study's limitations are presented and indications for further research into the differences of habitual and novice entrepreneurship in the support policy aspects are outlined.

THEORY AND LITERATURE REVIEW

Business exit is an inseparable part of the entrepreneurial process [17] and may be caused by various causes, such as [18]: voluntary liquidation in order to take up a better undertaking or employment; liquidation for personal reasons; selling the company with a profit to return the invested resources; sale or liquidation of the company in order to avoid losses; bankruptcy. Liquidation of economic activity is not limited to reaction on the financial failure of the enterprise. Getting out of business is often entrepreneurial and economic activity for the effective allocation of resources. Many authors show that the phenomenon of multiple business activity is common in many countries, habitual entrepreneurs constitute a large and important segment in the population of entrepreneurs [19, 20] and can range from 12 % to even 64 % of all enterprises [8].

Persons systematically undertaking business activity, one at a time or several activities concurrently, have been the subject of research in many countries with developed economies in the last 20 years [8, 21-26]. According to MacMillan [27], entrepreneurial experience and research concerning habitual entrepreneurs should form the basis for studying the essence of entrepreneurship.

The definition of the phenomenon of habitual entrepreneurship has evolved, not finding a commonly accepted form for a long time. There are various typologies of entrepreneurs distinguished according to the criterion of their activity and experience, there is no single universally accepted definition of multiple entrepreneurs [28], and searching for a general definition one may encounter the same problems as when formulating the concept of an entrepreneur. In the subject literature, entrepreneurs are defined in three main dimensions: ownership [29-31], decision-making role [32] and the ability to identify and use opportunities [33, 34]. Based on these dimensions, researchers have attempted to define habitual entrepreneurs.

According to Westhead et al. [9] and Ucbasaran et al. [8] the universal operationalisation of novice and habitual entrepreneurs are:

- **Novice entrepreneurs** are persons without prior experience (both minority and majority) in the ownership of a business, founders and buyers or heirs of an existing independent enterprise who currently have a minority or majority stake in a newly established, acquired or inherited enterprise.
- **Habitual entrepreneurs** are persons who have or had a minority or majority stake in two or more enterprises, and at least one of them was founded, acquired or inherited. Habitual entrepreneurs include:
 - *serial entrepreneurs* – persons who have sold or closed at least one business in which they have had a minority or majority stake, and currently hold a minority or majority stake in one independent enterprise that was newly founded, acquired or inherited,
 - *portfolio entrepreneurs* – persons who currently hold a minority or majority stake in two or more independent enterprises that were newly established, acquired or inherited.

Habitual entrepreneurs accumulate both strengths and burdens related to experience in previous businesses. “Experienced” habitual entrepreneurs [35], burdened with negative events from previous businesses, may be unable to learn from them, mainly due to cognitive limitations that interfere with subsequent decision making. In turn, habitual entrepreneurs “experts” accumulate advantages from previous businesses and are able to learn from their mistakes (so-called “intelligent failure”) [36].

Theoreticians suggest that people with greater human capital resources consisting of attributes achieved are associated with an increased level of productivity [37]. Later, the term human capital was extended to the cognitive abilities of entrepreneurs, as well as the cumulative work and habits that can have a positive or negative impact on productivity, both in the market and non-market sectors. Therefore, the human capital of an entrepreneur can shape to some extent

his or her business behaviour and activity [38]. In the context of entrepreneurship, human capital may have an impact on the identification, search for and exploitation of opportunities, their “quality” in relation to innovation, the survival of the company and its activities [26].

Direct entrepreneurial experience gained in the course of conducting business activity generates specific entrepreneurial human capital [39] which includes: entrepreneurial skills (the ability to create, identify and exploit opportunities), management skills (the ability to manage and organise resources) and technical skills [40]. It is more likely that people with greater professional and managerial experience will be able to better recognise opportunities and raise capital, and as a result create larger and better equipped enterprises [41-43].

The cognitive perspective in the approach to human capital suggests that entrepreneurial behaviour (e.g.: the process of identifying opportunities) is noticeably affected by the way in which entrepreneurs think of, perceive and evaluate the environment and by their experiences [23]. People who engage in business activity usually operate under conditions of uncertainty of decision and complexity. Taking into account the level of uncertainty they experience, entrepreneurs often use heuristics to connect limited information in order to make convincing decisions in the face of major turmoil [23, 26].

Habitual entrepreneurs who are able to draw conclusions from their experiences can thus enrich their entrepreneurial skills. Hart et al. [44] found that both the number of years of experience and the number of established ventures were important factors contributing to industry success and maintaining access to resources. However, Chandler and Jansen [45], Kolvereid and Bullvag [46] as well as Birley and Westhead [47] stated that the number of business ventures initiated earlier and years spent as the owner-manager were not significantly related to the performance of the surveyed enterprises. This may be due to the fact that previous entrepreneurial experience is associated with both positive (faster reaching of growth thresholds) and negative (overconfidence and blindness) elements [23], or necessity and opportunity-driven habitual entrepreneurship, i.e. due to rigid labour market regulations [48, 49].

Li et al. [50] concluded that experienced entrepreneurs are better at developing networks, and at managing organizations than novices. Another study has shown that previous experience can increase entrepreneurial performance which can attract a larger amount of venture capital [51], and habitual entrepreneurs are better at gaining access to credit [52] and other critical resources [19].

As it results from the above considerations, it is important to link the results of research on habitual and novice entrepreneurs with future forms of support. Especially in terms of assistance programs to fit the specific needs (and resources) these groups of entrepreneurs.

Entrepreneurship support policy is widespread in developed countries [1, 5]. Objectives of the enterprise policy refer to employment growth, improvement of innovation and competitiveness of enterprises and take the form of “hard” (financial) support and/or “soft” (educational and training).

The scale of using formal external support by SME is relatively low, 39,9 % according to Mole et al. [53]. Other evidence shows that under a third of small firm owner-managers seeking formal external assistance over a two-year period [54]. Braidford and Stone [55] perceive the causes of this phenomenon in such difficulties as: (1) a lack of reliable and comprehensive information about support and its benefits, (2) the time and cost of support use, (3) prior poor experience with support, (4) perception of external support as “too smart” for business owners, (5) distrust of outside influences.

External support for SME can take formal (private sector consultants and professional organisations, normally or government sponsored business support agencies) or informal (advice provided by friends, family, and business associates) forms. The most important

forms of support, most useful in SME development processes, include: (1) non-returnable financial support (grants, subsidies from EU public funds and national budgets), (2) external financial support (credits, loans, leases, warranties, guarantees), (3) administrative and legal support (system and legal solutions stimulating the development of SME, e.g. tax exemptions, investment allowances), (4) advisory/training/information support, (5) organizational or general business support (business incubators, technology parks), (6) technological and pro-innovation support (facilitating access to new technological solutions).

The issue of the purposefulness and scope of entrepreneurship support is discussed by scientists and politicians. Bridge et al. [56] are skeptical about the legitimacy of external support for small new companies, citing the verification of market mechanisms. Flynn [57] warns that support for new companies can cause a “negative selection” and survival of less competitive companies. Shane [58] states, that policymakers should focus on subsidizing companies with growth potential to increase not only the quantity but also the quality of entrepreneurial endeavours in the economy. According to Cieřlik [59], on the one hand, there is evidence of a failure of mechanisms on the market, requiring correction by the state. On the other hand, there are problems with the proper design and implementation of an effective support policy entrepreneurship addressed to actually needing support and guaranteeing expected effects for the economy.

Regardless of the assessments made, it should be stated that SMEs in most countries, and especially in the European Union, operate in a complex, dynamic environment in which many forms of support are available, which can become a significant factor stimulating their development. The meta-analysis carried out in evaluations of SME-support services in Low- and Middle-Income Countries [60] found that interventions aimed at spurring SME performance had positive impacts on firm performance indicators as well as employment generation, labor productivity, exports, and investment. Government policy and its influence on the institutional environment has become a key focus of efforts to help to improve how small firms develop and economies compete.

However, the potential of the environment does not mean an automatic, positive impact of this support on SME development processes. What is required here is, in addition, specific activity of these companies expressed in a number of actions aimed at obtaining and efficient use of external support.

According to Westhead et al. [9] and Westhead and Wright [26] there are significant differences in the profiles and behaviour of entrepreneurs with prior business experience and novice entrepreneurs. If support for entrepreneurship is to be effective it is necessary to focus on the entrepreneur (human capital profiles, motivations, resources, behaviour, performance) rather than the firm [8]. The review of the above publications suggests that policy makers and practitioners need to target separate policies towards the varying needs of novice and habitual entrepreneurs. For example, it would be more appropriate to support habitual entrepreneurs in the promotion of innovative solutions.

METHODOLOGY

RESEARCH INSTRUMENT

In this study a survey was used to gather information to answer research questions.

Data for the study were collected as part of a comprehensive project entitled “Determinants of the development of entrepreneurship and innovation in small business” (“Uwarunkowania rozwoju przedsiębiorczości i innowacji w małych firmach”), carried out at the Faculty of Management of the University of Lodz, addressed to owners/co-owners of small innovative

companies, i.e. companies that in the years 2014-2017 made at least one change related to the introduction of new products/services or upgrading existing ones, or related to the implementation of new technical methods of production/provision of services or their modernisation, or related to the introduction of new or improved methods of company organisation¹.

A database containing novice and habitual entrepreneurs does not exist. The questionnaire was used to identify types of entrepreneurs. In the presented study, the distinguish between habitual and novice entrepreneurs was crucial for the analysis. This variables were assessed using the following interview question: *Which company is it for you? (Subsequent business – this term includes conducting business activity in various forms (natural person, partner/company shareholder). One business activity could be completed and the next company established, or the respondent might run several businesses concurrently).* If the answer was “first” respondents were classified as novice entrepreneurs, the answer was “subsequent” they were classified as habitual entrepreneurs. The study adopted the most general definition of habitual entrepreneurship, without distinction between portfolio and serial entrepreneurs or criteria concerning previous experience in terms of business success or failure. This was an initial survey of habitual entrepreneurs, hence the focus was on the general comparison of the two groups of entrepreneurs, with the assumption that if the hypotheses were confirmed, more detailed analyses would be possible in future research.

The research instrument was more extensive than the scope of the study presented in this article, as mentioned above, the habitual entrepreneurs study was a part of a larger research project. The questionnaire for this study consisted of sections: (1) attribute questions (year of foundation, type and extend of business, gender, time of entrepreneurship experience, family business), and (2) public support for business development (cooperation with business environment institutions, the use of external public support, the use of financial public support, difficulties to obtaining external financial support).

In the study 7 the most important types of external public support were used. Another variable regarding the cooperation between entrepreneurs and support institutions was difficulties with obtaining external public funds. The question concerned 9 dominant difficulties, mentioned in the EU support policy for SME reports and national evaluation reports of the use of EU programs.

DATA

The study was conducted by an experienced research agency. Minimum sample size is 382, at a confidence level of 0,95 and a margin of error 5 % for 57,2 thousand small companies in Poland. Random sampling was applied. The research sample was selected from the database of enterprises employing from 10 to 49 people containing over 50 000 records, out of which 20 000 enterprises were drawn (from the database, every tenth unit was drawn for examination). The database was purchased from an external company (Bisnode). Enterprises were surveyed by means of a questionnaire using the CATI (Computer Assisted Telephone Interviewing) technique. The total number of completed questionnaires was 400, the response rate was 35,5 % and the effective response rate was 2,06 %. 373 questionnaires were accepted for the study (27 companies provided an ambiguous answer to the question “what is your business activity” – the answer “hard to say” suggests that the owner or co-owner did not participate in the study). Telephone interviews were conducted in the fourth quarter of 2017.

Out of the surveyed respondents, for 252 it was the first business activity, 121 had previous experience in business, however, the limited research framework did not allow to specify whether they were a portfolio or serial entrepreneurs. The characteristics of the research

sample in the groups according to the entrepreneurial experience are presented in Table 1. Chi-square test of independence was applied to assess the relationships between variables and Cramer's V statistics was used as a measure of the effect size.

Table 1. Characteristics of the research sample regarding the entrepreneurial experience.

Variables	First business <i>n</i> = 252	Subsequent business <i>n</i> = 121	χ^2 (<i>df</i>)	p-value	Cramer's V
Family business Yes No	(<i>n</i> = 148) 58,73 % (<i>n</i> = 104) 41,27 %	(<i>n</i> = 64) 52,89 % (<i>n</i> = 57) 47,11 %	1,14 (<i>df</i> = 1)	0,2866	0,0552
Gender of the general manager Male Female	(<i>n</i> = 212) 84,13 % (<i>n</i> = 40) 15,87 %	(<i>n</i> = 106) 87,6 0% (<i>n</i> = 15) 12,40 %	0,79 (<i>df</i> = 1)	0,3754	0,0459
Sector Manufacturing Commerce Services	(<i>n</i> = 105) 41,67 % (<i>n</i> = 33) 13,10 % (<i>n</i> = 114) 45,23 %	(<i>n</i> = 40) 33,06 % (<i>n</i> = 23) 19,01 % (<i>n</i> = 58) 47,93 %	3,59 (<i>df</i> = 2)	0,1660	0,0981

The scale of the phenomenon of habitual entrepreneurship (32,44 %) demonstrated in this study is comparable to studies carried out in other countries. Westhead and Wright [21] noted that 34 % of entrepreneurs setting up new manufacturing companies in Wales had previous business experience. The research conducted by Taylor [22] showed that 39 % of companies in Malaysia, 42 % in England and 49 % in Australia belonged to habitual entrepreneurs. A high percentage of habitual entrepreneurs was also recorded in studies conducted in Sweden (40 %) [25], Norway (47 %) [46], Finland (50 %) [24], and the UK (52 %) [7]. Measuring the scale of the phenomenon is determined by the definition used, the chosen sector or the selection of the research sample. Regardless of these differences, the analysis of conducted international studies and the author's research show that the phenomenon of habitual entrepreneurship is widespread.

STATISTICAL METHODS

The Pearson chi-square test for independence was applied with the use of Cramer's V statistics as a measure of the effect size. In the study, the statistical significance level (α) was set at $p < 0,05$, and $p < 0,1$ was adopted as the acceptable level.

RESULTS

In the sample, 34,92 % (88 entrepreneurs) of novice and 45,45 % (55 entrepreneurs) of habitual entrepreneurs cooperated or cooperates with business environment institutions (Regional Development Agencies, Technology Parks, Business Incubators, Advisory and Training Centers), which can provide various types of services to entrepreneurs (information, training, consulting, financial, etc.). Entrepreneurial experience resulted in greater interest in external sources of support for business development ($p = 0,0406$, however, the observed effect was small when considering the value of the Cramer's V). 39,29 % novice (99 entrepreneurs) and 46,28 % (56 entrepreneurs) habitual entrepreneurs received public financial support (subsidy for the implementation of investments; employees participated in training and consultancy financed from public funds; other forms where the entrepreneur has

received external support). Habitual entrepreneurs showed a higher propensity to benefit from financial support, this result, however, was not statistically significant ($p = 0,1993$, no effect was observed according to the value of the Cramer's V).

The most frequently chosen type of public financial support in both groups of entrepreneurs were non-repayable funds (respectively 71,71 % and 69,64 %). Training support was the second most frequently chosen type of assistance: 36,36 % of novice and 41,07 % of habitual entrepreneurs. Repayable financial support was more often chosen by habitual entrepreneurs (23,21 %) than by novice entrepreneurs. The use of all types of support by entrepreneurs is presented in Table 2. No statistically significant relationship has been found between the entrepreneurial experience and the use of individual types of support ($p = 0,8549$, however, a small effect was observed according to the value of the Cramer's V). Probably, more explicit result would be given with a larger number of respondents.

Table 2. The use of external public support by novice and habitual entrepreneurs.

Variables	First business <i>n</i> = 99	Subsequent business <i>n</i> = 56	χ^2 (df)	p-value	Cramer's V
1. Non-returnable financial support	71,71 %	69,64 %	9,55 (df = 6)	0,8549	0,1987
2. Repayable (debt) financial support	15,15 %	23,21 %			
3. Advisory support (support in the development of the project, obtaining a loan.)	12,12 %	17,86 %			
4. Technological support (support in the implementation of new technological solutions.)	8,08 %	5,36 %			
5. Organizational support (management, contacts with the environment) (the company received support in introducing organizational changes)	4,04 %	3,57 %			
6. Legal support (exemptions, tax benefits)	3,03 %	5,36 %			
7. Training support (the company trained employees.)	36,36 %	41,07 %			

The most important difficulties related to obtaining external financing from public funds in both groups of entrepreneurs were too complicated procedures for obtaining co-financing (48,41 % novice and 47,11 % habitual entrepreneurs). The second most important obstacle among novice entrepreneurs was the long time needed to carry out the formalities related to obtaining funding and uncertainty of receiving co-financing (both 7,14 %). For habitual entrepreneurs, the next major difficulties were: long time needed to complete formalities related to obtaining funding (8,26 %), a long time of handling of the submitted application for co-financing (6,61 %) and low flexibility of spending the received co-financing (6,61 %). 23,02 % novice and 19,01 % habitual entrepreneurs did not indicate any difficulties related to obtaining public funds. Differences between habitual and novice entrepreneurs in perceiving difficulties are small. Both groups of entrepreneurs use technological, organizational and legal support to a small extent. It should be considered whether this is due to poor matching of the offer with the needs of entrepreneurs, or rather they do not expect such forms of assistance or use them in commercial forms ($p = 0,0793$, however, the observed effect was small when considering the value of the Cramer's V).

Table 3. The most important difficulties related to obtaining external financing from public funds indicated by novice and habitual entrepreneurs.

Variables	First business n = 252	Subsequent business n = 121	χ^2 (df)	p-value	Cramer's V
1. Too complicated procedures for obtaining co-financing	48,41 %	47,11 %	3,21 (df = 8)	0,0793	0,0928
2. The long time needed to carry out the formalities related to obtaining funding	7,14 %	8,26 %			
3. Long time of handling of the submitted application for co-financing	1,98 %	6,61 %			
4. Uncertainty of receiving co-financing	7,14 %	4,13 %			
5. Low flexibility of spending the received co-financing	3,97 %	6,61 %			
6. The need to adapt to the strict rules of accounting and reporting related to the co-financing received	0,79 %	1,65 %			
7. A lot of paperwork and the need for full settlement of grants received	5,56 %	1,65 %			
8. Focusing on the implementation of the project, and not on the current functioning of the company	1,98 %	4,96 %			
9. There were no difficulties	23,02 %	19,01 %			

DISCUSSION, IMPLICATION, AND CONCLUSION

The article presents the results of the preliminary exploration of the impact of previous experience in business or its lack of entrepreneurial behaviour. Although it can be said that actions of habitual entrepreneurs differ from actions of novice entrepreneurs, it cannot be assumed that this is true in every aspect. The results of the study indicate that habitual entrepreneurs in a greater degree cooperate with business environment institutions and also more often use public funding than novice entrepreneurs. Bennett [61] indicated that because of their smallness and limited market power, entrepreneurs suffer from imperfect information, limiting their awareness of the provision of external assistance. The influence of experience in identifying and using entrepreneurial opportunities as well as developing of an entrepreneurial mindset, demonstrated in the studies of many authors, may have an impact on the search by habitual entrepreneurs for business development opportunities through cooperation with various institutions. Such results may also indicate the use of effectuation by habitual entrepreneurs in order to obtain external business support.

Both groups of entrepreneurs prefer non-returnable financial support as a source of business development. This may confirm the view that limited access to finance has been recognized as one of the main barriers to SMEs realizing their full potential, Financial resources required for expansion, innovation and to ensure the survival of the firm are more difficult for SMEs to obtain from banks, capital markets or other suppliers of credit than it is for larger organizations [62]. The Entrepreneurship 2020 Action Plan of the European Union highlights access to finance is one of the levers for growth for SMEs, and on the other hand, one of the most frequently indicated barriers of development. Entrepreneurs particularly have difficulties raising funds in the early stages of their innovation process or more generally, for the innovative SMEs in the early stage of their business.

Experienced entrepreneurs also benefit from repayable assistance, more often than novice entrepreneurs. This may be due to the requirements set by support institutions, where a longer period of activity on the market or the achievement of adequate financial results is preferred, as well as the need to provide own contribution. On the other hand, entrepreneurial experience and better ability to recognize opportunities can lead to more frequent use of this form of support.

Shown in the study, a large share of financial forms of support SMEs confirms difficulties in accessing external financing due to the many inherent features of SMEs, such as an information asymmetry, a lack of trading history, a high risk of failure. Training support, the second most frequently chosen type of assistance, is used due to less complicated procedures and quick noticeable effects of these activities.

The strongest barrier to the use of external financial support is too complicated procedures for obtaining co-financing. Entrepreneurs often need to involve additional financial and human resources to meet the requirements set by support institutions. This problem has been pointed out in the authors' studies for a long time [14, 15, 53] and remains unsolved. Policy makers should consider how to reduce this barrier, especially it is indicated both by novice and habitual (with more knowledge and resources) entrepreneurs. Ucbasaran et al. [8] and Westhead et al. [9] argue that policy makers should differentiate support for novice and habitual entrepreneurs. Referring to the research carried out, policy makers should first focus on eliminating the basic, institutional imperfections of the support system and then focus on tailoring support policy to different types of entrepreneurs.

Habitual entrepreneurs may not always be able to transfer previous experience to a new venture due to dynamic changes in the environment, errors in the cause-effect interpretation or over optimism. This has practical implications for the entrepreneurs support policy, which on the one hand would encourage novice entrepreneurs to use a good business practices presented by experienced habitual entrepreneurs and, on the other hand, would offer professional expert support aimed at eliminating development barriers by various types of entrepreneurs.

It should be noted that the study has some limitations. The research sample consists of small enterprises, i.e. employing from 10 to 49 people. The inclusion of microenterprises in the study, which constitute the vast majority of companies operating in Poland, would provide a comprehensive picture of entrepreneurial behaviours of habitual entrepreneurs. Another limitation is related to the specificity of the analysed sample associated with innovation. As a result, the study was conducted among innovative companies in which the motives of entrepreneurs, their ability to recognise and exploit opportunities as well as activities undertaken may significantly differ from entrepreneurs not introducing innovations. Due to the fact that, as noted earlier, the study of habitual entrepreneurs was only part of a larger, comprehensive study, the analysis was limited to the comparison of novice and habitual entrepreneurs. Differences between portfolio and serial entrepreneurs were not considered. This is a strong limitation, research results [8, 10, 35] indicate, however, that differences between portfolio and serial entrepreneurs are often greater than between habitual and novice entrepreneurs. Therefore, there is a need to carry out in-depth studies based on the division into these two subgroups of entrepreneurs. Another issue to be considered in the deliberations is the impact of previous business experience on the entrepreneurial process, especially the differences in entrepreneurial behaviour of people who failed and succeeded in business. Some scholars view business failure as representing an opportunity for learning, others contest this and argue that it may be difficult to learn from failure. For example, Ucbasaran et al. [10] and Westhead and Wright [26], based on the conducted research, conclude that entrepreneurs who have suffered a business failure exhibit a diminished ability to identify opportunities. Their study also highlighted significant differences in how portfolio and serial entrepreneurs use their experience of business failure. Westhead et al. [10] note that policy

makers and practitioners need to match the formulated policy for different types of entrepreneurs instead of the same support available to all entrepreneurs. Policy makers need to consider the assets and liabilities associated with prior business experience and with novice entrepreneurs. For example, repeated exit of serial entrepreneurs may be a signal of insufficient managerial skill or resources to grow business. Novice entrepreneurs have often more limited human capital, finance and information resource pools than habitual entrepreneurs. To develop more appropriate policies in-depth research needs to be conducted surrounding the behaviour and entrepreneurial process of novice, portfolio and serial entrepreneurs.

REMARK

¹The definition of an innovative company used in research is based on concepts commonly used in public statistics. It is based on the methodology proposed by the OECD and Eurostat in the Oslo Manual 3th Edition. According to this broad definition: An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organisation or external relations. It corresponds with Porter's approach to the role of innovation at the micro level, in contrast to Schumpeter's approach to innovation. According to Baumol [63] and Cieřlik [59] it is not necessary to innovate on a global, domestic or industry scale to recognize the company as innovative. Innovations at the company level and at higher levels give the synergy effect, which promotes the diffusion of new solutions in the economy.

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