

# Endogenous entrepreneurial processes and sustained entrepreneurial growth

[Business](#), [Company](#)



As hitherto explicated, the ability of an enterprise to forge a superior level of ACAP whilst managing varied functional-level alliance portfolios – presents a distinctively fundamental type of dynamic alliance portfolio management capability. Generally, absorptive capacity (ACAP) entails an enterprise's ability to understand and take advantage of new ideas.

ACAP consists of two distinct, albeit complementary dimensions, namely, potential ACAP (PACAP) and realised ACAP (RACAP). PACAP comprises gaining access to knowledge and its assimilation capabilities, whereas RACAP facilitates knowledge transformation and exploitation. In this view, superior ACAP, in conjunction with its two dimensions of PACAP and RACAP, refers to an enterprise's ability of acting in a superior ambidextrous manner. Acting in a superior ambidextrous manner refers to the idiosyncratic ability to effectively manage internal organisational exploration and exploitation activities that leads to aiding the likelihood of realising the successful enhancement of an enterprise's sustained entrepreneurial growth endeavours.

This critical outcome could further be ascertained in the event that an enterprise possess the ability to act in a superior ambidextrous manner by focusing on attaining combined ambidextrous outputs, as opposed to predominantly optimal ambidextrous outputs. Combined ambidextrous outputs refer to the combination of high levels of both exploration and exploitation activities. Conversely, optimal ambidextrous outputs refer to obtaining an optimal ratio between exploration and exploitation activities, and thus, does not particularly guaranteed the likelihood of realising the

successful enhancement of an enterprise's sustained entrepreneurial growth endeavours.

Within this line of enquiry, an increasing consensus posits that those enterprises that are able to forge superior ACAP are likely to excel at effectively managing newly accessed tacit and explicit knowledge resources from their functional-level alliance portfolio partners. This novelty is therefore likely to enable such enterprises to outperform their industry counterparts/competitors in successfully enhancing sustained entrepreneurial growth. Relating this dynamic interplay to the context herein – E. F. SMEs, evidence suggests that owing to the seemingly inimitable intangible resources (i. e., robust organisational social capital [R. OSC]) that these enterprises tend to possess, it is likely that their ability to forge superior ACAP would be further buttressed. R. OSC refers to the well-established goodwill and resources (particularly knowledge) that E. F. SMEs gain from engaging in cordial relationships both internally within the organisation and externally with other enterprises.

Of importance, R. OSC dimensions pertaining to managerial human capital and patient capital are adopted to more intrinsically inform this study's prevailing novelties. Managerial human capital depicts the skills and knowledge repertoire of a focal E. F. SME's top management team (TMT) (i. e., long-serving family CEOs, together with their non-family senior functional-level managers), as shaped by their educational, personal, and professional experiences.

Correspondingly, patient capital entails a deliberate preference for unusual and notably extensive long-term oriented investments (usually lasting several decades) with the desire to perpetuate vibrant businesses across several generations. Under these peculiar circumstances, establishing R. OSC would heighten the likelihood of E. F. SMEs to develop substantive effective management regimes. The development of substantive effective management regimes is in this sense cultivated owing to the long-serving family CEOs deep tacit familiarity of the enterprise's core competencies in relation to ascertaining the likelihood of achieving sustained entrepreneurial growth.

As such, these executives are usually more adept at adequately socialising their non-family senior functional-level managers into the enterprise – in comparison to their rivals. As a consequence, overall tacit family CEOs and non-family senior functional-level managers team know-how would likely be preserved within the enterprise for a prolonged period of time – resulting in heightened positive team dynamics. In this way, coupled with their pervasive flat organisational structures, these enterprises are likely to be in an auspicious capacity of effectively managing their accessed new tacit and explicit knowledge resources derived from their varied alliance portfolio partners.

Subsequently, a focal E. F. SME would be able to leverage its patient capital to ensure the likelihood of successfully enhancing sustained entrepreneurial growth. Following these developments, R. OSC, in light of its managerial human capital and patient capital dimensions – would act as a key

underlying foundational isolating mechanism for building an idiosyncratic enterprise-level micro-foundation of dynamic alliance portfolio management capabilities. This developed idiosyncrasy, as hitherto postulated, is herein representative of superior ACAP, whereby E. F. SMEs would possibly be able to amplify the effective management of the accessed new tacit and explicit knowledge resources derived from their varied alliance portfolio partners.

Being able to more effectively manage both new tacit and explicit knowledge resources endows these enterprises with the ability to act in a superior ambidextrous fashion. In particular, this development would entail the possible attainment of combined ambidextrous outputs, as opposed to optimal ambidextrous outputs. Hence, E. F. SMEs would most likely be able to strategically leverage their newly accessed market and technological knowledge resources (in tacit and explicit form) to introduce innovative products and/or services to meet commercial-ends. This inclination may thereby contribute towards explaining how and in what ways these enterprises tend to outperform both their peers and industry counterparts/competitors – in successfully enhancing sustained entrepreneurial growth.

Comprehensively, it would seem that these enterprises are adept at facilitating peculiar endogenous entrepreneurial process that seemingly build dynamic alliance portfolio management capabilities. This peculiarity has been likened to the ever elusive possession of higher-order capabilities by a certain pedigree of enterprises, in this view, as relates to E. F. SMEs. Such a vital capability could aid a focal E. F. SME to modify and/or improve its

operational alliance portfolio management skills and thereby, reinforce this distinctive acumen – that in turn could likely enhance overall alliance portfolio success.

Of relevance, these adopted alliance portfolio partners by E. F. SMEs – comprise functional-level alliance portfolio networks that constitute marketing, manufacturing and distribution alliance portfolio partners. Functional-level alliance portfolio partners are drawn upon to more fully capture the value chain activities related to the endogenous entrepreneurial processes that facilitate the building of dynamic alliance portfolio management capabilities. Of importance, knowledge is herein regarded as constituting the most strategically significant resource for an enterprise in relation to successfully enhancing sustained entrepreneurial growth. In line with this depiction, the following knowledge-based resources could likely be available within the integrated functional-level alliance portfolio partners. Marketing alliances may provide knowledge about customer trends in domestic and international markets, which could aid in better positioning product and/or services within operational markets and optimise customer segmentation (Lowik et al., 2012). Manufacturing alliances may provide knowledge about new production techniques that could aid in launching new products and/or services in domestic and international markets and thereby, support continuous research and development activities [R&D] (Kim & Kuilman, 2013). Distribution alliances may provide knowledge about customer trends in domestic and international markets that that could aid in entering new geographical markets (Yang et al., 2013).

Next, the adopted research methodology is explicated, in terms of the study's adopted philosophical underpinning, sampling, and data collection techniques, in conjunction with the incorporated data analysis regime and obtained results.