If You Need Something Done, Do it Yourself

A study on what characterizes entrepreneurial activity in Austevoll compared to Oslo

Margareta Eide

M.Sc. in Innovation and Entrepreneurship
Faculty of Mathematics and Natural Sciences

UNIVERSITY OF OSLO

20.05.2018
Abstract

How can it be that entrepreneurial activity changes in different regions? The small island municipality Austevoll have many entrepreneurs and a high level of entrepreneurial activity. From growing up there, I have always wondered if the entrepreneurial activity on the island differ from entrepreneurial activity other places. In this study it is investigated what characterizes this municipality compared to Norway’s capital, Oslo. The analysis was done by comparing coded interviews from 11 entrepreneurs and exiting literature.

This thesis concludes on three different factors that characterizes entrepreneurial activity in Austevoll. First, the findings from this study indicate an entrepreneurial culture in Austevoll that has been created over decades. In Oslo, the entrepreneurial environment has been cultivated through organizational and specialized innovation systems. Second, entrepreneurs from Austevoll have a lower educational degree compared to entrepreneurs from Oslo. Even though, statistics show that Austevoll have higher entrepreneurial activity per citizen than Oslo. The last finding is regarding the motivational factors. All of the participants in this study have internal motivational factors and none is motivated by external factors such as salary or perks. However, In Oslo motivation are related to personal interests and in Austevoll motivation are related to society’s interests. Since this study is done with a low number of participants and cannot be generalized, suggestions of implications and further research will be presented.
Acknowledgements

I am deeply grateful to many people who helped me make this study possible. First of all, I would like to express my gratitude to Professor Tor Borgar Hansen for guiding and supporting me through to the completion of my thesis.

A special thanks to all the interviewees who took time out of their busy schedule to participate in the study. Without your contribution, this study would not be possible.

Furthermore, I would like to express my appreciation to my friends and family for love and support during these troublesome months. A special thanks to Belinda Økland and Stian Jacobsen for their good friendship. Thanks to Tone and Øyvind for being such lovely people.

At last, I would like to express my gratefulness to my love, Peter Time, for always being beside me, trusting me and supporting me! To my dearest parents, Ingunn and Sjur Eide, I am forever grateful for your loving support. Thank you for all valuable advises, check-ups and always believing in me.

Margareta Eide

Oslo, May 2018
Table of Contents

Abstract ................................................................................................................................. III

Acknowledgements .............................................................................................................. IV

1 Introduction .......................................................................................................................... 1
    1.1 Justification of Chosen Topic .................................................................................... 1
    1.2 Problem Statement ................................................................................................. 1
    1.3 Delimitation ............................................................................................................ 1
    1.4 Who the Thesis is Addressed to .............................................................................. 2
    1.5 Thesis Structure ..................................................................................................... 2

2 Literature Review .............................................................................................................. 3
    2.1 The Nature of Entrepreneurship ............................................................................. 3
    2.2 Entrepreneurial Activity ......................................................................................... 5
    2.3 Family and Society ................................................................................................ 6
    2.4 Education ................................................................................................................ 8
    2.5 Motivation ................................................................................................................ 9
        2.5.1 Self-determination theory .............................................................................. 10
    2.6 Regional Differences .............................................................................................. 11
    2.7 Summary ................................................................................................................ 12

3 Methodology .................................................................................................................... 13
    3.1 Research Design ...................................................................................................... 13
        3.1.1 Research Method ............................................................................................ 13
    3.2 Selection of Participants and Data Collection ......................................................... 15
    3.3 Data Analysis .......................................................................................................... 16
    3.4 Validity, Reliability and Ethics ................................................................................. 16

4 Results and findings ........................................................................................................ 18

V
Figures and Tables

Figure 1: Analysis model. Factors influencing entrepreneurship (own work)............................ 12
Figure 2: Basic type of design for Case studies (Yin, 2014)......................................................... 14
Figure 3: Educational level in Oslo (Statistisk Sentralbyrå, 2017b).............................................. 27
Figure 4: Educational level in Austevoll (Statistisk Sentralbyrå, 2017a).................................. 28
Figure 5: Entrepreneurs and education (Grünfeld et al., 2015).................................................. 29
Figure 6: Conceptual model on motivation (own work). ................................................................. 31
Figure 7: Motivational Factors (Own work). .............................................................................. 38
1 Introduction

1.1 Justification of Chosen Topic

From my early age, I have always wondered whether there is a unique culture for entrepreneurship in Austevoll or if it is like this everywhere. From my entrepreneurship studies, I have learned about different modes and models of entrepreneurship. What was interesting for me was that none of the modes or models matched with how entrepreneurship takes place in Austevoll. In some cases, we were even taught the opposite of what Austevoll entrepreneurs normally do.

According to academia, it will provide a view into what characterizes one specific municipality, and how entrepreneurs from that exact area think and work. I found it very interesting to compare my thoughts around this to the literature we were exposed to throughout the study. When choosing a topic for the thesis, this was the most interesting choice.

By researching effectual logic in accordance with the uncertainties we face, I will try to identify reasons for using effectual logic deliberately to tackle the future. Because of my theoretical knowledge in effectuation, I was curious about how it influences the life of entrepreneurs.

1.2 Problem Statement

The research question I aim to answer in this thesis is “What characterizes entrepreneurial activity in Austevoll compared to Oslo?” To answer the question, I will compare entrepreneurs from Austevoll and entrepreneurs in Oslo to see whether they differ from each other. From the analysis, I hope to find some indications on what characterizes entrepreneurial activities in one region compared to another.

1.3 Delimitation

To refine the thesis, I chose to compare only two municipalities which are very different in size; Austevoll and Oslo. Austevoll is a small island community on the west coast of Norway while Oslo is the capital and Norway’s largest metropolitan area. Some other west coast
communities could also have been applied for this thesis. I was born and raised in Austevoll and experienced curiosity around entrepreneurial activity from my childhood. During my studies I have been working with entrepreneurial companies in Oslo. Due to that, these two regions became the natural choice for me.

Since the study of entrepreneurship is relatively new, I have tried to limit the literature regarding entrepreneurship to articles written after year 2000. I have mainly used online libraries to find articles.

1.4 Who the Thesis is Addressed to

I aim to address this thesis to entrepreneurs in different municipalities, so that they might learn from each other. It can lead to increased value creation in terms of better utilization of resources and goal achievement. This thesis cannot be generalized. I hope that this assignment can contribute to studies related to regional entrepreneurship in a broader context.

1.5 Thesis Structure

The thesis is divided into seven chapters excluding appendix and references. In the first chapter, I have presented the basis for choice of problem and topic. In Chapter 2, I present the theoretical framework for the thesis, where the focus is on the most central topics within effectuation, entrepreneurial activity and factors that affect entrepreneurial activity. Chapter 3 explains the method used to answer the problem and which sources of error I should have taken into account. Chapter 4 shows the results and analysis where the theory is associated with the case study performed. Chapter 5 is a discussion of the analysis and findings. In Chapter 6, I attempt to provide an answer to the research question and I line out implications and recommendations for further research.
2 Literature Review

In this review, I aim to investigate different factors that can affect entrepreneurship. To start with, I have researched the nature of entrepreneurship and what characterizes an entrepreneur. In the following section, entrepreneurial activities have been studied by analyzing the social environment in which the firm is created. Influence of family, society, education and regionality is discussed in the following sections. In the conclusion, I observe many factors that influences entrepreneurship, both positively and negatively. People that have support from both family and community, and is able to adjust with changes in industry, have the best preconditions.

2.1 The Nature of Entrepreneurship

Knowledge of entrepreneurial decision making has been lacking. Due to increased empirical work over the last years, some new theories has been identified, which now try to describe parts of entrepreneurial judgement (Sarasvathy & Dew, 2013). Using 40 articles, the authors have been able to conclude that “expertise in this type of decision making embodies procedural knowledge that is adaptive in the absence of substantive knowledge, i.e. without judgment” (Sarasvathy & Dew, 2013: 277). Sarasvathy and Dew (2013) also discusses need for entrepreneurial judgement. They mean that entrepreneurial judgement is not necessary nor sufficient for entrepreneurship. But, if it exists, effectual logic can leverage it (Sarasvathy & Dew, 2013).

Why are the people in one region more entrepreneurial than people in another region? To accurately make that comparison, it is important to define entrepreneurship in a proper way and have a critical discussion of the findings (Reynolds, 2000). The definition of entrepreneurship is broadly studied and discussed in the Reynolds (2000) paper (Reynolds, 2000). Some scientists analyze entrepreneurship as a personal character, whereas others study entrepreneurial firms. To examine this in the best possible way, analysis of the involvement and actual behavior of the entrepreneur is important – the fact that they actually do something and are not just dreaming (Reynolds, 2000).

Professor Sarasvathy (2001) did groundbreaking research on the topic effectual logic versus causal logic (Sarasvathy, 2001). The concept of effectual theory discusses using the resources
available to reach a preferred outcome, in contrast to causal logic where the goals are pre-decided (Sarasvathy, 2001). Effectuation is described as a way of thinking that encourages the use of means available to solve the uncertainties of the future. Since, according to Sarasvathy (2001), entrepreneurs think in the effectual way, they have the possibility to form and define a yet-to-be made future, where nothing is determined in advance (Sarasvathy, 2001). The importance of working with engaged people is discussed in the paper: “it is much more useful to understand and work with the people who are engaged in the decisions and actions that bring it into existence” (Sarasvathy, 2001: 9) However, some research has shown that experience can have an effect on the effectual logic of the entrepreneur (Alvarez & Barney, 2007; Sarasvathy, 2001).

How entrepreneurial opportunities appear is discussed in the Alvarez and Barney (2007) paper (Alvarez & Barney, 2007). Are opportunities created? Or do they exist and just wait to be discovered? From research done in the article, Alvarez and Barney (2007) found two different theories; discovery theory and creation theory. These theories are comparable with causal thinking and effectual thinking, respectively. Both Sarasvathy (2001) and Alvarez and Barney (2007) state the importance of effectual thinking and creation theory in order to reach the ultimate goal of entrepreneurship – to create.

An entrepreneurial process is a creative process, but where do the entrepreneurs get their creative ideas from? How do they turn an idea into an innovative product? Gemmell, Boland, and Kolb (2012) describe three factors which affect the process:

- The importance of the inner circle and trusted partner.
- Creation of ideas in the core domain. Even though technological entrepreneurs can make ideas in other domains, they almost always create ideas from their core domain.
- Technical entrepreneurs do not pay particular attention to the use of scientific research. They use experiments to create new ideas.

The advantage and importance of a trusted partner, shared vision and language, in addition to strong bonds between team members are the driving forces behind successful entrepreneurs. (Gemmell et al., 2012)
In the Baron and Henry (2010) paper about deliberate practices, it is discussed why some people tend to be more successful than other. Are you born to be successful or is it dependent on the characteristics that you learn throughout your life? They concluded that you do not have to be born with talents that are associated with entrepreneurs. With hard work and strong motivation you can develop entrepreneurial qualities (Baron & Henry, 2010).

What is the nature of entrepreneurship? Entrepreneurship is when effectual thinkers see something they would like to change and subsequently do so. The nature of an entrepreneur is to think effectually. They look at the world as yet-to-be made and are ready to start developing new technologies and products as a part of the forming of the future (Sarasvathy, 2001). The opportunities are not already there, but they will be created due to entrepreneurial action.

2.2 Entrepreneurial Activity

Thornton, Ribeiro-Soriano, and Urbano (2011) discuss how you can better understand entrepreneurial activities by analyzing the social environment in which the firm is created. They argue that in addition to economic activity, entrepreneurship is a social phenomenon (Thornton et al., 2011). The idea of how individuals affect and are influenced by each other is not new, it has been known for ages. Being able to identify and measure the affection of individual behavior is a challenge (Thornton et al., 2011). Thornton et al. (2011) describes how entrepreneurs have a wide range of casual contacts that makes the variety of social linkages a condition for developing an entrepreneurial idea.

To understand entrepreneurship as a social phenomenon it is important to know the difference between the factors “social capital” and “social network” (Thornton et al., 2011). Social networks are defined by a set of actors (individuals and organizations) and linkages between those actors. Social capital is basically all the support around you (Thornton et al., 2011). Entrepreneurs typically hold some of these resources; knowledge, ideas etc. which are needed for creating a business. They aim to obtain the complementary resources needed through their contacts. Four negative consequences of social capital is identified: “Exclusion of outsiders, excess claims on group members, restriction on individual freedom and downward levelling of norms” (Thornton et al., 2011: 107). It is also described how bonds between people enables some group members privileged access to resources. “The particularistic preferences granted
to members of a clan or circle of friends are commonly at the expense of the universalistic rights of others” (Thornton et al., 2011: 108). This phenomena of unequal rights often frame the differences between entrepreneurial groups in different regions (Thornton et al., 2011).

Berger (1991) writes that entrepreneurship can, in certain circumstances, produce its own culture. On the opposite side, Thornton et al. (2011) describe the influence factors of entrepreneurial culture as the impact of national culture; as a stream that addresses the association between national culture and the characteristics of individual entrepreneurs.

How culture, economic freedom and well-being affect the entrepreneurial activity is described by Kuckertz, Berger, and Allmendinger (2015). They describe the Nordic Role Model, where the opportunity driven entrepreneurship has a higher share compared to all other entrepreneurial activity (Kuckertz et al., 2015). That demonstrates the importance of having entrepreneurs motivated by opportunity, especially for economies that rely on innovation (Kuckertz et al., 2015).

2.3 Family and Society

Is the path of entrepreneurship influenced by family and society’s norms? Chakraborty, Thompson, and Yehoue (2016) have analyzed the conditions where society experience rapid growth and where the culture is important for development (Chakraborty et al., 2016). A significant amount of entrepreneurs have parents who did the same thing earlier. Lindquist, Sol, and Van Praag (2015) found that the probability of being an entrepreneur increases by 60 percent if your parents are entrepreneurs. One of the reasons for this high percentage can be inherited companies, but even when taking that into consideration, the correlation is strong. If your parents are entrepreneurs they will encourage you to go down the same path where they can assist you with their own expertise (Chakraborty et al., 2016).

Does society adapt to an entrepreneurial spirit or is it created? Due to expectations and paternalistic parents, children often tend to choose a profession their parents value. If you grow up learning that entrepreneurship is a high-risk occupation, your parents will encourage you to choose safe-employment. Chakraborty et al. (2016) states that “A cultural bias towards safe production eventually leads to stagnation where entrepreneurs, because of their considerable proficiency, stay with existing methods of production” (Chakraborty et al., 2016:
How an entrepreneurial climate affect entrepreneurial performance has been discussed in Bayarçelik and Özşahin (2014). From the analysis, they conclude that “entrepreneurial orientation was found as a mediating variable between entrepreneurial climate and organizational performance” (Bayarçelik & Özşahin, 2014: 831).

How involvement of family influence the organizational culture and hierarchy of the company is discussed in Cherchem (2017). Some family firms continue to be creative throughout generations, and others do not. In some cases, the first generation is not comfortable sharing the control of the firm with other family businesses, and therefore turn risk adverse. In other cases, family encourages entrepreneurship across generations (Cherchem, 2017). The authors write that “governance, which is more expected to be present in multigenerational family firms, is likely to be beneficial for family firm’s entrepreneurship” (Cherchem, 2017: 87). In the article, they conclude that generational involvement matters. It changes the nature and strength of the organizational culture (Cherchem, 2017).

The importance of network and how networks and the people around you affects you and your choices, is emphasized in Thornton et al. (2011). They describe the major domains of life, like the family, the state, the corporation, and how they influence entrepreneurial behavior (Thornton et al., 2011). A supporting network is important to execute entrepreneurial activity in the best way possible (Regjeringen, 2015). The impact family, friends, neighbors and the rest of society have is valuable to all the entrepreneurs (Chakraborty et al., 2016).

Lindquist et al. (2015) conclude that empirical evidence demonstrates “network and peer groups influence entrepreneurship decision” (Lindquist et al., 2015: 293). The decision of being an entrepreneur do not come from inherited factors. Literature suggest that role modeling throughout life, for instance in regions, networks and classrooms is a significant factor. This also points out the non-specific role of a parental role-model, but the important role of people in wider social networks (Lindquist et al., 2015).
2.4 Education

Reve and Jakobsen (2001) discuss creation of knowledge-based businesses in Norway. Their research suggests that innovation takes place in a stronger manner in industrial clusters. To strengthen industries and businesses, more research, education, and continuing education are required (Reve & Jakobsen, 2001). Armington and Acs (2002) write that regions with a high percentage of college graduates are more likely to start businesses than regions with lower percentage of college graduates (Armington & Acs, 2002). Øvergaard (2012) states the opposite; he argues that it is equally likely that individuals with an educational level of high school start their own business compared to university and college graduates (Øvergaard, 2012).

Grünfeld, Skogstrøm, Gjems, and Hvide (2015) claim that the overall educational level of entrepreneurs in Norway is low, but that it reflects the educational level of all Norwegians. Personal network, business education, and knowledge are important to reach success (Rejeringen, 2015). Not having these skills represents a significant obstacle to reach business success. Lack of business education can be a challenge when acquiring customers and expanding internationally. Entrepreneurs often need to be in the presence of an entrepreneurial environment and other entrepreneurs to be exposed to relevant entrepreneurial knowledge (Rejeringen, 2015). The Norwegian government has therefore created and subsidized an approach to entrepreneurs supposed to create and strengthen a culture for entrepreneurship in Norway (Rejeringen, 2015). It consists of better access to early phase capital and enhanced access to knowledge. This is to facilitate conditions so that Norway may become an attractive entrepreneurial country for many people (Rejeringen, 2015).

The Norwegian government aims to create an educational system that leads to a culture for entrepreneurship (Rejeringen, 2015). To do so, they encourage universities and research institutions to have a clear strategy for teaching entrepreneurship. The educational level of entrepreneurs in Norway is overall low, where 71 percent of Norwegian entrepreneurs do not have higher level education. Grünfeld et al. (2015) state that the entrepreneurs are equally represented in all the counties. Eight percent of the entrepreneurs have a master’s degree or PhD, which is higher than the national average of five percent (Grünfeld et al., 2015).
2.5 Motivation

Motivated employees may have a greater desire to make greater effort and do their best at the workplace. This can be linked to achieving a more long-term competitive advantage and economic and operational benefits (Wright, Dunford, & Snell, 2001).

Kaufmann and Kaufmann (2015) define motivation as “a process that initiates, gives direction to, maintains and determine the intensity of behavior” Kaufmann and Kaufmann (2015: 93 own translation from Norwegian). Furthermore, Mitchell (1997) describes motivation as direction, intensity and endurance (Mitchell, 1997). Direction is explained by individuals who are highly motivated knowing what choices they will make to achieve their goals. Intensity is about individuals using resources to achieve their goals. Perseverance is explained by what the individual endures until they have achieved their goal.

In modern organizational psychology, there are several types of theories about motivated behavior (Kaufmann & Kaufmann, 2015). The one used in this thesis is the cognitive motivational theory as it deals with inner motivation. Cognitive theories claim that motivated behavior is triggered by expectations and goal achievement (Kaufmann & Kaufmann, 2015). The theory states that employees have expectations and goals that control their behavior. According to Kaufmann and Kaufmann (2015), people are rational decision-makers and action agents. People use and process information as the basis for their actions, and rational choices are the most important driver for behavior. In both cognitive expectation theory and economic incentive theory, it was expected that efforts increased in line with the size of the bonus, from the findings, that was not the case (Deci & Ryan, 1985). As a result, researchers Deci and Ryan (1985) distinguish between two motivational systems to explain the effort of individuals; inner and outer motivation.
2.5.1 Self-determination theory

The self-determination theory described by Deci and Ryan (1985) is a meta-analysis that contains both inner and outer factors for motivation, cognitive and social development. Self-determination means that individuals have the ability to make their own choices (Deci & Ryan, 1985). Deci and Ryan (2000) explain that the self-determination theory distinguishes between external and internal motivation. External motivation is when the reason for motivation is created outside of the actual job activity, such as salary, bonuses and perks. They claim that inner motivation is a natural drive and comes as a result of human need for three factors: autonomy, competence and attachment. With inner motivation, it is not the benefits that drives you, but the pleasure of the work itself (Deci & Ryan, 2000).

According to Mikkelsen and Laudal (2014), internal motivation can have a positive effect on endurance, creativity, learning and subjective well-being. When there is a lot of focus on external rewards, the inner motivation can decrease (Mikkelsen & Laudal, 2014). In order to create an internal motivation, the individual cannot feel any external pressure, such as rewards or other factors. Deci and Ryan (1985) believe that inner motivation is operative when the action is perceived as independent. Furthermore, they consider it unlikely that internal motivation will occur if there are conditions that control the environment. Since freedom from control is necessary for inner motivation, several theorists have claimed that inner motivation is based on the need for self-determination (Deci & Ryan, 1985).

The self-determination theory shows the three fundamental psychological needs we want satisfied. These factors are: competence, autonomy and affiliation. They are essential for individuals development of personality, cognitive function and ability to thrive in social contexts (Deci & Ryan, 2002). The theory describes how social and cultural factors can make it easier, or on the other hand undermine people's sense of freedom, initiative, well-being and personal achievement (Deci & Ryan, 2002). By supporting affiliation, autonomy and faith in one's own competence, the individual's inner motivation, performance, stamina, creativity and well-being can be increased (Deci & Ryan, 2002; SDT, 2018).
2.6 Regional Differences

Innovation and industrial activity have different characters in different regions. This makes it hard for one region to copy another region’s «success stories» (Isaksen, 2017). Regions therefore need to adapt to their own conditions, obstacles and specific challenges. Entrepreneurial discoveries can lead to a new cluster or industry forming in a region. Knowledge of these discoveries can be dispersed to new actors and will, in many cases, spread fastest locally. To be able to gain the right knowledge and take part in developing a new firm, it is important to be at the place where it was developed and see what the pioneers did (Isaksen, 2017). If the new discoveries are attractive for other actors, primarily local actors, they may have a chance to adopt it (Isaksen, 2017). In larger regions, innovation systems can be organizational and very specialized. These regions have a strong industry and are linked to strong research and educational environments. In these cases the strength is specifically in one or some fields (Isaksen, 2017). The environment people work in will largely affect the actions people take (Spilling et al., 2002). You find role models in your communities where you can find inspiration or face resistance. In many cases, that is where the main support groups are. Spilling et al. (2002) highlights the importance of networks and the fact that entrepreneurship clearly points towards their network.
2.7 Summary

The findings from the literature review are summarized in figure 1 below.

![Diagram](image)

Figure 1: Analysis model. Factors influencing entrepreneurship (own work)

The analysis model (Figure 1) is created to get a brief overview of the findings from the literature review. In the next chapters the findings will be presented, and there will be done an analysis of the findings compared to the literature. Figure 1 will in some cases be used as a reference when the analysis is done.
3 Methodology

3.1 Research Design

Research design is a detailed framework that can be used as a guide through the research process (Wilson, 2014). The main topic in this study is interpretivism. This philosophic basis is widely used in epistemology and other social sciences. An interpretivist believes that the reality is relative and scalable (Carson, Gilmore, & Perry, 2001) and is inspired from a set of qualitative concepts and approaches. The focus of the research is on understanding, aiming to produce findings, not necessarily the truth. Knowledge is perceived through socially constructed and subjective interpretations. Interpretivism has been used in three different ways in this study:

- As a guide for design and data collection
- In the iterative process of data collection and analysis
- As a final product for the research

To cover the complexity of data, the case should rely on multiple sources of evidence (Yin, 2014).

3.1.1 Research Method

Good research methodology binds the research question, literature and findings together (Yin, 2014). The case study approach was chosen for this study because it matched the requirements mentioned by (Yin, 2014):

- When trying to answer “how” and “why” questions in-depth
- When the investigator has little or no control over the events
- When the focus is a modern phenomenon in a reality context

Further explanation, however, revealed that the nature of the research to be carried out determines the type of method that can be used. In this study characterization of entrepreneurial activity in Austevoll and Oslo is studied. Quantitative research might assume
a contrasting orientation. Qualitative data are used to answer questions about meanings and experience from the standpoint of the participant (Hammarberg, Kirkman, & De Lacey, 2016). Since my research question “What characterizes entrepreneurial activity in Austevoll?” is a “what” question, Yin (2014) would suggest a quantitative analysis. However, the study is not focused on a prevalence of factors, attitude, view or opinions. Therefore, quantitative data is appropriate when addressing “factual” data needed to answer the research question. Rather, the study focuses on probing answers to questions of experience, meaning, relations, way of thinking and motivational factors (Hammarberg et al., 2016). Yin (2014) advise to use as many sources of evidence as possible to form a good study. For this study, interviews, documentation and observation have been used.

(Yin, 2014) describes the four types of case study design as:

- Single-Case (holistic) design
- Single-Case (embedded) design
- Multiple-Case (holistic) design
- Multiple-Case (embedded) design

Figure 2: Basic type of design for Case studies (Yin, 2014)
The context of this study is “regional entrepreneurship.” That involves comparing two different entrepreneurial regions to understand the impact of external factors. A multiple-case (holistic) design was selected for this type of study.

3.2 Selection of Participants and Data Collection

Data collection for this study was done through interviews. Johannessen, Christoffersen, and Tufte (2016) define two different types of interviews; one-to-one interviews and group interviews. One-to-one interviews are used when you search for in-depth answers, and you are able to analyze perceptions, emotions and experience. This interview method is the most appropriate one when discussing sensitive themes and when you are trying to get honest answers from the interviewees (Johannessen et al., 2016).

Over a four-week period, entrepreneurs from Austevoll and Oslo were contacted for one-to-one interviews. All interviews were conducted face-to-face. The participants were chosen based on several factors like location, corporate affiliation and entrepreneurial activity. It was important to gain a certain diversity in the study. I scheduled the five meetings in Oslo four months in advance to ensure I got the right people and to make sure I conducted the interviews in good time. To secure the right interviewees in Austevoll, personal contacts were used. Based on experience, I knew that when I got reach of them, they were ready for an interview during the same week. So, before scheduling interviews in Austevoll, I made sure to be all prepared and ready for a meeting the next day. The six interviews in Austevoll were all done a week after I started making calls.

In advance of an interview, the participant was informed of the purpose of the interview and the theme of the study. During the first minutes of the actual face-to-face interview, I explained how long the interview would last and how it was going to be conducted. I also asked their permission to use a recorder.

The interviews started out with a quick brief followed by an introduction. Based on the responses, the interviews lasted for 45 minutes to one and a half hour. The interviews were recorded and subsequently immediately transcribed in order to ensure greater accuracy. This is in accordance with the process for qualitative interviewing suggested by Wilson (2014), which includes transcribing, coding, interpreting and report writing.
3.3 Data Analysis

The data analysis strategy was designed in accordance with the research question and literature review. First of all, the interviews were carefully transcribed to ensure no misrepresentation in the participants answer. The transcriptions were read several times to ensure a thorough understanding of the content.

To break down the data, inductive (emergent) approach and open-coded analysis were used. The inductive approach requires all emerging factors considered (Wilson, 2014). To allow maximum flexibility and avoid elimination of potentially useful information, that was a necessary approach. The keywords found from the coding were categorized in accordance to the variables in the proposed literature and cross-linked to each other. Some of the codes were interesting for the study but did not match the proposed literature review. Those codes were used as keywords for the next literature search and review for the thesis.

3.4 Validity, Reliability and Ethics

Since Austevoll is my hometown, there is a strong case for ethics and reliability. The importance of being unbiased and objective during the interview is crucial and is something I have paid careful attention to. The knowledge gained through my adolescence is something I would consider as an asset for gaining in-depth understanding of the community through the study. Secondary data was gathered from relevant articles, academic journals, reports and scientific meetings. Various websites have been used to cross check data from the analysis. Information from multiple sources was used to corroborate each other. All the participants were carefully selected after recommendation from local network and other entrepreneurs, to make sure all of the participants were relevant for the study. Reliability issues can occur in cases where the interviewer has preconceived opinions (Wilson, 2014). This can, in the worst case, lead to a biased outcome. To avoid this, I used an exploratory research method to ensure an unbiased data collection.

One important factor that can influence a study’s reliability, is the source of data (Yin, 2014). To make the study as reliable as I could, I made sure to interview the founder of the company. Due to different themes discussed in the interview, the participants wanted complete anonymity. The promised anonymity is the reason why transcripts are not attached. This was agreed upon before the interview and the recording. To facilitate honest and good answers,
discretion was essential. This practice has been maintained throughout the research and none of the entrepreneurs have been disclosed.

Yin (2014) describes four tests necessary to understand quality of the case study: internal and external validity together with construct and reliability. Following these parameters, I have used sources of clear evidence. The fact that the study is performed based on a limited number of participants and over a limited amount of time, the findings cannot be generalized. Hence, the validity of the study can be retested if the study is to be done with a larger number of participants.
4 Results and findings

4.1 Presentation of Interviewees

The participants were carefully chosen for this study. They have work experience from different industries and are age-diversified. I tried to make it gender-diverse, but there were no female candidates from Austevoll.

Person A1 is a male in his early 30s. He is born and raised in Austevoll and started a company together with family members. He holds a M.Sc. degree and have some work experience in the marine industry. He developed a new technology product for the marine industry after a customer identified the need for it.

Person A2 is a male serial-entrepreneur in his late 40s. He is not born in Austevoll but has lived there since his youth. All of his entrepreneurial activity has accrued in marine-, oil and gas-, and the food industry in Austevoll. He holds a certificate of apprenticeship.

Person A3 is a male in his early 70s. After many years of work experience, he saw the need for a new product he then developed together with family members. It became a great success and the service was sold to the marine- and oil and gas industry. He is born and raised in Austevoll and have a certificate of apprenticeship, plus many additional certificates.

Person A4 is a male born and raised in Austevoll and is an educated cand. philolog. He is in his early 70s. After inheriting the family fishery firm, he has made it one of Norway’s largest. While also contributing with vast improvements to the local community.

Person A5 is a male in his late 50s. He started a company in the electric industry together with some colleagues. He holds a certificate of apprenticeship and several management courses. He is born and raised in Austevoll and that is also where the company headquarters are located.

Person A6 is a male in his late 40s. After working for many years, he discovered a need and an opportunity to make a new product. He services the oil and gas industry, the marine
industry and the aerospace industry. He is born and raised in Austevoll and holds a certificate of apprenticeship.

Person O1 is a male in his early 40s. He has started 3 entrepreneurial firms, all which provided support and consulting for tech companies. All his entrepreneurial activity has taken place in Oslo.

Person O2 is a male in his early 50s. He has a long corporate experience and decided to start his own company in 2012. He is not originally from Oslo, but all his entrepreneurial activity has taken place in Oslo.

Person O3 is a woman in her late 20s. She is not born in Oslo, but her entrepreneurial activity has occurred there. After some years of working she identified an opportunity and started an IT, consulting- and support company together with a former colleague.

Person O4 is a male in his mid-50s from Oslo. In the 90s he joined a startup and subsequently worked on developing it into a large global company. He later quit to join startups and smaller companies in 2012. He founded a new company in 2012 together with a group of co-workers.

Person O5 is a male in his late 40s. He has a long experience in the IT-industry and started a company together with colleagues within the same industry. He is born and raised in Oslo, and his entrepreneurial activity has occurred in the same place.

My interviewing experience was very different in the two regions. In Austevoll, the interviewees had more of a laid-back attitude, making the experience less formal. Many of the participants invited me into their home for a cup of coffee instead of having the meeting at the office. It was a very comfortable setting and the interview was more like a conversation. They tended to talk vividly about technology and the core of their businesses, so I had to work hard to get them to answer the other questions.

In Oslo, the interviews were much more formal. I had scheduled a one-hour meeting, and it was important for the interviewees to not exceed the time limit. In some cases, I felt the interviewees held a defensive position. I explained that the purpose of this study was to present entrepreneurial differences, not find a definitive answer on right or wrong ways of
performing entrepreneurship. In some cases, I even felt the interviewee was withholding specific information. Compared to the participants from Austevoll, participants from Oslo seemed more uncomfortable in the situation. The conversation was more on a question to question basis, making it hard to conduct the interview as a fluent conversation. I also got the impression that the participants from Oslo were more used to talking to media, weighing their words in order to not be misrepresented. The interviews conducted in Austevoll lasted longer than the interviews conducted in Oslo.

4.2 The Nature of Entrepreneurship

During the last decade, there has been a lot of research on entrepreneurship and how entrepreneurs think. Sarasvathy (2001) states that entrepreneurs are entrepreneurial because they have an effectual mindset. They believe the future is yet-to be made and defined. In all of the interviews, I identified a strong entrepreneurial spirit. The participants from both regions all wanted to create something new. Participant O5 said “I wanted to create something new. I created a product I personally associate myself with and a product I really wanted. And of course, it is also nice to know you are making something other people want too.” The motivational factors for Austevoll entrepreneurs are different than Oslo entrepreneurs. In Oslo, the participants were motivated by personal interests. Informant O2 said “I wanted to solve a problem for me.” In Austevoll, all the participants created the product after identifying a need in the industry. “When I was sailing, I saw this particular problem, [...] and I thought for myself; we have to be able to do this in another way. So, I started thinking on how I could solve this problem” (participant A3).

The participants from the different regions have different motivations to why they want to create something. Even though, I found that all of the participants were passionate about creating and developing, and that they have always been that way. Informant A1 substantiated this in the interview; “Since we were kids, we have always been a team of two. We have always been creative [...] and when people told us it was impossible, we just had to try.” These personal qualifications can be related to Baron and Henry (2010) argument; that entrepreneurial talent is something you are born with. Even though the authors concluded that talent is not the most important factor, it is obvious that the entrepreneurs interviewed for this study have some similarities when it comes to personal qualifications. They have, somehow,
developed a similar way of thinking throughout their entrepreneurial journey, even if they are born this way or not.

Baron and Henry (2010) argue that in addition to an entrepreneurial mindset, for people not born with the talent, deliberate practice is the key to gain success and increase one’s knowledge. By practicing specifically, you will be able to adapt to a different mindset and in turn develop entrepreneurial skills. Informant A1 states this in the interview: “From the beginning, we have been very lucky to have skilled supervisors to help us. [...] and people in Austevoll who have done this before. They have been essential for our success. The network around us have guided us in a way where we have been able to learn something and change.” By learning from current and former entrepreneurs, you can change your mindset (Baron & Henry, 2010). By deliberately practicing what you learn, you can develop more entrepreneurial traits, and that can turn you into a better entrepreneur.

Motivation is very important and essential for the outcome of the practice (Baron & Henry, 2010). All of the interviewees have high motivation, due to the fact that money was not important to them. Informant A5 states that; “The absolutely most important thing was that there should be jobs here. If we wanted to get rich, we would have done something else” Informant O1 explains that; “money is in some way just a symbol of the value creation, but my heart leads much more towards creating workplaces. That is much more important to society than to get rich from what we do.” It is more important and motivating to the participants to do something that would impact the society in a good way, then to get rich. Informant A1 said that being a part of a positive change was of great importance for him and his fellow colleagues. This motivation was “higher than himself” (Informant A1) – a result that will not only influence the informant positively, but people around as well.

The participants from Austevoll began to develop a product as they identified a need for it in the market. Lack of the product was found from working for many years in the domain they now operate in. Gemmell et al. (2012) explains that participants in their study explained a self-awareness around selection of a known domain and which ideas they would pursue to use. In some cases, entrepreneurs choose to seek ideas in unknown domains, but usually regret the choice (Gemmell et al., 2012). In Oslo, some of the entrepreneurs did not start the company in their core domain. They found their understanding of other factors than the technological was more than sufficient, so they started what they saw as a “fun opportunity”
(Informant O4). Unlike the findings from the article, none of them regret entering the specific market.

A chance to develop something new is a driving force for all the participants. They have a creative mindset and see where there is a need for an innovative solution. Most of the participants are very dependent on their inner group to create new ideas (Gemmell et al., 2012). Informant A1 has a trusted partner who have been together with him the whole time. The partner does most of the technical and operational part of the business. He said in the interview that “we are much more innovative and creative together” (Informant A1).

All of the participants meant they were a part of an entrepreneurial firm and team. Informant O3 said “yes, we are clearly an entrepreneurial firm. Without anyone identifying oneself with it.” Informant A5 explained that; “It is not only me that can be identified as the founder, it is the team. It is not one person who sit with the ideas or get the results, it is a part of a common process as an entrepreneurial team.”

4.3 Entrepreneurial Activity

Entrepreneurship is often better understood by analyzing the environment in which the firm is created (Thornton et al., 2011). Entrepreneurship is a social phenomenon with social capital and social networks as important factors. In Austevoll, the social environment has been created over many decades. Being an entrepreneur is not anything fancy or new, but a part of the culture. Informant A2 substantiates this in the interview “the culture in Austevoll definitely affect you; even though we are always happy when people here do good, it inspires you to do your best and preferably better than them.” A lot of experienced entrepreneurs act as supervisors for entrepreneurs in the startup phase. There is always an internal competition on the islands, even though they support and encourage each other. If someone does something well, the rest of them want to do similar things, but bigger and better. The social capital in Austevoll is crucial to the entrepreneurs for being able to develop and gain success. When asked if the support from society was positive, informant A4 answered “YES, absolutely! Very supportive. I noticed that already as a kid.”

Austevoll as a small island municipality have a very high level of entrepreneurial activity. Statistics show that there are 1 036 companies (Austevoll Næringsråd, 2017) and 5 189 citizens, of which 2 629 are employed (Statistisk Sentralbyrå, 2017a). The average of number
of companies per 100 citizens is 14,28. This is higher than for Oslo, where the average of companies per 100 citizens is 13,14 (Statistisk Sentralbyrå, 2018a).

To live on the island, making jobs for yourself and people around you was crucial. The choice of waiting for someone else to do it did not exist. Most of the participants illuminate this matter. Growing up in the municipality makes you a part of an everyday entrepreneurial lifestyle. From early childhood, you join family members at work, no matter what kind of company it is. If your closest family members are not founders, they most likely work in an entrepreneurial firm. For the Austevoll entrepreneurs participating in this study, the motivation for creating a new business was not only personal interests, it was for society’s interests as well. Five out of six interviewees from Austevoll highlights the importance of creating new jobs for people living on the islands. “My motivation is that there will always be jobs in this house and area” (Informant A2).

From the interviews in Oslo, I found an indication that the social environment around the entrepreneur is not that important. Five out of five informants in Oslo felt that the society did not have any particular influence. None of them talked about the social environment as a factor for the success of the business. When asked about the influence of society and family, they all replied that society was immaterial, but family was not. Most of the participants found it very important to have close family as a personal support. “In building the company, family has been crucial. [...] I have probably held friends at a distance” (Informant O3). The most important factors for the participants is the social capital, not the social network.

4.4 Family and Society

A significant number of entrepreneurs have parents who did the same thing earlier. Due to expectations and paternalistic parents, their children often tend to choose a profession their parents value (Chakraborty et al., 2016). Lindquist et al. (2015) found that the probability of being an entrepreneur increases by 60 percent if your parents have started a company. One reason for that can be that the company is inherited, but even when taking that into consideration, the correlation is strong (Lindquist et al., 2015). The whole society is characterized by entrepreneurship. If your parents are entrepreneurs, they will encourage you to go down the same path and become an entrepreneur where they can help you with their own expertise. You also grow up learning that entrepreneurship is not very risky (Chakraborty
et al., 2016). For some of the entrepreneurs participating in this study, that is the case. “I grew up with a father who was an engineer and participated in what would now be called technology startups in the 50-60-70s in Norway. So, I've always been curious about technology, electronics and data.” (Informant O5). In Austevoll as well “Family has played a big part. The company is soon 120 years old, that’s five generations” (Informant A4).

Bayarçelik and Özşahin (2014) states that entrepreneurial orientation is a mediating variable between organizational performance and entrepreneurial climate.

The impact of family, friends, neighbors and the rest of the society is valuable to all of the participants from Austevoll, both for support and feedback. To be able to live along the coast, it is crucial to create jobs. One of the motivational factors six out of six interviewees from Austevoll mentioned was the fact that they created jobs for others. Informant A4 explained that the best thing for the business is not always the best thing for society. When you get in the position where you have to choose, what do you do? Informant A4 showed a real example: after innovation and making the production more efficient, one shift of crew instead of two was more sufficient and cost-efficient. Since that entails cut of loyal employees, the company chose to continue with two shifts. It was more important to the company that people had their jobs than what was best for the business.

Most of the entrepreneurs from Oslo highlights the importance of support from family, but not society. Figure 1 illustrates that support from family is important when facing challenges. The participants described it as “absolutely crucial” (Informant O3) to gain support from family. The entrepreneurial process is very time consuming, and without a supporting spouse, it would not be possible to succeed (Informant O5, O1, O4). In some cases, the Oslo participants experienced a supporting society, but that was not very important to them. When jumping into the entrepreneurial world, they chose to not include friends or others in society. And for some of them, that was an active choice. Informant O5 explained that “when I am with friends, I do not bother talking about work that much. The reason that I haven’t involved them that much, is to get a free place when I am with them.” From Figure 1 its illustrated that the support from society comes after reaching success. That is the case for some of the Oslo informants; “along the way when they see that I am successful, it is clear that family and friends appreciate what you do, brag about it, follow up and think it's fun. That’s important and motivational ” (Informant O4). Friends and society did not have any impact on the
participants work. Some of the entrepreneurs described it as “I kept my friends away” (Informant O3) and “it’s not like I get applause from my friends” (Informant O5).

From the interviews, I see that none of the participants want to share control over the company. Control over the company’s activities is very important. “Yes, we have full control. That is very important” (Informant A3). The informants had different view on what they meant was control. All of them discussed that it was important to have control over the activity of the company, but not necessary on the ownership. Informant A2 said “as long as you, together with the management have the control, that’s the important thing. I do not want anyone coming in and control my day. It is not important to me to have control by myself, but it is crucial to have control of the activity in the part of the company where you play a part.” To control the company’s moves and path forward, is a crucial part for the participants. Some state that the ownership also plays a big part in that. For instance, none of the interviewees have involved external investors.

4.5 Education

From the literature review, I sense that theories concerning the influence of the educational level on entrepreneurship are conflicting. Some researchers postulate that the higher educational level, the better, while other researchers propose the opposite. Figure 1 shows that education can and cannot be a part of the entrepreneurial process.

The first step in an entrepreneurial process is to identify a need (Figure 1). All the participants in this study have prior experience in the industry from before they founded a new company. However, only one of the participants from Oslo started the company due to identifying a need through previous work. They mainly started because “it was fun”, “personal interests” and “freedom” (Informant O4, O3, O2 respectively). No matter if it is a need found from previous work, or a personal interest that drives you to start a firm, all of the entrepreneurs had a genuine passion for the product. They wanted to have control and make it big and useful for the world.

The participants from Austevoll started their businesses after many years of work in the industry. “We just have to fix this” (Informant A1) was the first thing they thought when identifying a weakness in the process. Informant A3 illustrate this good, stating; “When I was sailing, I saw this particular problem, [...] and I thought for myself; we have to be able to do
this in a better way. So, I started thinking of how to solve this problem and came up with a prototype.” In Austevoll, the spirit is that when you identify a problem, you don’t sit around waiting for anyone to solve it – you fix it yourself.

Three percent of the population in Austevoll, and 16 percent of the Oslo citizens have higher educational level of four years or more (Statistisk Sentralbyrå, 2017a). The national average is five percent and the national average for entrepreneurs is eight percent. However, 47 percent of the Austevoll citizens have education up to high-school level. Compared to Oslo’s 27 percent, that is a high number. The distribution of educational level is shown in Figure 3 and Figure 4 below. Four out of six participants from Austevoll hold a certificate, and two out of six hold a master’s degree.

As shown in Figure 5 below, 71 percent of entrepreneurs in Norway do not have higher education. This reflects the overall educational level in the country (Grünfeld et al., 2015). The number, in percent, of graduates is higher among entrepreneurs than rest of the general population (Grünfeld et al., 2015).
Figure 3: Educational level in Oslo¹ (Statistisk Sentralbyrå, 2017b)

¹ Educational level in Oslo for people over 16 years old. Found 04.04.18 from https://www.ssb.no/kommunefakta/oslo.
Figure 4: Educational level in Austevoll\(^2\) (Statistisk Sentralbyrå, 2017a)

Figure 3 and 4 (Statistisk Sentralbyrå, 2017a, b) shows that a quarter, 25 percent, of Austevoll citizens and half of Oslo citizens, 50 percent, over 16 years have higher educational level of bachelor-, master- or PhD degree.

\(^2\) Educational level in Oslo for people over 16 years old. Found 17.11.17 from https://www.ssb.no/kommunefakta/austevoll
Figure 5 shows that the number of entrepreneurs with a master’s degree or more are eight percent, which is more than the national average of five percent. The educational level most entrepreneurs in Norway holds, 40 percent of them, is high school level (Grünfeld et al., 2015).

Even though some scholars argue that education is not an essential factor for entrepreneurship, the governmental plan for entrepreneurship (Regjeringen, 2015) does. The Norwegian government aims to create a culture for entrepreneurship. To achieve that, entrepreneurship education will be integrated in more courses at universities and research institutions.

---

4.6 Motivation

Entrepreneurial activity in Norway has increased in the previous years. The attention on entrepreneurship from media, government, and society has made it a lot more popular. Being an entrepreneur is like being a Rockstar, especially in the big cities. Motivation is influenced by several factors. As described in the literature review, Kaufmann and Kaufmann (2015) explains that inner motivation is influenced by the characteristics of the work itself. Through the interviews, I got the impression that all entrepreneurs were motivated by the work they do. This can be exemplified by the statements from informant O4 and informant A2 respectively “To be able to work with challenges is great fun. To work with good people who have energy is very important” and “In a society like this, it is a lot of fun knowing that the results of my projects are workplaces.” From this, I got the impression that the job they do is meaningful to them. In Austevoll, contribution to society is very important to the participants.

Mikkelsen and Laudal (2014) describes the second factor for inner motivation as the happiness in the execution of the work. It is clear that all the informants take great pleasure from their work. “It’s nice to make something that people actually want […] and feel like we do something people think is fun, and hopefully get some kind of acknowledgement” (Informant O5). As seen in Figure 6, the main motivation for Austevoll entrepreneurs is when the work is valuable for others. Informant A4 states that “The main motivation was to survive. The people around were also a motivation because they were so clever and loyal, so keeping their jobs became a motivation as well.”

Motivation is a crucial factor to keep developing and starting new companies in the different industries (Figure 1). I noticed early on in the interviews that none of the participants were motivated by external factors. Informant O2 explained “I have never had as low salary as I have now, but that does not matter.” All of the participants in this study were only motivated by internal factors. The participants from Austevoll have other internal motivational factors compared to the participants from Oslo, which is illustrated in Figure 6 below.
Participants from Oslo had motivational factors related to personal interests. The reason they want to create and develop a new product is due to personal interests. In Austevoll, none of the participants had personal interests as a motivational factor as illustrated in Figure 6. “To contribute building the community is fascinating. It has great value for everyone around me” (Informant A2). Motivation has a positive effect on endurance (Mikkelsen & Laudal, 2014). Through the interviews in Austevoll, I found the participants to be motivated due to their opportunity to create jobs and help others. This led to endurance and willingness to make the best effort possible. Contributing to the community is crucial to keep up the motivation.
All of the participants from Oslo and Austevoll talked about the creation of challenges to stay competitive and motivated. They needed challenges to think new and develop in a positive way (Figure 1). In some industries, the Austevoll and Oslo companies are leading and pioneering in technological development. Deci and Ryan (2002) argue that to maintain motivation, it is a prerequisite that you actively look for challenges (Deci & Ryan, 2002). The participants have a competitive advantage and aim to create and improve with changes in the market. One example from the interviews is from informant O1. He explained his main motivational factor as; “I think it is fun to do what is difficult. I think it is exciting when other people do not think it is exciting. The minute other people think it is exciting, it is too late” (informant O1).
5 Discussion

5.1 The Nature of Entrepreneurship

The nature of entrepreneurship is affected by several factors. From analyzing the findings from this study and theoretical work by Sarasvathy (2001), I see clear indications that the entrepreneurs in both regions have the same effectual mindset. All of them believe in a yet-to-be made future (Sarasvathy, 2001). Most of the participants do not have a long-term goal because of the uncertainty of the future. The uncertainty makes them more curious and they are all excited to see what challenges the future will bring. All of the participants started out with a set goal, yet undecided in how to approach it. They aim towards a tentative goal without caring which path to stay on towards the goal.

When meeting challenges along the way they all react in the same way; fix it and move on. Sarasvathy (2001) argue that entrepreneurs are entrepreneurial because they think effectually. They need to be able to turn the unexpected into profit. The entrepreneurs interviewed in this study think effectually, see a yet-to-be made future, and are ready to take different roads that leads to the ultimate goal. From comparing conclusion stated by Sarasvathy (2001) with my own findings, it indicates that the participants in this study are effectual thinkers and therefore entrepreneurial. They use all opportunities created and let the opportunities lead then towards the goal.

Even if some of them are born with an entrepreneurial talent, they use deliberate practice to gain success and increase their knowledge. The motivational factors are essential to be able to use deliberate practice the best way (Baron & Henry, 2010). The participants from both regions express their motivational factors very differently. However, all of the participants express a pure passion for the product they have developed. Combining motivated, passion and use of deliberate practice, they create the best foundation possible.

As (Gemmell et al., 2012) discuss in their article, the inner group or trusted partner are important to the participants in this study. In addition, he argue that what drives innovation is the right team, not creativity (Gemmell et al., 2012). For most of the participants in this study this is correct. They are very dependent on their group or inner partner. The participants emphasize the importance of their team in all kinds of processes. The entrepreneurs in
Austevoll started to create the products after experiencing a need for it in the market after years of working. All of them created a product in their core domain. Today, the products are used in another domain as well. In Oslo, the participants created a product based on personal interests and within their core domain. The entrepreneurial teams around the founder is very important to them. Most of the interviewees would not have had the same success without a trusted partner and/or inner group.

Drnovsek, Cardon, and Murnieks (2009) argue that to compete in a cut-throat environment and to overcome the challenges, successful entrepreneurs need to have passion. All of the participants explained their product with passion. Informant A6 stated passion as one of the main driving forces. Passion might come from the inner motivation of creating jobs or solve a personal problem. It is a link between being entrepreneurial and having an entrepreneurial firm. What they said relates well to the literature. Everyone has a similar perception on how to move towards a goal, and how to react to challenges along the way.

5.2 Entrepreneurial Activity

The results in this thesis study coincide more with findings from the Berger (1991) paper compared to the theory proposed by Thornton et al. (2011). In this island community, a social entrepreneurial environment has been created throughout decades. Creation of jobs was necessary due to the municipality’s location. In some cases, one might think creating a new business in a small town is difficult due to lack of support and jealousy. The environment in Austevoll provides a lot of support to entrepreneurs in addition to competition. The companies always compete to be the best and social capital is important to create, develop and gain success.

One consequence of jobs being created and many companies becoming large, there are more people who commute to the island than from the island. Austevoll has a low unemployment rate of 1,9 percent (Statistisk Sentralbyrå, 2017a), compared to the national average of 3,8 percent (Statistisk Sentralbyrå, 2018a) (Kommuneprofilen.no, 2018). Berger (1991) describes in her article that regions can create its own culture under certain circumstances. The culture in Austevoll has been developed over decades. As opposed to Berger (1991), Thornton et al. (2011) believe that the national culture is one of the main factors influencing the
entrepreneurial culture. This fits well with the entrepreneurial activity in Oslo, which is created because of marked changes.

The overall entrepreneurial activity in Norway have increased rapidly during the last five years. From 2017 to 2018, 2.1 percent more companies have been established (Statistisk Sentralbyrå, 2018b). As a consequence of the oil crisis, many entrepreneurial companies have been developed in different industries. The government has facilitated for more entrepreneurship in the country and made it easier for entrepreneurs who want to start a new business. The somehow new and “trendy” entrepreneurial culture created on the east side of the country is in stark contrast to the west side, which is neither new or “trendy”. In Austevoll, entrepreneurship has been part of the culture and environment for many decades. The willingness to develop and create something that can sustain not only yourself, but also a community is important to many of the residents. To stay competitive, they have always been in front of technological development in many fields. None of the participants from Austevoll in this study care about status or popularity, they just care about making a change.

In big cities, incubators have been created to foster a sustainable entrepreneurial culture. They aim to achieve conditions that already exists in some small communities, like Austevoll, e.g. a culture where entrepreneurs are able to help each other. When you are a part of an environment, you can benefit from the people around you. Maybe they can help you gain success through healthy competition and advises. The findings from this study indicate that incubators created in Oslo try to adapt this culture that is already a part of the environment on the west-coast

5.3 Family and Society

The influence of the people around you play a big part for all the participants in this study, even though, there are some differences. In Austevoll, the impact of and from society is crucial for the entrepreneurs as support and motivation, opposed to what is illustrated in figure 1. The participants from Oslo express that the family is more important than the society. All the participants from Austevoll explain the importance of a supportive and encouraging environment. Entrepreneurial activity has been a big part of the community for many years. From the literature review, it is stated that culture influences people growing up in it (Lindquist et al., 2015). Most of the people in Austevoll have parents and/or close family
members who are entrepreneurs. If they choose to start a company themselves, they already have a supportive environment and supervisors. With the high level of entrepreneurial activity, many grow up learning that entrepreneurship is not necessary a risky business.

A supporting network is important to execute entrepreneurial activity the best way possible (Regjeringen, 2015). Figure 1 illustrates that the influence of society happens after you get successful. That is not the case in Austevoll where friends and society play a major role under the whole process, as support and motivation. In Oslo friends and society is not considered to be important supporters. Most of the entrepreneurs keep friends away from work and business. In a small community like Austevoll, friends and society are merged with work and business. The participants express that everyone wants to help if they can. The support is valuable to them. The main motivational factor for Austevoll participants are the people around them. On the other side, support from family is important to the participants in this study from both Austevoll and Oslo, as shown in figure 1. Having a family around that always believe in you and your project, and in addition take care of most of the practical issues is crucial for the participants.

Will the entrepreneurial culture in Austevoll exist in the future? Cherchem (2017) state that generational involvement matters. It is argued that the first generation is very creative and not comfortable sharing control, and therefore turn risk adverse. The second argument is that family encourage entrepreneurship on cross of generations (Cherchem, 2017). The second argument fits well with Chakraborty et al. (2016) and Lindquist et al. (2015) assertion on entrepreneurship as natural choice for a child of an entrepreneur. Eventually through the next generations they will still be creative to gain a competitive advantage.

5.4 Education

In the two regions, the educational level is different. The findings from the interviews fits well with the statistics from Statistisk Sentralbyrå (2017a and 2017b) where the Oslo citizen have a higher education level than the Austevoll citizens. All of the participants from Oslo holds a master’s degree or higher and were graduated before starting the company. The ones with technical degrees also have courses and/or degrees in business. In Austevoll, two out of six were graduated with master’s degrees. However, even with the overall low average
educational level, Austevoll accounts for much entrepreneurial activity and in percentage, the entrepreneurial activity in Oslo is lower than in Austevoll (Kommuneprofilen.no, 2018).

Statistics shows that citizens from Oslo older than 16 years, including the participants of this study, have a higher educational level. One possible reasons for this is that entrepreneurs from the different regions operate in different industries. The participants have great knowledge and experience in the business they operate in. For many of the participants from Austevoll, the idea for the product was created through previous work. They identified a problem they wanted to fix and started working on solving it.

Control of the business, in terms of being able to manage it, was important to all of the participants of this study. With control, you have the power to form the company’s path forward. Control in form of ownership was not the most important factor, but control of decisions and the management was crucial.

The findings from this study do not substantiate the Armington and Acs (2002) assumption that regions with a high percentage of college graduate are more likely to start businesses. The findings are more akin to those of Øvergaard (2012) and his theory that it is equally likely that individuals with high or low education become entrepreneurs. This study indicate that the level of education is not the most important factor for success. Austevoll is one example where most of the people have a low level educational degree, but the entrepreneurial activity is high.

5.5 Motivation

In Austevoll and along the west-coast of Norway, entrepreneurship has always been a big part of the environment. Resources are located “outside the door”, ready to be discovered. Over time, that has resulted in many companies in the primary and secondary industry. In Oslo, there has recently been a rapid growth of entrepreneurial companies. Contrary to Austevoll, most of the startups in Oslo are in the tertiary industry. As shown in Figure 1; during development and/or creation of companies in different industries, motivation is very important (Figure 1).

Motivation is influenced by several factors. The participants in the study were motivated by different factors. As shown in Figure 7, none of the participants of this study are motivated by
external factors like salary and bonuses (Deci & Ryan, 1985), they were motivated by internal factors. In Austevoll the motivational factor for all participants was the people around them and the ability to help their society. Being a part of job creation is important, where the whole community is included in the entrepreneurial activity.

The participants in this study are motivated by the work they do (Figure 7). All of them expressed a passion for their product and business. They needed new challenges to keep the motivation, competitive advantage and be a part of developing the company. All the participants expressed that they are dependent on having challenges throughout the whole process. Deci and Ryan (2002) argue that as very positive for future growth of both the company and the individuals in the company (Deci & Ryan, 2002).

---

4 Figure 7: Motivational Factors. Source: Own work.
5.5 Regional Differences

Regions need to adapt to their own conditions and challenges. Innovation have a different path in different regions (Isaksen, 2017). This study implicate that entrepreneurial discoveries have led to a new culture in Austevoll. The findings implicate that the entrepreneurship in Oslo is formed from organizational and specialized innovation systems. Knowledge spread faster locally, and can therefore quickly spread to new actors (Isaksen, 2017). Isaksen (2017) state that it is important to be where the pioneers started. Austevoll is a small community where one follows the footsteps of former entrepreneurs as a natural thing. In addition to their knowledge and supervision, development, creation and innovation are important to stay competitive. In Oslo and other big cities, you have to seek out the same environment, it is not naturally accessible around you. The environment you work in will largely affect the peoples actions (Spilling et al., 2002). If you try to start a company in a big city without the right people around you, it might be harder than in a small town. From the findings of this study, it seems like incubators in a big city operate in the same way as a small community does; bringing the entrepreneurs together and creating a supportive culture where people learn from each other.
6 Conclusion

6.1 Key conclusions

What characterizes entrepreneurial activity in Austevoll?

- The environment. This study suggests a developed entrepreneurial culture in Austevoll. In Oslo, some aspect of the same culture is created in incubators, but not in the community. Growing up in Austevoll makes you exposed to the entrepreneurial culture, and from literature and findings in this study, that will influence the people living there. You grow up in an environment that encourages entrepreneurial activities.

- The educational level of people living in Austevoll is different from people living in Oslo. The participants in this study underscore the statistics. All of the participants from Oslo had higher education with five years or more. In Austevoll, only two out of six have higher education. The findings in this study indicate that the educational level is not a key for success. Experience, passion and motivation is much more important. This study demonstrate that Øvergaard (2012) and his theory is correct and disproves the Armington and Acs (2002) theory.

- The motivational factors turned out to be the biggest differences in the study. Participants from Austevoll get motivated from doing something positive for the society and people around them. In Oslo they are motivated from personal interests.

Entrepreneurial activity in Austevoll is characterized by a unique culture, low education, and the entrepreneurs are motivated by the people around them. If a need or problem is identified, they start solving it without any more questions. Starting a business is not over analyzed, and they do not spend time making preparations or waiting for someone else to fix it. They live by the philosophy that if you need something done, you have to do it yourself.
6.2 Implications

This study indicates that further research on regional differences in entrepreneurship is needed. After the year 2000 there has been a lot of research on entrepreneurship. However, little has been done on regional differences in entrepreneurship in Norway. In this study, different factors and characteristics of entrepreneurs in the two regions have been identified and analyzed. This research can be used by different stakeholders, such as universities, students and entrepreneurs.

I hope that the research can contribute to studies related to regional entrepreneurship in a broader context. This study indicates different characteristics of entrepreneurs in different regions. The cultural differences will be interesting to study further and expand on even more.

I hope that entrepreneurs can use this study. Even though it cannot be generalized, maybe the different factors can be used across the regions. Entrepreneurs from Austevoll can learn from entrepreneurs from Oslo and vice-versa.

For the government, this study can be an indication of the fact that a highest possible education is not necessary the best. This research indicates that entrepreneurs with high-school education can be just as successful as entrepreneurs with PhDs.

6.3 Further Research

The findings in this study cannot be generalized. This study provides only a narrow scope of investigation, 11 participants from two different municipalities were interviewed. To achieve more reliable findings which may inform future policies, more research is needed.

Comparison of entrepreneurial activity in Austevoll to another city, national or international, could provide different answers. This study is carried out by comparing samples of entrepreneurs on the west side and eastern part of Norway. By comparing with entrepreneurs in another city, one might find some other factors that characterizes entrepreneurial activity in the municipality.

This study indicates a cultural difference in entrepreneurship. But, maybe the culture does not just demonstrate characteristics for Austevoll entrepreneurs, but for entrepreneurs coming
from all over the west-coast of Norway? To study this further, the analysis should be done comparing entrepreneurs from different regions at the west-coast of Norway.

Another possibility would be to interview entrepreneurs from different regions, who operate in the same industries. Some of the findings might change and other factors could emerge as important when industry is kept constant.

To make the study more diverse, one should investigate female entrepreneurs in the different regions. It was hard to find female entrepreneurs from Austevoll to participate in this study, but that might be easier in the future.
7 Bibliography


## Appendix

**Tabell 1- Interview guide**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
<td>1. Tell me about you and your journey</td>
</tr>
<tr>
<td></td>
<td>o Did you attend an entrepreneurial team?</td>
</tr>
<tr>
<td></td>
<td>o What resources was important to run the business?</td>
</tr>
<tr>
<td></td>
<td>o What is your profession now, and what does it involve?</td>
</tr>
<tr>
<td></td>
<td>o Education</td>
</tr>
<tr>
<td></td>
<td>▪ Long education: Why did you choose that?</td>
</tr>
<tr>
<td></td>
<td>▪ Short education: any reasons you chose not to take more education</td>
</tr>
<tr>
<td></td>
<td>▪ Have your education played a role for your success?</td>
</tr>
<tr>
<td></td>
<td>▪ Do you have any business courses?</td>
</tr>
<tr>
<td><strong>The choice/Effectuation/causation</strong></td>
<td>2. What preparations did you do before starting your business? Did you make a business plan, market analysis etc?</td>
</tr>
<tr>
<td></td>
<td>o Did you have many competitors?</td>
</tr>
<tr>
<td></td>
<td>o What were you most afraid of when you started the company</td>
</tr>
<tr>
<td></td>
<td>- Biggest risk?</td>
</tr>
<tr>
<td></td>
<td>o How did you handle problem and unexpected things?</td>
</tr>
<tr>
<td></td>
<td>- What motivates/motivated you to keep going?</td>
</tr>
<tr>
<td></td>
<td>3. Why did you start this company?</td>
</tr>
<tr>
<td></td>
<td>o Dream of becoming an entrepreneur?</td>
</tr>
<tr>
<td></td>
<td>o Identified a need?</td>
</tr>
<tr>
<td></td>
<td>o Create jobs?</td>
</tr>
</tbody>
</table>
| **4. Driving Force/ goal?** | o What was your goal when started the company?  
Did you have a long-term goal?  
o How has the goal changed? |
|---------------------------|-------------------------------------------------------------------------|
| **5. Relationships**      | o If yes; was that a choice? And in what ways has the family been included in the operation?  
o If no; is that a choice? And why |
| **6. Investment/capital** | o Why did you choose this?  
o Did you change the investment type through the years? And why? |
| **7. Additional information** | o If yes or no - Why? |
| **8. Investment/capital** | o Why do not you sell your business today? / Why did you sell when you did? |
| **9. Additional information** | o Do you want to add something? |
| **10. Additional information** | o Do you have any questions? |