

# How do entrepreneurial activities at different levels promote business growth: a review and research agenda

Business  
growth

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## Abstract

**Purpose** – This study aims to solve the realistic dilemma between the importance of entrepreneurship and the high rate of entrepreneurial failure, and to point out the direction of subsequent research.

**Design/methodology/approach** – The paper takes the form of a literature review.

**Findings** – Entrepreneurial activities involve multiple dimensions. Entrepreneurs or entrepreneurial teams will be affected by multiple factors when starting a business, and sufficient attention should be paid to both the factors within the group and the factors outside the group such as institutional quality and market competition. High entrepreneurial failure rate is an essential characteristic of entrepreneurial activities, while solving this problem requires entrepreneurs to maintain passion, clarify their own motivation, improve their learning abilities and adopt appropriate entrepreneurial strategies to improve entrepreneurial performance. Meanwhile, it is also urgent to build entrepreneurial teams with common goals, heterogeneous knowledge structure, outstanding learning ability, solid mutual trust, strong social influence and social capital. Successful entrepreneurship should adhere to the perspective of openness and cooperation. It should not only actively strengthen international cooperation but also fully adapt to the country's system and culture. Sustainable growth of entrepreneurial enterprises requires not only stable commercial revenue but also responsibility to society, which in turn leads to a good reputation and high social recognition.

**Practical implications** – The authors hope this review can provide some insightful viewpoints for deepening the theoretical system of entrepreneurship, improving the success rate of entrepreneurship and promoting the sustainable growth of enterprises.

**Originality/value** – Further research can be carried out on the promotion of business growth by entrepreneurship at the micro level in the following aspects: analyze functional mechanism between innovation and entrepreneurship; entrepreneurship research by integrating multiple institutional contexts and cultural traditions; consider the changes in emerging technologies on entrepreneurial activities; diversified mechanism between entrepreneurship education and business growth.

**Keywords** Entrepreneur, Entrepreneurial team, Entrepreneurial performance, Business growth

**Paper type** Literature review

## Introduction

Entrepreneurship is a process in which entrepreneurs and their partners integrate and optimize the resources they have or could obtain through their efforts, thus to create greater economic benefits or social value (Aghion, 2017). As entrepreneurship can stimulate the innovation vitality of market players and social creativity, create jobs, alleviate poverty and



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promote sustained economic growth (Sutter *et al.*, 2019), its importance has been widely recognized in both theoretical and practical circles (Wright and Stigliani, 2013; Roig-Tierno *et al.*, 2015). Currently, governments around the world attach great importance to the role of entrepreneurship and have issued diversified policies to support their citizens to start their own business (Ribeiro-Soriano and Galindo-Martín, 2012). To some extent, whether a country or region can maintain sustainable economic growth depends on whether it encourages or motivates entrepreneurs (Baumol, 1990).

Although entrepreneurship is important for individual progress, business growth and economic development, it is also faced with a high degree of uncertainty, requiring entrepreneurs to bear huge risks and costs, which leads to the worldwide challenge of high entrepreneurial failure rate (Artinger and Powell, 2016). According to the data published by *Fortune* magazine, the failure rate of small- and medium-sized enterprises in the world is as high as 70%, and the failure rate of China's first business is as high as more than 90%. The average survival time of new ventures is less than 3 years. Research based on data from the National Innovation Fund shows that about 70% of small and medium-sized enterprises in China survive no more than five years, and 95% of the startups in *Zhongguancun* will fail within seven to 10 years [1]. The challenge between the importance of entrepreneurship and the high failure rate prompted us to wonder: *given the high failure rate, should we continue to start startups? What should entrepreneurs do to keep their businesses growing?*

The goal of entrepreneurship is to earn commercial profits and realize the sustainable growth of enterprises (Aghion, 2017). Through reviewing the existing literature, we found that the existing research studies have carried out relatively comprehensive studies on the topic of entrepreneurship and enterprise growth. According to different sources of entrepreneurship, entrepreneurs can be divided into academic entrepreneurship (Hayter *et al.*, 2018), family entrepreneurship (Brannon *et al.*, 2013; Alsos *et al.*, 2014), social entrepreneurship (Chell *et al.*, 2010), farmer entrepreneurship (Qing *et al.*, 2021), overseas returnee entrepreneurship (Kenney *et al.*, 2013) or international entrepreneurship (Jones *et al.*, 2011; Terjesen *et al.*, 2016), etc. The universality and accuracy of entrepreneurial activities have derived different types and forms of entrepreneurship, which has helped the research results in the field of entrepreneurship become increasingly fine-grained. However, regardless of the form of entrepreneurship, the ultimate goal is to achieve value creation, and the most intuitive form of value creation is to create a new business and gain profits (Acs *et al.*, 2012; Aghion, 2017). Therefore, an important criterion to judge the success of entrepreneurial activities is whether the enterprise can continue to grow (Acs *et al.*, 2012). This mainly depends on the resources and capabilities of the entrepreneur.

In the current fierce market competition and highly uncertain environment, it is difficult to achieve success in entrepreneurship by relying on the heroism of single entrepreneurs in the past (Cruise, 2017). Specifically, the form of entrepreneurial activities has gradually changed from individual entrepreneurship in the past to team entrepreneurship currently, and entrepreneurial activities carried out in the form of team are better in entrepreneurial performance and success rate than in individual entrepreneurship (Cardon *et al.*, 2017; Covin *et al.*, 2020). Although there are multiple entrepreneurial subjects and diverse contents, the final evaluation criteria of entrepreneurial performance are mostly quantifiable indicators at the explicit level, indicating that the ultimate purpose of entrepreneurship is to promote business growth and realize self-value (Korsgaard and Anderson, 2011). Due to different research perspectives, methods, data and other aspects, the complex relationship between entrepreneurial activities and business growth presents different methods and diversified conclusions. To our surprise, although existing research has explored the various topics of

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entrepreneurship in depth, it has not addressed the root question of entrepreneurship in detail – How should entrepreneurship promote business growth?

To bridge this research gap, we systematically comb the literature related to entrepreneurial activities and business growth at different levels for the first time, and aim to provide some directions and suggestions for subsequent scholars to carry out relevant research. In our opinion, the high failure rate is a characteristic of entrepreneurial activities, and the key to solve this problem is to analyze how to promote the sustainable development of enterprises, because only the sustainable development of enterprises can be considered as the real success of entrepreneurship (Hall *et al.*, 2010). In addition, the resource-based view also points out that enterprises have sustained competitive advantages when they have valuable, scarce, unimitable and irreplaceable resources (Kellermanns *et al.*, 2016). Among them, talents are the most important resources in the process of entrepreneurship. The knowledge resources, financial resources and social resources possessed by talents can provide necessary conditions for the success of entrepreneurship. Therefore, how to attract talents with entrepreneurial passion, motivate them to carry out entrepreneurial activities and choose appropriate entrepreneurial strategies by constantly increasing the learning of entrepreneurship are conducive to improving entrepreneurial performance and ensure the long-term and steady development of enterprises (Mayer-Haug *et al.*, 2013). In entrepreneurial activities, the most critical resources include not only individual entrepreneurs but also entrepreneurial teams developed by entrepreneurs with different characteristics. To a large extent, obtaining sustainable competitive advantage depends not only on the individual ability of entrepreneurs but also on the collaborative ability formed in the process of cooperation; this requires entrepreneurs to consider how to build an appropriate entrepreneurial team and make full use of external resources to make up for their own weaknesses (Hall *et al.*, 2010).

The logic of our literature review is as follows. At first, entrepreneurs are the main body of entrepreneurial activities. Whether entrepreneurs carry out entrepreneurial activities will be influenced by their own passion and external incentives. The high risk of entrepreneurship also requires entrepreneurs to adopt appropriate entrepreneurial strategies through continuous learning, thus to improve entrepreneurial performance. Meanwhile, entrepreneurial activities are not the sole activities of a single entrepreneur, but also need to integrate the resources and capabilities of different subjects to achieve complementary advantages, thus to improve entrepreneurial performance. Specifically, entrepreneurial teams need to require common goals, while team members should have heterogeneity between resources and capacities. By establishing a relationship of mutual trust between team members, which are facilitate to improve the cooperation ability of entrepreneurial teams and realize their knowledge sharing and complementary advantages. In addition, both individual entrepreneurs and entrepreneurial teams will be affected by the external environment when they carry out high-risk entrepreneurial activities (Castaño *et al.*, 2016). Entrepreneurs with different experiences or background will start different forms of entrepreneurship and achieve varied performance (Lin *et al.*, 2015). In specific, entrepreneurs from different regions will also have certain differences in entrepreneurial activities. Compared with domestic entrepreneurs, returnee entrepreneurs are exposed to advanced technologies and management experiences, and are inclined to carry out high-risk and high-return entrepreneurial activities (Li *et al.*, 2012). Hence, the analysis of entrepreneurial activities should take the background and characteristics of entrepreneurs into account (Lin and Lasserre, 2015). Based on the above logic, and considering the multi-level nature of entrepreneurial activities, we will review the literature layer by layer from the perspective of individual (entrepreneurs), team (entrepreneurial team) and region (entrepreneurial background).

Based on the above research ideas, the second section will review the literature related to entrepreneurs and entrepreneurial performance, third section will review the literature related to entrepreneurial team and team performance, fourth section will review the literature related to entrepreneurial background and business performance, fifth section will analyze the moderating effect from the two dimensions of institution and market, and sixth section will discuss the relationship between different levels of performance and business growth. Finally, based on summarizing the existing literature, we propose several research directions for potential breakthroughs in the future.

**Overall trend analysis and sample selection**

*Overall trend analysis*

After determining the topics to be reviewed, we first need to analyze the overall development of related literature, and then select representative literature for analysis. As the *Web of Science* is the most credible and comprehensive database available today, including almost all of the related literature, this ensures that we do not miss important literature. First, with the help of *Web of Science* database, we take *Entrepreneurship* and *corporate/business/enterprise growth* as a theme for keywords and title search. Considering the accuracy of study, we focused on the two main categories of business economy and management to screen and analyze the literature.

The results of [Table 1](#) show that from 2011 to 2021, the number of papers published has increased rapidly, indicating that the academic community has been attaching increasingly importance to this topic in the past 11 years, which also reflects the important value of this topic. The reason why we chose to review the literature from 2011 is that 2011 was the year some scholar has made an in-depth review of entrepreneurial activities in previous years ([Slotte-Kock and Coviello, 2010](#); [Grégoire et al., 2011](#); [Wiklund et al., 2011](#); [Welter, 2011](#)). Based on their analytical ideas, we make an in-depth analysis of another literature on entrepreneurship and business growth. In addition, by the time we have completed this manuscript, the most complete literature is up to 2021. Therefore, we selected the period of literature from 2011 to 2021.

*Sample selection*

Based on the overall trend analysis, we screen literature and select samples mainly through the following steps:

Year	No.	%
2011	95	5.031
2012	90	5.022
2013	105	5.859
2014	117	6.529
2015	110	6.138
2016	160	8.929
2017	161	8.984
2018	157	8.761
2019	264	14.732
2020	277	15.458
2021	256	14.286

**Table 1.**  
Number of articles  
published in different  
years

**Source:** Table created by authors

*Step 1. Define the scope of literature.* We screen the literatures in the core library of *Web of Science* (including SCI/SSCI, etc.), mainly because the articles retrieved by science citation index (SCI) and social science citation index (SSCI) generally have stricter review procedures and a larger audience, thus making the research results or viewpoints more rigorous. At the same time, Web of Science has the most comprehensive literature resources and has become the main data source for literature measurement or literature review in the academic circle. Its credibility and authority have been highly recognized and widely used by the academic circle (Luor *et al.*, 2014; Rey-Marti *et al.*, 2016).

*Step 2. Select the field of literature.* As the literature on entrepreneurship mainly involves the field of economy and management, we define the field involved in the literature as business economy and management. In addition, we have further selected different disciplines such as political science and psychology to prevent the omission of important literature.

*Step 3. Determination of samples.* We select important articles according to their relevance, citation number and publication time, and then judge whether the articles are consistent with our topic according to the abstract and key words of the articles. In addition, to prevent the omission of important literature, we look at the references one by one when reading the literature that is most relevant to our research topic. This method of tracing can greatly reduce the omission of important documents, so as to ensure that our review can be more comprehensive and accurate.

Through the above steps, we select the main samples that need to be reviewed. As can be seen from Table 2, articles on entrepreneurship and business growth are mainly published in *Small Business Economics*, while they are evenly distributed in other journals. After sorting out the literature according to the theme, we conducted a second round of screening of the literature and selected the most relevant literature for review, which could make our research theme more focused.

### Entrepreneurs and entrepreneurial performance

The main body of entrepreneurship lies in the individual, but the core problem of entrepreneurship research is not to describe *who is the entrepreneur* or the entrepreneurial behavior, but to go deep into the entrepreneurial process and reveal the functional mechanism of entrepreneurial behavior (Gieure *et al.*, 2020). Entrepreneurship is an individual activity that consists of a series of related events (Van de Ven and Engleman, 2004). To some extent, the entrepreneurial process is event-driven (Moroz and Hindle, 2012). However, the academia has not yet defined the specific events in each stage of entrepreneurship, and scholars who carry out empirical research on entrepreneurship as an event are still relatively rare. Part of the reason is

Journal	No.
<i>Small Business Economics</i>	161
<i>International Entrepreneurship and Management Journal</i>	60
<i>Entrepreneurship and Regional Development</i>	57
<i>International Journal of Entrepreneurship Behavior Research</i>	52
<i>Journal of Business Research</i>	48
<i>Journal of Business Venturing</i>	48
<i>Journal of Small Business Management</i>	41
<i>International Small Business Journal</i>	39
<i>Entrepreneurship Theory and Practice</i>	17
<i>Strategic Entrepreneurship Journal</i>	15

Source: Table created by authors

**Table 2.**  
List of major  
literatures

that entrepreneurship is a consensus cognition, so it is difficult to dig out novel ideas, and the research on it is still in the embryonic stage. Entrepreneurship is a progressive combination of several events that lead to the formation of new enterprises, including a series of events and the logical order and balance relationship behind these events (Moroz and Hindle, 2012). The trigger of entrepreneurial events marks the occurrence and advancement of the entrepreneurial process, and its failure may lead to the interruption of the entrepreneurial process and the change of entrepreneurial trajectory (Gieure *et al.*, 2020). Entrepreneurial behavior refers to the behavior that entrepreneurs perform for the ultimate purpose of entrepreneurship based on their existing entrepreneurial willingness and opportunity (McMullen and Shepherd, 2006).

Current research studies mainly focus on the influence of individual factors and environmental factors on entrepreneurial event trigger (Stuetzer *et al.*, 2014). Among them, individual factors include demographic characteristics, individual traits and cognition. On this basis, many scholars argue that social ideology, cultural environment, economic conditions, moderate market uncertainty and risk conditions, industrial background and micro social network will have an impact on the trigger of entrepreneurial events (Plambeck, 2012; Collewaert and Fassin, 2013; McMullen and Dimov, 2013). As a consequence, it can be seen that the current academic circle focuses on the relationship between entrepreneurs and performance at the micro level. This is mainly because the data of entrepreneurs are mostly at the personal level, and there is little complete open secondary data. The data sources of questionnaires or interviews drive the current entrepreneurship research to realize cross-development with psychology or organizational behavior and other fields, and the research mostly focuses on the micro level within or between individuals and enterprises (Newman *et al.*, 2021).

In addition, theory of planned behavior states that behavioral intention is the best way to predict and explain individual behavior. The theory assumes as follows:

- People act rationally and make systematic use of available information to decide whether to act or not.
- People's actions are guided by conscious motives rather than by unconscious spontaneous actions.
- People consider the meaning of their actions before deciding whether to take them (Ajzen and Fishbein, 1980).

According to the theory of planned behavior, behavioral intention is the direct factor that determines behavior, and it is affected by behavioral attitude and subjective norms. When an individual is considering whether to carry out entrepreneurial activities, he needs to have high entrepreneurial passion and clear motivation of entrepreneurial behavior (Warnick *et al.*, 2018), so that he can acquire corresponding abilities and resources and adopt appropriate strategies to obtain the expected results. Therefore, this section we mainly reviews relevant literature from four dimensions:

- (1) passion;
- (2) motivation;
- (3) learning; and
- (4) strategy.

#### *Entrepreneurial passion and performance*

Entrepreneurial passion refers to the key driving force that motivates entrepreneurs to carry out entrepreneurial activities (Cardon *et al.*, 2017). First, entrepreneurial passion inspires

individuals to overcome all kinds of trials and tribulations, which can support and promote entrepreneurial activities. Even though entrepreneurial passion is mostly the forerunner of entrepreneurial activities, entrepreneurial passion does not necessarily ensure the success of business growth (Cardon *et al.*, 2009; Newman *et al.*, 2021). To some extent, the entrepreneurial process is a natural emotional reaction and stimulation (Baron, 2008). Second, entrepreneurial passion is, in most cases, a positive emotion. By having a strong curiosity about something and a strong desire for the realization of self-worth, entrepreneurs can be stimulated to realize individual value through entrepreneurial activities and gain the legitimate identity and social recognition (Cardon *et al.*, 2009). The academic community has quantified entrepreneurial passion from two main dimensions of positive emotion and identity (Cardon *et al.*, 2013). Among them, entrepreneurial passion has the following benefits (Cardon *et al.*, 2009; Newman *et al.*, 2021):

- Entrepreneurial passion can enhance entrepreneurs' cognitive flexibility, risk perception ability and sense of self-efficacy.
- Entrepreneurial passion can stimulate entrepreneurial willingness and motivation, and promote entrepreneurial behavior.
- Entrepreneurial passion not only helps entrepreneurs form psychological ownership of the established enterprises but also increases their sense of ownership and responsibility.
- Entrepreneurial passion also helps entrepreneurs concentrate on entrepreneurial activities, even when they encounter difficulties, setbacks or failures, they can still persevere and firmly execute tasks. The passion of entrepreneurs will also affect the ability of individuals to occupy the core position in the network group, thus influencing the interaction and cooperation with others (Ho and Pollack, 2014).
- Entrepreneurial passion is conducive to improving the project performance and financial performance of enterprises, thus promoting the growth of enterprises (Drnovsek *et al.*, 2016). Nevertheless, entrepreneurial passion not only directly affects entrepreneurial performance but also may affect entrepreneurial performance by influencing individual behavior.

However, too low or too high entrepreneurial passion may also lead to a decline in organizational performance and even worsen financial performance (Murnieks *et al.*, 2014). This is mainly because the excessive entrepreneurial passion sometimes makes entrepreneurs overconfident, and they may lose their independent thinking ability when facing uncertain problems and make wrong decisions (Lee and Herrmann, 2021). Additionally, entrepreneurship is a continuous learning process. Entrepreneurship learning is the key to enhance and create entrepreneurial performance, and learning and emotion are inseparable (Fang He *et al.*, 2018). Regrettably, the research on the relationship between them is rare, and exploring entrepreneurial learning behavior is helpful to understand the value of entrepreneurial passion in improving entrepreneurial performance. Finally, entrepreneurial passion can improve the cognitive flexibility of entrepreneurs, stimulate them to search for opportunities and even encourage them to ignore risks to develop greater opportunities (Cardon *et al.*, 2009; Newman *et al.*, 2021). Entrepreneurs driven by entrepreneurial passion constantly generate endogenous power conducive to action. This is also beneficial to the establishment and future development of enterprises and promotes the growth of entrepreneurs' wealth and the improvement of individual career satisfaction and life happiness (Cardon and Kirk, 2013). However, when the passion is too high, too strong identity that entrepreneurs often is in a state of ideal even overconfidence, which will lead to

unrealistic expectations and result in adverse consequences. When the entrepreneurial passion is too low, the identity of entrepreneurs is weak, so that entrepreneurs are often in a state of lack of confidence or even doubt whether they are suitable for entrepreneurship. This means that entrepreneurs do not invest enough time and effort to take effective actions and even want to give up. Accordingly, entrepreneurial passion may have a double-edged sword effect on entrepreneurial performance.

Furthermore, it should be pointed out that gender difference will also affect the entrepreneurial passion of entrepreneurs (Murnieks *et al.*, 2020). For example, in China, men are the breadwinner, and the great pressure of life will make men tend to engage in high-risk and high-return entrepreneurial activities. Women, on the other hand, tend to be risk averse, preferring stable jobs and secure income. In addition, Ogundana *et al.* (2021) found that money (access and utilization), market (customer intelligence) and management (non-formal education and experience) are important influencing factors for entrepreneurship to drive firm growth. However, motherhood (family responsibilities), meso and macro environments (socio-economic and cultural factors) not only influence business development but also inhibit women entrepreneurs' access to and use of capital, management and markets and influence their business development actions. At the same time, when institutional arrangements such as paid leave, childcare subsidies and part-time employment opportunities can alleviate work-family conflict, women are more likely to initiate entrepreneurial activities (Thébaud, 2015). This indicates that gender difference may moderate the nonlinear relationship between entrepreneurial passion and entrepreneurial performance. Based on the above analysis, we propose a proposition:

- P1.* There is an inverted U-shaped relationship between entrepreneurial passion and entrepreneurial performance, in which gender difference plays a moderating effect.

#### *Entrepreneurial motivation and performance*

When entrepreneurs have high entrepreneurial passion, they need to look for entrepreneurial opportunities. In most cases, the discovery of entrepreneurial opportunities is based on benchmarking companies looking for immature market opportunities (Garud and Giuliani, 2013; Davidsson, 2015). At this stage, the role model of entrepreneurship is extremely critical. In general, role model is a sociological concept. Individuals whose behaviors, personal styles and traits are imitated by others, or who can stimulate or motivate others to make specific career decisions and achieve corresponding goals, are role models. Scholars generally believe that the benefit of role models is to provide entrepreneurs with directional guidance, behavioral assimilation and spiritual encouragement, which plays an important role in promoting the direction determination, business expansion and strategic decision-making of entrepreneurs (Mungai and Velamuri, 2011). Role model of entrepreneurship influence individuals' entrepreneurial intention by providing them with entrepreneurial experience, information, motivation and help them to know themselves and influence their professional values and attitudes (Pablo-Lerchundi *et al.*, 2015; Zapkau *et al.*, 2015). Existing research studies also have looked at the sources from which individuals might gain entrepreneurial role models. Some studies have highlighted the importance of parents as role models for entrepreneurship (Hoffmann *et al.*, 2015). Other studies have suggested that an individual's social network (mainly relatives and friends) and colleagues in the workplace also provide examples that can influence entrepreneurial decisions (Alsos *et al.*, 2014; Leyden *et al.*, 2014). Studies at the regional level also point out that in regions with higher levels of entrepreneurial activity, individuals can more easily find suitable

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models to follow, making individuals believe that their entrepreneurial intention is legal and feasible (Fritsch and Storey, 2014).

It can be seen from the above that although many scholars have studied the influence of entrepreneurial role models on entrepreneurial activities. Unfortunately, most of these studies focus on entrepreneurial decision-making or entrepreneurial intention, and there are few studies on the influence of entrepreneurial model on entrepreneurial event trigger. At the same time, role models are not always successful, and entrepreneurial role models may fail in the entrepreneurial process. Whether there is a particularity in the influence of such role models has not been paid attention to in existing entrepreneurial studies (Mungai and Velamuri, 2011). Given the characteristics of farmers and rural areas, farmer entrepreneurship in particular needs to rely on social networks, as it is most likely to provide farmers with a reference model for entrepreneurship. Although urbanization and modernization have accelerated the population mobility of farmers, the family network based on geography still has a great constraint and influence on farmers (Obstfeld, 2005). Therefore, how to motivate and enhance the enthusiasm of farmers to start their own businesses by giving play to the guiding role of role models will undoubtedly play an important role in promoting poverty reduction and urbanization construction, and it is also worth for scholars to invest more time and energy to explore specific incentive mechanisms and paths.

#### *Entrepreneurial learning and performance*

To make scientific strategic decisions of entrepreneurs is not only related to entrepreneurial knowledge but also depends on the learning process of acquiring and transforming entrepreneurial knowledge. Entrepreneurial learning plays a positive and direct role in promoting entrepreneurial performance (Wang and Chugh, 2014). According to the different forms of learning, the existing scholars are divided into exploitative learning and exploratory learning (Wang and Chugh, 2014). Exploitative learning focuses on applying the acquired knowledge to a specific product or service. By expanding and improving the relevant knowledge, processes and skills of existing product innovation, the enterprise can focus on a certain business area. This is conducive to the cultivation of core competitiveness and the reduction of business risks, as well as the promotion of product innovation and overall performance (Lane *et al.*, 2006). Compared with exploratory learning, the performance feedback obtained by exploitative learning is faster and clearer. However, in the context of drastic environmental changes and fierce industry competition, exploratory learning can help organizations better adapt to environmental changes and achieve sustainable development. Through the acquisition, digestion and absorption of external knowledge, exploratory learning proposes a variety of problem solutions, develops varied products or services or designs diverse work processes or working methods. This increases the flexibility for enterprises to reconfigure their resource base, improves their innovation performance and further strengthens their sustainable competitive advantage (Siren *et al.*, 2012). Explorative-led learning allows entrepreneurs to quickly integrate diverse inputs from an intuitive perspective, helping them identify and seize opportunities (Cai *et al.*, 2017). The exploitative-oriented learning model enables entrepreneurs to make use of existing knowledge (such as extraction, practice and performance), which helps them cope with the multiple burdens of new enterprises and overcome conventional obstacles (Su *et al.*, 2011). Explorative learning and exploitative learning are mutually complementary and transformable. By refining and mining existing knowledge and abilities, questioning and reflecting on existing behaviors and paths, it is conducive to the identification and development of opportunities, thus achieving better performance (Baron *et al.*, 2011). Therefore, whether exploratory learning or exploitative learning, the most critical goal is to improve entrepreneurial performance, and the ways to

achieve the goal can be diversified, which needs to be flexibly used by entrepreneurs in the actual entrepreneurial process (Wang and Chugh, 2014).

#### *Entrepreneurial strategy and performance*

Entrepreneurial decision-making is driven by the process of acquiring, storing, screening and using information, including the collection, integration, distribution and utilization of entrepreneurial resources (Shepherd *et al.*, 2015). In essence, entrepreneurship is a kind of new entry behavior, and entry strategy selection is the decision-making focus of entrepreneurial team, as well as the key factor for new enterprises to overcome the defects of new entry and survive. Early studies adopted the perspective of strategic adaptation, believing that entering strategic decision is essentially the choice of entry opportunity (Maine *et al.*, 2015). By choosing the right entry time, new technology enterprises can overcome the defects of new entry thus survive and grow. Some studies believe that new enterprises entering in the early stage of industrial development are more likely to survive, whereas others believe that early entrants face a higher risk of failure (Boyer and Blazy, 2014; Huggins *et al.*, 2017). The contradiction of research results challenges the study of strategic adaptation perspective. Researchers believe that the biggest limitation of research from the perspective of strategic adaptation lies in the simplification of entry strategy to entry opportunity, neglecting the content of entry strategy and failing to explain the rich and vivid phenomena of entry strategy (Parker and Van Praag, 2012; Lofstrom *et al.*, 2014). To this end, they developed a study to explore the source of performance differences in new technology enterprises from the perspective of entry strategy innovation. Based on the empirical study in the standardized market economy of developed economies, it is found that the more innovative the entry strategy of new technology enterprises and the product/service or transaction structure is, the more likely it is to avoid retaliatory competition from incumbent enterprises, win market recognition and achieve better performance (Navis and Ozbek, 2016).

#### **Entrepreneurial team and entrepreneurial performance**

Compared with the individual dimension of entrepreneurs, entrepreneurial teams are more complex and universal, which is made up of many entrepreneurs with the common goal. Although they share the same goals, they also have strong heterogeneity. The common goal is the premise of the formation of entrepreneurial team, and heterogeneity is the key to keep flexibility and sustainable development of the team, especially the entrepreneurial team requires entrepreneurs to have different abilities and be competent for various tasks in entrepreneurial activities (Lazar *et al.*, 2020). In addition, in the process of high-risk entrepreneurship, team members should always maintain mutual trust and cultivate good interpersonal relationships to better fully integrate the superior resources and social capital of all parties, thus to improve the performance of the entrepreneurial team (Jin *et al.*, 2017). Therefore, in this section, we reviews the literature related to entrepreneurial team performance from six aspects:

- (1) common goals;
- (2) heterogeneity;
- (3) ability;
- (4) trust;
- (5) relationship strength; and
- (6) social capital.

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### *Common goals and team performance*

The establishment of entrepreneurial team is to achieve the goal of “ $1 + 1 > 2$ ” nonlinear integration effect beyond the limitations of individual resources and capabilities (Khan *et al.*, 2014). Common goals enhance team cohesion, improve network density, effectively control the opportunism tendency among members and provide a clear framework and specification for resource sharing and information exchange (Chen *et al.*, 2017). At the same time, it also ensures effective knowledge transfer and coordination and integration of different professional knowledge (Burgers and Covin, 2016). As a result, entrepreneurial teams that work toward established common goals tend to perform better than those that lack common goals. This means that the most important thing for entrepreneurs to do is to find like-minded people to build a team together (de Mol *et al.*, 2015). And only when the goals and overall interests of team members are consistent, can ensure the stable and sustainable development of the team (Kollmann *et al.*, 2017).

### *Heterogeneity and team performance*

According to the viewpoints of knowledge-based view, the essence of entrepreneurial team is to maximize the use of members' knowledge reserve to realize the innovation process of new knowledge and technology. In terms of the relationship between team composition and performance, the more heterogeneous entrepreneurial team members are, the more diversified their knowledge and skills and social capital are, which is conducive to improving the innovative performance of enterprises (Burgers and Covin, 2016). Therefore, entrepreneurial teams have a higher success rate than personal entrepreneurship. However, there are great differences between entrepreneurial team members in terms of education background, knowledge and skills. Accordingly, knowledge heterogeneity has great influence on entrepreneurial performance (Zahra, 2015). The heterogeneity of senior management teams in terms of educational background and work experience can positively promote firm innovation, and the heterogeneity of entrepreneurial teams' information has significant positive impact on team performance (Zhang *et al.*, 2022). Knowledge heterogeneity has a great impact on the overall performance of an organization, and a significant impact on innovation performance (Jin *et al.*, 2017). However, the heterogeneity of entrepreneurial teams is negatively correlated with the growth of enterprises, and the diversity of team members' highest degree majors and functional background is negatively correlated with the return of enterprises (Vanaelst *et al.*, 2010). Heterogeneity is the result of a diversified combination of team members' gender, age, experience, educational background, etc., which has been frequently paid attention to and endowed with opposite meanings by existing research studies, and is closely related to the different connotations of heterogeneity. Heterogeneity can be further refined into identity-related heterogeneity and task-related heterogeneity (Sahaym *et al.*, 2016). Identities-related heterogeneity among entrepreneurial team members in terms of gender, age, etc., tends to lead to differences in thinking and action modes among team members, which in turn causes conflicts and weakens team cohesion. However, a high level of team cohesion can help team members develop a sense of responsibility and mission to work, contribute their talents and promote high efficiency and high quality results. Therefore, identity-related heterogeneity of gender and age can be presumed to be detrimental to the cultivation of team cohesion and the performance of new enterprises.

In addition, the high risk and difficulty of starting a business require entrepreneurs to have the ability to capture limited opportunities, especially keen insight, sufficient energy and high creativity. However, entrepreneurs at different ages will also have significant differences in attention due to age differences, and most successful entrepreneurs are young

people. If older employees occupy high positions and control key resources, it will hinder the growth of young people. For example, [Liang et al. \(2018\)](#) pointed out that for every one standard deviation reduction in the median age of a country, new business formation increased by 2.5 percentage points, which is about 40% of the average rate. Furthermore, older societies have lower rates of entrepreneurship at every age. Based on the above conclusions, it is necessary to pay attention to the age structure of team members to keep the entrepreneurial team remains dynamic and competitive, especially to tilt resources toward young people and promote their rapid growth.

#### *Ability and team performance*

The realization of entrepreneurial performance mainly depends on the ability of entrepreneurs or entrepreneurial team members. To a large extent, the lack of capability is an important factor limiting the realization of their entrepreneurship ([Bayon et al., 2015](#)). Entrepreneurial ability is more important than venture capital, mainly because venture capital can be raised through a variety of channels. However, the ability of entrepreneurs, especially the ability of innovative thinking and capturing market demand, cannot be purchased through capital. Only those entrepreneurs with these scarce and irreplaceable abilities can raise capital to carry out entrepreneurial activities ([Amit et al., 1990](#)). [Evans and Leighton \(1989\)](#) believe that entrepreneurial ability and initial wealth are key variables affecting entrepreneurial choice, and entrepreneurial decision is positively correlated with initial wealth. In other words, with the improvement of entrepreneurs' capability, their wealth constraint effect will be significantly reduced, which is reflected in the reduction of initial capital needed for starting a business. Therefore, there is a certain substitution relationship between entrepreneurial ability and initial wealth. On this basis, [Holtz-Eakin et al. \(1994\)](#) further confirmed that the decision of personal entrepreneurship is jointly determined by the entrepreneur's ability and personal wealth.

In addition, the ability of entrepreneurs includes not only the observable ability that has been demonstrated at present but also the past experience, especially the past failure experience is the valuable wealth of entrepreneurs ([Lafontaine and Shaw, 2016](#)). As the old adage points out that "Successful startups are similar, but the reasons why they fail are different", this means that, rather than learning from successful entrepreneurial experiences, summing up the failures of different entrepreneurs may be of great value to successful entrepreneurship in the future ([Khelil, 2016](#)). By sharing knowledge and experience of failure, the members of an entrepreneurial team can reduce the cost of trial and error and avoid the potential risk of failure, which is conducive to finding a more appropriate entrepreneurial path and breakthrough strategy, thus improving the performance of entrepreneurial team.

#### *Trust and team performance*

Compared with knowledge and skills, trust among entrepreneurial team members plays a more significant role in promoting team performance ([Brannon et al., 2013](#)). The key to the improvement of entrepreneurial team performance and the sustainable development of the enterprise is to rely on the trust among team members to establish good cooperative relations and emotions ([Khan et al., 2014](#)). Entrepreneurial activities carried out in teams can integrate the resource advantages of different entrepreneurs, realize the network effect of social capital and promote the sustainable development of enterprises ([Schjoedt et al., 2013](#)). The influence of entrepreneurial team atmosphere on entrepreneurial performance has been empirically supported ([Zhou et al., 2017](#)). The cultivation and improvement of trust among team members mainly depend on the communication among team members. Team internal communication is fundamental to reflect the quality of the team, as well as an important

support for team members to communicate with each other and share information (Zhou *et al.*, 2015). It is one of the key factors for the success of a new enterprise. A team with smooth communication can realize information sharing and resource complementation, which will directly affect the utilization efficiency of resources and information. As a result, entrepreneurial teams with more frequent communication tend to have better performance (Yin *et al.*, 2020). Communication alone may not necessarily improve the performance of entrepreneurial teams, but a high level of trust is critical for the development of entrepreneurial teams. Mutual trust helps to reduce the need and cost of mutual supervision and control among members and enables them to divert time that should be devoted to supervision activities to other more beneficial activities (Khan *et al.*, 2014). At the same time, trust gives members more free room to incubate ideas, increases the possibility of cultivating creative thinking, and thus improves the innovation level and overall output of new enterprises (Schaubroeck *et al.*, 2011). Hence, in the formation and development of an entrepreneurial team, great importance should be attached to the trust between team members, thus improving the performance of entrepreneurial team.

#### *Relationship strength and team performance*

Due to the differences in educational background, thinking mode and values among team members, entrepreneurial team presents obvious heterogeneity (Khan *et al.*, 2014). It is precisely because of the diversity and heterogeneity of team members that the relationship between different members presents a relatively obvious *affinity*, that is, relationship (similar to *guanxi*) (Bird and Zellweger, 2018). The relationship dimension reflects the nature, strength and quality of the relationship among the entrepreneurial team members. Most of the existing studies select the trust dimension and relationship strength indexes that are mainly discussed and frequently used by researchers to measure the overall relationship of entrepreneurial team members (Brannon *et al.*, 2013; Lazar *et al.*, 2020; Ko *et al.*, 2021). The cognitive dimension mainly reflects the commitment level of team members to the team goals, which can be reflected by “common goals” – the degree to which team members agree to achieve the goals and outputs of the team. The strength and quantity of network relationship have an impact on the establishment of enterprises, and the relationship between the strength of member relationship and the performance of new enterprises is not completely consistent (Kreiser *et al.*, 2013). Specifically, the stronger the relationship between team members, the lower the innovation performance of new enterprises, and the better the market performance and financial performance. On the one hand, strong relationships and dense networks may cause enterprises to over-embed themselves and fall into the *lock-in* dilemma. The cost of maintaining existing relationships also makes it unprofitable to develop new ones. The replacement of members and the relatively difficult acquisition of novel knowledge hinder the free flow of new information and innovative thinking, thus restricting innovation. On the contrary, loose networks provide access to cutting-edge knowledge and facilitate innovation. Strong relationship and dense network among entrepreneurial team members can build trust, norms and commitments among each other, which is beneficial to realizing tacit knowledge sharing (Jin *et al.*, 2017). Reliable solutions can be generated through communication and feedback, which can introduce venture capital and thereby improve the market performance and financial performance of new start-ups (Alguezaui and Filieri, 2010).

#### *Social capital and team performance*

The intimacy and scope of the relationship form the social capital of the entrepreneur. In general, diversity of entrepreneurial team members means more social capital. Scholars divide

the social capital of entrepreneurial team into internal and external dimensions and analyze the relationship between different dimensions and firm performance (Gedajlovic *et al.*, 2013; Light and Dana, 2013). External social capital is also called bridge social capital. That is, the aggregate of actual and potential resources embedded in the external relational network, whose function is to help actors obtain external resources (Nahapiet and Ghoshal, 1998). External social capital mainly focuses on social capital measured by network location, emphasizing that social capital is the ability of subject to obtain resources from external social network. Entrepreneurial teams with more structural holes in external social networks tend to have higher performance (Aarstad, 2014). Meanwhile, the external network and internal process (including strategic consensus and internal cohesion) of entrepreneurial team complement each other on entrepreneurial performance (Vissa and Chacar, 2009). Both internal and external social networks of entrepreneurial teams are conducive to the improvement of innovative ability of new enterprises (Chen and Wang, 2008). Therefore, the social capital of entrepreneurial team is an important driving force for the performance improvement of new enterprises. However, social capital is influenced by history, culture and business environment. Different dimensions of social capital have different effects on the performance of new ventures in the same dimension, and the effects of the same dimension of social capital on the performance of new ventures in different dimensions are not completely consistent (Gedajlovic *et al.*, 2013). Based on the segmentation of internal and external social capital, Nahapiet and Ghoshal (1998) further subdivided social capital into three dimensions:

- (1) structure;
- (2) cognition; and
- (3) relationship.

The structural dimension focuses on the overall architecture and structural patterns of the entrepreneurial team network. Network heterogeneity, size, density and centrality are widely used in structural dimension research. Start-ups often suffer from resource shortage, so they rely heavily on external networks to expand their boundaries (Light and Dana, 2013). The external social capital of the team acts as a bridge between networks. Teams with many contacts outside the organization are more likely to acquire diversified knowledge related to entrepreneurship, which provides new enterprises with discovery opportunities and the possibility of acquiring relevant resources (Maurer and Ebers, 2006). This will enable start-ups to identify potential business opportunities and break through the bottleneck of resource shortage caused by new entry defects, and its quality will have a significant impact on the performance level of new enterprises.

### **Entrepreneur background and business performance**

Both entrepreneurs at the individual level and entrepreneurial teams at the group level are vertical dimensions at different levels. From the horizontal dimension, according to the different regions of entrepreneurs, a new form of entrepreneurship – international entrepreneurship (Keupp and Gassmann, 2009; Terjesen *et al.*, 2016) or returnee entrepreneurship (Lin *et al.*, 2019), which breaks through the regional restrictions of entrepreneurship, carries out entrepreneurial activities by integrating superior resources worldwide, has now become a hot field of entrepreneurship. Among them, China, as an emerging economy, also has a large number of overseas students who have returned to China to start their own businesses, making important contributions to the establishment and development of Chinese high-tech enterprises (Wang *et al.*, 2011). To this end, we will comment on international entrepreneurship and returnee entrepreneurship.

### *International entrepreneurship*

Entrepreneurship not only has the difference of the level of main body but also has the division of regional scope. The act of carrying out entrepreneurial activities from one country to another is usually called overseas entrepreneurship or international entrepreneurship (Terjesen *et al.*, 2016). International entrepreneurship refers to the creation of future services and products by discovering, implementing, evaluating and using transnational entrepreneurial opportunities (Oviatt and Mcdougall, 2005). International entrepreneurship covers individual, corporate, industrial and national levels. International entrepreneurship at the individual level mainly involves overseas returnees returning to their home countries to carry out entrepreneurial activities, which requires comprehensive consideration of differences in market competition, institutional environment and cultural background (Keupp and Gassmann, 2009). From the perspective of enterprises, the performance of international entrepreneurship includes financial and export performance, national performance includes economic growth and foreign direct investment. By carrying out international entrepreneurship and promoting the free flow of talents, it can bring about the transfer of information and resources and realize the complementary advantages of resources among different innovation subjects (Zahra, 2021). This is likely to generate more good entrepreneurial opportunities. Therefore, in the process of carrying out international entrepreneurship research, comprehensive analysis should be conducted from the perspectives of institutions, culture, resource view, transaction cost, economic growth and human capital, thus to improve international entrepreneurship performance more significantly (Terjesen *et al.*, 2016; Zahra, 2021).

### *Overseas returnees' entrepreneurship*

As a carrier of overseas resources, returnees can establish enterprises by virtue of resource advantages and build enterprises' competitiveness by relying on these scarce resources, which gives them a certain competitive advantage over local entrepreneurs (Li *et al.*, 2012). However, returnees are bound to integrate into their local environment. Owing to the returnees may lack the effective embedding of the local environment, which is one of the important factors hindering entrepreneurial success (Hoskisson *et al.*, 2013). Although returnees may have an advantage in experience, technology and so on, the poor environmental embedding will make their comprehensive competitive advantage out of reach (Dahl and Sorenson, 2012). Returnees have advantages in management experience and various sources, but not all returnees have accumulated overseas resources, and overseas resources may not have competitive advantages (Li *et al.*, 2012). At the same time, the superior resources are not completely homogeneous, and heterogeneous resources may bring different values to business start-ups.

In entrepreneurial activities, the entrepreneur's management skills are also critical. Entrepreneurs with rich management experience and business knowledge can quickly and accurately identify market opportunities (Gregoire and Shepherd, 2011), lead the direction of technological innovation and promote the development of products suitable for consumer needs. To improve the efficiency of enterprise R&D and production, entrepreneurs must have sufficient tacit knowledge and management experience to effectively manage and allocate resources (Acs *et al.*, 2013). In addition, as returnees have been away from home for many years, they tend to lack the local industrial structure, market status, corporate culture and so on. After setting up an enterprise, it is particularly important for returnees to adapt to and explore the local environment (Kenney *et al.*, 2013). At the same time, industry-related management experience is not easy to be imitated by competitors, and entrepreneurs' industry-related management experience is conducive to the growth of start-ups. Returnees

can localize their overseas management experience and business knowledge, which is conducive to the expansion of financing channels. Compared with developed economies, emerging economies still have deficiencies in human resources, capital, management, technology and other aspects (Li *et al.*, 2012). Returnees have a relatively broad international perspective, and they use a variety of high-level products and high-quality services. As a result, it may be easier for returnees to break free of the shackles of thinking and apply more successful and advanced overseas experiences to new ventures at home.

In general, R&D skills are the most common human capital advantage of returnees. Most returnees gain technical knowledge through overseas education, science and technology training and work experience in overseas research institutions (Kenney *et al.*, 2013). First, as overseas technologies are more advanced, industries and markets are more mature relatively, the return of talents can bring knowledge transfer and promote the development of local emerging industries and markets (Filatotchev *et al.*, 2011). At this time, returnees can rely on advanced technical knowledge to explore local market opportunities (Yi *et al.*, 2021). Returnees can complete R&D abroad and bring back advanced patented technologies. High-quality patented technology is a key strategic resource for enterprises, which brings sustainable competitive advantage to enterprises (Peteraf, 2010). Finally, after returning home, returnees can rely on their advanced technical knowledge and superb R&D ability to carry out enterprise innovation activities in combination with the needs of the local market (Yi *et al.*, 2021). The learning ability of an enterprise cannot be separated from the existing knowledge structure. The existing knowledge is an important foundation for the absorption ability of an enterprise, and it is very important for the future knowledge acquisition of an enterprise. Technical knowledge and R&D investment cannot guarantee the success of entrepreneurship. A successful business project requires not only the excavation of opportunities but also the scientific management of the project by enterprise managers and the successful commercialization of new technologies. The management skills of returnees can play a role in every link of the innovation process, effectively improving the quality and efficiency of innovation activities (Kenney *et al.*, 2013). No matter how advanced technology is, it cannot be separated from commercialization, and the process of technology commercialization is also the process of enterprise innovation management. Therefore, there is a strong synergy between technology and management of enterprises, which both are theoretically indispensable. Entrepreneurial activities should be balanced with innovation management to ensure that innovative output can generate market value (Leonidou *et al.*, 2020).

#### *Moderating effect of institutional quality and market competition*

Based on the above analysis, entrepreneurs need to consider the institutional background when carrying out entrepreneurial activities, especially the complicated relationship between entrepreneurs and entrepreneurial performance will be affected by institutional quality (Chowdhury *et al.*, 2019) and market competition (Aghion, 2017). Institutional quality refers to the degree of institutional perfection of a region, and regions with high institutional quality usually have more perfect laws and regulations and institutional guarantee, and the importance of institutional quality for entrepreneurship has been widely recognized by scholars (Sobel, 2008; Herrera-Echeverri *et al.*, 2014). According to the different forms, institutions can be divided into formal institutions and informal institutions. Among them, the formal institutions mainly includes laws and regulations with clear provisions and norms, the most direct manifestation of which is the institutional environment of each region. The institutional environment is a set of basic political, social and legal rules used to establish the basis of production, exchange and distribution. Especially in emerging economies such as China, where the government is the policymaker

and resource distributor, entrepreneurs usually choose those regions with strong financial support and perfect system to start their businesses, hoping to get the support of the local government and ensure their legitimate rights and interests. In contrast to the formal institution is the informal institution (such as values and beliefs, customs and habits, cultural traditions, moral ethics, ideology), which will implicitly cultivate the thinking mode of entrepreneurs, shape the cognition of entrepreneurs, thus affect the decision-making of entrepreneurship (Hechavarría, 2016). For example, entrepreneurs in economically developed regions are generally more open-minded and willing to carry out groundbreaking entrepreneurial activity, while those in less-developed regions are more conservative and tend to carry out incremental entrepreneurial activity that can obtain stable returns.

In addition, institutions mainly support entrepreneurial activities or guarantee entrepreneurial achievements by creating a good institutional environment, and the success of entrepreneurship will also be affected by market competition (Hartley *et al.*, 2013). This is because successful entrepreneurs need to master advanced technologies or produce high-quality products or provide high-quality services ahead of competitors, and find differentiated advantages in line with their own resource endowment and ability, thus to obtain sustainable competitive advantages. Entrepreneurs who want to succeed need to not only adopt the latest technology but also consider the influence of stakeholders (Karami and Read, 2021), especially investors and consumers. Investors influence and even determine whether and how startups can be launched, while consumers determine what forms of entrepreneurship can be launched. Based on the above two aspects, institutional quality and market competition will affect the relationship between entrepreneurs/entrepreneurial teams and entrepreneurial performance.

#### *Different levels of entrepreneurial performance and business growth*

According to the life cycle theory, an enterprise usually goes through four stages:

- (1) germination;
- (2) growth;
- (3) prosperity; and
- (4) decline.

In the germination stage, individual entrepreneurs are mostly working independently to explore the paths and methods to success. In the growth stage, the needs of customers become increasingly diverse, which drives more entrepreneurs or new partners to join the original entrepreneurial team to form a new entrepreneurial team or establish a new venture. In the prosperous stage, along with the deepening of entrepreneurial activities, the startup team will further expand and increase its business revenue, and then grow into a well-known startup. For example, *Alibaba*, a well-known company in China, started as a company founded by Jack Ma and 18 others in Hangzhou, Zhejiang Province in 1999, and later on, as the company's business continued to expand, new members joined one after another, and now it has become a world-class well-known company. This means that the growth of a startup will go through multiple stages, and the steady improvement of entrepreneurial performance is a prerequisite for the growth of a startup. Only by improving the performance of entrepreneurs (individuals) and entrepreneurial teams (teams) can the sustainable growth of startups be promoted. In contrast, if sustainable business growth is not achieved, the startup will enter the decline stage.

Further, what can start-ups do to ensure sustainable growth? We believe that the ultimate goal of both entrepreneurs and entrepreneurial team is to not only achieve

commercial success but also promote social development through entrepreneurship. Therefore, the analysis of the promotion effect of entrepreneurship on the growth of enterprises needs to take into account both economic and social values (Castaño *et al.*, 2015; Hechavarría, 2016). The growth of a start-up enterprise requires not only stable commercial revenue but also responsibility to society, which in turn leads to a good reputation and high social recognition. Only the simultaneous improvement of economic benefits and social value can promote the sustainable growth of enterprises. Based on the above analysis, we established a conceptual framework as shown in Figure 1 to analyze how do entrepreneurial activities at different levels (individual, team, background) promote business growth.

## Conclusions and discussions

### Conclusions

To solve the realistic dilemma between the importance of entrepreneurship and the high rate of entrepreneurial failure, and to point out the direction of subsequent research, we have reviewed the literature layer by layer from the perspective of individual (entrepreneurs), team (entrepreneurial team) and region(entrepreneurial background). Through the above analysis, the main points of view are as follows:

- The double-sided nature of entrepreneurial behavior should be taken into account in the study of entrepreneurial activities. Both positive and potential negative effects should be analyzed. Only by judging entrepreneurial activities from a more comprehensive perspective can we make scientific decisions.
- Entrepreneurial activities involve multiple dimensions. Individual entrepreneurs or groups of entrepreneurial teams will be affected by multiple factors when starting a business, and sufficient attention should be paid to both the factors within the group and the factors outside the group such as institution quality and market competition. Especially in emerging economies such as China, informal institutions (political connections, social networks) play an important role in entrepreneurial activities, and the different roles of internal and external stakeholders should be taken into account comprehensively when carrying out entrepreneurial activities. For example, Universities provide intellectual resources, whereas governments mainly provide financial resources and institutional guarantees. Only by actively integrating the superior resources and unique capabilities of different stakeholders can we better promote the sustainable growth of enterprises.

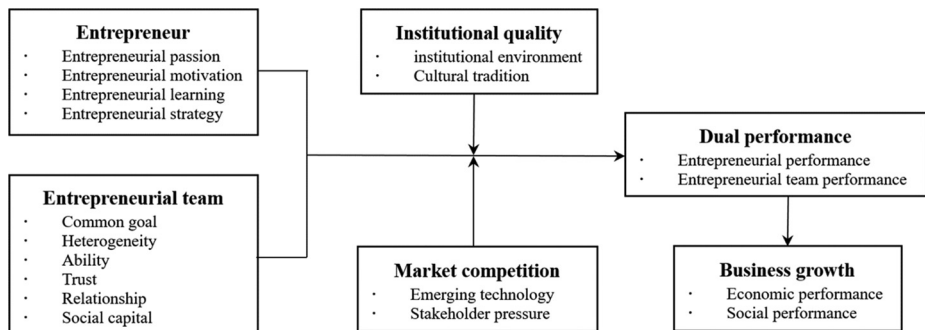


Figure 1.  
Conceptual  
framework of the  
study

Source: Figure created by authors

- High entrepreneurial failure rate is an essential characteristic of entrepreneurial activities, while solving the high failure rate requires entrepreneurs to maintain passion, clarify their own motivation, improve their learning abilities and adopt appropriate entrepreneurial strategies to improve entrepreneurial performance. At the same time, the traditional solo entrepreneurial activities are no longer suitable for the increasingly fierce market competition. It will be more conducive to improving the success rate of entrepreneurship to continue to build entrepreneurial teams of entrepreneurs with common goals, heterogeneous knowledge structure, outstanding learning ability, mutual trust, strong social influence and social capital.
- Successful entrepreneurship should adhere to the perspective of openness and cooperation. It should not only actively strengthen international cooperation but also fully adapt to the country's system and culture.

#### *Theoretical contributions and managerial implications*

Compared with the existing research, our theoretical contributions are mainly reflected in the following aspects. First of all, although existing studies have generally attached importance to the importance of entrepreneurship (Aghion, 2017) and noted the importance of entrepreneurship to individuals, organizations and society, few studies have carried out relevant literature review, so that relevant studies show a fragmented trend and cannot fully reflect the theoretical picture and evolution trend of entrepreneurship and enterprise growth. To fill this research gap, our study reviews the mainstream literature on entrepreneurial activities and firm growth from three dimensions of individual, team and region in detail and proposes the corresponding research progress, which can enrich the relevant research in this field to a large extent. Second, the measurement indicators of enterprise growth in the existing research studies are mostly focused on economic financial performance. In fact, entrepreneurs start businesses not only for economic benefits but also for making the society better. They need to make contributions to social development and assume social responsibilities (Wach *et al.*, 2016). To this end, we innovatively integrate social performance into the performance dimension of enterprise growth and construct corresponding theoretical model, which is expected to have a certain guiding effect on the follow-up research in the field of entrepreneurship. Finally, the promotion effect of entrepreneurship on the growth of enterprises has been fully discussed (Wright and Stigliani, 2013), but the mechanism and specific path between them have not been thoroughly analyzed. To make up for this research gap, we make a simple analysis from the two dimensions of government and market, and put forward the potential mechanism and path of multiple dimensions, which can not only provide important theoretical enlightenment for the subsequent scholars to carry out more in-depth empirical research but also provide a realistic path for the formulation of more accurate entrepreneurship support policies and the reduction of entrepreneurial failure rate.

In addition to the above theoretical contributions, our study also has important implications for management practice. First, to reduce the failure rate of entrepreneurship, entrepreneurs should not only select like-minded partners with heterogeneous capabilities to form entrepreneurial teams but also strengthen the construction of team culture and enhance the trust among team members, so as to realize the complementarity of capabilities and resources, these are conducive to the success of entrepreneurship. At the same time, entrepreneurs should constantly strengthen learning and communication, deeply understand the local system, culture and environment, fully tap the market pain points and consumer demand, provide high-quality products and services and constantly innovate

business models, which may be an important way to reduce the failure rate of entrepreneurship. Second, the government should formulate more precise entrepreneurial support policies and evaluation criteria (taking into account both commercial benefits and social contributions) to guide entrepreneurs to carry out high-level technological entrepreneurship, so as to encourage entrepreneurs not only to obtain more commercial benefits but also to promote social progress. In particular, the Chinese Government could encourage overseas returnees to start their own businesses, and make full use of foreign advanced technology and management experience to improve the success rate of entrepreneurship.

#### *Limitations and discussions*

Although our research has made a relatively comprehensive review of the existing literature at different levels, honestly, due to the limitations of time, energy, paper length and other factors, our research may still have the following limitations:

First, considering that our research topic is focused on entrepreneurship and enterprise growth, we mainly analyzed relevant literature from three vertical levels:

- (1) micro;
- (2) meso; and
- (3) macro.

However, in the process of starting a business, entrepreneurs will face different problems because they adopt different business models or at different stages of entrepreneurship. Therefore, based on the life cycle theory, how to analyze the dynamic evolution law and mechanism of the business model and growth of entrepreneurial enterprises from the horizontal dimension (e.g. germination stage, growth stage, maturity stage and decline stage), which undoubtedly has important value in promoting the development of new theories or reducing the entrepreneurial failure rate. Second, considering that entrepreneurial activities will be affected by individuals, teams and external environment, our conceptual framework is mainly based on the summary and refining of real-life experience, rather than rigorous logical deduction and empirical test (in fact, the academic community lacks similar research results as support). To a certain extent, some of our opinions will be somewhat subjective. For this reason, we also look forward to further extensive research by subsequent scholars based on our literature review. Specifically, relevant research can be carried out from the following aspects.

#### *Direction 1: analyze functional mechanism between innovation and entrepreneurship*

Entrepreneurial activities depend on entrepreneurs and entrepreneurial teams, but the key to the success of entrepreneurial activities lies in the innovative spirit or innovative products and technologies. To a large extent, innovation should be the essence of entrepreneurship, and only by finding opportunities or resources that are different from other entrepreneurs can we achieve sustainable competitive advantage. Innovation is the primary driving force for development and the strategic underpinning for building a modern economic system. Innovation is the foundation of entrepreneurship, entrepreneurship is the realization form of the value of innovative achievements, they are closely related and interdependent (Sahut and Peris-Ortiz, 2014) and widely recognized that playing a fundamental role in business growth and economic development (Piñeiro-Chousa *et al.*, 2020). Although existing studies have recognized the relationship among them, there are relatively few research studies on the interaction relationship and functional mechanism. The question we are interested in are as follows: *By what mechanism does innovation affect entrepreneurship?; What are the*

*channels through which entrepreneurship promotes innovation?; and As an important carrier between innovation and entrepreneurship, what role does knowledge play?* Unfortunately, these important questions seem to have not been a lot of theoretical and empirical verification. Considering that innovation and entrepreneurship are complex constructs, they can be further subdivided into more sub-fields according to different standards. Therefore, it is necessary to integrate multiple theories to explore the functional mechanism of both sides. For example, analyze the innovation ability of universities whether and how to improve the entrepreneurial performance of enterprises under different institutional scenarios through the integration of institutional theory and resource-based view? Another example is how to analyze the evolution path of technological innovation strategies of new ventures in different life cycles by integrating dynamic competition theory, life cycle theory and transaction cost theory. More importantly, future research needs to construct a more comprehensive index system and data set from multiple perspectives, and it is very necessary to adopt multiple measurement methods (Terjesen *et al.*, 2016). This can not only get more accurate results but also facilitate the construction of theory and effectively solve practical problems.

Furthermore, future studies should focus not only on whether entrepreneurial activities are carried out but also on the value and impact of entrepreneurial activities (Guzman and Stern, 2020). This is consistent with relevant literature in the field of innovation management, which emphasizes both quantity and quality as well as regional differences in economic development and entrepreneur characteristics (Zhou *et al.*, 2017). While the rate of entrepreneurship remains high, it is high-tech entrepreneurship that really promotes sustainable economic and social development. How to evaluate the quality, performance or influence of entrepreneurial activities may be one of the directions that future research needs to explore.

#### *Direction 2: entrepreneurship research by integrating multiple institutional contexts and cultural traditions*

Entrepreneurship activities are significantly affected by the external environment. Among them, institutions may influence economic development by affecting entrepreneurial activities and enterprise development (Urbano *et al.*, 2019). The development of entrepreneurial activities requires a sound institutional guarantee, because the operation of enterprises requires a sound economic system and market rules to restrain the behaviors of participants and guide entrepreneurs to create value rather than arbitrage by speculative behavior, thus to promote the sustainable growth of enterprises (Ali *et al.*, 2020). On the contrary, when a country's institutional environment is poor, imperfect institutions open up the possibility of corruption and rent-seeking. Corruption exacerbates external uncertainty, damages entrepreneurs' risk-taking capabilities and hinders entrepreneurial activities (Dutta and Sobel, 2016). In terms of culture, Fritsch and Wyrwich (2017) used the data of individual employment rate to measure regional entrepreneurial culture. The results show that regional entrepreneurial culture is an important resource for entrepreneurship, and entrepreneurial activities have a significant impact on regional employment growth.

Currently, most studies on entrepreneurship conducted by scholars at home and abroad refer to the traditional research paradigm of the developed economics, and embedding the background of emerging economies into the research paradigm of developed economics may not effectively explain the uniqueness of entrepreneurship in specific regions. In China, for example, *guanxi* (means relationship or social capital in English) plays an important role in the entrepreneurial process (Chen *et al.*, 2015). The developed economics is likely to rely more on innovative ideas or cutting-edge technologies for entrepreneurial activities, and to

rely on *hard power* to secure resources. However, in the Chinese context, the strength of the *guanxi* is likely to affect the acquisition of resources and the success or failure of entrepreneurial activities. Therefore, it is of great value to analyze the functional mechanism of *guanxi* entrepreneurship on enterprise growth or to fully reveal the functional mechanism of different entrepreneurial forms on enterprise growth in the context of transition economies.

Second, focus on rural entrepreneurship. At present, some scholars have paid attention to the importance of rural areas to economic and social development and carried out a certain degree of research on farmers' entrepreneurial activities (Müller and Korsgaard, 2018). However, due to the lack of research paradigm or theoretical basis, a relatively complete theoretical system has not been formed. There is a broad market space for farmers to carry out entrepreneurial activities. Compared with entrepreneurs in cities, most farmers lack certain technical skills and management experiences, and their traditional ideas are relatively conservative, so they do not have a deep understanding of risks (Müller and Korsgaard, 2018; Muñoz and Kimmitt, 2019). To this end, theories and methods of psychology, economics, sociology, management and other related disciplines are combined with farmers' entrepreneurship to carry out some interesting interdisciplinary studies, thus to further enrich the connotation of entrepreneurship theoretical system and expand the boundary scope of entrepreneurial subjects. It is of great theoretical and practical value to fully release the innovation vitality of rural areas, to narrow the wealth gap between urban and rural areas to realize the goal of social harmony (Yu and Artz, 2019; Muñoz and Kimmitt, 2019).

*Direction 3: consider the changes in emerging technologies on entrepreneurial activities*

The rise of emerging technologies such as big data, artificial intelligence, Internet of Things and digital technologies will reshape the form of entrepreneurship and affect the way entrepreneurs make entrepreneurial decisions (Thukral *et al.*, 2008). For example, Fossen and Sorgner (2022), based on population survey data from 2011 to 2018, found that digitalization promotes entrepreneurial activities of entrepreneurs. At the same time, employees with different skills have different degrees of acceptance of digitalization. Highly skilled employees are more likely than low-skilled employees to set up companies and thus foster more growth businesses, even if that means greater risk and opportunity costs. Moreover, changes in the external environment will also encourage entrepreneurs to adopt more emerging technologies to meet the needs of the market. The COVID-19 pandemic, for example, has driven the development of teleconferencing technologies, which has spawned a number of high-quality start-ups. This also means that entrepreneurs need to accurately grasp and predict the new needs brought by environmental changes, and adopt emerging technologies to meet the changing market needs, so as to seize the opportunities and achieve entrepreneurial success.

*Direction 4: diversified mechanism between entrepreneurship education and business growth*

The key to entrepreneurship lies in the talent, especially the talent's innovative thinking and ability to discover market opportunities, and most of these abilities need to be acquired through direct theoretical learning and indirect practical experience (Pittaway and Cope, 2007). In general, students from prestigious universities have received better education, which have more abundant resources and information than those from ordinary universities, so they are more likely to find entrepreneurial opportunities. However, in the current situation of China, students who are brave to carry out entrepreneurial activities are

often non-elite students, which leads to a paradox that we need to explore how to carry out entrepreneurship education in emerging economies (Hoppe, 2016). Is it theoretical or market-oriented, or both? How to combine the traditional way of education with entrepreneurship education to improve the success rate of entrepreneurship and business growth? These are all areas for further exploration in the future.

## Note

1. Data source: [www.360doc.com/content/21/0420/15/74488785\\_973250238.shtml](http://www.360doc.com/content/21/0420/15/74488785_973250238.shtml)

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