Effect of Entrepreneur’s Behavior to the Transformation of Hi-Tech SMEs

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Abstract. The economic transformation needs the support of the micro level of enterprise transformation. As one of the main bodies of the market; Hi-Tech SMEs play the most active part in the market, promoting economic transformation. Current study on enterprise transformation mainly concentrated in manufacturing; there are few studies on the impact of entrepreneurial behavior on the success or failure of transformation of Hi-Tech SMEs. For this reason, this paper conducts a case study of Qi Wei Te solar energy corporation on this issue. The study finds that enterprise transformation follows the transition of entrepreneur’s behavior and the entrepreneur’s behavior affect the success or failure of the transformation. Magnificent dreams and business experience are the starting point of enterprise transformation. Learning behavior runs through the whole process of enterprise development. The inertia of thinking is the root of the enterprise unable to adapt to the environment. Network building behavior is adjusted, and then the internal and external social networks are adjusted to provide the guarantee for the successful transformation. On the basis of these, the paper puts forward the behavior pattern of entrepreneurs in the process of transformation.

1. Introduction

Enterprise transformation is the microcosmic basis of economic transformation in China. The transformation of Hi-Tech SMEs plays an important role in the process of industry structure adjustment in China. In this context, the transformation of enterprises has become the focus of scholars especially in the field of strategic management and change management [1,2]. In Hi-Tech SMEs, entrepreneur who is a key factor of enterprise transformation, not only affect the enterprise’s survival, but also will affect the future development of the enterprise. When the transformation of enterprises, and how the transition depends on the judgment of entrepreneurs [3]. Entrepreneur’s behavior fluctuates in the life circle of the enterprises [4]. What kind of entrepreneur’s behavior can promote the successful transformation of enterprises? And what role does the entrepreneur play in the process of the transformation? To figure out these issues is both a theoretical and a practical issue for management practice.

However, there are few studies on the impact of entrepreneurial behavior on the success or failure of transformation of Hi-Tech SMEs. This paper takes Shandong Qi Wei Te solar energy corporation as the object of study. The relationship between entrepreneur’s behavior and the Hi-Tech SMEs transformation is studied through the longitudinal depth case study. In order to present referral value for the transformation of Hi-Tech SMEs.

2. Study Design

2.1 Method.

In this paper, the research is carried out in accordance with the norms and procedures of case studies [5]. Based on the following reasons, this paper adopts the method of longitudinal case study:(1) The impact of entrepreneurial behavior on the success or failure of transformation of Hi-Tech SMEs is still in the early exploration stage, theory construction is the blank of this area. (2) Through the in-depth excavation and analysis of the case, and then build a suitable theoretical
framework. (3) The purpose of this paper is to explore how the entrepreneur’s behavior influences the transformation of enterprises, and the answer to the question belongs to the category of "how", so it is suitable to adopt the method of case study.

2.2 Sample Selection.

The purpose of the case study is to develop the theory rather than to test the theory [6], so this paper adopts theoretical sampling. Compared with large enterprises, entrepreneur’s behavior of Hi-Tech SMEs has more flexibility and autonomy, can reduce the influence of situational factors system. Therefore, this study taking Qi Wei Te solar energy corporation as the research objects. The company is a Hi-Tech SMEs and has experienced two stage of transformations, while the company’s founder and chairman Lee accompanied by the development of the enterprise, his behavior is changing, so the company is the ideal object of this study. It is of great research value and can be used to dig out valuable information. The key events of transformation of Qi Wei Te solar energy corporation are shown in table 1.

<table>
<thead>
<tr>
<th>Key events</th>
<th>First transformation</th>
<th>Second transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time</td>
<td>In 2008</td>
<td>In 2014</td>
</tr>
<tr>
<td>Business</td>
<td>OEM for LG; Electric air-conditioning</td>
<td>Solar air-conditioning</td>
</tr>
<tr>
<td>Entrepreneur’s behavior</td>
<td>Abandon the original business to the new market</td>
<td>Retain the original business and the main business is gas heat pump</td>
</tr>
<tr>
<td>Result</td>
<td>Unsuccessful transformation</td>
<td>Successful transformation</td>
</tr>
</tbody>
</table>

2.3 Data Collection.

Researchers often use a variety of data collection methods, in order to improve the validity; this paper uses triangulation method described by Miles and Huberman [7]. Data sources mainly include: primary data and secondary data. Primary data collected include open interviews of Qi Wei Te senior managers, Second-hand data have internal information, corporate websites, media interviews, etc.

The interviews were conducted with open interviews and semi-structured interviews, and semi-structured interviews were prepared in advance. The interview time for each interviewee was 1.5-2 hours. The interview object includes entrepreneur Lee, the company's senior management and the enterprise product seller, the enterprise basic level staff, the enterprise competition.

3. Data Analysis

In this paper, according to the coding method of exploratory research, we use open coding to analyze the data of the case enterprise. Specifically, according to the data source level encoding of the case data; then, through the literature guidelines, the core elements of entrepreneur’s behavior and transformation of Hi-Tech SMEs are conceptualized to form the two level coding; finally, further classification of two encoding, forming the the behavior pattern of entrepreneurs in the process of transformation [8].

3.1 First Level Coding.

First of all, the data were classified and analyzed, and then to analyze the data, extract labels, (i.e., the second column of the table below). Some words and phrases in the data that may indicate the entrepreneur’s behavior (i.e., ax). The second step is to define the phenomenon (AX). The next is the conceptualization and categorization, and the AAX is used to classify the categories, as shown in table 2. The specific first level coding process is more complex, not in this paper.
Table 2. The code of entrepreneur’s behavior at the stage of development (part of the sample).

<table>
<thead>
<tr>
<th>Stage</th>
<th>Label</th>
<th>Defining Phenomena</th>
<th>Conceptualization</th>
<th>Categorize</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The vision of the World’s Top Five Hundred (a2)</td>
<td>a2: Ambitious vision</td>
<td>A2: magnificent dream (a2)</td>
<td>AA2: magnificent dream (A2)</td>
</tr>
<tr>
<td></td>
<td>Study for MBA degree (a3)</td>
<td>a3: Continuous learning</td>
<td>A3: learning activities</td>
<td>AA3: learning behavior (A3)</td>
</tr>
<tr>
<td></td>
<td>Decided to give up the air-conditioning business, turned to solar air conditioning, still using the original marketing, sales (a4)</td>
<td>a4 thinking inertia</td>
<td>A4: thinking inertia (a4)</td>
<td>AA4: thinking inertia (A4)</td>
</tr>
<tr>
<td>2008-2014</td>
<td>To introduce ammonia refrigeration technology abroad (a5)</td>
<td>a5: introduction of advanced technology</td>
<td>A5: technology upgrade (a5)</td>
<td>AA5: innovation behavior (A5)</td>
</tr>
<tr>
<td></td>
<td>Disdain to deal with government and some peers (a6)</td>
<td>a6: weak relationship with the government</td>
<td>A6: weakened network building behavior (a6)</td>
<td>AA6: weakened network building behavior (A6)</td>
</tr>
<tr>
<td></td>
<td>R &amp; D technology (a7)</td>
<td>a7: R &amp; D technology</td>
<td>A7 pay attention to Technology (a7)</td>
<td>AA5 innovation behavior (A7)</td>
</tr>
<tr>
<td></td>
<td>the introduction of investment director to solve the financing problem (a8)</td>
<td>a8: draw support from others</td>
<td>A8: Enhanced network building behavior (a8)</td>
<td>AA7: strengthen network building behavior (A8)</td>
</tr>
</tbody>
</table>

3.2 Second Level Coding.

Through the conceptualization and categorization of the first level coding, the case data are abstracted and condensed, but the categories are not independent of each other. In order to study the impact of entrepreneur’s behavior on the success or failure of enterprise transformation, it is necessary to carry out the second level coding, to explore the relationship between the various categories. The use of "causal conditions - phenomenon - context - intermediary conditions - action / interaction strategy - results" model that links all categories and to form a chain of evidence by summarizing and constructing the framework, as shown in Fig.2.
3.3 Third Level Coding.

Based on the above two codes, the basic framework of entrepreneur’s behavior is obtained. But this framework is only a series of relationships, and the nature of the relationship between the need to further tap. The theoretical model is obtained by third level coding, as shown in Fig. 3.

Through the model, we can describe the entrepreneur’s behavior that determines the success or failure of the enterprise transformation. (1) Magnificent dreams and business experience are essential to becoming an entrepreneur; this is exactly the same as Schumpeter’s dream Entrepreneur Motivation [9]. Their inner need is to find or establish a private kingdom to gain a sense of power to meet their needs. (2) Learning behavior can make entrepreneurs get new knowledge and experience. Innovation behavior is an important characteristic of identifying entrepreneur’s behavior. (3) The inertia of thinking is the root of the enterprise unable to adapt to the environment. (4) In the process of enterprise transformation, network building behavior is adjusted; this provides a favorable internal and external environment for the successful transformation of the enterprise.

4. Conclusion and Enlightenment

4.1 Conclusion.

This paper believed that entrepreneur’s psychological activity is the basis of the entrepreneur’s behavior; in Hi-Tech SMEs, the entrepreneur who grasps the core technology directly determines the fate of the enterprise. In this study, we analyzed the behavior of entrepreneurs in the process of transformation and found that business experience and Magnificent dream through development of
enterprise at all, providing impetus for the establishment of enterprises. Entrepreneurial behavior changes with the transformation of the enterprise, but because of the existence of the inertia of thinking, the change of entrepreneurial behavior will be slower than the transformation of the enterprise, which leads to the failure of the transformation; the emphasis on technological innovation is also the key element of the successful transformation of the research object. However, Zhang Weiying [10] has pointed out that Chinese entrepreneurs are more focused on institutional innovation, but not good at technological innovation. This requires Hi-Tech SMEs to strengthen the emphasis on technological innovation. Secondly, China society is a typical standard of ethics, social network building has become the inevitable behavior of entrepreneurs, entrepreneurs should establish appropriate use of network behavior, build a good external environment for enterprise.

4.2 Enlightenment.

The results of this paper contribute and enrich the theoretical framework of the relationship between entrepreneur’s behavior and business transformation, and present referral value for the transformation of Hi-Tech SMEs. Implications for entrepreneurs in the enterprise:(1) The entrepreneurs need to have business experience and magnificent dreams, which is conducive to enterprise innovation and is the starting point to encourage entrepreneurs to fight against difficulties. (2) Transformation is a process of trial and error, the error is not terrible, the key is to find suitable for their own business development mode. (3) Entrepreneurs should realize that their energy is limited, to be good at discovering and using the strengths of others, focusing on network building behavior.

5. References


