
Editorial

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Biographical notes: Petra Moog's research interests are in entrepreneurship, SMEs and academic spin-offs. Within entrepreneurship, she studies the role of incentives on the motivation of scientists to act entrepreneurially or how human and social capital affect entrepreneurial intention or start-ups success. She is also interested in the mechanisms leading to succession within family businesses. Her research is theory-based and empirically driven. She studied Economics at Cologne University. Additionally, she completed her Master in International Management (CEMS) at Bocconi, Italy before finishing her PhD on Success Factors of Entrepreneurship. She has been a Research Fellow at Massachusetts Institute of Technology.

Networks, new ventures and SMEs as well as decentralisation are interdisciplinary research fields ideally and equally suited to inquiry into the elements of business administration, economics, and business information systems as well as information technology. They are also capable of integrating the contributions of each of these elements. Thus, this special issue aims to provide an overview of recent scientific contributions and trends in network and decentralisation research in the context of new ventures and SMEs.

The daily work of SMEs and new ventures, their struggle for survival in the market and for growth poses the challenge of resolving financial issues and delivering new or more capital to the venture. In some cases, the process of internationalisation has to be organised. And quite often developing SMEs have to deal with a growing number of employees and their motivation and reconciling the interests of the founders and employees.

To solve these problems successfully, it is often necessary to work in or with networks, and to use and develop social capital. Moreover, it is sometimes necessary to act in decentralised structures or to overcome these structures to establish new structures in these ventures. This calls for an interaction of organisational thinking in centralised or decentralised structures and entrepreneurial activities.

Following this idea, research in this special issue explores the combination/interaction of several important organisational domains, such as external and internal networks and social capital structures, resources (financial and human capital), internationalisation, and decision-making regarding investments and financial investments. Thus, we hope the research presented here provides a basis for future research on SMEs and new ventures, networks and decentralisation.

The six papers published in the special issue were presented at the 2nd Interdisciplinary Workshop of the Graduate Research School Business and Economics (RSBE) on, 'Decentralisation and Networks and SMEs', at the University of Siegen in 2013. As a result of the discussions during the workshop, finally, out of 21 presentations and more than 40 papers handed in, the review process finally yielded six papers for this special issue. The reviewers followed two criteria to select the papers:

- 1 Does a paper match the criteria of *IJEV* and deliver content/contribute to the general subjects of *IJEV*?
- 2 Does the paper meet the additional criterion of contributing to the special issue regarding SMEs and ventures with networks and centralisation, as well as decentralisation?

The papers presented here could deliver a contribution to all these aspects.

The first paper, 'Dynamics of incentives and value creation in (de-)centralised incentive systems', by Nicole Zimmermann, deals with the effect of incentives in decentrally organised SMEs. The paper uses system dynamics to model and simulate the relationship between the organisational form (centralised versus decentralised) of an SME and the behaviour of its heterogeneous employees, acting reciprocally or opportunistically. The analysis reveals that overall in a decentralised organisation there is better knowledge of how the sub groups' motivational systems can be adapted to the situation. Depending on the employees' characteristics, however, a centralised system may freeze in a situation that is inefficient for the organisation and undesired by the employees.

In the second paper, 'Pay for performance versus non-financial incentives in small and medium-sized enterprises', authors Rainer Baule and Christian Soost offer an empirical study examining the impact of incentives on employee motivation in SMEs. The paper compares the effect of pay per performance with non-financial incentives to find that pay per performance is well-established in German SMEs. Moreover, the data analysis reveals that the effect of pay per performance varies depending on the company situation and especially on the social environment at the company, i.e., the internal networking and value system. Non-financial incentives trigger intrinsic motivation and thus the performance of SMEs. The authors point out that pay per performance in SMEs can be hazardous and that the use of this kind of compensation must be implemented carefully.

The next two papers deal with financial issues and investigate the ways in which established SMEs or large corporations actually decide on their investments. In their paper, 'Coordinating family entrepreneurship: when money seeks opportunity', Carolin Decker and Christina Günther discuss the research question of how family business offices use the networks of wealthy families (formerly) owning companies to finance and support their (decentralised) network-based entrepreneurial ventures. The findings of this analysis illustrate how family offices coordinate these networks that provide options for family members to prove themselves, facilitate entrepreneurial opportunities and help maintain the family's survival, wealth and entrepreneurial spirit over generations. Based on a combined analysis of media data and in-depth interviews, the authors conclude that family offices support a broad variety of entrepreneurial activities in which either family members themselves become entrepreneurs or the creation of new ventures is supported, mainly financially, e.g., via VC funding.

By contrast, the paper ‘The process of relational rent generation in corporate venture capital investments’ by Christiana Weber, Virgil Raibulet and Boris Bauke investigates the process of relational rent generation in the context of corporate venture capital investments in young, privately held companies, thus new ventures. The authors seek to shed light on the process with which value can be generated for both partners through the relationship between the corporation, with its corporate venture capital unit as a decentralised intermediary, and the entrepreneurial company. The paper delivers evidence that the creation of relational rent follows a sequential, three-phase process. The authors show that to generate relational rent, complementarities of the contract partners are an important precondition for the emergence of social interaction. Moreover, the authors determine that CVC-backed ventures create higher value than independent, VC-backed ones, making this form of financing attractive for investors and entrepreneurs alike.

The paper ‘Domestic business-to-business relationships and the internationalisation of SMEs: evidence from Switzerland’, by Michael Beier, Christian Hauser and Jens Hogenacker, focuses on the relationships and networks of new ventures and SMEs with listed companies and on the role they play in firms’ internationalisation process. In a sample of 502 small and medium-sized enterprises from Switzerland, the paper sheds light on the link between domestic business-to-business ties and firm internationalisation. Explicitly, it analyses how transactional relationships among SMEs and publicly listed domestic companies are linked to the export propensity and export intensity of SMEs. The empirical results reveal the heterogeneous effects of these relationships. Although domestic business-to-business ties are positively associated with the export propensity of SMEs, they are negatively related to the export intensity of SMEs. This might be due to a strong home-country customer base that does not permit extensive export activity. Or perhaps the main product of the SME becomes a part of the overall product and thus is not exported singly but rather as part of a bigger product. And finally, because SMEs might be forced to go international due to the business conditions of the listed company, SMEs that seek to do business with listed companies might internationalise their business, but only as much as necessary to do business with their main client in their home market.

The paper by Thomas Hering, Christian Toll and Polina K. Kirilova, ‘Assessing the maximum expendable quota for a milestone financing provided by a venture capitalist’, discusses the financial issues of new ventures theoretically and within the context of a model. New ventures often face a financing bottleneck, particularly when they grow and create decentralised structures. Initial company owners seek equity partners, typically in their (extended) network. The paper demonstrates how the state marginal quota model under realistic imperfect market conditions can assist company founders striving for venture capital-financed growth in the expansion phase. Applying this model, initial company owners can determine the maximum expendable percentage of ownership for a given milestone financing. This paper also shows that under unrealistic perfect market conditions, there is no apparent reason for venture capital to exist.

All six papers deal – implicitly or explicitly – with important issues and challenges for SMEs and new ventures in the context of decentralisation or centralisation and networks. Thus, we believe that the integration of network approaches and decentralisation aspects in entrepreneurship and SME research is an important issue, and that this integration thus has the potential to enrich research into and the practice of all

these aspects (i.e. entrepreneurship, networks and decentralisation). Thus, we hope that this special issue provides first insights and interesting results in this context. Although diverse, the research questions covered by the papers in this special issue address only a very small portion of the topics in need of further investigation in this new and exciting field of research.