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Entrepreneurs or not - how do owners of an horse farm define themselves?

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Abstract – The fragmented and not so apparent yet entrepreneurial horse related activities in Iceland have been developing considerably in the last years. The number of horses per person in Iceland is extremely high compared to other countries. In the region in Iceland with the highest density of horses there are 2600 horses per 1000 persons. In that region and throughout Iceland there are many legendary stories on horses and the entrepreneurs of horse breeding activities. There are also many examples on increased professionalism and business development in the field. The development is also characterized by efforts in education and research for decades, with two universities that focus on agriculture and both with specialization related to horses. Horsemanship in Iceland is for many just an hobby, but increasingly a profession and a business. But very little is known about this development. The research of horse related entrepreneurship or the horse industry has been very scarce. A research that has been done among operators in horse based tourism indicated that they perceived their full time horse related activities more like a way of life than as a business. A common fact seemed to be that they had started a business to be able to have their horses, rather than to make it into something more than just a living. Similar findings have emerged globally among entrepreneurs in horse based tourism. Nevertheless we see a clear development in Iceland towards a well functioning horse related industry. But how in fact do the operators in various fields of the Icelandic horse industry define themselves and their businesses? And how does it affect management of their businesses? Those questions are among the subjects of an ongoing research on the Icelandic horsemanship as an industry. This subject is propulsive, as research findings have indicated low profitability of horse based businesses world wide. The aim of this research that is presented here is to take a further look and analyse how the entrepreneurs in the Icelandic horse industry actually experience and define their role within the industry; whether they see themselves for example as managers, entrepreneurs, farmers or “horsemen”. Indeed we want to look at this development with an open mind and take into the account the unconventional wisdom that perhaps guides the individuals and collectives that truly are active and building up horse related industries in Iceland.

If you travel around in Iceland you will have a difficulty in not observing sights and activities that are concentrated on horse related activities. If you take a trip to the southern part of the country by car you will notice that there are many 4X4 SUV's towing trailers for horse transport on the road. From the main road, highway nr. 1, you can also see a lot of horses and places that seem to have advanced facilities for training horses, showing horses or renting horses. If you take a trip off the main road and into the country side, the observation becomes even clearer. There are many farms that are well equipped and reflecting considerable activities and investment that provides the outline of a picture that reveals that horse related activities in Iceland at present are in many ways very apparent and probably engaging a considerable amount of people.

If one looks back, maybe three decades or so, a clear difference can be observed. At that time there were maybe as many horses in the country as now, but the change in the activities and the investment in facilities has been enormous. This change has not been studied in detail and one

could ask whether this development can be seen as a planned change or an emergent process. The only way to find out is to initiate a research to study this development. Many interesting studies could be conducted from different theoretical frameworks of organization and management. What we want to do in this paper is to look at the development with a reference to entrepreneurship and innovation. As this paper is written on basis of an idea that was actually inspired by the description of the track nr. 12 at the NFF 2011 conference in Stockholm on *Unconventional Views on Entrepreneurship – A Return to Practice* it must be stated here that the approach taken to entrepreneurship and innovation is a preliminary one. As this research is in its initial stage, both theoretically and empirically, it must be regarded as an explorative work.

The aim of the paper is to be a starting point for researching entrepreneurial activities in the development of horsemanship as an industry in Iceland. The paper is targeted to the audience at the NFF conference as an outline that opens up for a constructive discussion on this matter.

In this paper we start to look at some of the main lines of thought in entrepreneurship and innovation. Then the discussion is taken forward to address some theoretical contributions that offer new insights. With that in mind we then present the case that provides the empirical material and put forward our reflections on to what extent the development can be described and explained by the theoretical framework presented.

Entrepreneurship, innovation and effectuation

As a representation of a main line of thought in entrepreneurship and innovation we can look at the framework presented in Johnson, Whittington and Scholes (2011). They claim the following: “Entrepreneurship is a fundamental organisational process. All businesses start with an act of entrepreneurship, and, in the form of ‘social entrepreneurship’, entrepreneurship is extending beyond purely commercial markets” (2011:295). Innovation on the other hand is considered as “a key aspect of business level strategy ..., with implications for cost, price and sustainability. As such, it too is relevant in both public and private spheres. Promoting greater innovation and entrepreneurship is crucial to the improvement of public services” (2011:295).

Johnson et al. (2011) put forward a broad framework of innovation and entrepreneurship in which timing and relationships do link the two processes together. They claim that “timing decisions include when to be first-mover or fast second in innovation; when, and if, an innovation will reach its tipping point, the point where demand takes off; and, for an entrepreneurial venture new venture, when founders should finally exit their enterprise” (2011:295). The other theme of the framework is relationships seen from a wide perspective: “Creating innovations or new organisations is very rarely done alone. Successful innovation and entrepreneurship are typically done through relationships. These relationships come in many forms: sometimes relationships between organisations and their customers; sometimes relationships between big business and

small start ups; sometimes between business and ‘social entrepreneurs’”. (Johnson et al., 2011:295)

This broad framework can be said to represent a main line of thought in understanding innovation and entrepreneurship. The framework is published in a textbook on strategy that has been widely adopted in many European countries. In a sense the framework seems rather open in terms of ontology and epistemology and therefore it is assumed here that it can be said to encompass knowledge and understanding that has been under development within the main body of knowledge of business administration.

In Johnson et al. (2011) the discussion of framework is put forward in the following order. First, they identify four innovation dilemmas; pull or push; product- or process orientation; open vs. closed; technical- or business model innovation. Second, they explain the diffusion of innovation. Third, they put forward the issue of timing. The fourth section is on entrepreneurship and the stages of growth as well as on relationships. The fifth and final section in the book by Johnson, Whittington and Scholes is on social entrepreneurship.

In order to come a little closer to this contribution we will now highlight some of the definitions and the know how that is provided: Innovation is defined as “the conversion of new knowledge into a new product, process or service *and* the putting of this new product, process or service into actual use” (Johnson et al. 2011: 296). The innovation that is *pushed* is technology and knowledge driven but if *pulled* it is the market and the customers that are at the source of the innovation. The difference between *product innovation* and *process innovation* is similar to the difference between what and how. What is offered is usually in focus in the beginning of a venture but as things develop the gains are more often to be sought in the development of the processes. Lately there has been put more emphasis on *open innovation* which “involves the deliberate import and export of knowledge by an organisation in order to accelerate and enhance its innovation” (Johnson et al. 2011: 300). As implied by this definition open innovation seems to be most relevant for organisations that are already established and in need of continuous innovation.

One of the more important aspects of innovation is *business model development*. “A business model describes how an organisation manages incomes and costs through the structural arrangement of its activities” (Johnson et al. 2011: 301). It is evident that for a venture to succeed the business model has to prove itself as useful. Also in order to succeed an innovation must have a proper diffusion. *Diffusion* is defined as “the process by which innovations spread among users” (Johnson et al. 2011: 303) and it can be influenced by the supply side, demand side or both. Positive development from the *supply side* include the offerings user benefits, the degree the offering is compatible with other factors, the simplicity of use, the support offered and the possibilities for testing the offering before transaction takes place. On the *demand side* the question relates to market awareness, network effects and the degree to which the offering is in line with the customer mindset.

Regarding entrepreneurship and relationships Johnson et al. (2011) discuss the stages of entrepreneurial growth. "The entrepreneurial life cycle progresses through start-up, growth, maturity and exit" (Johnson et al. 2011: 311). In this paper the focus is more towards the start-up and eventually towards the growth stage, as the horse related industry in Iceland as it appears today is rather young. Regarding the *start up stage* Johnson, Whittington and Scholes emphasize that there are many challenges and threats that must be overcome. In their text, which has been the source for the discussion above, there are of course many references to other writers in the field that have contributed to this main line approach as it is presented by Johnson et al. (2011), like Trott (2005), Chesbrough and Appleyard (2007), Teece (2010), Rogers (1995) and Flynn and Forman (2001).

The above description of innovation and entrepreneurship does in many ways correspond to a recent review of innovation research in tourism by Hjalager (2010). The reason is maybe explained by the fact that in the beginning of the article she "stick[s] closely to primary classical innovation issues, such as they are reviewed for example by Dosi (1982)" (Hjalager, 2010:1-2). The definition of innovation that Hjalager highlights is actually very similar to the one provided by Johnson et al. (2011), but she also notices the following: "In practice and in many of the empirical studies, enquirers are willing to accept that innovation is generally characterized by everything that differs from business as usual or which represents a discontinuance of previous practice in some sense for the innovating firm (Johannesson, Olsen & Lumpkin, 2001)" (Hjalager, 2010;2). This underlines that there is a way to go in the development of theories and know how on innovation in service organisations.

Hjalager's review of innovation research in tourism uses the following Schumpeter inspired categorization of innovation: *product or service innovations*, referring to "changes directly observed by the customer and regarded as new; either in the sense of never seen before, or new to the particular enterprise or destination" (2010:2); *process innovations*, referring to "backstage initiatives which aim at escalating efficiency, productivity and flow" (2010:2); *managerial innovations*, referring to "new ways of organising internal collaboration, directing and empowering staff, building careers and compensating work with pay and benefits (Ottensbacher & Gnoth, 2005)" (2010:3); *management innovations*, referring to "new marketing concepts [that] can develop into imperative innovations in their own right" (2010:3); *institutional innovations*, referring to "a new embracing collaborative/organisational structure or legal framework that efficiently redirects or enhances the business in certain fields of tourism" (2010:3).

The review by Hjalager is extensive and encompassing. It clearly addresses the tourism industry as a whole. Among the many driving forces of innovation identified, the role of entrepreneurship, technology push and territorial industry clusters are highlighted. Compared to Johnson et al (2011) Hjalager's review is sector based and may be therefore it is more explicit in terms of the relationships identified, especially when it comes to the role of networks and clusters.

The contribution on innovation and entrepreneurship brought forward by Johnson et al. (2011) does not go into detail with the entrepreneur as such. In Hjalager's review the role of the entrepreneur takes a central stage in line with the Schumpeterian approach. On entrepreneurship and innovation she writes: "According to Shumpeter (1934) entrepreneurs cause a continual disturbance to the equilibrium of the market. Entrepreneurs are "creative destructors", who with their concepts, products and ideas set new standards, and with their innovativeness radically shift the taste and preferences of customers" (Hjalager, 2010:4). But interestingly Hjalager mentions that the research on entrepreneurship and innovativeness is highly divided in its conclusions.

According to Pyysiäinen, Anderson, McElwee and Vesala (2006) entrepreneurial competences can be divided into two categories. One is managerial competences of the basic business areas, like marketing, finance and management, and the other is competences that originate from the entrepreneurial mindset, the creativity and the attitude towards risk. Part of being able to engage in entrepreneurial activities is to make risk manageable, deal with uncertainty and provide leadership while developing new products, services or whole new ventures (Chen, Greene and Crick, 1998; Swedberg, 2000; Pyysiäinen et al. 2006).

It can be understood from the discussion above that innovation and entrepreneurship is addressed from many units of analysis. In the widest sense it can be looked at from industrial and institutional settings taking into account regional, national and even international issues. It can also be looked at from sectors and organisational fields as well as from an organisational perspective. When it comes to the entrepreneurial issues the unit of analysis is very often down to the personal level addressing behaviour and motivation issues.

A paper that takes such a view is Farmer, Yao and Kung-Mcintyre (2011). Their study examines entrepreneurial motivation in order to understand what moves entrepreneurial dreamers into action. They initiate their paper by the following: "To become an entrepreneur, an individual needs to take action in identifying opportunities, deriving a plan to take advantage of the opportunity, executing the plan, and constantly monitoring and adjusting the plan. What then impels some – but not others – toward action and keeps them going? We believe a person's developing sense of self as an entrepreneur represents a powerful motivating force that can help explain why some individuals choose and continue to engage in entrepreneurial activity and why others do not" (Farmer et al., 2011:245).

An entrepreneur seems to be motivated by aspirations that drive him or her forward, aspirations of "something desired that is not currently possessed" (Farmer et al., 2011:245). This contribution has led to a model of entrepreneur identity aspiration that contains the following elements: First, the individual's perception of the entrepreneur role congruence, inspired by the comparison of entrepreneur role characteristics on the one hand and self-perceived characteristics on the other hand; second, this perception of role congruence impacts the strength of the entrepreneur identity aspiration, which; third; influenced by prior start up experience impacts nascent entrepreneurial behaviours like discovery and exploitation (Farmer et al., 2011:246).

Farmer et al. (2011) claim that their research “stands to make several contributions to the entrepreneurship literature. First, [the] focus on congruence between self-views and perceived prototypical view of the entrepreneur as a precursor to the strength of a possible entrepreneur identity contributes... Second, [the] study sheds light on how a possible entrepreneur self impels entrepreneurial action. Third, [the authors] complement past research on prior start-up experience... by testing how it may enhance the motivational benefits of entrepreneur identity aspiration on nascent entrepreneurial behaviors. Lastly, [the authors] provide evidence for the empirical utility of the discovery-exploitation typology of gestational behaviors ... by highlighting how entrepreneur identity aspirations may differentially affect these facets of behaviors”. (Farmer et al., 2011:246-7). Farmer et al (2011) provide in their paper a review of the research on the factors that have an impact on the entrepreneurial start up phase. They, as can be seen in their model, highlight two components in the start up process: discovery and exploitation.

The outline of a theoretical framework that is brought forward here is not meant to be complete in any way. Rather it is meant to serve as an indication of the field. The idea was bring forward what could be considered a main line approach that could serve as an overall picture. Then the aim was to add to the discussion sources that are more recent and different from the main line approach. The contribution by Farmer et al. (2011) can be considered as such. Another contribution that opens up for thinking and reflection is Sarasvathy’s concept of effectuation which promotes a theoretical shift from economic inevitability to entrepreneurial contingency (Sarasvathy, 2001).

Sarasvathy opens her paper with the following illustration: “if we knew precisely what type of firm we wished to create, we could use existing theories and principles to create the firm. But usually all the entrepreneur knows when he or she starts out is something very general, such as the desire to make lots of money or to create a valuable legacy like a lasting institution, or, more common, to simply pursue an interesting idea that seems worth pursuing” (Sarasvathy, 2001:244). Sarasvathy also highlights the following questions: a) “How do we make the pricing decision when the firm does not yet exist?”; b) “How do we hire someone for an organization that does not yet exist?”; c) “How do we value firms in an industry that did not exist five years ago and is barely forming in the present?”; d) “what should a postcapitalist economy look like?”. (Sarasvathy, 2001:244).

In order to illustrate this even further Sarasvathy writes: “Marketing to markets that do not yet exist involves understanding how markets come to be. Similarly, valuing and financing a firm that does not yet exist involves understanding how firms come to be. And creating a firm in a market that does not yet exist involves understanding how to make decisions in the absence of preexistent goals” (Sarasvathy, 2001:244).

What Sarasvathy has set out to develop is an alternative to what is understood as causation, or a goal directed approach. This alternative she defines as effectuation. The following definitions make clear the difference: “Causation processes take a particular effect as given and focus on

selecting between means to create that effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means” (Sarasvathy, 2001:245). This means that the source of inspiration is not the end result as such but the means available that then eventually will lead to an end or many ends which are yet to be conceived and realized.

Sarasvathy (2001) gives an example of how the process of effectuation differs from what is often considered main stream and well received knowledge in theories of business administration. She takes an example where she compares STP marketing, which is a model of causation, with her model of effectuation. The segmentation, targeting and positioning approach is based on an assumption that a certain market does exist with long term opportunities. Accordingly it can be studied for strategies to be developed and plans to be implemented in order to realise the end result that has been conceived. The effectuation process is different. Limited by the means and the contingencies present the ‘effectuator’ starts to experiment his or her way forward and in fact many end results are possible in any given moment. The business that is about to be innovated is yet to be identified and it gradually comes into being. This process seems to be of emergence instead of planning.

Sarasvathy describes: “In a nutshell, in using effectuation processes to build her firm, the entrepreneur can build several different types of firms in completely disparate industries. This means that the original idea (or set of causes) does not *imply* any one single strategic universe for the firm (or effect). Instead, the process of effectuation allows the entrepreneur to create one or more several possible effects irrespective of the generalized end goal with which she started. The process not only enables the realization of several possible effects (although generally one or only few are actually realized in the implementation) but it also allows a decision maker to change his or her goals and even to shape and *construct* them over time, making use of contingencies as they arise” (2001:247).

As Sarasvathy (2001) mentions her theory of effectuation is not meant to be an alternative for causation. She highlights that both processes are integral parts of human reasoning and that they can occur simultaneously. But these ways of reasoning are quite different. The process of causation has been the prevailing one and can be considered as the main approach in developing knowledge and understanding of entrepreneurial and business activities. What Sarasvathy (2001) offers is a new way of understanding processes of human reasoning and conduct. She also discusses her contribution in conjunction with theories developed by March (1982), Mintzberg (1994) and Weick (1979). Actually with the effectuation process Sarasvathy provides a theory that reveals and supports in many ways assumptions of experience based human behaviour that has indeed been around for a long time.

To summarize “effectuation begins with a given set of means [like who the effectuator is and what he has; what he knows and what he can do; and whom he knows and is able to connect with] and contingent human aspirations to select from a set of possible effects imagined by the

effectuator(s). Both means and aspirations change over time. The particular effect selected is a function of the level of loss or the risk acceptable to the effectuator(s), as well as the degree of control over the future that the effectuator(s) achieves through strategic partnerships along the way” (Sarasvathy, 2001:253).

In line with the stated aim of the paper this theoretical outline was put together to serve as a frame of reference for the discussion of the case from Iceland, that will now be presented.

The lived practice of running a horse business in Iceland: a case study

The case is in three parts. First a description of the owners and how they see themselves is provided. Then the development of their business is illustrated. In the last part their business is considered from the perspective of the industry and society.

The owners and their identity

The owners and operators of the business are a couple, both in their fifties. Originally they come from a farming background. The wife was brought up at a sheep farm in the West fjords. She lived in the West fjords for about 20 years after her youth and during that period she took part in various responsibilities. She for example ran her own business and took part in local council management. The man was brought up at the farm where their business is now located in north Iceland. Working with horses has been his main life work. He is well known for horse breeding, training and competition and he is a member of the Trainers Association in Iceland and is authorized as C riding instructor within the association. Both of them work full time at the farm. When asked to describe and define themselves the woman says she likes to define herself as the mistress of the farm. She takes care of the household and works at a daily basis along with her husband at the farm. The marketing of their products and services is her role as well. The man defines himself as a horse breeder and farmer as horse breeding has been his main subject for decades. In the mind of the woman, the farmer is the manager or “the head of the farm”. The couple have in total seven grown up kids which have left home and are now studying and working and are usually not working at the farm.

When asked to describe what the term “entrepreneur” means, the woman defines an entrepreneur as “someone who does or puts on something new”. To her opinion horse based entrepreneurship has for decades been taking place at the farm. The father of the current farmer was the first one in Iceland to organize long riding tours for foreign tourists across the Icelandic highland in 1974. Since that, various horse tourism companies have been marketing and selling such trips. The current farmer, along with his companion, started a new kind of service for tourists in 1992. A live horse show for tourists and an introduction of the Icelandic horse in general was the core of the business idea. The design of the newest building at the farm (size 18*60 m) which was built in 2008, has as well entrepreneurial element as this is probably the only building in Iceland that is

specially designed to combine a guest reception, a stable and a riding hall with the possibility of riding through the whole building and directly to an infield which provides various possibilities for horse shows and other horse based tourism.

Development and operation of the business

Sheep and cow farming used to be the main operation at the farm but horse breeding and horsemanship in general were always important as well. The current farmer worked at the farm along with his father till the father passed away in 1987. At that point the current farmer took the farming business over along with his former wife. Horse breeding and horse based tourism had already become an important part of the operation as a horse tour company was formally established at the farm in 1985. Longer riding tours over the Icelandic highlands was the main operation of the horse based tourism. Since 2001 the farmer has been running the business along with his latter wife. Horse breeding, training, selling of horses and part taking in shows and competition on horses has for decades been part of the operation of the business. In 2002 the horse tour operation was sold but is still being run by another operator in the neighbourhood. In 2005 a horse show company originally created by the farmer and his companion, was acquired to strengthen the operation of the current business. The aim of the horse show business today is to introduce the history and qualities of the Icelandic horse to tourists by live horse shows and to give guests the opportunity of getting in touch with the horses and the daily life on a typical horse breeding farm. The horse shows are being offered for groups of 10-40 people from end of May to September yearly. Most of the guests come by bus, in tours planned by travel agencies. The woman emphasized that the horse breeding is the backbone of the business but the horse shows are economically less important but increases the utilisation of production factors like buildings, staff and horses.

The business is today a family business as it has been for decades. The couple are the only staff at the farm but earlier on they used to have one employee who worked along with the farmer on horse training and other daily work. At that time horses were tamed at the farm for other horse owners for a taming fee. The reason for that was to finance the position of the employee. After the financial crises in 2008 a decision was made not to have an extra employee and not to offer the service of taming or training horses for other horse owners. Now the farmer only tames the horses that are breed at the farm, but occasionally training service is bought from other trainers. Now the aim is to increase the utilization of the new building. Facilities for horses and training have been rented to other trainers and various events have been held in the riding hall and the reception. Christmas markets, feasts and riding courses are among those events. The business has however not been taking part in ongoing tourism projects about increasing tourism in the wintertime. The main reason for that is the work load at the farm. The woman says: "The stable was designed so as to give the opportunity to run the horse shows the whole year around. But we have not been marketing that possibility yet. There are limits on how much you can actually put in on the workload, when just two of us are working long hours every day, and without days off. We have not left the farm for a day off for the last six months. This is an enormous work".

The woman finds it important for their horse business to have a rather multifarious activity to survive economically, like to offer services for tourists as well as breeding and training horses. Asked about a specialization of this particular farm compared to other horse farms in Iceland the woman makes a point of their horse shows and that unlike other businesses within the horse tourism sector they are not offering horse rental or accommodation. The focus is set on horse breeding and horse shows as other businesses in the neighbourhood are offering short and longer riding tours. They believe that such a specialization will increase the quality of their service and will lead to better financial outcome. They mention as well that they have not calculated this but this is their feeling. The woman says that to her opinion the main premise for a success of horse based businesses in Iceland is that operators start having a similar vision and start more collaboration instead of imitating each others work and to prod the neighbours. She says as well: "Competition without collaboration will lead to lost interests of most parties. People need to stand by each other and stop trying to take away what other have. I believe that a success of one business should lead to a success of others in the industry. I also believe that with joint forces, businesses in horse based tourism will obtain a great possibility of marketing Iceland as a destination with a focus on horse based tourism. I think it is easy to increase and improve horse based tourism in Iceland. I think there is a space for everyone, but each and everyone have to think of its specialization and have the aim to become the best in their particular field of the industry. We must collaborate in getting the guests to Iceland".

The couple affirm a similar vision and desire to the development of their business and the job they are doing. Their aim and guiding light is to go on breeding horses of great quality and to make those horses successful. They point out that the horse breeding is a long time process, as you can't start taming the horses till they are nearly four years old but you will always see ahead what ingredients you will be working with after three or four years. The woman says: "This is such an exciting task. You must always see ahead of time and you must be really watchful". To evaluate the success of their business compared to other similar businesses seem to be hard for the couple but after a thought they concluded that their business has probably been rather successful.

The business environment and marketing

The couple point out that the nature of the horse breeding business is that it needs time to grow and prosper, and that is steadily happening though development of customer relationships and a genetic development of the horse stock. The business environment for the horse show business has in the last 2-3 years been changing faster than the environment of the horse breeding. The woman says: "The way of travelling has been changing, the supply has increased, there is more competition and travellers are more independent than they used to be, resulting in increase in independent travelling instead of travelling in groups. The groups are getting fewer and there are fewer guests in each group so we need to start focusing on other groups of tourists, like the ones that travel on their own by rented cars". She also says that it has turned out to be hard to market their shows for this group of tourists. It was tried in cooperation with a tourism information

centre in the neighbourhood but that was not successful as in one year they only got eight guests that way. Those guests participated in shows previously planned for bigger groups. To react to those changes in the business environment of the horse show business the couple have started collaboration with a travel agency, located about 120 km away, that is specializing in planning day trips for cruise line passengers. However it has not been common to bring those cruise line passengers to the area where the question business is located, but according to the wife the travel agency has defined the area as an interesting option for such trips. The woman adds to this discussion that now they really need to start reacting to the changes in the business environment by more focused marketing. They have probably not been using all their marketing opportunities, mainly because of lack of time. The woman says: “We do have a webpage, a brochure and we have been participating in joint brochures and other promotional material but we have not really been focusing on the marketing side. I do admit that I have not really been doing a lot in this matter. I have actually been trying to keep things going but we have not been able to do more in this matter yet”.

The economical crises and the collapse of the Icelandic krona in 2008, did affect this business as well as most other business and households in the country. Building the stable, riding hall and the guest reception was a huge risk for such a small business. According the operators it was though an important move to be able to develop their business. The building was just finished before the economical crises. Meaning that the real construction costs were lower than it would have been after the crisis but because of the collapse of the krona the loans mutated and became about 100% higher than is was before the crisis. This has caused a lot of problems and bankruptcies in Iceland and the businesses have not yet received governmental responses about how those things will be solved. The woman alludes that those conditions in the business environment have been difficult but she also states that all difficulties brings new opportunities. She says that was the case in for their business. The price of exported horses went up and because of the crisis they sold abroad a stallion that they had not planned to sell. That stallion became a world champion and a great publicity for their horse farm. In relation to that the woman emphasis that the day tomorrow will always be uncertain to us but various opportunities will always be around. “It might even be an opportunity to sell the farm, quit current business and do something completely different, but we will relentlessly go on.”

Entrepreneurs or not? – a discussion

The above described case is an example of a horse business in Iceland which is run as a family business by the family who originally founded the business and has developed it to what it has become. This particular case was chosen as the business seemed as a typical horse based business in Iceland. As mentioned earlier, horse based activity has become very apparent in Iceland in the last decades and there are signs of increased investment within the industry. As there is a lack of research of the horse industry in Iceland as is also world wide (Dalin, 2009; Liljenstolpe, 2009;

The Henley Center, 2004; Ollenburg, 2005; Sigurdardottir, and Helgadottir, 2006), more detailed research is needed to be able to claim that this particular business really is a typical Icelandic horse business. Various combinations of businesses and business activities seem to exist. Analyzing more cases of horse businesses might be one way to get a more luminous picture of the lived practice of the operators and owners of horse based businesses in Iceland and how they define themselves, their businesses and their role within the horse industry. Some of the operators might identify themselves and their business more as a part of the tourism industry or the farming society than of the horse industry.

As stated earlier, this approach taken to entrepreneurship and innovation within the horse industry is in its preliminary stage both theoretically and empirically. However this explorative pre-research, or pilot study, indicates the importance of further research in this field, including analyzing more cases of the Icelandic horse industry regarding entrepreneurship and innovation.

The factors motivating the entrepreneur and the unpredictability of the entrepreneurship process are discussed by Farmer et al. (2011) and Sarasvathy (2001). The motivating factors and how the entrepreneurs deal with the number of questions that rises in the process of starting and developing a horse based business have not been defined or analyzed. Our case, indicates that operators have some sort of a vision and an anticipation to urge the entrepreneur to go on developing the business. Changes in the business environment seem to affect the business in both positive and negative ways and much work load of the entrepreneurs might be a cut back when it comes to innovation and marketing of the business.

In our case the ideas of the operators seem in many ways to conform rather well to the main line theory (Johnson et al., 2011). Johnson et al. (2011), emphasis the importance of timing and relationships to link together the processes of innovation and entrepreneurship. The operators appeared to be quite aware of the importance of those factors in their business without linking it directly to theories, but more to their feeling for the business environment and their lived practice. The operators seem to be aware of the reality that the timings of their innovative activity of starting for example long horse tours and horse shows for tourists, ahead of other operators has been important for their competitiveness and economical survival.

Johnson et al. (2011) also discusses the entrepreneurial life cycle process including start-up, growth, maturity and exit. They also emphasis the importance of the point of time when the founder should finally exit their enterprise, but in many cases founders have not turned out to be willing to exit their enterprises. A bit surprisingly the woman in our case unprompted mentioned that she saw an opportunity in the possibility of selling the farm and the business they had developed, despite the fact that at this point of time they were anxious to go on developing and running their business. The importance of relationships when starting and developing a business is clearly pointed out by Johnson et al. (2011: 295): "Creating innovation or new organisation is very rarely done alone." The operators in our case do mention the importance of building customer relationships and their opinion of the importance of collaboration and a joint vision of

operators in the horse industry. It would be interesting to find out through further research whether other operators in the horse industry do have a similar view of this matter.

The products of the so called traditional farming has for ages been in the form of products like livestock, meat, corn and greens rather than services. The product of a traditional horse farm was primarily the horse it self as a livestock and meat. Today the horse is probably still the main production of many horse farms in Iceland but horse related services have in the last decades become more important part of the horse industry and an innovative edge of the sector. In fact, most products of horse based businesses apart from live horses and horse meat can be defined as service. Horse based tourism like horse rental of an hour to one day longer riding tours and live horse shows are part of this service supply. Therefore it can be stated that service theories are important for the Icelandic horse industry. Hjalager (2010) gives an overview of innovation research in tourism. Her review does in many ways correspond to the theories of Johnson et al. (2011). Hjalager (2010) discusses the driving forces of innovation within the tourism industry. One of the mentioned innovation forces is the territorial industry cluster. The existence of industrial clusters within the Icelandic horse industry has not been a subject of much research and the opinion of operators in the industry of collaboration and clusters is not known but is an interesting field of study. The interviews with the operators in our case indicated their interest of increased collaboration of businesses in the area to support the area as “a horse area”. The operators did not mention the term “cluster” but their ideas seemed to fit to the cluster theory in general. The writings of Hjalager (2010) and the findings from our case support the idea that service theories are relevant to the horse industry in Iceland and that the industry should be researched and analyzed as a combination of a production and a service industry with cluster theory in mind.

There are also examples in the case that support that the two persons, the farmers, have been going forward as effectuators. Also that they are driven forward by their intrinsic motivation and aspiration of making their business to become a differentiated horse related business. It is apparent in the case that the business is limited by the means available. Also the recent financial crisis has had a real impact on the development.

Concluding comments

This paper is prepared for a discussion at the NFF conference in Stockholm, at track 12 on alternative approaches to entrepreneurship. The case study presented above was prepared for this discussion and the theoretical framework is meant to serve in this discussion. The learning points that are presented in the last section above are also preliminary and they will be developed further before the presentation at the conference. We look forward to the upcoming discussion.

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How do entrepreneurial farmers respond to the changing farming environment? What strategies do they use? What actions do they take? Farmer-entrepreneurs see their farms as a business. They see their farms as a means of earning profits. They are passionate about their farm business and are willing to take calculated risks to make their farms profitable and their businesses grow. The entrepreneurial environment. While farmer-entrepreneurs are free and independent, they do not work alone. They operate in a complex and dynamic environment. They are part of a larger collection of people including other farmers, suppliers, traders, transporters and processors, each of whom has a role to play in the value chain. An entrepreneur is generally defined as an individual who organizes or operates a business or businesses. In my own definition, an entrepreneur is an individual who sets up business or businesses, identifies and solves problems, creative, innovative, opportunist, risk-taker, self-starter, and open-minded with the hope of making a profit from the enterprise. Fashion Entrepreneur (Photo: SME Studio). Types of entrepreneurs. He is the initiator and owner of a business. He co-ordinates and manages with considerable initiatives and risk. He is a productive employer of labour. Farming is not a homogeneous sector; farmers operate in a tightly constrained and regulated, complex and multi-faceted environment, which acts as a significant barrier to entrepreneurial activity. The characteristics of a successful farm and farmer are as follows: Profitable production associated with continuous follow-up of production, incomes and expenditures. These entrepreneurs call themselves pioneers because they carry out an activity that is relatively new for the sector and can take a certain risk for that reason. Besides racing, horse owners can potentially make money by breeding and/or selling. A talented stallion can be offered at stud. People who make money in the horse industry often do it by offering support services. For instance, a farm may board horses who are recovering from injury or taking a break from racing. They may board broodmares and their offspring. They may stand stallions that belong to other people.