Reassessing Portfolio Entrepreneurship

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ABSTRACT. Portfolio entrepreneurship, that is the simultaneous ownership of several businesses, is becoming an important theme in the small business research literature. To date, however, there have been few dedicated empirical investigations of the phenomenon. This article analyses research on portfolio entrepreneurship that has been derived from a wide range of subject literatures, including economic sociology, cultural anthropology and agricultural economics. The aim is to provide a deeper understanding of the motivations for portfolio entrepreneurship approaches and the processes associated with it.

1. Introduction

Within the small firms literature there has been a growing dissatisfaction with conventional approaches to company growth, typically seen as a progression of the firm through discrete stages from inception to maturity (cf. Churchill and Lewis, 1983; Scott and Bruce, 1987). It is now recognised that the majority of small firms have only modest growth aspirations (Curran, 1986; Storey, 1994; Carter et al., 2000) and that few micro-enterprises progress through the growth continuum to become large, managerially decentralised concerns (Curran, 1986; Gibb and Davies, 1991; Storey, 1994). More recently, it has been argued that the persistent emphasis on fast growth firms may be inappropriate. While it is accepted that business survival is positively correlated to growth (Reynolds, 1993), recent research suggests that small business owners approach the growth process in a variety of ways, not all of which are measurable using the firm as the main unit of analysis (Scott and Rosa, 1996; Westhead and Wright, 1999). The analysis of business ownership activities of individuals suggests that some entrepreneurs are associated with a large number of enterprises (Kolvereid and Bullvag, 1992; Rosa and Scott, 1999). Moreover, it has been suggested that, where individual firm growth is restricted, for example by either fiscal or sectoral considerations, multiple business ownership may be used as a mechanism for achieving growth through the development of a portfolio of entrepreneurial interests (MacMillan, 1986; Donkels et al., 1987; Scott and Rosa, 1996).

This paper aims to contribute to the portfolio entrepreneurship debate by focusing on the various influences that impact upon the decision to engage in portfolio entrepreneurship and the processes that are used. We argue that the small business literature on portfolio entrepreneurship has been hampered by a preoccupation with measuring its frequency and relatively detached debates on its supposed benefits. This has generated a relatively narrow discourse of enumeration that has, so far, relied upon a limited range of studies for sustenance. While the existing studies have stimulated interest in the potential importance of the phenomenon, little attention has been accorded to the actual process of portfolio entrepreneurship and the circumstances in which it arises. Valuable opportunities to enrich the portfolio entrepreneur-

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ship debate can be found by assessing a broader range of literatures that utilise a much more processual approach to business development. An analysis of the wider literature suggests that for many small firms, family circumstances may influence both the decision to engage in portfolio strategies and also the processes which are used in the portfolio approach.

Following this introduction, the article presents an overview of the small business research literature that focuses on portfolio entrepreneurship. Recent interest in the phenomenon has been particularly marked, culminating in the publication of a dedicated research monograph in the U.K. (Westhead and Wright, 1998), and a number of journal articles including a special edition of Entrepreneurship: Theory and Practice (Vol. 22). Despite this increased attention, the main focus has been to document the incidence of portfolio entrepreneurship and explain its previous "invisibility". The article then considers research evidence of portfolio entrepreneurship derived from other subject disciplines. Assuming that portfolio entrepreneurship is prevalent, this wider literature has moved beyond simple enumeration, to consider issues such as motivations and processes. In assessing this literature, we argue that future studies of portfolio entrepreneurship should focus on illuminating the context, the content and the processes in action. The article concludes by developing some directions for future research that have been informed by this analysis of the wider literature.

2. Portfolio entrepreneurship: the small business literature

It has long been recognised that a substantial proportion of business founders have had previous experience of business ownership and that many own more than one firm (Oxenfeldt, 1943; Donkels et al., 1987; Birley and Westhead, 1993). Indeed, the incidence of previous business ownership has been noted in almost every empirical investigation of entrepreneurship, from historical accounts of nineteenth century petty bourgeois groups to more contemporary analyses of the small business sector (cf. Crossick, 1984; Faure, 1984; Jeremy, 1984; Storey, 1994). Premised in the belief that previous business experience gives greater knowledge and insight into business ownership, early studies viewed the importance of owning a "multiplicity" of enterprises (MacMillan and Katz, 1992) in terms of the risk reduction it offered in starting subsequent ventures.

The assumed benefits of previous business ownership experience remained unchallenged until Cross (1981, p. 220), finding only 11.5% of his manufacturing sample had prior business owning experience, noted that "These observations and conclusions, ones that have become popular truths are neither borne out by the findings of this study, nor those of other studies". More contemporary evidence suggests that Cross's results may have been the more aberrant. Many recent studies have reported high, albeit varying, incidence of previous business ownership, although distinct differences appear to occur by sector, region, gender and ethnicity (Wilson and Stanworth, 1986; Schollhammer, 1991; Kolvereid and Bullvag, 1992; Blackburn, 1993; Curran and Blackburn, 1993; Rosa and Hamilton, 1994; Ram et al., 2000; Westhead and Wright, 1999). The "popular truth" not upheld by the evidence, however, is that the experience of previous venture ownership endows habitual entrepreneurs with a greater propensity for business success. Within the research literature, there is almost no evidence to support such a view. Despite increasingly sophisticated analyses, no study has yet been able to identify significant differences in the performance of businesses started by habitual founders (Hofer and Sandberg, 1987; Birley and Westhead, 1993; Kolvereid and Bullvag, 1992; Westhead and Wright, 1999). As Kolvereid and Bullvag (1992, p. 281) explained "Despite our efforts to control for previous venture success or failure, we failed to find support for the assumption that experienced business founders were more successful than their novice counterparts".

Influenced by Scott and Rosa's (1996) seminal paper, more recent studies have conceptualised portfolio entrepreneurship as a lateral growth strategy (Carter, 1998; Rosa and Scott, 1999; Westhead and Wright, 1999). To a great extent, this approach explains the current interest in the phenomenon. The existing literature on small firm growth implies a dualism within the sector, between the numerically dominant "trundlers" with no aspirations for business growth (Curran,

1986) and a small number of "high fliers" contributing the bulk of new employment, innovation and wealth creation (Storey et al., 1987; Storey, 1994). Such views are problematic for policy makers eager to demonstrate a range of benefits across the wider small firms sector, and for researchers unable to distinguish high growth firms at a sufficiently early stage (Freel, 1998). Portfolio entrepreneurship, however, offers an approach that concentrates on growth, but across a potentially wider section of the SME sector than previously noted. Recent articles have reinforced the view that portfolio entrepreneurship can contribute to a more encompassing approach to small firm survival and growth. Using the owner as the unit of analysis, Rosa and Scott (1999), for example, found that clusters of businesses connected to a single entrepreneur had much lower failure rates and concluded that overall business performance should be assessed at the level of the individual entrepreneur, rather than at the level of the firm.

Recent studies of portfolio entrepreneurship have attempted to both enumerate the incidence of portfolio entrepreneurship and explain its previous "invisibility" (Scholhammer, 1991; Westhead and Wright, 1998; Rosa and Scott, 1999). Evidence regarding the incidence of portfolio entrepreneurship is diverse. The reported incidence has varied from 12% of firms across a broad range of sectors (Westhead and Wright, 1998), 21% of business-owners in agriculture (Carter, 1998), to "about one-fifth of *all* business founders and about one-third to four-fifths of the founders of limited [i.e. incorporated] companies" (Rosa and Scott, 1999, p. 33). In a detailed analysis of gender and business performance, Rosa and Hamilton (1994) reported significantly different rates of portfolio entrepreneurship by gender (18.4% males and 8.9% females) and some variability by sector. Similarly distinctive results have been noted among ethnic minority groups in the U.K. Aldrich et al. (1983), for example, found that portfolio entrepreneurship was more prevalent among the Indian Punjabi Sikh community in the U.K., 38% of whom owned a portfolio of enterprises, compared with 20% of the total sample comprised of a range of ethnic minority and white business owners.

While there is still uncertainty surrounding its incidence, the literature suggests a broad consensus regarding the reasons for the apparent invisibility of portfolio entrepreneurship until relatively recently. Scott and Rosa (1996) argued that the use of the firm as the main unit of analysis in small firms research had obscured the relationship between individual entrepreneurs and the potential multiplicity of enterprises with which they may be associated. Further support for reconsidering the unit of analysis was provided by Westhead and Wright's (1999, p. 24) view that "the entrepreneur rather than the 'individual' business should become the unit of policy focus (and analysis)".

3. Portfolio entrepreneurship: multi-disciplinary perspectives

Recent studies have argued that the misconceptions surrounding portfolio entrepreneurship are largely attributable to the scarcity of dedicated studies investigating the phenomenon (Rosa and Scott, 1999; Westhead and Wright, 1999). This, however, has been compounded by a continued preoccupation, within the small business literature, with enumerating the incidence of portfolio entrepreneurship. A more considered line of enquiry lies in the examination of factors believed to influence and stimulate portfolio entrepreneurship and the underlying processes connected to it. Evidence from existing small business studies offers only limited insight into the motivations and processes associated with portfolio entrepreneurship, inferred from an analysis of the characteristics of individuals and their enterprises. Although little is yet understood about the underlying motivations and processes, it is likely that portfolio ownership takes different forms and performs different functions for entrepreneurs in different circumstances and contexts.

While it is clear that dedicated studies are required in order to understand fully the precise nature and relevance of portfolio entrepreneurship, many facets of portfolio entrepreneurship can be illuminated by an examination of the existing research base. Portfolio entrepreneurship approaches have been noted in various studies derived from a wide range of subject disciplines, and these can be used not only to illuminate its more processual aspects, but also to inform the research propositions and design of future studies. Some of the key issues highlighted by a review of wider disciplinary sources are presented below. These include an examination of the prevalence of portfolio entrepreneurship; the motivations underpinning the decision to engage in these strategies, particularly its role in aiding either the growth or survival of organisations; and the way that portfolio entrepreneurship comes about and the factors that impact on it.

3.1. *The prevalence of portfolio entrepreneurship*

Insights from other disciplines beyond small business research reveal that portfolio entrepreneurship is, and always has been, a ubiquitous element of small-scale (and large-scale) production. While the terminology used within different disciplines varies substantially, all describe the core activity of portfolio entrepreneurship as an individual(s) simultaneously owning and engaging in a portfolio of entrepreneurial interests. The following examples taken, respectively, from cultural anthropology, agricultural economics and critical marketing illustrate the prevalence of portfolio entrepreneurship and highlight the variety of contexts in which it can be observed.

Within the fields of anthropology (see Greenfield et al., 1979) and economic sociology (notably, Granovetter, 1995), scholars have remarked upon the prevalence of multiple business ownership, particularly in developing economies. The following quotation describes a study undertaken in rural Peru in the late 1970s. Interestingly, this quotation not only describes the activities known to small business researchers as portfolio entrepreneurship, it also demonstrates the prevalence of these activities in a wide cross-section of the population.

> "An almost ubiquitous feature of underdeveloped economies is the phenomenon of multiple occupations or enterprise, the simultaneous participation of individuals or groups in more than one branch of economic activity. This pattern has been observed at different levels and in different sectors of the economic structure. It exists, at one extreme, among national and regional elites . . . and, at the other, among the poorest urban workers and peasants. A similar pattern is found in the intermediate categories; for example . . . small-scale entrepreneurs and traders, who frequently diversify their economic activities to cover both production and distribution functions" (Long, 1979, p. 123).

Agricultural economists and sociologists have also developed an extensive and sophisticated research literature investigating the phenomenon (Hill, 1982; Gasson et al., 1988; Fuller, 1990; Bryden et al., 1992). The activities that are now described as portfolio entrepreneurship by small business researchers, have been variously conceptualised within the farming sector as "part-time farming", "multiple job holding farm households", "other gainful activities incorporating on-farm and off-farm diversification" and most recently as "pluri-activity" (Fuller, 1983; Gasson, 1991; Lund, 1991; Bryden et al., 1992). This literature has shown that multiple business activities may the key reason to explain the survival of the petite bourgeoisie (Banaji, 1980; Friedmann, 1986; Gasson et al., 1988; Bryden et al., 1992). While Marx believed in the inevitable "dissolution of the entrepreneurial middle-class" (Scase and Goffee, 1986, p. 142), later theorists argued that small-scale capitalism was differentiated by its ability to engage in multiple activities while also using the family as a free labour resource. Kautsky, for example, believed that the ability to combine farming with other income generating activities was inevitable and seen most clearly in times of strife (Banaji, 1980). Importantly, his views have gained relevance as contemporary research has exposed the prevalence of multiple business activities (Fuller, 1990; Bryden et al., 1992). It is now recognised that portfolio entrepreneurship is a widespread feature of the sector, apparent in all farm sizes, from the smallest family farms to the largest industrial agricultural enterprises (Bouquet, 1985; Friedmann, 1986; Gasson et al., 1988; McInerney and Turner, 1991).

Portfolio entrepreneurship is not only a feature of the contemporary farm sector, however. Agricultural historians have noted that portfolio entrepreneurship approaches have always been used. Friedmann (1986, p. 43), for example, describing the development of agriculture in the late medieval period, stated that "Proto-industry, often combined with agriculture, was a widespread and longlived aspect of the formative period of capitalism". Further evidence of the historical prevalence of portfolio entrepreneurship approaches in agriculture is given by Hill (1982, p. 314) who reported that two British Royal Commissions appointed to investigate the agricultural depressions of the late eighteenth century found the simultaneous combination of farming with other enterprise ownership to be widespread.

> ". . . supplementary occupations including fishing, retailing, road haulage, wholesale distribution, factory work, banking and agricultural work in other farms. . . . the symbiosis resulting in increased security and not uncommonly proving extremely profitable. With the addition of a few other categories such as tourism . . . the list would serve the situation . . . a century later. In 1969, on just over 30 per cent of English farms, at least one of the business principals had another source of earned income outside farming, predominantly as proprietors of other businesses" (Hill, 1982, p. 314).

Recent research suggests that, as successive family generations inherit the farmland and occupation, so they also inherit the tradition of engagement in alternative income generating activities, although the form these take will vary according to the business context and current market opportunities (Bryden et al., 1992).

Not only is portfolio entrepreneurship widely discussed within the anthropology, economic sociology and agricultural literature, it is also seen within the contemporary management literature. While only small business scholars describe the simultaneous ownership of a multiple businesses as portfolio entrepreneurship, the same activity is not only apparent, but actually underpins the research literature that deals with large-scale enterprises. Within the corporate sector, strategists view vertical integration through acquisition as a key mechanism for business growth (Robson et al., 1993). The following quotation from a recent critical marketing text again highlights the prevalence of portfolio entrepreneurship, while also pointing to the importance of scale economies and brand extensions.

> "Once the perimeter of the brand has expanded, corporate attention inevitably shifts to ways of making it more self-sufficient, through various internally co-ordinated cross-promotions . . . Disney buys ABC, which then broadcasts its movies and cartoons. Time Warner purchases Turner Broadcasting, which then cross-promotes its magazines and films on CNN. George Lucas buys block stocks in Hasbro and Galoob before he sells the toy companies the licensing rights for the new Star Wars films, at which point Hasbro promptly buys Galoob to consolidate its hold on the toy market" (Klein, 2000, p. 147).

From the survival strategies of peasant farmers to the brand extension policies of global corporations, portfolio entrepreneurship is a ubiquitous feature of the economic landscape. Given this prevalence, the current focus on enumeration within the small business research literature appears inconsequential in comparison with the more fundamental questions concerning the motivations for portfolio approaches and the processes that are involved. By focusing on these issues, it is possible for researchers to start differentiating between the contexts in which it occurs and elaborate on the specific factors that underpin portfolio entrepreneurship in small businesses.

3.2. *Motivations for portfolio entrepreneurship*

If one opens up the debate in the manner suggested, then the notion of multiple business ownership simply as the outcome of a profit- maximisation strategy expedited by growth seeking entrepreneurs is immediately rendered problematic. Insights from the literatures alluded to above, indicate that motivations for portfolio entrepreneurship can be diverse. They range from entrepreneurs who invest in several sectors at once and who are thus able to move their capital between various enterprises as the market conditions require; to small scale traders who diversify their economic activities to cover both productive and distributive functions; to the only survival strategy available to marginal businesses. Much of the wider literature also highlights the importance of the business-owning family in the decision to engage in portfolio strategies. The circumstances in which family-businesses may decide to engage in portfolio approaches include: the development of opportunities for offspring or wider family members; the division of the business to accommodate the succession of multiple siblings; and the search for alternative income opportunities when the core business faces unfavourable market conditions.

Mulholland's (1997) study of successful, middle-class business families provides an interesting case of entrepreneurs who invest in several sectors, moving capital between enterprises as conditions require. The study examines the entrepreneurial, managerial and preservation strategies characterising successful family businesses, drawn from majority white and minority ethnic communities. Interestingly, Mulholland's sample of 70 family businesses contains fifteen businesses that diversified into a wide range of activities. In one of these cases, owned by an ethnic minority family, the expansion of the business coincided with the incorporation of the founder's five siblings. Mulholland (1997, p. 695) argues that the employment of male siblings is consistent with the management practices characteristic of industrial family capitalism, "providing career paths, while also safeguarding against labour market discrimination" that ethnic minorities potentially face.

An even sharper illustration of the rationale for portfolio entrepreneurship in middle-class settings is provided by Ram's (1994) ethnography of employment relations in small firms. During the course of the study, one of the three firms that were examined suddenly split into five separate companies. The need to accommodate seven, male family members was the impetus for this. As one brother explained: "The company was split not because there was any demand from the market for such a move, it was just to give them [the brothers] something to do" (Ram, 1994, p. 89).

As noted earlier, portfolio entrepreneurship is not necessarily a phenomenon confined to middle or professional classes. The wider literature highlights other contexts and very different motivations for engaging in portfolio entrepreneurship strategies. Small-scale traders can often diversify their economic activities in order to make a living in highly risky settings. Kibria (1994) provides an insight into this process in her ethnographic study of Vietnamese refugees, who had recently arrived in Philadelphia. The study shows that Vietnamese-refugee households that were most heterogeneous in age and gender composition were often well placed to gather a variety of resources from diverse social and economic arenas. This "patchworking" strategy mitigated the instability and scarcity of available resources (Kibria, 1994, p. 82). Ram et al.'s (2000) analysis of the highly competitive ethnic minority restaurant sector in the U.K., provides similar illustrations of patchworking and highlights the widespread utilisation of portfolio approaches as a strategy for economic survival.

3.3. *The process of portfolio entrepreneurship*

The manner in which the process of multiple business ownership is actually expedited is another issue that has eluded the extant discourse of enumeration. As the preceding discussion has indicated, processes will vary according to both motivations and available resources. For family-dominated enterprises, a key element of the portfolio process is likely to derive from the resources immediately available to the family. A specific advantage of small, family dominated firms is the ability to vary the flow of capital, labour and other resources as and when conditions dictate. This advantage is seen particularly during unfavourable economic conditions. Profitability, for example, is not necessarily a condition for continuation in family enterprises. Similarly, personal consumption, unlike wages, can be adjusted to suit prevailing conditions. This interaction between household and business gives a specific dynamic to family enterprises. Portfolio ownership approaches can be seen both as a strategy for family survival through the introduction of alternative income sources, and as Ram (1994) and Mulholland (1997) both found, as a structural regulator to accommodate business succession.

In Mulholland's (1997) study, the success of business families was attributed to a combination of entrepreneurial qualities. "Enabling resources" included a background, expertise and connections in business and a profound market awareness, coupled with the need to integrate educated "male family members" into the enterprise (Mulholland, 1997, p. 695). As family members join the business, the enterprise partially fragments to accommodate their individual needs and expectations for business autonomy and control. Thus, while the need to provide employment for male members of a family may be a key motivation to implement a portfolio strategy, it also informs the process.

While there has been little investigation of how portfolio strategies are undertaken, it is likely that the utilisation of social networks is also critical. The use of networking is not confined to middle or professional classes. Long (1979), for example, provides a detailed anthropological account of the entrepreneurial career of Romero, a "lower-class" semi-rural Peruvian. From humble origins, Romero developed a sizeable and diverse set of business interests, including livestock, agriculture, restaurants and garages. A number of springboards were instrumental in shaping the direction of Romero's business interests. First, Romero was a part of close-knit kin network was an important influence upon his early career. A similar process has been used to explain the prevalence of co-ethnic labour in ethnic minority firms: a period of labouring in an ethnic minority business often serves as an "apprenticeship" for eventual self-employment (Bailey, 1987; Herman, 1979; Zhou, 1992). Second, Romero derived a set of affinal relationships through marriage, which opened up "new fields of participation, making available new types of material and non-material resources" (p. 148). Third, Romero's membership in a local political party was helpful in introducing him to useful business contacts. Finally, Romero cultivated links with professionals, including lawyers, doctors and administrators. This network was valuable for the flow of general information and for the provision of specialist advice. Hence, the making and re-making of networks is key to understanding the processes of multiple business ownership.

4. Directions for future research

As this review has highlighted, portfolio entrepreneurship, in its various guises, has been the subject of research and conceptualisation across a wide range of subject disciplines. Future small business research into portfolio entrepreneurship can draw on this wider literature both to inform its methodology and for the development of appropriate research propositions. Three issues, in particular, can be drawn from the wider literature and used to inform future small business studies.

4.1. *Redefine the unit of analysis*

In informing future methodologies, perhaps the clearest lesson to be drawn lies in the development of an appropriate unit of analysis. As the initial sections of this paper outlined, small business researchers have suggested that the analysis of business growth that is conducted at the level of the firm may have "reached its limits" (Scott and Rosa, 1996, p. 81), and that future research into portfolio entrepreneurship should focus on the activities of the individual entrepreneur (Westhead and Wright, 1999). Evidence from wider disciplinary sources, however, suggests that the use of the individual entrepreneur as the main unit of analysis may be equally misleading. Within agriculture, the unit of analysis has evolved from an early focus on the farm holding and the individual, to the current use of the farm household. The disciplinary traditions of anthropology and sociology also highlight the importance of moving away from the "entrepreneurial individual" (Mariussen et al., 1997), as individual behaviour results from "complex processes of interaction within both household and micro-business" (Wheelock and Baines, 1998, p. 200). The use of the household as the unit of analysis recognises the important role of family resources and reflects more accurately the strategic priorities and influences manifested in the operations of the enterprise. However, it may fail to address issues beyond the family domain.

Clearly, studies that focus only on the firm, or the entrepreneur, or the household do not capture the complex interaction that occurs between each. The analysis of portfolio enterprises, therefore, itself requires a portfolio approach to the unit of analysis, with researchers concerned with addressing each element (firm, individual and family) equally.

4.2. *Focus on context*

The wider literature demonstrates that portfolio entrepreneurship approaches take different forms and perform different functions for small firms in different circumstances and contexts. While broad distinctions can be drawn between portfolio entrepreneurship as a strategy for either profit maximisation or survival, greater focus on context is required in order to understand the motivations that underpin the decision to pursue a portfolio approach.

The context for portfolio approaches in the small business sector often hinges on understanding the family-business nexus. Thus, there is a need to focus on both the family circumstances that may affect business decisions and also the economic conditions facing a business. However, in addition to strategies that are driven by family requirements, motivations for portfolio entrepreneurship may also be internally determined by the entrepreneur. The search for greater challenges or variety, for example, may lead an individual to develop new firms while retaining ownership and control over the original enterprise.

The wider literature also suggests that economic conditions that may influence the decision to engage in portfolio approaches. These include:

(a) the need to diversify out of mature or declining markets in the core business;
(b) the search for operating efficiency and scale economies;
(c) the search for fiscal efficiency or to limit exposure and risk;
(d) changes in market demand leading to a poor fit with existing firm structure.

Firms operating in mature or declining markets often respond by moving towards new products or new markets. However, if new activities fail to fit within the existing operating structure or pose a substantial risk of exposure, the development of a new firm is an obvious solution. The existence of an originating enterprise offers an immediate availability of complementary resources that can be devolved into either a relatively low-risk diversification, or the acquisition of a related business. Thus, the focus of future research needs to consider also the determinants of portfolio entrepreneurship and the specific strategies that are deployed.

4.3. *Examine the process*

There is no doubt that portfolio ownership is a complex and dynamic process, bounded both by the structure and strategies of the industry sector and the personal decision making of the owners (Rosa and Scott, 1999). However, as the review of the wider literature revealed, the existing research has rarely broached the processes that may be involved in the development of portfolio ownership approaches. While it is likely that the process involves the instrumental use of social networks as well as family and kinship networks and professional or business networks, this has yet to be fully explored. An examination of the processes involved in portfolio ownership approaches is likely to involve an investigation of several key relationships. The wider literature suggests that these will include:

(a) the development and constant redevelopment of professional and business networks and how these relationships impact on the portfolio approach;
(b) the use of familial and affinal relationships and whether and in what ways these support portfolio approaches
(c) and the composition of stakeholders in each component of the portfolio.

Implicit in this is the need to focus on the type of resources (including knowledge and capital) that are sought in the entrepreneurs' active use of networks, and the effects of social variables (community, family etc.) on the entrepreneurs' ability to mobilise resources.

In addition, a full understanding of the processes involved in portfolio approaches is likely also to require an examination of other factors. These include:

(d) to what extent portfolio approaches are dynamic, and the evolution of the process;
(e) the patterns followed by the entrepreneur, that may differ by industry;
(f) the relationship between the core business and its new satellites;
(g) and the performances derived from the portfolio, and the performance relationship between each element.

5. Conclusions

This paper has illustrated a number of issues with regard to portfolio entrepreneurship. Firstly, within the small business research literature, the focus of investigation and debate has concentrated on defining the phenomenon and enumerating its incidence. This has resulted in a rather sterile debate that has little regard for the more processual issues that surround portfolio ownership approaches. Clearly, there is a need to establish the different *contexts* in which portfolio entrepreneurship occurs, the different *contents* that determine the form portfolio entrepreneurship takes, and the different *processes* that are used to bring it about. We argue that these processual issues offer a greater insight into portfolio entrepreneurship than has been achieved in studies focusing solely on definition and enumeration.

Secondly, the examples highlighted in this paper demonstrate the richness of data that can be gained from reviewing wider subject disciplinary sources. Researchers of portfolio entrepreneurship have frequently commented that the lack of dedicated studies has hampered our understanding of the phenomenon. As these examples show, however, the existing literature is littered with insights that can better inform our understanding of portfolio entrepreneurship. An exploration of the wider literature, we argue, offers many opportunities to increase our understanding of this phenomenon.

Finally, the extant literature offers several key insights that can inform the design of future empirical studies, both in terms of methodology and in developing appropriate research propositions. From a methodological perspective, a key insight is the need to change the unit of analysis from the current stance of examining the firm to the position where a portfolio approach to the unit of analysis is used. Implicit in this change is the need to focus more fully on the context in which portfolio ownership strategies are positioned. This is reinforced in the development of research propositions for future studies. We argue that future research should focus on the processual aspects, including both the context in which portfolio ownership occurs and the strategies that are used to bring it about. The propositions for future empirical investigations presented in this paper, based on processual issues, form the basis of a richer and better informed understanding of this phenomenon.

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