

External enablement of new venture creation: An exploratory, query-driven assessment of China's high-speed rail expansion☆

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Abstract

This study seeks to build upon empirical and conceptual work examining the characteristics, mechanisms, and roles of exogenous, actor-independent drivers of entrepreneurial actions and outcomes, known as “external enablers” (EE). These aggregate-level changes – ranging from unforeseen, episodic EEs such as natural disasters and pandemics, to evolving, pan-generational EEs such as socio-demographic shifts, climate change, and breakthrough technologies – constitute a burgeoning stream of research concerning the manner and degree to which disequilibrating circumstances facilitate or forestall business venturing. The central focus of our investigation takes up the critical issue of an EE's temporal, spatial, and sectoral scope. Specifically, we seek to extend and enhance the EE framework by offering a more nuanced assessment of how and why the actions and outcomes elicited by EEs vary, often significantly, as a function of an EE's characteristics. To delve into this emerging line of inquiry, we conduct an abductive, query-driven, exploratory investigation of the impact China's high-speed rail expansion has had on new business venturing. Our findings contribute to further refinement of the theoretical EE framework, provide an important road map for future empirical studies, and offer considerable practical and policy implications.

Executive Summary

No entrepreneur operates in a vacuum. Evolving contextual circumstances continually change the calculus of resources, capabilities, networks, competitive forces, and innovations. Although much of entrepreneurship research aptly explores the roles of individuals and firms in business venturing, scholars have increasingly sought to incorporate the impact of macro-level environmental changes that lie beyond the direct influence of any given entrepreneur or business. The external enabler (EE) framework (Davidsson, 2015; Davidsson et al., 2018) was developed to capture the influence exerted by exogeneous, macro-environmental changes on entrepreneurial actions and outcomes. These external conditions include both sudden and slow developments – demographic shifts, natural disasters, political developments, large-scale technological shifts, even pandemics – that possess the capacity to influence the rate, extent, and nature of entrepreneurial activity.

The central focus of our investigation takes up the critical issue of an enabler's temporal, spatial, and sectoral scope; specifically, how these characteristics activate enabling mechanisms and determine the extent of an EE's influence. Existing research on EEs recognizes that enablers are far from uniform in the impact they exert (Bennett, 2019a, 2020; Davidsson, 2019; Davidsson et al., 2018), yet it remains unclear why identical EEs may exert very little influence in one context and massive influence in another. In concert with Davidsson's (2019) call for exploration aimed at capturing the “existence, characteristics and variance of environmental changes,” our study adopts an exploratory, abductive research design and difference-in-differences analytical model, using a granular, data-rich context involving the rollout of China's high-speed rail (HSR) service. Our results reveal that the HSR project elicited significant increases in new business venturing activity; however, most of the favorable effects were highly localized, with a declining impact after the project's first anniversary. Interestingly from an economic development perspective, regions that were already well off exhibited the greatest increases in entrepreneurial action, meaning that HSR's rising tide did not lift all the boats equivalently.

As the first large-scale application of the EE framework to China, our findings lend material refinement to five key aspects of the literature on EEs: (i.) the level of conceptual and empirical precision used in categorizing EE's temporal, spatial, and sectoral scope characteristics; (ii.) the sources of variance – ranging from non-occurrence, to weak effects, to strong effects – arising across regions, sectors, and agent characteristics; (iii.) the manner in which simultaneous enabling mechanisms should be parsed and assessed; (iv.) the differentiation between and importance of the scope of enablers and the scope of enabler effects; (v.) and, the introduction of the generic intensity concept, including consideration of how it relates to agency intensity, opacity, and the influence exerted by an enabling mechanism. Overall, our study contributes to EE's theoretical underpinnings, while offering a novel analytical toolbox for future studies and offering potent implications for practitioners and policy-makers.

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KEY FINDINGS

