COGNITIVE AMBIDEXTERTY IN ENTREPRENEURIAL LEADERSHIP: A FOUR COUNTRY EXPLORATORY STUDY OF WOMEN ENTREPRENEURS’ EARLY CUSTOMER ACQUISITION STRATEGIES

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Abstract. This paper explores the use of prediction and creation logic, the two components of cognitive ambidexterity, by 35 women entrepreneurs in Kenya, Mexico, Nigeria, and U.S.A. It focused on their entrepreneurial leadership during their quest for first customers. Findings based on a qualitative analysis of interview data showed that the motive behind venture creation, the choice of venture, and the circumstances faced by women entrepreneurs appear to shape the relative emphasis placed on prediction and creation logic. While women entrepreneurs in emerging economies (Kenya, Mexico, and Nigeria) seem to excel using only creation logic, their counterparts in developed economies (the United States of America) employed both prediction and creation logic to enhance venture success rates.

Key words: ambidexterity, entrepreneur, leadership, women

1. Introduction

One of the critical phases in new venture creation is the acquisition and retention of customers who provide the first operational cash flow needed for venture survival. However, women entrepreneurs face unique marketing obstacles (Morris et al., 2006) and limited selling resources (Olson & Currie, 1992; Shelton, 2006; Stoner, Hartman, & Arora, 1990). Furthermore, in some cultures, the idea of women calling on prospects or selling to men is frowned at (20-First.com, 2013). Therefore, we posit that success in gaining inaugural market acceptance requires entrepreneurial leadership.

Entrepreneurial leadership has been conceptualized in multiple ways. It has been used to describe how individuals assemble a cast of collaborators with the competence

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to accomplish required changes through commitment building, challenge framing, uncertainty absorption, and path clearing (Gupta, MacMillan, & Surie, 2004). The term has also been defined as “the dynamic process of presenting vision, making commitment among followers and risk acceptance when facing opportunities that cause efficient use of available resources, along with discovering and utilizing new resources with respect to leadership vision” (Hejazi, Malei, & Naeiji, 2012: 1). Despite the universal endorsement of the construct of entrepreneurial leadership, societal differences in its effectiveness exist (Gupta, MacMillan, & Surie, 2004; Brown & Eisenhardt, 1998). Thus, there is a need for further cross-country examination of the concept and practice of entrepreneurial leadership. This paper contributes to this discourse by investigating the practice of cognitive ambidexterity, a key component of entrepreneurial leadership, across four countries, namely Kenya, Mexico, Nigeria, and the United States of America.

In a recent multidisciplinary study, Greenberg, McKone-Sweet, & Wilson (2011) posit that entrepreneurial leaders are “individuals who, through an understanding of themselves and the contexts in which they work, act on and shape opportunities that create value for their organizations, their stakeholders, and the wider society” (Greenberg, McKone-Sweet, & Wilson, 2011: 2). The authors presented a model of Entrepreneurial Leadership anchored on three core principles—Cognitive Ambidexterity (CA), Social, Environmental, and Economic Responsibility and Sustainability (SEERS), and Self- and Social Awareness (SSA) (Figure 1).

![Image of the three principles of entrepreneurial leadership](image-url)

**FIGURE 1. The Three Principles of Entrepreneurial Leadership**


Cognitive Ambidexterity (CA) refers to the notion of engaging prediction logic when an entity’s future goals and circumstances reflect the past and creation logic when the future is unknowable and very different from the past (Fixson & Rao, 2011). Self- and Social Awareness (SSA) addresses how the actions of entrepreneurial leaders are guided by a deep and insightful knowledge of themselves and their social contexts. Social, Environmental, and Economic Responsibility and Sustainability (SEERS) concerns the motive that should drive entrepreneurship—the desire to simultaneously and responsibly seek socioeconomic value that respects the environment in sustainable
ways (Greenberg, McKone-Sweet, & Wilson, 2011). In this paper, we focus on the first principle — Cognitive Ambidexterity (CA) as reflected in inaugural customer acquisition activities performed by women entrepreneurs in four countries, namely Kenya, Mexico, Nigeria, and the United States of America.

On the one hand, prediction logic, an approach based on analysis using existing information (Davenport & Lange, 2011), is said to work best under conditions of low uncertainty, that is, when a) goals are predetermined and achievable given known information, b) enough information is known for rigorous analysis and testing, c) tools and frameworks are available to guide decision-making, d) optimal solutions are identifiable within a given set of constraints, e) through analysis, risk can be minimized or mitigated to achieve optimal returns, and f) outside organizations are seen as competitors and barriers to future growth (Dew et al., 2008; Greenberg et al., 2009; Sarasvathy, 2008; Neck, 2011).

On the other hand, creation logic, an approach based on taking action and experimenting to generate new data and knowledge, is said to work best under conditions of extreme uncertainty and unknowability, that is, when a) perceived resource need is beyond one's control, b) the future is unpredictable, c) there are high levels of uncertainty, d) potential losses are affordable, and e) outside organizations, customers, and self-selected stakeholders are co-creators and not competitors (Dew et al., 2008; Greenberg et al., 2009; Sarasvathy, 2008; Neck, 2011).

According to Greenberg, Mckone-Sweet, & Wilson (2011), entrepreneurial leaders engage and cycle between prediction and creation logic. The empirical evidence presented in their work informed their call on entrepreneurs to be cognitively ambidextrous in order to increase new venture success rate. However, the fact that all the cases discussed in Greenberg, Mckone-Sweet, & Wilson (2011) are USA-based raises some questions about the generalizability of the principle of cognitive ambidexterity to countries where the two logics might not be plausible because of significant differences in cultural, economic, political, and social realities. We argue that cognitive ambidexterity (especially its prediction logic component) is more relevant in developed than in developing economies because in the latter, 1) the prevalent motive behind venture creation is necessity- and not opportunity-driven; 2) most entrepreneurs are involved in factor-driven sectors of the economy which are often unstable and unpredictable due to frequent government intervention; 3) there is scarcity of reliable data about the past and present (Szanto, Letema, & van Lier, 2012). Furthermore, the perennial socio-political instability in many developing countries often leads to frequent changes in regulations, relationships, competitive landscapes, needs, and resource availability. This dynamic shapes business opportunities and threats. Thus, even when entrepreneurs in developing countries succeed in generating data at any given time, insights from such data are often short-lived.

Another potential difference between entrepreneurial leadership in the United States and that in developing countries relates to the principle of affordable loss that is encapsulated in creation logic, the other component of Cognitive Ambidexterity. We argue as fol-
lows: compared to entrepreneurs in most developing nations, those in western countries could afford to lose their stake in a business because a) there is adequate legal protection for all stakeholders, b) borrowers can more easily file for bankruptcy to ward off creditors, c) loans and other credit facilities are relatively available and cheaper, and d) government-sponsored social security systems provide safety nets for those in need. Given these differences, is the notion of affordable loss reflected in the manner in which entrepreneurs in developing countries exercise entrepreneurial leadership? Is there indeed room for both prediction and creation logic in the discourse of entrepreneurial leadership in emerging markets? These constitute our first set of research questions.

In describing how cognitive ambidexterity propels entrepreneurial leadership, Neck (2011) argued that opportunities are created through observation, action, reflection, and learning (in that order). We surmise that this sequence is more tenable if the motive behind new venture creation is opportunity-driven. But is this the only motive behind entrepreneurial endeavor? Apparently not, given the evidence suggesting that new venture creation is not necessarily opportunity-driven. Specifically, the Global Entrepreneurship Monitor (GEM) 2013 report showed that new business venturing in developing countries is largely necessity-driven (Xavier et al., 2013). Furthermore, potential entrepreneurs in such countries are often faced with little or no resources and reaction time. Given this difference in motive, what is the sequence exhibited by entrepreneurial leaders in necessity-driven venture creation and how different is it from the observe-act-reflect-learn sequence proposed by Neck (2011)? This constitutes our second research question.

It has been suggested that in order to be effective at addressing the challenges and tensions inherent in entrepreneurship, entrepreneurial leaders must be a) skilled in both prediction and creation logic, b) able to cycle between prediction and creation logic (Fixson & Rao, 2011; Neck, 2011). This suggestion raises our third research question: given the significant differences in context and mindset between western countries and developing nations, how do entrepreneurial leaders (across countries) differ in their responses to the aforementioned challenges and tensions?

The foregoing research questions were explored through a study of several women-led new venture births and associated customer acquisition strategies. In addition to investigating cross-country differences and similarities, we seek comparisons among women samples as opposed to the more common women-to-men sample comparisons with the hope of gaining some insight into the gendered processes in new venture creation (Bird & Brush, 2002; de Bruin, Brush, & Welter, 2007; Brush, 1992). There is significant heterogeneity among women entrepreneurs (de Bruin, Brush, & Welter, 2006, 2007; Hughes, 2005; Hughes & Jennings, 2012; Jennings & Provorny, 2006) and explanations of this heterogeneity have emphasized the different contexts in which women entrepreneurs are embedded (Brush, de Bruin, & Welter, 2009; Brush et al., 2010; Hughes & Jennings, 2012; Welter, Smallbone, & Isakova, 2006). To our knowledge, this is the first empirical study investigating the principle of cognitive ambidexterity among entrepreneurs in multiple countries.
2. Data Collection

Given the nature of the phenomenon under study and the nascent state of entrepreneurship research in developing countries, a qualitative methodology comprising in-depth semi-structured interviews was employed. The comparative slant of our research demanded that we seek data from western and emerging countries. One of the authors is based in the USA so it was relatively easy to get access to women entrepreneurs in the USA. We reached out to scholars (in Africa, Asia, and Latin America) who have contacts with local women entrepreneurs. We asked for their help in lining up women entrepreneurs to be interviewed. This effort yielded help from Kenya, Mexico, and Nigeria.

We then finalize, our interview protocol (Appendix A). The original protocol was developed in English, the official language in Kenya, Nigeria, and the United States of America (USA). Through a two-way translation, a Spanish version of the protocol was developed for use in Mexico. Both authors are fluent in English and Spanish and the interviews were conducted by them. A total of 35 women entrepreneurs were interviewed: Kenya (six), Mexico (eight), Nigeria (thirteen), and the United States (eight). For the sake of confidentiality, Table 1 contains only non-identity revealing details about the entrepreneurs interviewed.

<table>
<thead>
<tr>
<th>SN</th>
<th>Code</th>
<th>Country</th>
<th>Type of Business</th>
<th>Age</th>
<th>Previous Work Experience</th>
<th>Highest Level of Education</th>
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<td>Sales</td>
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Thirty out of the thirty-five interviews (i.e., eighty-six percent) were conducted face-to-face while the remaining were carried out over the phone. Each interview lasted about 60 minutes on average. All interviews were, with the permission of the interviewees, digitally recorded and transcribed by a transcription service firm. The interviews yielded 404 pages of single-spaced transcript. This was subjected to content analysis after a coding scheme was developed to identify and classify interviewees’ responses (see next section).

3. Analysis

The qualitative data analysis (i.e., development of codes, content coding and interpretation) was based on the procedure outlined by Campbell et al., (2013) for qualitative data emanating from semi-structured in-depth interviews. Although the procedure requires only one coder without undermining reliability, the analysis was done by both authors. Both authors have sufficient background knowledge of the subject matter of the interviews. They have been involved in many new venture creation and growth schemes in Africa, Latin America, and USA and worked in customer acquisition and retention roles for many years before obtaining their doctoral degree. Also, they have doctoral level training in qualitative data analysis and have worked together for more than ten years. This background was useful in discerning both obvious and subtle meanings from respondents’ answers to the survey questions. It also enhanced the potential for high inter-rater reliability and inter-rater agreement.
The transcript was subjected to content analysis after a coding scheme was developed to identify and classify interviewees’ responses. The content analysis was done manually by the two researchers. Guided by the interview protocol, a coding scheme was created as follows. First, general categories were derived based on similarity of responses to the questions posed. Then, specific statements (responses) were chosen to represent each category. The criterion for making this choice was the degree to which a statement captures the essence of all responses in the category. With respect to unit of analysis, a unitization strategy that focused on meaning units was employed and this formed the basis for computing inter-rater reliability estimates (Campbell et al., 2013).

Using the coding scheme, all responses were content-analyzed independently. Results were then compared to assess inter-rater reliabilities, address areas of disagreement, and modify the coding scheme. A final coding scheme was then applied.

With respect to reliability assessment, the simple proportion agreement method (Morrissey, 1974) yielded a minimum inter-rater reliability of 95%. Although this method suffices for exploratory research (Kurasaki, 2000; Campbell et al., 2013) like the present work, a more rigorous method recommended by Perreault & Leigh (1989) was also used. It yielded a minimum average inter-rater reliability of 0.90.

4. Results

4.1. Motive behind the Initiation of Ventures

Consistent with our expectation, whereas women entrepreneurs in the United States saw and pursued what they felt were untapped opportunities, almost all of their counterparts in developing countries started their entrepreneurial endeavor out of necessity such as the need to earn a living, have more flexibility, balance family-work demands, seek alternative source of income out of fear of job loss, and support family members in case of financial crisis. According to three founders:

“I got to a point in my life where I realized that the demands of the job were getting overwhelming. It was difficult for me to combine that with my family life. I needed some kind of balance and so I decided to initiate a business so that I could be more in control of my time.” (Founder, Company N6)

“I worked for Kenya Airways for 15 years as an air hostess and my husband was a pilot, so we had to leave our children every time we were on duty. I felt I was giving my children a raw deal so I quit to start a business.” (Founder, Company K5)

“Several companies in Mexico suffered the impact of 9/11. Many of them downsized as a result. Obviously, the marketing department was among the first to be closed in many firms. So I knew my job was on the line and it was a matter of time. So I ventured out to start a marketing outsourcing firm to offer services to those companies that were either about to or have closed their marketing department.” (Founder, Company M8)

Partly because of the dominant motivation (i.e., necessity as opposed to opportunity) behind women-led ventures in developing countries, women entrepreneurs in such
countries appear not to envisage failure. There was no instance in which they considered the likelihood of failure. This finding is consistent with the 2013 Global Entrepreneurship Monitor (GEM) report according to which women entrepreneurs in developing countries were less likely than their counterparts in advanced economies to harbor or be held back by the fear of failure (Xavier et al., 2013). Failure seems not to be in the lexicon of most entrepreneurs in such countries as Kenya, Nigeria, and Mexico. These entrepreneurs appear less concerned about knowing when and how to quit. Rather, they focus on multiplying survival strategies as they venture into unknown activities and territories. They tend to remain obstinate in the face of challenges. Furthermore, the principle of affordable loss appears to be meaningless. Some founders expressed themselves as follows:

“I started my business because my husband passed away when the girls were 5 and 6 years old. Neither my husband nor I had inheritance. So the precariousness of my family situation gave me the driving force for sustaining the business.” (Founder, Company K2)

“I was doing stuff but couldn’t make ends meet. I was actually acting as a secretary to my prospect, a major music director and producer. I sort of imposed myself on him even though he [the prospect] didn’t want a secretary. I was coming to work every day without any pay. His staff will see me in the morning and say you are here again, go away. I was like no, I want to learn. So after several days of trying to drive me away and seeing that I wasn’t going anywhere, he accepted my offer to manage him and his artists. I managed one of the artists to become an African Music Award winner.” (Founder, Company N9)

We found only one case outside the United States in which a venture was launched to pursue an opportunity. This happened as a result of an observation that engendered some curiosity:

“I had one customer who lodged in a huge sum of money into his account. This was an account that was almost dormant. In accordance with the law, I called the owner to obtain information about the fund source. He had gotten into exportation. He exports scrap metals. This got me thinking… … … I told him I’ll like to know more so he invited me to his office. He said that it [exportation of scrap metal] was for men. I then asked, ‘what things are for women?’ He said I should look at palm oil, cocoa, wood, cashew nuts, and a lot of things. The next day, I went to the Nigeria Export Promotion Council where I got the details of what you can export out of Nigeria and where to find them. Now I export several tons of charcoal to Europe.” (Founder, Company N12)

### 4.2. The Type of Ventures Initiated

As predicted and consistent with the literature, the nature of ventures started by women in developing countries is different from those started by their counterparts in developed countries: compared to women entrepreneurs in developed countries, women entrepreneurs in developing countries tend to participate mostly in factor-driven businesses (especially commodities) which are typically associated with early
stage economic development (Global Entrepreneurship Monitor (GEM) Report, 2013; Minniti & Naude 2010).

Given the bias for factor-driven businesses, it is inevitable that there be multiple interactions with public authorities because exploitation of natural resources is heavily regulated. In Nigeria for example, the negative influence government policies have on entrepreneurship (Okafor & Mordi 2010) constitute a key challenge for women.

The high involvement of government in factor-driven economies creates unique scenarios for entrepreneurs (Kuratko, 2007). The instability of political institutions leads to frequent changes in regulations governing businesses. Hence, not only is it difficult to obtain reliable information, but also, the lifespan of such information is neither knowable nor predictable. Given their necessity-driven motivation for entrepreneurship, entrepreneurs in developing countries often act until they are stopped by constituted authorities. And once this happens, entrepreneurs are forced to seek alternative route. Corruption and the lack of transparency especially in public institutions introduce additional challenges. The women entrepreneurs we interviewed resorted to one of five strategies: pay the extortion to “clear the way,” wait until a favorable policy sets in, fight back, close the venture or start a new one. The following responses are typical of women entrepreneurs in developing countries:

“\textit{I needed to import some raw materials. I went through my bank and got approval for importation. I paid and the ship left. A few days later, someone from the local inspection agency called to say: ‘Oh, it’s a banned item and I was like, what do you mean it’s banned? So we had to do a lot of manoeuvring to change the descriptions of the items. And after that, they were asking for a lot of [bribe] money. I had to go back and forth several times until the road was cleared. They extorted a lot of money from me... ... It’s really crazy doing business in this country. Things are not written in black and white and this constitutes the major problem for entrepreneurs: the government comes out with a policy and after you have complied, they change it. For example, while my container was still at the seaport, the Finance minister announced that they’ve unbanned everything. But of course, I was still caught in between because my goods arrived at the port before the lifting of the ban. Apart from the Minister saying it in the newspapers, it takes a long while before it is gazetted (becomes law)... ... and guess what right now? They’ve banned everything again...”} (Founder, Company N2)

“\textit{Six months after getting the contract (after I had recruited staff, etc.), they took it away saying they’ve just discovered I didn’t have requisite experience. I had to fight. In the end, I got the contract back. I am a fighter. I lost money on the first contract: the government staff advised you on what to do, provided non-performing trucks, imposed workers who are thieves... It was not profitable but I learnt a lot to make subsequent contracts very profitable... ... the second road construction contract was larger, worth about thirteen million Kenya shillings. I executed it hands on... I was physically present on site: I didn’t want to hear that only two trucks came when I paid for ten... I was on site every day, until 2am in the morning... ... , I even got bitten by scorpions... ..., there are many challenges but it is so much fun because you learn a lot.”} (Founder, Company K5)
4.3. The Primacy of Action over Planning

Given the way necessity-motivated ventures leave little room for planning and the fact that factor-driven ventures inevitably bring entrepreneurs into terrains with high government intervention, compared to their counterparts in the United States, women entrepreneurs in Kenya, Mexico, and Nigeria jumpstart their ventures by literally taking hold of their destinies. They concluded that data from mere observation are often inconclusive and ephemeral. They opined that “different actors give rise to different dynamics and hence different outcomes.” Hence the primacy of action— they act in order to obtain (often at the risk of losing money) insights that could inform subsequent actions.

Consequently, with respect to the research question about the sequence of entrepreneurial leadership activity (Neck 2011), “observation” and “reflection” are clearly missing in the approaches taken by women entrepreneurs in developing countries. It appears therefore that “observation” and “reflection” are not real options for most women entrepreneurs in Kenya, Nigeria, and Mexico. Instead, they seem to follow an act-learn-act sequence: basically, they act out an intuition and learn from it without stopping to act. In the words of three women entrepreneurs,

“We say here that ‘the avocados start finding their comfort zones the moment the cart goes into motion.’ There was no point for me to start planning and planning and planning. I didn’t wait... I had to act, go into execution mode. That was the only way of making things happen, otherwise…” (Founder, Company M2)

“We started operating before we wrote the business plan because we needed to understand how the market works. We only had a very vague idea and there was no way we could write a business plan based on that. The questions we posed to ourselves included: what categories make sense? Who are the customers? Who are the suppliers? How is the market in Mexico? What other markets exist in the rest of the world? Everything continued to be abstract until we could get answers to our questions and the only way to get answers was to swing into action... ... ... We just started and our idea became less and less abstract and more concrete. Thanks to that, we learned a lot and got insights that enabled us to write a business plan.” (Founder, Company M3)

“We had no option other than to get out and knock on doors. Because we had no idea, no reference... we didn’t know who are our direct competitors, how many are there, how to price our service. At times, we felt very happy after meeting with prospects. Then came the time to send our bid: insecurity and doubts set in. That forced us to start taking stock of all our cost drivers—rent, electricity, maintenance, salaries... ... we tabulated everything and began to fix standards. If not for the decision to go out to prospect for clients and knock on doors, we wouldn’t have realized the full details about the real costs associated with our business model.” (Founder, Company M7)

It is remarkable to see how women entrepreneurs in developing countries confidently take actions often with no planning. It appears that some of them substitute the “observation” and “reflection” stages hypothesized by Neck (2011) with prayer and fasting. They invoke their faith and religion, reasoning that the success of an action is driven by the prayer and fasting that precede it. According to two women entrepreneurs,
“The first sale happened as expected; I knew that morning I was going to sell, and when I did, it made me know that what we’re doing is really good, that we’re really adding value, it encouraged me in the Lord.” (Founder, Company N1)

“You are making advance payments into someone’s account; somebody that is believed to be a farmer hundreds of kilometers away. What if the person disappears? What if the transporter gets the product and diverts it? These were my constant fears but they did not deter me because I always resort to fasting and prayer.” (Founder, Company N12)

Contrary to the received view (Neck, 2011), the foregoing contrasts with the observe-act-reflect-learn sequence of entrepreneurial leaders in the United States. This contrast is clearly reflected in the following statements from two women entrepreneurs in the United States:

“...we studied what was currently out there... ... I took a vacation to write the business plan. Then we developed a prototype program which we gave to teachers for pilot runs. We then observed and made modifications based on what we saw or stumbled upon. The kids really learned through the process and the teachers were quite happy with the experience. The results of this experimentation formed the basis of the final blueprint.” (Founder, Company U2)

“We developed a plan and predicted that our service will appeal most to professional service firms. We were wrong! We were unable to make a sale. By chance, we stumbled on and succeeded with retailers. We never thought that retailers were really going to be our clients, but for whatever reason they’re the ones that are responding the best to our offer. We had invested an entire week or two into prospecting in a specific industry and all of sudden we figured out, okay you know, that’s a bad industry for us... we basically wasted that whole period of time. But we wouldn’t have known if we had not tried going out.” (Founder, Company U1)

We did find two exceptions in Nigeria and Kenya of women entrepreneurs who exhibited the observe-act-reflect-learn model found in the United States. The two founders actually exhibited both prediction logic and creation logic, the two components of cognitive ambidexterity. In the first case, the founder started with prediction logic (sales trend analysis) to determine what product to focus on. She then searched for potential contract manufacturers abroad, requested for samples, and subjected the samples to rigorous tests. Based on the outcome, she crafted a value proposition (i.e., unique selling point) that distinctly differentiates her chosen brand from competitors’ offerings. She then recruited and trained salespeople on how to talk about the product during calls on prospects. She explained as follows:

“I did a survey of retailers in the open market and realized that baby consumables, especially diapers, moved very fast off the shelves. I then went online to search for manufacturers of diapers with no representative in Nigeria. I wrote them and requested for samples. I then personally conducted tests on the samples to assess their quality. Based on the outcome, I chose and wrote one of the manufacturers to start a partnership — making me their exclusive distributor in the country.” (Founder, Company N8)
In the second case, the founder started with some ethnographic study of her target audience’s social network and community life. The insight made her not use traditional media (such as TV, Radio, Newspaper) as communication channel to reach her prospects, most of whom came from low income households. Instead, she leveraged their social structure to effectively get her message across as follows.

“We started by going to their premises, sitting down with them, and observing as they go about their daily routine. We also went to their communities and villages to understand their social relationships and traditional governance mechanisms. We noticed that they mix and mingle a lot… … have ways and means of pulling each other up, going to church, forming big groups or collectives with as many as one thousand, two thousand, or three thousand people. Besides they share experiences a lot during their weekly or monthly meetings. So instead of placing advertisements on TV, radio and Newspapers, we approached the heads and officers of these associations and local communities to get some buy-ins on what their members stand to gain. The moment we convinced them, they disseminated the message… ….Even then, the members would still want one of them to test the waters first; they sit back and watch to see if it [the product or service] works. If it works for one of them, they all join in. … they want one of them to be sort of the person who is going to test the ground. Is it working, is it not working. Are they really charging what they say?” (Founder, Company K3)

The above is indeed a demonstration of the use of prediction (through qualitative research) and creative logic, two logics that are have been reported in studies of entrepreneurs in the United States (e.g., Fixson & Rao, 2011).

4.4. Hedging against the Unknown and Safeguarding Assets

One noteworthy strategy employed by some of the women entrepreneurs in all four countries was the way they obtained their first purchase order before. Faced with limited resources at the nascent phase of their ventures, they proactively sought confirmed purchase orders before investing in staff, equipment, and materials needed to fulfill the orders. According to some of the entrepreneurs,

“I got the order to produce the apparel but I had no machines or anything. So I rented a line in a factory on a pay-as-you-go basis. I fulfilled the order and they liked it. I did that for about 3 – 4 years before I actually started buying my own machines and recruiting staff.” (Founder, Company N7)

“We decided to get the customers first before building the curriculum. After all, conversations are free, so we got them and wrote the curriculum. I think experimentation is good especially if you are doing something entirely new and you don’t have a business model to learn from, you can’t see the product in your head. You need to create the product with a buyer in mind…, you can’t do it the other way round, it’s risky,… we approached prospects with an open mind, listened to them and reshaped our idea accordingly.” (Founder, Company U2)
In addition to trying to sell before making products, women entrepreneurs especially in developing countries often have to be personally responsible for policing entire operations and assets because of weak enforcement of laws and policies that guarantee fair competition. This includes engaging paid informants on a regular basis. Nothing is taken for granted. Their mantra is “if you don’t, someone else will take your place.” At any moment, the entrepreneur’s investigative capability might be called into action. In the words of one of the women entrepreneurs,

“When we brought in the second container of diapers from Turkey, an informant came and told me he saw my product in a market where I was not yet present. I was surprised since I had exclusive contract with the manufacturer. I sent one of my staff to purchase diapers from the store in question. The staff confirmed the presence of the diapers. Worse still, they were being sold at prices well below the prices of my diapers. When the staff came back with the diapers, I noted the batch no., the production no., the production date, and the expiry date. I sent someone again to ask if they’ll be willing to supply up to 200 cartons of each size. They said yes. That meant that they really had much in stock. We completed our report and informed the foreign manufacturer. The manufacturer traced it to their German distributor who had no permission to sell outside Germany. He was suspended. So, we decided to stop selling until the mysterious distributor had exhausted his stock. Customers flooded his store but he couldn’t meet their needs because he was unable to make another import. It was a blessing in disguise for us because the action of the unauthorized distributor raised awareness about our diaper beyond our current location. Satisfied retailers and end users across the country searched the markets until they found us. The incidence catapulted our sales to unimaginable levels.” (Founder, Company N8)

5. Discussion

In entrepreneurship discourse, cognitive ambidexterity calls for a simultaneous engagement of prediction and creation logic—the former when the present and future resemble the past and the latter when the present and future bear little or no resemblance to the past.

Till date, the notion of cognitive ambidexterity as a key component of Entrepreneurial Leadership theory (Greenberg, McKone-Sweet, & Wilson, 2011) has been discussed in the context of entrepreneurship in western countries, especially the United States of America. To our knowledge, developing countries perspective on this subject has received limited attention. This paper addresses this gap. Our findings reveal the following. While women entrepreneurs in the United States tend to employ both prediction and creation logic, those in Kenya, Mexico, and Nigeria appear to exhibit mainly creative logic. In the absence of reliable information about the past and the present, women entrepreneurs in developing countries seem to have developed ways to circumvent prediction logic without undermining new venture success rate. They seem to place all their hopes on creation logic, emphasizing action over planning and taking small steps at a time with a view to generating knowledge that could inform future steps as they navigate unique environments characterized by perennial uncertainty and
surprises. The unknowability of today and future realities does not deter them from taking action. On the contrary, in Africa and Latin America, the widespread belief that nothing is known with certainty spurs entrepreneurs into relentless action. Instead of using and cycling between prediction- and creation logic as reported in the United States (Neck, 2011), women entrepreneurs in Kenya, Mexico, Nigeria, and perhaps most developing countries, drive their new ventures largely through creation logic.

While creation logic appears to be prevalent among entrepreneurs in developing countries, it is less so among entrepreneurs in western countries. Consequently, in developing countries, entrepreneurs’ willingness to jettison initial plans, collateral losses notwithstanding, and embrace reality through a process of discovery via experimentation become crucial.

It has been reported that the prevalence of female entrepreneurship tends to be higher in developing than in developed countries (Minniti, Allen, & Langowitz, 2006). This difference has been attributed to the fact that women face higher barriers to entry in the formal labor market and have to resort to entrepreneurship (Minniti & Naude, 2010). Our findings suggest that the higher prevalence rates of entrepreneurship in developing countries could also be due to the greater emphasis placed by their women entrepreneurs on action (i.e., creation logic) as opposed to planning and reflection (i.e., prediction logic). Largely motivated by necessity rather than by perceived opportunity, women entrepreneurs in developing countries tend to exhibit little fear of failure and are more willing to take greater risk.

The findings of this study have implications for the pedagogy employed in developing future entrepreneurial leaders. Since most pedagogical frameworks and materials used in developing countries come mostly from western institutions, caution should be exercised when proffering “best” practices to audience in emerging economies. Principles which foster the effectiveness of entrepreneurial leaders in western countries may actually undermine venture success rates in emerging markets due to differences in motives behind new venture creation, nature of new ventures, and socio-cultural and political environment.

Given the tendency for necessity-based entrepreneurship in developing countries, there is an opportunity for policy makers to foster opportunity-based entrepreneurship in order to attract more local players to the entrepreneurship space. For this to happen, arguments that clearly show the relative value of maintaining one’s current job and that derivable from pursuing an opportunity will have to be made. Also, future research might want to investigate whether the breed of entrepreneurs motivated by necessity is different from those motivated by opportunity. If there are indeed significant differences between these groups, it will be interesting to know which of the two groups a) creates more value for the economy and b) engenders higher new venture success rates. Finally, the findings reported in this paper suggest that the theories of Entrepreneurial Leadership, as currently conceptualized, could benefit from contingency frameworks that delineate, for example, the predictive power of its components across various contexts (e.g., countries, age groups, backgrounds, and gender).
The women population studied and compared in this paper has enabled us to showcase the diverse ways via which gender and entrepreneurial behavior are culturally constructed and experienced in different countries (Datta & Gailey, 2012; Hughes & Jennings, 2012). However, this paper is not without limitations. First, cognitive ambidexterity (CA) is one of the three principles behind the new conceptualization of entrepreneurial leadership. The other two principles, namely self- and social awareness (SSA) and social, environmental and economic responsibility and sustainability (SEERS) were not investigated. Second, only one developed country (United States) and three developing nations (Kenya, Nigeria, and Mexico) were included in this study. The foregoing limitations, coupled with the small sample size of 35, limit the generalizability of our findings within and beyond the contexts investigated.

6. Conclusion

Cognitive ambidexterity, the use of prediction logic when current states resemble the past and creation logic when current and future realities are unknown and bear little resemblance to the past, is a key principle in emerging theory of entrepreneurial leadership. Empirical evidence of the principle was sought through an exploratory study of a sample of 35 women entrepreneurs in three developing countries (Kenya, Mexico, and Nigeria) and one developed country (United States of America). Our findings suggest that women entrepreneurs in developing countries exercised entrepreneurial leadership largely guided by creation logic while those in western countries employed both prediction and creation logic in a cyclical fashion to enhance new venture success rate. We attribute this difference principally to the “necessity” (as opposed to “opportunity”) motive behind entrepreneurship practiced in developing countries.

References


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Appendix A

Interview Protocol

This interview is part of a research project that aims to understand what entrepreneurs face during the first phase of their new ventures. Your participation is voluntary—we would like to record this interview, but only so that we can use the information at the aggregate level. Your organizational identity will be kept strictly confidential. You are free to stop the interview at any time or refuse to answer questions that you do not feel comfortable with.

Are you willing to participate in this interview?

Interview Starts:
Can you tell us about the motivation behind (source of) your business idea?
How did you get the needed finance?

Please describe your product and/or service

Have you made your first sale? No / Yes
   If no, please describe what you have been doing towards making the first sale
   If yes, please respond to the following questions:
   1. To whom (please briefly describe the buyer and his/her organization)?
   2. Relative size of the first buyer (smaller, same or bigger)?
   3. Relative generation of the first buyer (younger, same, or older)?
   4. What is your relationship with the first buyer (e.g., relative, family friend, ex colleague, ex employer, friend, friend of a friend, no relation at all, others)?
   5. Please describe how it all happened

Pre-prospecting & Prospecting

1. When did you start searching for potential customers?
2. How did you go about looking for potential customers?
3. Was the product/service ready before you started searching for potential customers?
4. Where you directly involved in the selling or was it carried out by other persons?
5. About how many potential customers did you call on before making the First Sale?

During the Calls

1. During your first call to the first buyer, what did you say (after the exchange of greetings) to elicit his/her interest?
2. What objections did the First Buyer raise?
3. Describe how you handled the objections
4. What do you think was the principal factor that compelled him/her to buy?
5. Did you have to lower your price to make the sale happen? Yes / No
Close
1. Please describe how you closed the deal, from noticing a buying signal to waiting to hear the “Yes”.

Post sales
1. What happened after the sale, e.g., implementation, follow-up?

Time & Call Frequency
1. How long did it take (from the time product was ready) to the First Sale?
2. How many times did you call on the person/organization that made the First Sale?
3. How many prospects did you call on before meeting the eventual first buyer?

Quality
1. Relative size of the first sale (small, medium or large)?
2. Was the first sale profitable to your organization?
3. How strategic was the first sale: did the first sale enhance or hinder the growth of your company? Please explain.

Thank you for your time. We truly appreciate your help.