

# Belgian designers' pathways to success: a configurational perspective

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## Abstract

This study presents a comparative case study of 50 small-sized cases in the Belgian fashion and furniture design industry with regard to achievement of success. The study looks into both objective and subjective measures of success: business growth and high perceived success. The configurational analysis explores the combination of different variables, essential for success, namely entrepreneurial orientation, ambidexterity, job rate and firm age. Our application of fuzzy set qualitative comparative analysis (fsQCA) reveals the existence of different alternative configurations of conditions that explain why some designers (do not) achieve business growth and high perceived success. In order to achieve both business success and high perceived success, it seems that a balance between these exploration, exploitation and entrepreneurial orientation is essential, in combination with being a designers as a fulltime occupation. These findings enhance configurational understanding of the fashion and furniture industry and show that designers require individual support and advice.

Keywords: fsQCA, success, ambidexterity, EO, design industry

## 1. Introduction

Worldwide, the cultural or creative industry, including design, is recognized as a key driver of contemporary economic growth, and creativity and design have become key economic resources (Scott, 1999, 2001; Unesco and UNDP, 2013). Besides, in recent years an increasing and richly deserved coverage of Belgian fashion and furniture designers and their work is seen in international publications. To a large extent this increase is due to promotion and visibility at shows like Milan's annual Salone del Mobile, the daring style of often young Belgian labels, the legacy of the Antwerp Six, but above all the sheer talent of Belgian designers today (Ceulemans, 2013; Craik, 2014). The creative industry is fragmented and counts a large number of small enterprises and a small number of large enterprises (Caves, 2000; Bakhshi and Throsby, 2009). The furniture and fashion design sector shares this feature: it is made up of predominantly small businesses, with a high level of self-employment (Guiette et al., 2011). Likewise, in such small creative firms, the entrepreneur is the person who manages, in addition to being the founder of the business. He or she represents the firm's core resource and enjoys a high degree of decision-making authority (Camelo-Ordaz et al., 2012). However, Jeffcut and Pratt (2002) state that in existing research on the creative industry, much attention has focused on the macro-level, and they suggest the need for a better understanding of what occurs at the micro-level, especially looking into particular variables which influence the performance of creative firms (Mellander, 2010).

Indeed, less is known about which individual characteristics can explain variation in firm performance, although research in economics supports the notion that some general individual differences between CEOs (e.g., in age or education, or military service) are related to variation in firm performance (Benmelech and Frydman 2015; Bertrand and Schoar, 2003; Huysentruyt et al., 2015). Furthermore, previous research suggests a link between CEO's skills to balance artistic and economic considerations (cfr. ambidexterity), entrepreneurial orientation (EO), personal values and firm performance (Jacobs et al., 2016a, 2016b; Kolsteeg, 2014; Rausch et al., 2009). Empirical research has, however, typically investigated relations of socio-demographic characteristics (age, gender,

education), functional background, and organizational tenure in their effect on organizational performance (Bertrand & Schoar, 2003; Huysentruyt et al., 2015; Rost & Osterloh, 2010).

The performance of organizations has also been a major yet complex issue in management and organization studies (Loots, 2015). Especially in SMEs, success and performance are multi-dimensional issues (Murphy et al., 1996), which can be measured both objectively and subjectively (Reijonen, 2008). Walker and Brown (2004) found that small business owners measure their success using both financial as non-financial factors, and that the non-financial lifestyle criteria are sometimes more important.

Given this knowledge, this study adopts a configurational approach to examine the combinatorial effects of EO, ambidexterity and specific context variables like firm age and designers' fulltime or part-time dedication on a designers' business growth and high perceived success. A configurational approach suggests that "*organizations are best understood as clusters of interconnected structures and practices*" (Fiss, 2007), that is, organizational fit and competitive advantage depend not on a single condition but instead on synergistic relationships between multiple attributes or conditions (Fiss, 2011; Ketchen et al., 1993; Miller, 1996). Hence, increased understanding of designers' growth and perceived success can be better achieved by identifying distinct configurations of conditions than by seeking to uncover relationships that hold across all designers. Following this line of thought, we employ a set-theoretic method, that is, fuzzy-set qualitative comparative analysis (fsQCA), to analyse and identify configurations of conditions that explain why some designers achieve more growth and higher perceived success, based on a sample of 50 independent small-sized furniture and fashion designers located in Belgium. QCA differs from regression techniques in the sense that it distinguishes between necessary and sufficient conditions, detects multiple paths to an outcome (i.e. equifinality), and reveals different configurations of conditions that lead to the presence versus the absence of an outcome (i.e. causal asymmetry) (Fiss, 2007, 2011; Ragin, 2000, 2006b). QCA is also more instrumental to examine synergistic relations between a multitude of conditions, whereas interactions in regression analyses that go beyond two-way effects are exceedingly difficult to interpret (Fiss, 2007). The conditions of

interest in this study are the designers' entrepreneurial orientation, his/hers strategy concerning exploration and exploitation (ambidexterity) in combination with the life cycle phase in terms of firm age and their job rate, namely if they work as a fulltime or part-time designer.

We contribute to the literature and practice in several ways. First, by applying the fsQCA method we are able to provide empirical evidence on the complex interrelations between EO, exploration, exploitation, firm age and job rate and how they jointly affect the business growth and perceived success of small-sized fashion and furniture designers. This approach is also a meaningful addition to the well-known approaches of qualitative studies and econometric modelling in creative industries research. Second, this study looks into two different measures of performance, growth and high perceived success, which is not common in creative industries research (Choi, 2012) and answers the call to research success as a multi-dimensional issue (Murphy et al., 1996; Walker and Brown, 2004). Third, when looking into ambidexterity, and more specific, into exploration and exploitation, we measure and analyse this variable at the level of the designer. By taking into account the individual level, we respond to scholarly calls to shed more light on exploration and exploitation at the manager level of analysis (Mom et al., 2007; Raisch and Birkinshaw, 2008). In addition, we also contribute on the practical level by providing designers and policy-makers with a more tangible understanding of pathways for success in the furniture and fashion design industry.

The remainder of this paper is structured as follows. In the next section, we start with an overview of literature on EO, ambidexterity, firm age and job rate. We derive hypotheses in the third section of this paper. Next, we describe the fsQCA method, the research population, and the measurement and calibration of the conditions and outcomes investigated in this study. Afterwards, the results are shown based on a sample of 50 small-sized fashion and furniture designers in Belgium. Finally, we discuss the findings and end with a conclusion.

## 2. Literature review

### 2.1 Entrepreneurial orientation (EO)

The concept of EO is a widely researched topic in entrepreneurship literature. Based on Miller's (1983) definition of an entrepreneurial company as "*[a firm] that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with "proactive" innovations, beating competitors to the punch*" (p.771), EO has developed as a firm-level attitude which involves three dimensions that are used consistently in the literature (Miller, 2011; Rauch et al., 2009). These dimensions include innovativeness, proactiveness, and risk-taking (Covin and Slevin, 1991; Wiklund and Shepherd, 2005). Innovativeness reflects a tendency to engage in and support new ideas, novelty, experimentation, and creative processes. Proactiveness refers to a posture of anticipating and acting on future wants and needs in the marketplace. Risk-taking is associated with a willingness to commit resources to projects where the outcomes are unknown.

Over the last decade, numerous studies have assessed the effect of EO on the performance of firms. Several studies provide evidence of a significant positive effect of the aggregate EO construct in terms of innovativeness, proactiveness, and risk-taking on firm performance (Rauch et al., 2009; Zahra et al., 1991). However, other studies that link the individual dimensions of EO with firm performance show mixed findings. This raises questions about EO and its relationship with performance (Wiklund and Shepherd, 2005). Empirical research for example has found that the effect of EO on performance may be different in different types of environments. When we look at the environments and variables important for this study, there's still a remarkable amount of studies and evidence that supports the idea of the positive link between EO and firm performance. For example, Wiklund and Shepherd (2005) found that EO positively influences small business performance, and especially among firms in dynamic growth environments (Zahra, 1993), like the design industry. Also, it is asserted that EO is the core element of young firm's organizational configuration and improves their overall performance (Balodi, 2016).

Finally, recent literature (Covin and Wales, 2012) debates the true nature of EO as a disposition versus behaviour, or unidimensional versus multidimensional construct, or formative versus reflective construct. Consistent with the original conceptualization and measure of EO by Covin and Slevin (1989) this study treats EO as firm's "unidimensional strategic orientation" (p. 79) that emanates from its founders beliefs and guidance, and is representative of its key decision making proclivity.

## **2.2 Ambidexterity**

To target both commercial success and artistic expression to ensure long-run survival, designers need to balance artistic and economic considerations (Kolsteeg, 2014; Lampel et al., 2000). This tension, linked to the concept of ambidexterity, is a pull between 'exploration' and 'exploitation' (Andriopoulos and Lewis, 2009; March, 1991). This balance is also a recurring theme in a variety of organizational literatures, and successful organizations are then so called 'ambidextrous': aligned and efficient in their management of today's business demands, while also adaptive enough to changes in the environment that they will still be around tomorrow (Gibson and Birkinshaw, 2004; Tushman and O'Reilly, 1996).

In this research, *contextual ambidexterity* is taken into account: simultaneously balancing seemingly contradictory tensions (Earley and Gibson, 2002; Gibson and Birkinshaw, 2004; Lewis, 2000; Morgeson and Hoffman, 1999). Following Raisch and Birkinshaw (2008) and Chang (2012) the best firms are increasingly those that can carefully balance explorative innovation with exploitative innovation in an ambidextrous fashion. Contextual ambidexterity is especially important at the level of the individual: the capability of individuals to perform contradictory activities and switch between different mindsets and action sets (e.g., switching from unconstrained creativity to scrutinizing the usefulness of ideas). Individuals can switch between different mind and action sets in accordance with situational demands (Bledow et al., 2009).

Additionally, empirical evidence suggests that under conditions of market and technological uncertainty, ambidexterity has a positive effect on organizational performance (O'Reilly, 2013), and is

also positively associated with subjective ratings of performance (Burton et al., 2012; Cao et al., 2009; Gibson and Birkinshaw, 2004; Lubatkin et al., 2006; Markides and Charitou, 2004; O'Reilly, 2013).

However, within the theory of ambidexterity, so far, almost all of the recommendations put forward by conceptual and empirical works are designed for large, multiunit firms (Chang, 2012). With few exceptions (e.g., Lubatkin et al., 2006), work on ambidexterity has failed to account for SMEs, which is actually the largest volume of companies within the creative industries (Bagwell, 2008), and accordingly the fashion and furniture design industry. They may operate differently and display different operating conditions and characteristics to large, multiunit firms such that generalizing current recommendations for ambidexterity into innovation strategies for these firms might prove incorrect (Chang, 2012). Also Andriopoulos and Lewis (2009) acquaint that SMEs face greater challenges in managing tensions, contradictions, and tradeoffs associated with explorative and exploitative innovations than larger firms.

In this study we look at the individual level (manager level) of exploration and exploitation in small-sized design firms.

### **2.3 Context variables: firm age and job rate**

Researchers agree upon the fact that some general individual differences between managers are related to variation in firm performance (Benmelech and Frydman 2015; Bertrand and Schoar, 2003). This study explores configurational pathways to success taken into account EO, ambidexterity, and other characteristics typical connected with small business or self-employment in the furniture and fashion design sector.

A first condition is *firm age*. In this study, firm age is an indicator for the firm life cycle. Age had been demonstrated to significantly impact a firm's growth rate. In particular, the proportional rate of firm growth decreases with firm age (Evans, 1987; Yasuda, 2005). As firms become older and larger, Miller and Friesen (1984) posit that they follow a progression through five phases: birth, growth, maturity, revival, and decline. With respect to strategy, attempts to innovate likely predominate during the birth and growth phase (Klepper, 1996). Within the context of creative industries and in regard to

performance, Camelo-Ordaz et al. (2012) find also that as age increases, flexibility decreases, resistance to change rises and values such as security become more relevant.

A second condition concerns the *rate of employment* of the entrepreneur. Creative industries are typically characterized by a high rate of self-employment (Higgs et al., 2008; Markusen et al., 2008). The study of Markusen (2006) shows that, in the US, self-employment among designers represents 32%. Additionally, in this group, 21% is a self-employed designer as a secondary occupation.

### **3. Hypotheses**

The previous sections indicate that a deeper understanding of designer's business growth and high perceived success can be gained by investigating the joint influence of EO, ambidexterity (exploration and exploitation), job rate and its phase in the organizational life cycle (firm age). To derive hypotheses, we now consider how these organizational conditions work together based on fsQCA as a set-theoretic method. Set-theoretic approaches allow that the relationships between these conditions and family firm growth can be understood through the examination of subset relations (see Fiss, 2007 and Fiss et al, 2013a for a discussion). This requires the formulation of implication hypotheses rather than covariance hypotheses (Thiem et al., 2015). While a covariance hypothesis reflects a proposition about the direction (positive or negative) of the relationship between a regressor and a regressand, an implication hypothesis links a condition with an outcome to form a proposition about the sufficiency and necessity of that condition to achieve the outcome (Thiem et al., 2015).

On the one hand, a necessary condition denotes that an outcome can only be obtained if the condition in question is present or absent (Fiss, 2007). In the context of this paper, the presence of necessary conditions would mean that business growth and high perceived success can only be achieved if a particular condition is present or absent. Our literature review suggests however that there are no unequivocal theoretical reasons or empirical evidence to assume that the presence or absence of EO, ambidexterity, job rate or firm age is necessary in order to achieve business growth or high perceived success. Hence, we expect that business growth and high perceived success can be

explained by multiple (i.e. conjunctural) (combinations of) conditions. On the other hand, a condition that is sufficient denotes that the condition can by itself produce the outcome, that is, it does not need to be combined with other conditions (Fiss, 2007). However, it is unlikely that any of our conditions is able to produce, on its own, business growth or high perceived success.

The absence of any necessary or sufficient condition indicates that our conditions of interest will form multiple configurations combining at least two conditions. This has also been referred to as conditions being *insufficient* but *nonredundant* parts of different configurations which are themselves *unnecessary* but sufficient for the occurrence of the outcome (i.e. INUS conditions; Fiss et al., 2013a). Hence, we hypothesize that:

*H1: EO, exploration, exploitation, job rate and firm age are INUS conditions for fashion and furniture designer's business growth.*

And

*H2: EO, exploration, exploitation, job rate and firm age are INUS conditions for fashion and furniture designer's high perceived success.*

## **4. Methodology**

### **4.1 Fuzzy set qualitative comparative analysis (fsQCA)**

While an in-depth explanation of the fsQCA method is beyond the purpose of this study (see Fiss, 2007, 2011; Ragin, 2000, 2006b; Schneider and Wagemann, 2012 for more information), we briefly explain the central features of fsQCA that pertain to the current study in this section. First, applying fsQCA requires the mapping of firms in terms of their multiple memberships in sets of organizational attributes or conditions. This process requires the transformation (also referred to as calibration) of the conditions according to three qualitative thresholds: full membership, the crossover point, and full non-membership (Fiss, 2007; Ragin, 2008). For a continuous variable, decisions about full membership and non-membership involve an assessment of what values are generally considered high and low, respectively. The crossover point is the score that indicates maximum ambiguity, that is, a firm has a

degree of membership 0.5 and also a degree of non-membership 0.5. Identifying the values of full membership, the crossover point, and full non-membership is unequivocal when measurement scales suggest clear cut-off points, such as seven-point Likert scales, with 1 being the lowest and 7 being the highest possible score (Ragin, 2008). Otherwise, identifying qualitative thresholds should be based on theoretical or substantive criteria external to the data (Ragin, 2008). In section 4.3 we provide more information about the calibration of the conditions and outcomes of interest in this study.

A second key feature of the fsQCA method is that it relies on Boolean algebra to compute a “truth table” which reports all the logically possible combinations of the conditions, including those that are empirically observed in our sample and those that are not (Greckhamer et al., 2008; Ragin, 2006b). Since we investigate  $k = 5$  conditions, the truth table has  $2^k = 32$  rows or combinations of conditions (i.e. configurations). The researcher is now required to (1) set a priori minimum thresholds for consistency and the frequency of cases per configuration in order to identify configurations that lead to higher family firm growth relative to competitors, and (2) specify the assumptions based on which difficult counterfactual analysis (see below) will be based (Greckhamer et al., 2008). Following Ragin (2006b), we set the minimum acceptable frequency to one case per configuration, because of the intermediate size of cases on this study. With respect to consistency, defined as the “degree to which the cases sharing a condition or combinations of conditions agree in displaying the outcome in question” (Ragin, 2006a, p.292), we identified all configurations that have a minimum raw consistency of  $>0.80$  and/or a PRI consistency of  $>0.80$  (Ragin, 2006a, 2008). In addition, the lowest acceptable overall consistency as well as the consistency for each solution is set at  $>0.80$  (Misangyi and Acharya, 2014; Ragin, 2006b, 2008).

Based on the thresholds for consistency and frequency of cases, the fsQCA methodology computes “complex”, “intermediate”, and “parsimonious” solutions (Ragin, 2006b). For this purpose we use the current version of the fsQCA software package 2.5 which relies on the Quine-McCluskey algorithm. The complex solution shows the configuration(s) that are sufficient for observing business growth and high perceived success without any counterfactual analysis. The intermediate and parsimonious

solutions show the configurations sufficient for business growth and high perceived success based on the application of respectively easy and difficult counterfactual analysis, which allows to differentiate between core and peripheral conditions (Fiss, 2011; Ragin, 2008). Easy counterfactual analysis investigates whether (combinations of) conditions presumed to be sufficient for business growth and high perceived success are also present (based on empirical instances) when business growth or high perceived success is not observed, or whether their inverse similarly leads to business growth or high perceived success. If this is the case, the (combinations of) condition(s) of interest is redundant and removed in the intermediate solution (Fiss, 2011). In a difficult counterfactual analysis, a researcher asks whether the removal of a condition makes a difference. For example, if theoretical or substantial knowledge links the presence, not the absence, of a condition to an outcome and an empirical instance of the absence of that condition is lacking, then the solution can be simplified by removing that condition in the parsimonious solution (Fiss, 2011). With regard to the difficult counterfactual analysis, we make assumptions only for those conditions for which theory and/or extant empirical evidence is rather clear that their presence should (not) lead to business growth or high perceived success.

As mentioned above, applying easy and difficult counterfactual analysis allows the differentiation between core and peripheral conditions. Core conditions are those that are part of both intermediate and parsimonious solutions, and peripheral conditions are those that are eliminated in the parsimonious solution and thus only appear in the intermediate solution (Ragin, 2008). According to Fiss (2011), core conditions can be considered as being more important for an outcome relative to peripheral conditions which may even be expendable or exchangeable. In line with prior studies (e.g. Garcia-Castro and Casasola, 2009; Fiss, 2011), we report the intermediate solution and denote the presence or absence of the conditions as follows: core conditions are denoted by ● (present) and ⊗ (absent) while peripheral conditions are denoted by • (present) and ⊗ (absent). Blank spaces in a solution indicate a situation in which the condition may be either present or absent (Fiss, 2011).

## **4.2 Sample**

No exhaustive list of independent fashion and furniture designers exist in Belgium to date. Therefore, this study uses the databases of Design Flanders and Flanders Fashion Institute. They consist together of 315 designers in Flanders and Brussels. The study expands this database with 5 more furniture designers via snowball sampling. From this group an initial selection of 100 small-sized cases was made, following a most similar/most different strategy (Yin, 2003). From this group, 37 cases responded positively to a request for an interview, all of whom were subsequently interviewed by the authors. The semi-structured interviews had a duration of 40 to 90 minutes, and are tape-recorded and transcribed. In addition to the formal interviews, the authors collected additional data about the cases from financial reports, press documentation and website information, and also survey data was collected.

In a next step an online survey was sent to a group of 63 fashion and furniture designers which didn't respond to the request for an interview. Data on several indicators of business growth, perceived success, EO, exploration, exploitation, job rate and firm age were collected. This resulted in 15 additional responses. We dropped two cases because they didn't meet the selection criteria of being small-sized. This brings the total sample for this study on 50 cases.

## **4.3 Measures and calibrations of set memberships**

As mentioned earlier, the application of fsQCA as a set-theoretic method requires the calibration of our conditions according to three qualitative thresholds: full membership, the crossover point, and full non-membership (Fiss, 2007; Ragin, 2000). Table 1 summarizes the underlying measures of each condition and the calibration thresholds for each fuzzy set.

### **4.3.1 Business growth**

One of the outcomes of interest in the current study is business growth, which we assess through three items regarding growth of (i) turnover, (ii) sold products, and (iii) amount of employees. Specifically, respondents were asked to rate whether their turnover, sold products and amount of employees at this moment are increased, decreased or remained the same compared to 3 years ago

(or less if they are less long existing). Next, the score on these three items was calculated. Designers with a score of 3 are considered as fully in; designers with a score less than 3 but higher than 0.99 as more in than out; designers with a score less than 0.99 but higher than 0 as more out than in; and designers with the score of 0 as fully out of the set membership of designers with business growth.

#### **4.3.2 High perceived success**

The second outcome of interest in the current study is high perceived success. Respondents were asked to rate on a five-point Likert scale (1= totally not successful, 5=very successful) whether they find their business successful, by their own definition of success. Next, they could also clarify what they mean by success. Since we are looking for high perceived success, we use 5, 3.50 and 1 as thresholds for full membership, crossover point, and full non-membership. This means that we consider designers with a score of 5 as fully in; designers with a score less than 5 but higher than 3.50 as more in than out; designers with a score less than 3.50 but higher than 1 as more out than in; and designers with a score of 1 as fully out of the set membership of designers with high perceived success.

#### **4.3.3 EO**

EO is defined in line with earlier studies in terms of the degree of the family firm's innovativeness, proactiveness, and willingness to take risks (e.g. Chirico et al., 2011). We use the nine-item EO scale proposed by Miller (1983) and Covin and Slevin (1989) to capture each individual dimension. This scale is the most commonly employed EO measure and has exhibited high levels of validity and reliability in numerous studies (see Covin and Wales, 2012 and George, 2011 for a discussion). Next, we calculated the average score on these nine items. Since respondents' answers are based on a seven-point Likert scale, we use 7, 4.01, and 1 as thresholds for full membership, crossover point, and full non-membership. This means that we consider designers with a score of 7 ("very important") as fully in; designers with a score less than 7 but higher than 4.01 ("important or little important") as more in than out; designers with a score less than 4.01 but higher than 1 ("little unimportant or unimportant") as more out than in; and designers with a score of 1 ("very unimportant") as fully out of the set membership of EO.

#### **4.3.4 Exploration**

As mentioned earlier, exploration is measured at the individual level. Therefore, we use the five-item exploration scale proposed by Mom et al. (2007) based on the features by which March (1991) characterizes the construct of exploration. This scale has exhibited high levels of validity and reliability. Next, we calculated the average score on these five items. Since respondents' answers are based on a five-point Likert scale, we use 5, 3.01, and 1 as thresholds for full membership, crossover point, and full non-membership. This means that we consider designers with a score of 5 ("very much") as fully in; designers with a score less than 5 but higher than 3.01 ("neutral") as more in than out; designers with a score less than 3.01 but higher than 1 ("little") as more out than in; and designers with a score of 1 ("very few") as fully out of the set membership of exploration.

#### **4.3.5 Exploitation**

Also exploitation is measured at the individual level. Therefore, we use the six-item exploration scale proposed by Mom et al. (2007) based on the features by which March (1991) characterizes the construct of exploitation. This scale has exhibited high levels of validity and reliability. Next, we calculated the average score on these six items. Since respondents' answers are based on a five-point Likert scale, we use 5, 3.01, and 1 as thresholds for full membership, crossover point, and full non-membership. This means that we consider designers with a score of 5 ("very much") as fully in; designers with a score less than 5 but higher than 3.01 ("neutral") as more in than out; designers with a score less than 3.01 but higher than 1 ("little") as more out than in; and designers with a score of 1 ("very few") as fully out of the set membership of exploitation.

#### **4.3.6 Context variables: job rate and firm age**

*Job rate* is measured by asking the respondents if they work fulltime or part-time as a designer. This is a dichotomous condition, meaning that 1 is the threshold for full membership, or being a fulltime designer, and 0 is the threshold for full non-membership, or being a part-time designer.

The *age* of the designers' firm is measured as the number of years of its existence. To derive meaningful thresholds, the 80<sup>th</sup> and 20<sup>th</sup> percentiles of the number of years were calculated for the

whole sample. This leads to the use of 13.2, 8.1, and 3 as thresholds for full membership, crossover point and full non-membership, respectively.

**Table 1: Original variables, measures and set calibration**

Condition	Question/ <i>measure</i>	Thresholds		
		Full membership	Crossover	Full non-membership
Growth	Combination of 3 indicators: (1) growth in amount of employees; (2) growth in turnover; (3) growth in sold products / <i>a score from 0 to 3 on 3</i>	3	0,99	0
High perceived success	Indicate on a five-point Likers scale how you perceive your own success following your own definition of success / <i>a score from 1 to 5</i>	5	3,5	1
EO	Seven-point Likert scale with items derived from Covin & Slevin (1989) and Miller (1983) / <i>average score</i>	7	4,01	1
Exploration	Five-point Likert scale with items derived from Mom et al. (2007) / <i>average score</i>	5	3,01	1
Exploitation	Five-point Likert scale with items derived from Mom et al. (2007) / <i>average score</i>	5	3,01	1
Job rate	Do you work fulltime or part-time as a designer? / <i>1= fulltime; 0= part-time</i>	1	0,5	0
Firm age	Number of years since beginning / <i>2016 – year of beginning</i>	13,2	8,1	3

## 5. Results

### 5.1 Analysis of necessity

By definition, a necessary condition denotes that business growth or high perceived success can only be obtained if that condition is present (or absent) (Fiss, 2007). An argument for necessity is supported when it can be demonstrated that instances of (no) business growth or (no) high perceived success overlap substantially with a subset of instances of the condition in question. The fsQCA software package 2.5 provides a formal analysis of necessity by calculating the consistency and coverage of the presence (e.g. high EO) and absence (e.g. not-high EO) of each condition in relation to an outcome. Schneider and Wagemann (2012) posit that the consistency and coverage thresholds for considering a condition as necessary need to be higher 0.90 and 0.80, respectively. As shown in Table 2, none of our conditions passes these thresholds when business growth, no business growth, high

perceived success or low perceived success are taken into account as outcome. We therefore conclude that none of our variables represent a necessary condition in the analysis.

**Table 2: Analysis of necessary conditions**

Condition	Business growth		No business growth	
	Consistency	Coverage	Consistency	Coverage
EO	0.76	0.74	0.47	0.60
Exploration	0.68	0.83	0.48	0.77
Exploitation	0.67	0.81	0.50	0.79
Job rate	0.63	0.76	0.37	0.58
Firm age	0.58	0.47	0.54	0.56
Condition	High perceived success		Low perceived success	
	Consistency	Coverage	Consistency	Coverage
EO	0.78	0.88	0.68	0.74
Exploration	0.67	0.95	0.64	0.88
Exploitation	0.65	0.91	0.68	0.92
Job rate	0.52	0.71	0.48	0.65
Firm age	0.67	0.62	0.55	0.49

Note: N=50

## 5.2 Configurations for business growth

The results shown in table 3 represent the two configurations of conditions (i.e. solution 1 and 2) found to be sufficient for fashion and furniture designer's business growth. The overall solution consistency is 0.84 and the overall solution coverage 0.39. The latter indicates that the two configurations of conditions account for 39 percent of membership in designer's business growth. This value is substantive, yet it also indicates that our configurations contain other elements not taken into account in this study that relate to business growth (Fiss, 2011).

The two solutions show that at least three conditions need to be present or absent in order to achieve designer's business growth. This means that the presence or absence of a single condition is insufficient to obtain this outcome. In combination with our finding that none of our conditions are necessary, we confirm hypotheses H1 in which we predicted that EO, exploration, exploitation, job rate and firm age are INUS conditions for fashion and furniture designer's business growth.

With respect to the first solution, labelled "younger fulltime designers with a high rate of exploitation", we find that young and fulltime designers achieve higher growth if they exhibit a high level of exploitation. Solution 2, labelled "younger fulltime designers with a high rate of exploration and a focus on entrepreneurial orientation", indicates that higher growth can also be achieved (i.e.

equifinality) if young fulltime designers exhibit a high level of EO and exploration. Solution 1 and 2 thus indicate that a balance between exploration and exploitation, reflected in high levels of both, does not appear to be needed for business growth (see section 2.2). More important is being a fulltime designer when being a young designer, combination with exploitation or with exploration and EO.

**Table 3: Configuration for business growth**

Condition	Solutions	
	1	2
	“Younger fulltime designers with a high rate of exploitation”	“Younger fulltime designers with a high rate of exploration and a focus on entrepreneurial orientation”
EO		•
Exploration		•
Exploitation	•	
Job rate	●	●
Firm age	⊗	⊗
Consistency	0.84	0.92
Raw coverage	0.37	0.34
Unique coverage	0.05	0.02
Overall solution consistency	0.84	
Overall solution coverage	0.39	

Notes: N = 50. The frequency cut-off was set at 1. The consistency cut-off was set at 0.80. Black circles indicate the presence of a condition, and white circles indicate its absence. Large circles indicate core conditions, small ones refer to peripheral conditions. Blank spaces indicate ‘do not care’.

**5.3 Configurations for no business growth**

In table 4 we report the one configuration of conditions (solution 3) found to be sufficient for the absence of designer’s business growth. According to solution 3, labelled “younger part-time designers with a high rate of exploitation and a low rate of exploration”, the absence of business growth is explained by a concurrent exhibition of low rates of exploration for part-time young designers in combination with a high rate of exploitation. Contrary to the previous findings an imbalance between exploration and exploitation and working part-time is detrimental for no business growth.

**Table 4: Configurations for no business growth**

Condition	Solution 3 "Younger part-time designers with a high rate of exploitation and a low rate of exploration"
EO	
Exploration	⊗
Exploitation	•
Job rate	⊗
Firm age	⊗
Consistency	0.87
Raw coverage	0.18
Unique coverage	0.18
Overall solution consistency	0.87
Overall solution coverage	0.18

Notes: N = 50. The frequency cut-off was set at 1. The consistency cut-off was set at 0.80. Black circles indicate the presence of a condition, and white circles indicate its absence. Large circles indicate core conditions, small ones refer to peripheral conditions. Blank spaces indicate 'do not care'.

#### 5.4 Configurations for high perceived success

The results shown in table 5 represent the four configurations of conditions (i.e. solution 4, 5, 6 and 7) found to be sufficient for fashion and furniture designer's high perceived success. The overall solution consistency is 0.89 and the overall solution coverage 0.57. The latter indicates that the four configurations of conditions account for 57 percent of membership in designer's high perceived success. This value is substantive, yet it also indicates that our configurations contain other elements not taken into account in this study that relate to high perceived success (Fiss, 2011).

The four solutions show that at least four conditions need to be present or absent in order to achieve designer's high perceived success. This means that the presence or absence of a single condition is insufficient to obtain this outcome. In combination with our finding that none of our conditions are necessary, we confirm hypotheses H2 in which we predicted that EO, exploration, exploitation, job rate and firm age are INUS conditions for fashion and furniture designer's high perceived success.

With respect to the fourth solution, labelled “older fulltime designers with a high rate of exploration and a low rate of exploitation”, we find that older and fulltime designers achieve higher perceived success if they exhibit a high level of exploration and a low level of exploitation. Solution 5, labelled “older fulltime designers with a high rate of exploitation and exploration, and a focus on entrepreneurial orientation”, indicates that higher perceived success can also be achieved (i.e. equifinality) if older fulltime designers exhibit a high level of ambidexterity in combination with EO. Solutions 6 and 7 show quite opposite results. Both they indicate that fulltime designers with a focus on EO achieve higher perceived success, but with different combinations of ambidexterity. Solution 6 shows a combination of a high rate of exploitation and a low rate of exploration. Solution 7 shows the opposite: a combination of a high rate of exploration and a low rate of exploitation.

**Table 5: Configurations for high perceived success**

Condition	Solutions			
	4 “Older fulltime designers with a high rate of exploration and a low rate of exploitation”	5 “Older fulltime designers with a high rate of exploitation, exploration and a focus on entrepreneurial orientation”	6 “Fulltime designers with a high rate of exploitation and a focus on entrepreneurial orientation and a low rate of exploration”	7 “Fulltime designers with a high rate of exploration and a focus on entrepreneurial orientation and a low rate of exploitation”
EO		●	●	●
Exploration	•	•	⊗	•
Exploitation	⊗	•	•	⊗
Job rate	●	●	●	●
Firm age	●	●		
Consistency	0.94	0.93	0.88	0.93
Raw coverage	0.27	0.12	0.34	0.36
Unique coverage	0.01	0.12	0.09	0.03
Overall solution consistency	0.89			

Overall solution coverage	0.57
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Notes: N = 50. The frequency cut-off was set at 1. The consistency cut-off was set at 0.88. Black circles indicate the presence of a condition, and white circles indicate its absence. Large circles indicate core conditions, small ones refer to peripheral conditions. Blank spaces indicate 'do not care'.

### 5.5 Configurations of low perceived success

In table 6 we report the four configurations of conditions (solution 8, 9, 10 and 11) found to be sufficient for the absence of designer's high perceived success. According to solution 8, labelled "fulltime designers with a high rate of exploitation and a low rate of exploration", the absence of perceived success is explained by a concurrent exhibition of a low rate of exploration for fulltime designers in combination with a high rate of exploitation. A quite similar configuration is found in solution 9. This solution reflects that younger designers report low perceived success if they have a high rate of exploitation, and a low rate of exploration. The importance of EO is seen in solution 10 and 11. Solution 10 shows that younger designers with a focus on entrepreneurial orientation, a high rate of exploration and a low rate of exploitation report low perceived success, while solution 11 shows that younger fulltime designers without a focus on EO and a high rate of exploitation show low perceived success.

**Table 6: Configurations for low perceived success**

Condition	Solutions			
	1 "Fulltime designers with a high rate of exploitation and a low rate of exploration"	2 "Younger designers with a high rate of exploitation and a low rate of exploration"	3 "Younger designers with a high rate of exploration and a focus on entrepreneurial orientation and a low rate of exploitation"	4 "Younger fulltime designers with a high rate of exploitation and no focus on entrepreneurial orientation"
EO			●	⊗
Exploration	⊗	⊗	•	
Exploitation	•	•	⊗	•
Job rate	●			●
Firm age		⊗	⊗	⊗

Consistency	0.93	0.96	0.94	1.00
Raw coverage	0.37	0.42	0.38	0.30
Unique coverage	0.12	0.04	0.06	0.05
Overall solution consistency	0.92			
Overall solution coverage	0.67			

Notes: N = 50. The frequency cut-off was set at 1. The consistency cut-off was set at 0.92. Black circles indicate the presence of a condition, and white circles indicate its absence. Large circles indicate core conditions, small ones refer to peripheral conditions. Blank spaces indicate 'do not care'.

## 6. Discussion and conclusion

To shed more light on the interrelationships between EO, ambidexterity and context variables like job rate and firm age and their effect on business growth and high perceived success, we applied the fsQCA methodology (Fiss, 2007, 2011; Ragin, 2006b). Drawing from this comparative case study, all conditions play an important role, in different kind of configurations and with differences in being present or absent. As such we can confirm hypotheses H1 and H2 in which we predicted that EO, exploration, exploitation, job rate and firm age are INUS conditions for fashion and furniture designer's business growth and high perceived success.

The results for the outcome "business growth" are quite clear. However, the solutions are only significant for young fashion and furniture designers, working less than 8 years as a designer. A previous study with furniture designers already showed the importance of a fulltime occupation as designer (Jacobs et al. 2016b), which is confirmed in this study. The pathway to business growth is characterized by a fulltime occupation, in combination with other conditions (solution 1 and 2 in Table 3), and no business growth is achieved when the young designer has a part-time occupation, in combination with other conditions (solution 3 in Table 4). Furthermore, business growth is achieved when the young fulltime designer does a lot of exploitation, or when the designer combines exploration with a focus on entrepreneurial orientation. From the literature review, however, we expected to see the importance of simultaneously balancing exploitation and exploration (Raisch and

Birkinshaw, 2008; Chang, 2012). Our study shows that at least for young fulltime designers, a focus on exploitation alone is sufficient for business growth, or a combination of exploration and EO. Contrary, when a young part-time designer has a focus on exploration, but not on exploitation, there's no business growth.

The results for the outcome "high perceived success" are more mixed, a lot of pathways to high perceived success are possible. Drawing from the clearest solutions, the results show that being a fulltime designer is also important for achieving high perceived success, which is in line with previous research (Jacobs et al., 2016b). Furthermore, older fulltime designers (working more than 8 years as a designer), achieve high perceived success when they only focus on exploration, and not on exploitation. If they have a focus on exploration and exploitation, it is also in combination with a focus on EO (solution 4 and 5 in Table 5). Low perceived success is realized when (younger) fulltime designers focus on exploitation, and not on exploration (solution 8, 9 and 11 in Table 6). The importance of exploration in the solutions is in line with the findings of Chaston (2008), who states that managers of most small creative firms are individuals who focus more on sustaining a lifestyle oriented toward involvement in creative output than on being financially successful.

In conclusion, combining a configurational way of thinking with fsQCA as method of analysis suggests that focusing on the joint and interdependent effects of multiple growth and perceived success predictors is particularly fruitful to develop an integrative model of designer's business growth and high perceived success that is broad in scope yet parsimonious in its solutions. The use of fsQCA enables further empirical exploration of configurations of conditions that explain more profoundly designer-level and firm-level outcomes (Fiss et al., 2013a). In addition, the detection of causal asymmetry by fsQCA can contribute to a more accurate understanding of relationships between variables.

The findings of this study are also from importance for policy-makers and the designers themselves. In order to achieve business growth and high perceived success, designers must find stimuli and support to be powerful enough to be a designer as primary occupation. Looking back into the cases,

most of the part-time designers have other jobs to secure their financial situation. To achieve business growth, exploitation and EO are essential. To achieve high perceived success, exploration is essential. In order to achieve both business success and high perceived success, it seems that a balance between these variables is essential. This advice may be of use for fashion and furniture designers when defining their strategy.

### **6.1 Limitations and further research**

Like any study, this study is subject to a number of limitations. First, like any methodology, fsQCA has its limitations in its own right. One limitation is that apparently small changes in calibration or the choice of cut-off values regarding frequency and consistency thresholds can lead to significant changes in the solutions obtained (Fiss et al, 2013b). As a robustness check, we advanced this limitation by examining the impact of different cut-off values concerning frequency and consistency thresholds, and we found that in some situations fewer solutions emerged that are however not different from those reported in Table 3, 4, 5 and 6. Another limitation is that although core and peripheral conditions give an expression of the relative importance of conditions, an exact figure of how much more or less important a condition is for an outcome to occur is not computed by fsQCA.

Second, our study has a cross-sectional research design. This means that we cannot explore causality. Future studies may replicate the models with longitudinal data that accounts for potential variances in the conditions and outcomes over time. For this purpose, Garcia-Castro and Arinõ (2013) have recently developed a novel approach to apply set-theoretic methods to panel data.

Finally, we focused on the variables that from literature and our experience in the fashion and furniture industry seemed most important for business growth. Future studies could examine whether other variables have different combinatorial effects as those we find in this study

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