

## Chapter 3

# Other New Firm Types

### ABSTRACT

*Before moving to the comparison of the TSU with the complete firm in order to understand the challenges the TSU faces in the transformation to a complete firm, a short review is given in this chapter of other entities similar yet different from the TSU to complete the scene so to speak. The social SU and the bootstrap are discussed, and the differences between them and the TSU are explained. They are not without challenges of their own, and some of those are described in this chapter. The non-technical SU is also presented and discussed. The discussion is aided by some graphic work intended to clarify the comparison points between the different types described. Once the “fauna” is more comprehensively presented, the discussion is ready to move to the complete firm in the next chapter.*

## **INTRODUCTION**

The TSU is not the only new entity format for establishing new activities. This chapter will describe shortly some of the others in order to complete the picture for the reader. Business start-ups will be discussed showing that they differ mostly in the fact that they require from day one a complete firm, and that they therefore while having other problems will rarely face the same difficulties moving from the SU stage to the mature stage – albeit they will have their own difficulties. The analysis will start with non-business-like SU, progress to discussing business SUs without R&D, and end with a discussion of a technological new firm that is not a SU, the “Boot-Strap” model.

Before discussing the different types, it is important to remember that the different types have to play the ecosystem game as well as the TSU, and the Complete Firm to be discussed below. That is to say, that they play in their own ecosystem in which they have to adapt to a certain environment, and that they, or other interested parties, have to create that ecosystem in order to let the entities flourish (Danison et al., 2005; Audretsch and Belitski, 2016; Spigel and Harrison, 2018).

There are also discussions regarding gender and the impact it has on the selection of types and activities in innovation. This will not be further discussed here in order to keep the discussion focused (Entrialgo and Iglesias, 2017). Similarly we shall not discuss here risk preferences of the entrepreneurs (Noy and Ellis, 2003a; 2003b).

In the discussion some of the characteristics will be described with examples to demonstrate the meaning of each. The similarities and the difference compared with the TSU will be presented. It is not possible to describe each model to the full in such a short space so generalization will be used, which will of course drive to some inaccuracy, but will contribute to the effectiveness of the discussion. The main aim is to highlight some of the characterization and growth aspects of the TSU by contradicting them with other models.

### **The Social Start-Up**

The social SU is not a business, but it comes to fill a social function, either taken up by the government and neglected or in answering a new social need. The social SU will normally provide a service and as it will not be business oriented it will raise funds in ways relevant for it. While depending on the

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