

Secrets in Fashion Entrepreneurship: Exploring Factors Influencing Success in U.S. Fashion New Ventures

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Introduction: Entrepreneurship helps a country to create new businesses and jobs, strengthen competition, and may even increase productivity through technological change. Thus, high measured levels of entrepreneurship will translate directly into high levels of economic growth (Holmgren & From, 2005). In today's global fashion industry, fashion entrepreneurs push the global fashion industry forward through design innovation and new business models. Consumers' new shopping patterns and emerging technologies have created various opportunities, as well as challenges for fashion entrepreneurs. Many new ventures fail in the early stages (Shirokova & Shatalov, 2010). In the U.S., researchers found that only 50% of new ventures survive the first one and a half years (Van de Ven et al., 1984). The fashion industry is not an exception. Most new fashion companies are destined to fail (Sherman, 2014). With a protectionist trade policy agenda, increasing sourcing costs, and market competition from multiple retail channels, many uncertainties may impact today's fashion new ventures and make their start-up process even more challenging than ever (Sheng, 2018). It is important to research what made fashion new ventures successful, or fail, during the initial stages of business. Therefore, an exploration of the meaning of success and the secrets to success for U.S. fashion new ventures was deemed necessary to further facilitate new ventures' survival in the early stage of business development.

Theoretical Framework: To achieve research goals, two theoretical perspectives were used in this study. Barney's (1991) Resource-Based View of the firm helped reveal secrets to success from the firm's perspective. A firm is configured by various sets of unique, costly-to-copy, and rare resources that the firm possesses. This theory explains what the true sources of a firm's competitive advantage are, and why firms perform differently from one another. Grande, Madsen and Borch (2011) indicated that new venture resources refer to all sorts of materials, energy, and information invested and utilized in new venture start-ups' processes. Especially, the innovation aspect of entrepreneurship, such as idea recognition, has gained critical importance to stimulate a new type of competition and create the new paradigm of competitive advantage among fashion companies. In addition, the Social Cognitive Theory can be used as a supplemental theory to explain secrets to success from the individual (founder/entrepreneur)'s perspective (Boyd & Vozikis, 1994). The Social Cognitive Theory identifies human behavior as an interaction of personal factors, behavior, and the environment (Bandura, 1989). Entrepreneurial cognition refers to knowledge structures that people use to make assessments or decisions involving

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business recognition, evaluation, formation and growth (Mitchell, Busenitz, et al., 2002). Given the unique characteristics of the U.S. fashion industry, this study aimed to (1) explore types of fashion entrepreneurs regarding the process of idea recognition, and (2) understand crucial resources for U.S. new ventures to survive during the initial stage of business development from both firm and individual perspectives.

Method: For the purpose of the study, we conducted personal interviews with open-ended questions over a 2-month period in 2017 at places convenient for participants or through online conference platforms. This qualitative method is effective for uncovering valuable insights, experiences and perspectives that are difficult to obtain from other research techniques (Creswell, 2012). Thirteen entrepreneurs were recruited using the purposive sampling technique. Business types include design, manufacturing, and retailing while product categories include men's, women's, sport wear, streetwear, pet wear, accessories and dinnerware. Each interview took one to two hours. Among thirteen participants, five own fashion design or merchandising degrees. The interview data were transcribed and analyzed for recurring themes. The transcribed interviews resulted in approximately 308 pages of primary source data.

Results: The data reveal that there are two types of fashion entrepreneurs: pre-determined fashion entrepreneurs and accidental fashion entrepreneurs. Pre-determined fashion entrepreneurs have strong beliefs in starting their own business while accidental fashion entrepreneurs have no intention to be entrepreneurs until opportunities presented themselves. The two types of entrepreneurs recognize business opportunities differently. In terms of crucial resources, a majority of participants pointed out that five major resources are important for fashion new ventures success at the firm level: capital, unique product and positioning, digital marketing, merchandising/inventory management, and legal support. At the individual level, most participants believe hard work, passion, dedication, perseverance, optimistic outlook (never let negative comments/feedback to beat you down), and willingness to sacrifice (time could spend with family and friends; spending money enjoying life) are relevant attributes for successful fashion entrepreneurs. In addition, some relationship attributes contribute to the success of fashion new ventures too, such as “being good with people” and “trusting the right person”. This is consistent with Social Cognitive Theory which defines social scheme as a cognitive structure that embodies one's overall knowledge about a given topic. General knowledge about

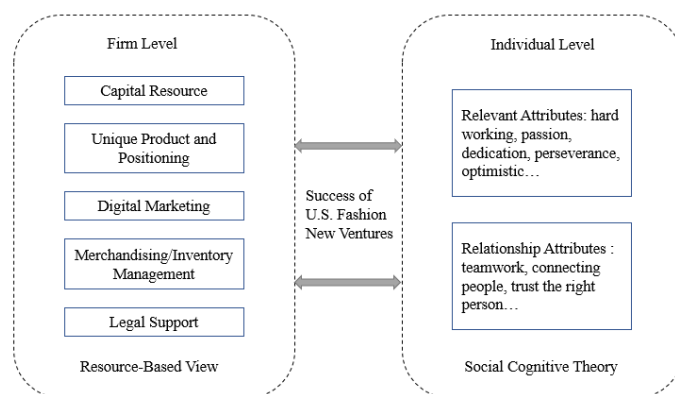


Figure1: Conceptual Model of This Study

ourselves and others empowers us to be effective in a competitive world (Fiske & Taylor, 2008). Figure 1 is a pictorial representation of the researchers' interpretation of the study's themes.

Conclusions: Fashion entrepreneurs work in highly complex environments with frequent change. This research offers important implications and contributions. First, this study provides a nuanced understanding of factors influencing success in U.S. fashion new ventures by combining Resource-Based Theory and Social Cognitive Theory. Major themes emerged at both firm level and individual level. Two types of fashion entrepreneurs (pre-determined and accidental) were shown in this study according to entrepreneurial ideas recognition. Second, this study helps people who are interested in starting new ventures in the U.S. fashion industry, as the results provide key unique resources that are critical for new venture success. Third, the research findings contribute to academic organizations and policy makers. The study findings can help shape fashion-related curriculum to provide relevant knowledge and skill sets so that graduates can be successful in their new venture careers. The government could utilize these findings to make appropriate policies, training programs, and community support to help improve the survival rate of U.S. fashion new ventures. Future research opportunities could include empirical studies of key factors affecting fashion new venture performance to validate and further generalize these findings.

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