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Learning from Sports Entrepreneurs - Development of a conceptual framework for entrepreneurial risk-handling

by

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We hereby certify that this material, which we submit for assessment on the programme of study leading to the award of Master of Science in Entrepreneurship – New Venture Creation at Lund University, is entirely attributed to our original work, or where other work is cited references are supplied.

Lund, 21.05.2021



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Abstract

The research takes a descriptive and exploratory approach in understanding how the risk experience of top athletes shapes sports entrepreneurs' risk-handling strategies. In particular, the purpose of this study is to advance the theoretical knowledge of entrepreneurial risk-handling by studying risk-handling strategies developed and applied by sports entrepreneurs and putting them into a conceptual framework of entrepreneurial risk-handling that can be used by any entrepreneur and for future research. Ten in-depth, semi-structured interviews were conducted with active sports entrepreneurs who can draw on a successful career as a top athlete and are active entrepreneurs in different sectors. The analysis allowed understanding how individuals developed fundamental risk-handling strategies already in the athletes' career. The findings show how these strategies are then applied in the second career as a sports entrepreneur to handle risky situations in the uncertain world of entrepreneurship. Furthermore, the study gives a strong indication of how much all entrepreneurs can learn from sports entrepreneurs and their risk handling strategies. This led to the construction of a first conceptual framework of entrepreneurial risk-handling. Lastly, theoretical and practical implications were delineated.

Keywords: Entrepreneurship, sport entrepreneurship, professional athlete, second career, sports, risk-taking, risk-handling

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1. Introduction

Being an entrepreneur is an activity associated with risk and complexity (Townsend et al., 2018). The link between entrepreneurship and risk was already recognized by classical economic theorists (van Praag, 1999). Every day, thousands of entrepreneurs make risky decisions and thus handle risky situations. Findings from Sandberg and Hofer (1987) indicate that the whole venture process is tremendously complex, which is a reason for the high-risk founder's suffering. However, the rate of failure in new ventures is significant, with the vast majority of businesses failing before the third year (Ibrahim & Goodwin, 1986). Given the high failure rate of new ventures and the fast-shifting market environments in which new ventures are created today (Dickson, 1992), a deeper understanding of the founder's profile and its role in the success of new ventures has the potential to improve the quality of decision making in the uncertain environment that most prospective new venture founder's face. In the context of this, risk attitude and business performance are interrelated (Hvide & Panos, 2014). Thus, the level of innovation, proactiveness and risk-taking of a company or an individual judge about the grade of how entrepreneurial they are (Schindehutte, Morris & Pitt, 2009). It becomes clear that risk related characteristics of individual entrepreneurs need further exploration (Dollinger, 2008).

The influence of the founding entrepreneur has been proposed in the literature as an influence on new venture performance (Roure & Maidique, 1986; Virany & Tushman, 1986) and because of that it is particularly interesting to put the founder's personal characteristics in the focus of scientific research. Risk handling is the selection of an appropriate strategy to reduce the probability of the occurrence of risk-related events and the extent of their negative impact (Fan et al., 2008). Previous literature finds that human capital, or the access to more information and thus more knowledge, significantly influences risk-taking. Here this additional human capital is assumed to be the crucial determinant of dealing with risks (Gifford, 2010). Besides, a systematic approach to handling identified risks is crucial to achieving success by an organization or an individual (Marcinkowski & Kuciapski, 2012).

It is, therefore, surprising how little attention has been paid to an overall concept of risk handling in the entrepreneurship literature. Research on risk handling is scarce and mostly

opinion- or case-based, and when it is found, it is seldom related to entrepreneurship theory (Fan et al., 2008).

The sports industry and its athletes play a major role in economic development nowadays (Ratten, 2012). In contrast, a surprising dilemma in the life of professional athletes when their career ends can be found, as often the financial resources last not long enough for life after. Professional careers in sports have a limited time horizon and therefore, even top athletes are forced to actively engage in the search for a second career, whereby entrepreneurship represents a suitable option for athletes (Kenny, 2015; Steinbrink et al., 2020). In addition, studies show that athletes can have an impact on society by acting as role models and thus, people can learn from their behaviour (Bush, et al., 2004). However, it can be seen that neither scholars nor practitioners have fully recognized the significant contribution of the sports industry and to what extent athletes can contribute to the economy (Pellegrini et al., 2020).

Ratten (2011), as one of the leading researchers in the field of sports entrepreneurship, identified a strong relationship between entrepreneurship and athletes as both rely on the use of the same skills (e.g. innovation or risk-taking). Athletes are more suited to entrepreneurship than non-athletes because of their higher risk tolerance, which is particularly pronounced among athletes in high-risk sports (Steinbrink et al., 2020). This implies that many top athletes find themselves in an environment where they are permanently handling risk, which is why sports entrepreneurs are perfectly suited to fill the identified research gap: Entrepreneurial risk-handling strategies.

Thus, this thesis aims to answer the question of how prior experience as a top athlete influences the risk handling strategies as a sports entrepreneur. In this way, the purpose of the study is to fill the gap in the field of entrepreneurial risk research by developing the first conceptual framework for entrepreneurial risk handling. This framework can be used as a guideline for aspiring entrepreneurs that face high-risk environments as well as for future studies in this field.

To answer the research question, the research adopts a multiple case study approach to emerge different risk handling strategies that have been developed among the athlete's sports careers and being applied nowadays in the career as a sports entrepreneur. By conducting semi-structured interviews and applying inductive qualitative research, the sample of the study consists of ten sports entrepreneurs with different experienced risk types. The research will progress as by the following:

The next section presents the theoretical framework that covers the existing literature about the interplay between sports entrepreneurship, prior experience, success and risk-taking. Then, the main empirical results and analyses are presented in relation to the theoretical framework. Besides, the paper concludes by providing further meaning and context for the main findings. Finally, future theoretical and practical implications are suggested, as well as limitations of the study are outlined. The study ends by providing implications for practice and future researchers and closes with conclusions.

2. Theoretical Framework

This section will offer a brief overview of the factors linked to sports entrepreneurship, prior experience and risk related concepts in the context of entrepreneurship. For this purpose, the current literature on sports entrepreneurship, prior experience and comprehensive risk in its sub-areas (e.g. risk-taking, risk handling, uncertainty) was studied. Subsequently, the existing research regarding entrepreneurship among professional athletes and to what extent risk-handling influences the entrepreneurial journey was studied.

2.1 Sport Entrepreneurship

Famous athletes such as David Beckham, Tiger Woods, Michael Jordan or Tom Brady are known all over the world (Parmentier & Fischer, 2012). Their personal brands can create a significant advantage to teams or tournaments during their career but also afterwards when their personal brand name will be used in an entrepreneurial context (Kaynak et al., 2008). Furthermore, entrepreneurship and sports created a relationship nowadays, whereby the characteristics of entrepreneurship and sports are getting integrated and thus transforming into sports entrepreneurship (Ratten, 2011). However, in order to understand the academic field of sports entrepreneurship, it is necessary to first define the characteristics of entrepreneurship.

Researchers such as Bygrave & Hover, Gartner and Kao (1992; 1990; 1993), for example, gave already a clear characterization of entrepreneurship. Gartner here (1990) described entrepreneurship with individuals, which have unique personalities, abilities and innovation as a driver for a new idea, where this new idea creates value. In Schumpeter's view on "*The Theory of Economic Development*" (1981), he introduced five major forms of innovation: "(1) The introduction of a new good ... or of a new quality of good. (2) The introduction of a new method of production... (3) The opening of a new market... whether or not this market has existed before. (4) The conquest of a new source of supply of raw materials or half manufactured goods, again irrespective of whether this source already exists... (5) The carrying out of the new organization of any industry..." (Schumpeter, 1934).

However, a clear explanation of an innovative and a classical entrepreneur needs to be made (Lazear, 2004). This is evident with Jeff Bezos (Amazon) and Steve Jobs (Apple), who, e.g. gets defined as innovative entrepreneurs but are among the few founders' who manage to set up an innovative company (Bhide, 2003; Case, 1989). Gabrielsson and Politis (2012) also argue that the knowledge, skills and problem-solving abilities gained from education and work experience enable individuals to create more business ideas than others. At the same time, studies show that around 45 % of the entrepreneurs start businesses in which they were previously employed and that most entrepreneurs will only discover the opportunities that are related to their prior knowledge (Shane, 2000). However, the right mix between novelty and already known is the distinction to get a consumer's attention (Ward, 2004). Therefore, a competitive advantage can be achieved with an entrepreneurial mindset. For example, developments within the technology industry offer new opportunities (Sweeney, 2007). To recognize such developments, entrepreneurial passion is required from an individual (Cardon et al., 2009). Passion, here, is seen when an activity takes a significant part within an individual's life (Bhansing et al., 2018).

Ratten (2011) argues that key elements of sports are innovation and change, which are also key elements within the entrepreneurial process. Sweeny (2007) also identified that individuals and organizations want to be an essential part of sports nowadays.

It becomes clear that sport is highly entrepreneurial (Spilling, 1996). It can also be seen that athletes or people who directly act within a sport gain an advantage through innovation. This can, for example, increase the performance of the team or bring positive monetary returns (Castonguay, 2008). An example is here the innovation within fashion-focused sports firms, such as Nike or Adidas consistently inventing new opportunities (Tran, 2008). Furthermore, sports stars create innovation in these firms. Michael Jordan demonstrated this impressively with his own product line called AirJordan (Askinasi, 2019). These new combinations or new social relationships highlight the critical role of an individual who can be seen as a connector (Mulgan et al., 2007). It is, therefore, evident that people or organizations with a mindset or direct pursuit of opportunities in a sports context are seen as sports entrepreneurs (Ratten, 2012). A central question of several researchers is here what kind of businesses sports entrepreneurs pursue, in which industry they can be found and how successful they are (Kenny, 2015; Steinbrink et al., 2020). Sports entrepreneurship is deeply rooted in sports organizations but is often not recognized directly or is not in the direct awareness of the actors. With the emergence of new sports equipment or products on and off the field or the creation of a sports gaming venture, sports entrepreneurship is being practised, whereby most

activities are enhanced with a proactive and risk-taking quality (Ratten, 2012). For the purpose of this study, the authors define a Sports Entrepreneur as an individual that has a prior career experience as a top athlete acting in high competition events (e.g. olympia, world champion chips etc.) and has started at least one new venture during or after the sports career in which he is nowadays still actively involved in an managing role.

2.2 Prior Experience

Early research has highlighted the importance of experience for successful entrepreneurs (Cooper & Bruno, 1977; Macmillan et al., 1985; Van de Ven et al., 1984; Vesper, 1980). Moreover, scholars have shown that, in particular, prior industry experience (Baum et al., 2001; Eisenhardt & Schoonhoven, 1990) have a positive influence on the growth of new ventures.

Entrepreneurs are often confronted with the question of the value of the products and services they want to offer to their target customers. Industry experience can help in this respect to develop a better understanding of how the needs of the customer can best be fulfilled, and industry experience can support emerging entrepreneurs to perform the necessary due diligence to assess the benefits and potential risks associated with product availability and competitive resources (Gabrielsson & Politis, 2012). Prior experience creates an awareness of the specific rules and regulations of the industry and provides familiarity with investors, supplier and customer relationships. Therefore, a founders' professional experiences can partly shape the lens through which they view current strategic opportunities as they lead their new venture. Different people will discover different opportunities in particular because they have different prior knowledge (Venkataraman, 2019).

Existing literature deals extensively with the topic of prior industry experience and how it relates to new venture success. For example, studies show that more successful companies had one or more founders' with previous experience in the markets or technologies they were addressing (Cooper & Bruno, 1977). When it comes to business similarity experiences, Kennwedy and Drennan (2001) found eighteen studies that examined experiences in industries or with customers, suppliers, services, technologies and markets, or in areas similar to the new venture. They came to the conclusion that business similarity experiences are most likely related to the success of subsequent ventures. However, they still see contradictory results in these studies and a clear need for further research. This paper might answer the call

of Ratten (2012), Kenny (2015), Steinbrink et al. (2020) and Kennedy and Drenann (2001) for more research on the question of how the type of sport and business similarity experiences influences the new venture success of sports entrepreneurs. Nevertheless, with regard to this study, the central question is, therefore, how the previous experience (the career as a top athlete) has shaped the risk attitude and the risk-handling strategies of the sports entrepreneur.

2.3 Risk

2.3.1 Risk and Entrepreneurship

Before exploring the link between risk and entrepreneurship in more depth, it is necessary to have a closer look at the interrelation between the concept of risk and the concept of uncertainty. Frank Knight (1921) already mentioned early that most academic work has continued to meld together risk and uncertainty. But drawing a differentiation, it is commonly acknowledged that risk measures the uncertainty that an entrepreneur or an investor is willing to take to realize a gain from an action, decision or investment (Knight, 1921). Bodnar et al. (2019) contribute that uncertainty is something that cannot be evaluated, while the risk is an incomplete certainty that can be evaluated with a certain probability (it can be understood as the probability of future events). So the main difference between uncertainty and risk today is the ability to assess and manage risk. Risk is understood as the combination of the probability of occurrence of an event and its consequences, whereby uncertainty is the root cause of the occurrence and existence of risk in the conditions of economic activity (Bodnar et al., 2019). The risk concept that can be found most often in the entrepreneurship literature is the risk of failure. According to the integral risk theory, a participant of an entrepreneurial relationship is at risk of loss from its own activities (Bodnar et al., 2019). Failure and entrepreneurship can be seen as natural siblings (Mantere et al., 2013). Precisely, the vast majority of businesses fail before the third year (Ibrahim & Goodwin, 1986). In the same way that risk might influence entrepreneurial success, the risk of failure is an important determinant of entrepreneurship and a significant part of the entrepreneurship process (Jenkins & McKelvie, 2016; Klimas et al., 2020; Landier, 2005). In the entrepreneurship research literature it becomes clear that fear of failure is predominantly investigated as a psychological factor that inhibits entrepreneurial behaviour, acts as a barrier to entrepreneurship and exerts a negative impact on entrepreneurial activity (Hatala, 2005; Henderson & Robertson, 1999; Minniti &

Nardone, 2007). Thus, chronic high risk of failure triggers serious negative emotional consequences for a number of entrepreneurs (Ziemianski & Golik, 2020). Sadly, failure is highly stigmatized in Europe, whereas, for example, the American social norms are more forgiving where failing is just a step in the process of experimentation (Landier, 2005). Furthermore, the risk of failing is a possibility for any entrepreneur and it represents a financial and psychological cost to the entrepreneur, his/her family, creditors and other stakeholders and to society as a whole (Eklund et al., 2020). Thus, the risk of failure can be divided into different sub-categories of risk, such as financial risk, psychological risk or reputational risk. In the entrepreneurship literature, great attention is paid to the concept of financial risk since the rate of financial loss among new ventures is high (Xu & Ruef, 2004), which is why financial literacy becomes an important factor for entering entrepreneurship and for limiting the risk of entrepreneurial failure (Heleta, 2014). There is no need to discuss the necessity that the risk of entrepreneurial failure should be minimized, calling for a better understanding of entrepreneurial risk-handling.

2.3.2 Risk-Taking and Entrepreneurship

The topic of personality traits of entrepreneurs is highly relevant for research in the field of entrepreneurship in a variety of contexts (Kerr et al., 2017). Even though personality theory is often met with a number of challenges, in recent decades, researchers have mainly focused on the 'Big 5 Factor' personality model. The Big 5 model is a multidimensional approach used to define personality, measuring openness, conscientiousness, extraversion, agreeableness and neuroticism. It has been the predominant model of personality traits since the 1980s, and it has been found that the Big 5 traits can significantly influence various outcome factors such as career decisions or job performance (Costa & McCrae, 2008; Digman, 1990; Rauch, 2014). The problem remains that the concept of risk is underrepresented within the Big Five model (Zhao et al., 2010). Accordingly, Kerr et al. (2017) suggest further investigation into the personality traits of different subgroups that might reveal possible context-specific effects. Risk tolerance can be defined as the tendency of individuals to make substantial and uncertain resource commitments to ventures in uncertain environments (Lumpkin & Dess, 1996). Since entrepreneurial personality is strongly linked to business growth in such environments, risk tolerance is an important personality trait of entrepreneurs that needs further exploration (Dollinger, 2008). Furthermore, a correlation between low or high levels of risk influences the rate of becoming an entrepreneur (Brockhaus, 1980). Gifford (2010)

also identified an enormous variance between uncertainty and risk. If all individuals in the economy have perfect information and there is, therefore, no uncertainty, then all opportunities will be exploited immediately. An entrepreneur must thoroughly evaluate all risks for one opportunity and then decide whether or not to take that risk (Liles, 1974). However, such a decision varies with the degree of risk-taking (Liles, 1974), while likewise, the motivation of achievement influences risk-taking (Atkinson, 1957). Kihlstrom and Laffont (1979) also identified that less risk-averse individuals tend to be more entrepreneurial and that there is a correlation between wealth and risk aversion. It is, therefore, commonly assumed that the attitude towards risk influences the selection of people who can be found in entrepreneurial positions (Cramer et al., 2002). Risk aversion has a significantly negative effect on entrepreneurship, and thus individuals with a relatively low degree of risk aversion are more likely to choose entrepreneurship over wage labour. This view was already supported by traditional authors such as Say (1971) and Knight (1921). Risk has many dimensions for an entrepreneur, as it can be of financial, professional, familial, social or psychological significance, and regardless of its manifestation, the risk is an important component of the entrepreneurial process in that entrepreneurs, as calculated risk-takers, are willing to take moderate risks, which others avoid (Kihlstrom & Laffont, 1979; Kuratko, 2011). An interesting question is, therefore, to what extent the entrepreneur has to make risky decisions nowadays and how he thinks about these decisions. Furthermore, it is also highly interesting to identify similarities between sport-related and entrepreneurial risk-taking.

2.3.3 Risk-Taking and Sports Entrepreneurship

By creating a link to sports entrepreneurship, Kenny (2015) argues that even professional careers in sports have a limited time horizon and therefore, athletes are actively looking for a second career. Entrepreneurship, thus, could be a suitable option for athletes (Steinbrink et al., 2020). Furthermore, researchers found out that top high-risk athletes have stronger characteristics to become an entrepreneur than low-risk athletes, whereby risk-taking as a personality trait is connected with the engagement rate in risky sports (Steinbrink et al., 2020). Risky sports themselves can be defined, for example, as activities with a certain level of physical risk. Physical risk can be a serious injury or death caused by a false decision or not functioning equipment (Shoham et al., 2000). Cohen et al. (2018), in addition, points out that base jumping, for example, is seen as an extreme sport with a high degree of risk. It can therefore be said that high-risk sports are those in which serious injury or even death must be

accepted (Breivik, 1996). In general, top athletes are a homogeneous group with more or less the same level of risk, but it turns out that there is a strong variance within the group towards high-risk (Woodman et al., 2013).

Within the scientific niche of sports entrepreneurship, only one study addresses concretely the context of risk attitude and entrepreneurship. The study shows that athletes are more suited to entrepreneurship than non-athletes because of their higher risk tolerance, which is particularly pronounced among athletes in high-risk sports (Steinbrink et al., 2020). Therefore, the entrepreneur and the athlete show a higher willingness to take risks than the other reference groups. In addition, with an innovative, proactive and risk-taking attitude, sports-based entrepreneurship can increase economic effectiveness and even local areas can transform in a positive way through entrepreneurship and sports (Ratten, 2011). However, to the best of the author's knowledge, the question of the extent to which individual risk attitudes might have an impact on the success of sports entrepreneurs has not been explored in the literature. One possible reason for this lack of empirical research is the difficulty of collecting reliable data on individual risk attitudes (Caliendo et al. 2010). This paper deals with this problem by making a simplified categorisation of risk attitude based on the risk profile of the professionally performed sport of the sports entrepreneur.

2.3.4 Risk-Taking and Entrepreneurial Success

The first success of a company is its birth (Gelderen et al., 2005) and the entrepreneurial success beyond that is particularly relevant because entrepreneurs not only provide new products and services to the economy, but their new ventures also create needed jobs and foster national innovation (De Vita et al., 2014). Many scholars have already studied the topic of success in relation to entrepreneurship, most of them with the aim of identifying unique factors that can predict entrepreneurial success. For example, resourcefulness is described by scholars as an important factor to become a successful entrepreneur (Nandamuri, 2013; Sendil & Misra, 2000). Whereby Aldrich (1999) expects successful nascent entrepreneurs to have a diverse network with many strong ties. Besides the personality traits of the entrepreneur himself, there are other social factors that determine the success of a business. Gladwell (2008) has emphasised this approach by linking entrepreneurial success also to the environment and not only to personal characteristics. Thus, research shows that there is a significant influence of ecosystem factors on the creation and success of a new venture (Suresh & Ramraj, 2012). Successful ventures demonstrate ambitious goals defined by the

founder and an innovative business idea that is always adaptable to overcome emerging hurdles (this includes a difficult financial situation). In this context, the use of information by external experts, customers and advisors also leads to a positive effect on the venture success (Duchesneau & Gartner, 1990).

Several researchers have also intensively studied the relationship between risk attitude and entrepreneurial performance. Research shows that the performance of the entering firms is correlated with the risk attitude of the founder (Hvide & Panos, 2014). Scholars show that individuals whose risk attitudes are in the medium range survive significantly longer as entrepreneurs than those with particularly low or high-risk attitudes, and thus entrepreneurs should take neither the highest nor the lowest possible, but rather a "well-calculated" risk to remain successful (Caliendo et al., 2010). However, the effect of risk-taking on entrepreneurial success seems to be rather small and that this characteristic does not necessarily increase the probability of success (Rauch & Frese, 2007).

2.3.5 Risk-Handling

Every day, thousands of entrepreneurs make risky decisions and thus handle these risky situations. A systematic approach to handling identified risks is crucial to achieving success by an organization (Marcinkowski & Kuciapski, 2012). It is, therefore, surprising how little attention has been paid to the concept of risk handling in the entrepreneurship literature. To date, risk handling concepts can mostly be found in the field of finance or law research. Cardozo and Smith (1983), for example, developed a risk-return financial portfolio model, which recommends that any investment be considered in terms of its effect on the expected mean and variance of the return on investment of the investment portfolio to which it would be added. The financial portfolio model may be useful for investors who have no influence on the behaviour of the firms whose shares they own, but the model has very little to offer entrepreneurs and managers who are responsible for managing a firm's uncertain future and handling risk on a daily basis (Dickson & Giglierano, 1986). To date, no concept or framework for entrepreneurial risk handling can be found in the literature.

An important distinction that needs to be drawn in the first place is the differentiation between risk-taking and risk-handling. As outlined in the previous section, current literature considers the concept of risk-taking primarily as a personal attitude towards risk (i.e. is an entrepreneur more risk-seeking or risk-avoiding) and as personality-related decision-making behaviours for or against a particularly risky situation (Atkinson, 1957; Brockhaus, 1980;

Zaleskiewicz et al., 2020). According to this, an entrepreneur must evaluate all risks for an opportunity and then decide whether or not to take that risk. Risk-handling now goes one step further, specifically to the point where an entrepreneur finds himself in a risky situation or is confronted with a risky decision that he has to make. So, the concept of risk handling is about the strategies and steps taken to resolve a risky situation or risky decision with the best possible outcome or success. This process is the focus of the research in this thesis, with the aim of learning about these risk-handling strategies from sports entrepreneurs and putting them into a conceptual framework of entrepreneurial risk handling that can be used by any entrepreneur and future research which leads to the overall research question:

How does prior experience as a top athlete influence the risk handling strategies as a sports entrepreneur?

3. Research Methodology

After reviewing the relevant literature, this chapter describes the explorative approach applied in this thesis. To start with, the overall research design is outlined. This is then followed by the presentation of the qualitative method, which includes interviews, data collection, and data analysis. To close this chapter, an overview of the limitations of the methodology, which influenced the data collection, analysis and interpretation of the findings is conducted.

3.1 Research Design

This research adopts a descriptive and exploratory purpose. The paradigm of this research is the ability to explore new variables, which could form the basis for future direction (Thornhill et al., 2008). Since a limited theoretical foundation exists in the area, the aim of the study is to contribute to- and expand existing theory and to develop a conceptual framework for entrepreneurial risk handling that adds to the current body of literature on entrepreneurial risk-taking and sports entrepreneurship. For this purpose, the research was designed qualitatively and follows an inductive approach which generally allows the researcher to keep an open mind about what he or she needs to know about so that concepts and theories can emerge out of the data (Bell et al., 2019).

For this thesis, a case study design was chosen since the authors' aim is to contribute to- and expand existing theory (Eisenhardt, 1989). By applying a case study approach, this thesis was able to incorporate direct observations and systematic interviewing with each case (Yin, 2016). Besides, a case study design is appropriate since it is not dependent on established theories and therefore provides research with increased flexibility (Eisenhardt, 1989). The sources of this analysis constitute sports entrepreneurs and their risk handling strategies, where each entrepreneur reflects one case. As a result, risk-handling strategies could be examined and discussed in detail with each interviewee.

Instead of examining just a single case, this thesis applies a multiple case study design. While single case studies can richly describe the presence of a phenomenon, multiple case studies typically provide a stronger basis for theory building (Yin, 2003). Besides, according to

Eisenhardt and Graebner (2007), multiple cases also create a more robust theory because the propositions are more deeply grounded in varied empirical evidence and relationships are more precisely delineated because it is easier to determine accurate definitions and appropriate levels of construct abstraction. Thus, theory-building from multiple cases typically yields more robust and testable theory than single-case research (Eisenhardt & Graebner, 2007). The authors analyzed sports entrepreneurs with different career and risk attitudes. The aim was to find patterns across these external factors rather than focussing on one sports entrepreneur with a specific risk type. Here an idiographic approach was taken where the aim is to make analytical generalization by comparing each unique case and identify if the empirical results support the same emerging theory (Yin, 2003). Moreover, the multiple case study approach used in this thesis helps to compare the risk-handling strategies of high-risk and low-risk sports entrepreneurs. Complementing this idiographic approach, cases were selected based on the belief that each case would contribute to the theoretical saturation and address the theoretical research gap identified and therefore help to answer the research question (Bell et al., 2019; Flyvbjerg, 2006).

3.2 Sampling Approach

Since this thesis aims to generate theory through a research design using multiple case studies, theoretical sampling was applied (Eisenhardt, 1989). At the outset of this thesis, there was no set sample size as the guiding concept in research using qualitative interviews should be the concept of theoretical saturation (Bell et al., 2019; Mason, 2010). Besides, the authors followed a purposive sampling approach ensuring the sample is highly relevant to answer the research questions (Bell et al., 2019). Moreover, a sequential and a priori sampling approach was applied. By using a sequential approach, sampling is an evolving process in that the researcher usually begins with the initial sample size and then adds to the sample as long as it helps to answer the research question and contributes until theoretical saturation is reached (Bell et al., 2019). By applying a priori sampling approach, the authors establish the criteria for selecting participants already at the outset of the research, but the criteria do not evolve as our research progresses (Bell et al., 2019). The criteria are designed to answer the research question and are outlined in the next chapter. However, it is always of major importance to deal sensitively with the received data (Gioia et al., 2013). The authors, therefore, ensure to evaluate the data anonymously. Furthermore, the interviewees' sometimes clearly expressed

to stay anonymous. Taking these concerns seriously, the authors have not linked quotes directly with an athletes name. However, to ensure maximum transparency and that the collected data is qualitatively accurate, names were made identifiable within the transcribed interviews. Nevertheless, due to the above-mentioned preference of the interviewees, the names are not freely available to the general public. However, the authors are aware of making use of the terms used by the interviewees in order to better understand their experiences. Here, however, is a great risk of assuming too much of the interviewee’s point of view and no longer having sufficient objectivity (Gioia et al., 2013). For this reason, one of the authors has always taken on an outsider role.

3.3 Sampling Selection

According to Bell et al. (2019), research questions should provide guidelines as to what categories of people need to be sampled. That also applies to this thesis. Therefore the category of individuals that were sampled are sports entrepreneurs.

There were no limitations related to the sports or professional athletes and due to the enormous number of sports that exist and the difficulty of obtaining an interview with such famous personalities, a large number of requests were sent out as a first step. The individuals that have been selected are former professional athletes and now have at least one business or more and are summarized below:

Table 1: List of interviewed professional athletes

Name	Sports	Risk-Level	Highest Sporting Award	Company
Sports Entrepreneur 1	Short Track	High	❑ Three top 20 finishes in 500-metre World Cup races	Company 1
Sports Entrepreneur 2	Ski	High	❑ Winner of 46 World Cup races ❑ Winner of 5 overall World Cups ❑ Won 11 medals (4 gold, 4 silver, 3 bronze) at the Olympic Games	Company 2
Sports Entrepreneur 3	Swimming	Low	❑ Won seven medals (5 gold, 2 silver) at the Olympic Games	Company 3
Sports Entrepreneur 4	Basketball	Medium	❑ Player for the danish national team	Company 4
Sports Entrepreneur 5	Basketball	Medium	❑ Winner of 2 german DBB Cups	Company 5
Sports Entrepreneur 6	Decathlon	Medium	❑ Won two gold medals at the Olympic Games	Company 6

Sports Entrepreneur 7	Basketball	Medium	<input type="checkbox"/> German A-Youth Champion 1999 <input type="checkbox"/> ULEB Cup Winner 2008 <input type="checkbox"/> Copa del Rey de Baloncesto winner 2008 <input type="checkbox"/> Polish Champion 2010 <input type="checkbox"/> BBL Cup Winner 2014	Company 7
Sports Entrepreneur 8	Ski	High	<input type="checkbox"/> 4 Place at National Junior Race Giant Slalom	Company 8
Sports Entrepreneur 9	Ski	High	<input type="checkbox"/> Won 17 medals (8 gold, 4 silver, 5 bronze) at the Olympic Games <input type="checkbox"/> 36 individual World Cup victories	Company 9
Sports Entrepreneur 10	Slalom-Canoe	low	<input type="checkbox"/> Won 49 medals (20 gold, 17 silver, 12 bronze) at the Olympic Games <input type="checkbox"/> 2 times World Cup winner	Company 10

Nevertheless, former professional athletes of all risk levels have been contacted. This is mainly because the authors do not want to generalize but rather to get an opinion on the risk level from the interviewee himself. The authors only selected former athletes who have started an entrepreneurial venture either during or after their sports career and are now actively working in this business and are therefore not only involved in the role as an investor. Furthermore, it is crucial to interview entrepreneurs who are confronted with somewhat risks, uncertainties and decisions during their entrepreneurial journey. A total of 44 former professional athletes sought out through articles, Google search or social networks and thus contacted, although it must be mentioned that within the given time frame, not all of them responded to the request or too late and it was sometimes difficult to reach the professional athletes because of their celebrity. There was also no restriction defined for the sports or industry in which the business has been founded, which means that an athlete could be the owner of a restaurant as well as of a manufacturing company or a retail business up to, for example, a consulting firm. With this purposive sampling approach, the authors create a selection that ensures that the interviewed athletes are highly relevant but differ from each other regarding key characteristics (Bell et al., 2019).

3.4 Data Collection and Analysis

Data was collected by using multiple sources of data to get a wider understanding of the risk-handling strategies of each respondent. By applying triangulation to this study, the

authors want to enhance the quality and reliability of the generated findings (Bell et al., 2019).

3.4.1 Interview Conduction

Empirical data was mainly collected by conducting individual semi-structured interviews with each respondent. One advantage of conducting semi-structured interviews is that the interviewee individual has a fair level of freedom regarding how much to say and how to express (Drever, 2003). Furthermore, semi-structured interviews are seen as an enabler for the identification of unique and commonly shared concepts across the selected interviewed personas (Yin, 2016). Besides, face-to-face and audio recorded interviews are characterised by synchronous communication and can take advantage of social clues such as voice, intonation, body language etc., that are helpful in gaining holistic insights into the answers of interviewees (Opdenakker, 2006). The authors contacted the interview partners mainly via LinkedIn and email, through which they were provided with a brief overview of the general research purpose and the personal background of the researchers behind the project. As the available time of successful entrepreneurs is known to be limited, a time frame of one hour per interview was set, with the option to conduct it longer. For each interview the two authors of this study met the interviewee in an online video setting to create a safe, natural environment for the interviewee, which is relevant for interview quality (Bell et al., 2019). All respondents gave their consent to the use of the data. Each interview started with general, open-ended questions to make the interviewee comfortable and to allow the authors of this thesis to get a sense of the unbiased social world and rationale of the interviewee. Each face-to-face interview was recorded and the data was organised and reconfigured in written transcription. Furthermore, the authors gave the interviewees only a slight indication but did not share the complete interview guide ahead.

3.4.2 Data Analysis

Following the data collection, the authors applied techniques from thematic analysis, as this approach can be used to analyse a wide variety of types of qualitative data and offers researchers opportunities to iterate between theory and collected data (Bell et al., 2019). As the research progressed, the authors started seeking similarities, differences or contradictions among the data within the theoretical framework with the aim to unravel relationships between categories and subcategories (Corbin & Strauss, 2008). That way, themes emerged

through analysis of the collected data in relation to the stated research question and the literature review. As a second step in the data analysis process, this thesis incorporated strategies from the 1st and 2nd order analysis outlined by Goia et al. (2013). Applying this approach of structuring data not only allows the authors to configure the collected data into a sensible visual aid, but it also provides a graphic representation of the progress from raw data to terms and themes, which is a key component of demonstrating strictness in qualitative research (Pratt, 2008).

3.4.3 Interview-Guide Structure

The interview guide has been constructed in a way that allows the respondents to tell their own story, and explain how their sports career experience influenced their risk-attitude and therefore shaped risk-handling strategies (Gioia et al., 2013), whereby the interview guide itself consists of two parts and a total of 10 questions.

Four questions have been asked concerning the experiences of the sports career—the questions built on each other. While the first question focused on the risks which the athlete faced within his sporting career, the second question asked specifically how the athlete handled these risks. The third question asked for a specific example related to a high-risk situation in the sporting career. The fifth question created a change to the current career as an entrepreneur. Thus, the question inquired about motivation to become an entrepreneur. The subsequent sixth question was the exact counterpart to the first question. This time, however, the question aimed at risks the respondent encounters in his or her entrepreneurial career. The following three questions (7, 8 & 9) specifically addressed high-risk situations and how the interviewees dealt with them if existing. Here, the questions clearly ask about strategies for handling these risks. The questionnaire concluded with a question about the interviewees own level of risk. Are they more risk-seeking or risk-avoiding? The complete interview guide can be found in Appendix A.

3.5 Methodology Limitations

A number of researchers point out that inductive research approaches do not meet the high standards normally applied to demonstrate scientific advancement (e.g. Bryman, 2003; Campbell, 1975). To address this concern, the authors follow a systematic approach, as for

example outlined by Gioia et al. (2013), to enable both creative imagination and systematic rigour in conducting qualitative, grounded inductive theory research in this thesis.

Case studies are often criticized for not always controlling correctly over individual variables and therefore not being able to trace causality (Cornford & Smithson, 2005). In addition, generalization continues to be a challenging aspect in designing and conducting case study evaluations, especially when the number of cases being studied is highly limited (Yin, 2013). Addressing these concerns, it should be highlighted that the interpretive stand of this thesis does not seek to attend to causality relationships. Instead, the authors of this study believe in relativity and subjectivity when seeking to understand reality. Although this thesis can not make empirical generalizations about entire populations from a limited number of case studies, this is not the purpose of qualitative case study research in general (Flyvbjerg, 2006). The aim of the case study design applied in this thesis is not generalization beyond the cases but the discovery of patterns and elucidation of processes within the cases, a focus on internal generalization rather than on external generalization (Erickson, 2012). Therefore, replication will be called for if two or more cases support the same emergent theory.

Besides these concerns, qualitative interviews are generally regarded as less flexible and insightful in behaviour and prone to over-rationalization by interviewees (Bell et al., 2019). However, the authors sought to deal with these limitations by applying a thorough methodology that allowed respondents with increased flexibility by having a semi-structured interview guide. Moreover, triangulation helped this thesis to increase credibility in the findings, and by having two observers, it was easier to deal with limitations such as over-rationalization.

Qualitative research is sometimes accused of lacking transparency. It is often not obvious how samples were selected for observation or interviewing and how the analysis was conducted— in other words, what the researcher was actually doing when the data were analyzed and, therefore, how the study's conclusions were arrived at (Bell et al., 2019). To address this concern, the authors of the thesis have outlined both the sample selection in chapter 3.3 and the data collection and analysis process in chapter 3.4.

4. Findings

The two main topics in the interview were, on the one hand, the professional athlete's sporting careers and, on the other, their subsequent careers as an entrepreneur. The findings have been structured per aggregate dimension, using the 1st and 2nd order analysis described in the previous chapter. The aggregate dimensions are based on the concepts from the literature review covered in Chapter 2. Furthermore, for each second-order theme identified through the interviews and personal documents, first-order concepts are listed and also using proof and power quotes.

4.1 Prior Experience

All interviewees were asked about their risk attitudes and the types of risk they encountered in their previous career experience as a top athlete. In addition, the interviewees were further asked about risk handling strategies they have learned, developed and applied in their career to handle risky situations. This way, the authors of the study aimed to gain deep insights into the development process of risk handling strategies based on prior career experience as a top athlete.

4.1.1 Types of experienced Sports Risk-types

Three second-order themes were identified as recurring objects of experienced risk in at least two or more cases, as visualized in Table 2. **Physical risk** was one of the most recurring risk types that our interview partners experienced in their previous careers. This is especially true for sports entrepreneurs, who pursued a sport that is inherently high risk. For example, one of the interviewees was an alpine ski racer and another one was a short track speed racer, where both were frequently injured in their professional careers and faced a constant physical risk. Moreover, **financial risk** is a recurring subject of risk experience among different cases. For example, some of the athletes that were interviewed faced constant pressure to perform in order to earn a living, especially if they were involved in performance-based remuneration with sponsors. Supporting findings from Gustafsson et al. (2017), the data analysis showed

that **risk of failure** was a recurring object of experienced risk types among cases. This is particularly evident with Olympic athletes, who train for many years for just one single moment and where every millisecond is crucial for success and the risk of failure is extremely high. Moreover, it can be said that the risk of failure is closely linked to physical and financial risk, as both injury and lack of financial resources can lead to failure. However, it is important to distinguish between them, as they imply different risk handling strategies, which are discussed in the next chapter.

Table 2: Data structure of Sports Risk-types

1st Order concepts	2nd Order themes	Aggregate dimensions
Q 1 & Q 2:		
<i>Sports Entrepreneur 1:</i> "Physical risk due to injuries was very high which I unfortunately experienced myself"	Physical risk	Sports risk types
<i>Sports Entrepreneur 5:</i> "Risk of injury. Your body is your capital, if it doesn't work, you can't do this job."		
<i>Sports Entrepreneur 8:</i> "I can make sure that I train sustainably, that I'm athletic and avoid these risks, so to speak. But it is still something that I can't control 100%."		
<i>Sports Entrepreneur 3:</i> "Sport is healthy, but not to the extent I was practicing it."		
<i>Sports Entrepreneur 1:</i> "Financial risk (sport promotion linked to performance)."	Financial risk	
<i>Sports Entrepreneur 8:</i> "Of course, you think a little bit about financial risk. Especially in skiing, there is the risk that you don't quite make it to the top."		
<i>Sports Entrepreneur 7:</i> "The financial risk was evident. I used to be someone who signed short contracts, because I was always of the opinion there can come more."		
<i>Sports Entrepreneur 6:</i> "...70 percent of the salary is variable and dependent on success"		
<i>Sports Entrepreneur 2:</i> "Being top 3 or 4 was already defined as failing."		

<i>Sports Entrepreneur 7:</i> "Every throw is a risk."	Risk of failure	Sports risk types
<i>Sports Entrepreneur 1:</i> "You spend a lifetime preparing for a moment or for the Olympics - risk of failure is high from the start"		
<i>Sports Entrepreneur 8:</i> "I think, especially as a competitive athlete, it's always clear that you're somehow attracted to winning, but you also don't want to fail in the first place."		
<i>Sports Entrepreneur 4:</i> "A mix between physical risk, uncertainty, your risk of failure."		
<i>Sports Entrepreneur 10:</i> "In 2016 I qualified with my training partner for the Olympic Games in Canada for the two disciplines. We travelled there with the clear goal of becoming world champions and then only ended up in fourth place."		

4.1.2 Sports Risk-handling Strategies

The cases revealed different risk handling strategies that they had developed and applied in their previous career experiences as top athletes. Based on the gathered data, it was possible to identify four second-order themes as recurring objects of risk-handling strategies in at least two or more cases, as visualized in Table 3. One strategy that is frequently appearing in the data and therefore represents the first second-order theme can be summarized as **splitted risk-handling**. A ski racer, for example, used this strategy in an important world cup race and explains it as follows: *"You are at the top of the steep ski slope, which represents a significant risk. To handle this huge risk, you have to divide the whole run into many small risky sections and then work your way from one risky section to the next. The advantage is that you can focus only on the risk of one small segment, which then no longer seems so big"*. With the **risk-filtering** second order theme the authors identified a strong mentality strength, where the athletes are able to filter out negative thoughts related to risk. Thus, a state is reached which contains almost no uncertainties. This was described by the respondents as important in order to be able to perform well. Another second-order theme that has emerged from the data is **rationally self-confident risk-handling**. Interestingly, this risk handling strategy was expressed in some way by almost all interviewed athletes. Confidence in personal competence thus seems to be an effective way of handling risky situations.

Confidence and trust in one's own competencies have also often played an important role. Whether a basketball player, a swimmer or a skier, all of them encouraged themselves in risky situations with the intention of going through the situation rationally and with self-confidence. As one successful Olympic athlete mentioned, *"Finding the balance between enough positive excitement, trust and self-confidence to be able to perform and not too much stress that has negative effects is key to handling risky situations"*. A third second-order theme that became evident from the data is **goal-oriented risk-handling**. Three athletes explicitly mentioned that they used a specific strategy that helped to handle a high-risk situation by keeping the goal of the undertaken activity in the focus of their thoughts. The last second-order theme that could be identified through the collected data was **spontaneous intuitive risk-handling**. A world-class swimmer explained this strategy by giving an example as follows: *"[...]At the 2014 World Championships I didn't get to the first turn in the 100m medley in the best possible way.[...] In the final, I decided to simply dive two more dolphin kicks at the start. The risk was that I would then be too close to the wall or dive too far at the start, which would have led to disqualification. The result was the world championship title in world record time."* In addition, various situations were described in which the athletes were forced by third parties into spontaneous risk handling, for example, by hiding the skis until shortly before the start so that the athlete then had to handle spontaneously and intuitively without thinking much about the risky situation.

Table 3: Data structure of Sports Risk-handling Strategies

1st Order concepts	2nd Order themes	Aggregate dimensions
Q 3 & Q 4:		
<i>Sports Entrepreneur 5:</i> "Split one big problem into several smaller ones and you have reduced the psychological pressure."	Splitted risk-handling	Sports risk-handling strategies
<i>Sports Entrepreneur 9:</i> "Being at the downhill-start on a tough course. Being nervous about the situation. So nervous that it's difficult to keep a clear mind. But then breaking the course into different elements so that each one looks manageable and making a game plan based on that. Then it looks manageable and its easier to attack."		

<p><i>Sports Entrepreneur 9:</i> "I think that what's important, especially in competitive sports, is that you always diversify the risk a bit in the sense that you say, for example, in skiing, there are somehow different disciplines, i.e. especially when you're young, you don't just concentrate on one, but say okay, I'll somehow tackle the slalom, giant slalom and super-G and one of them will work out somehow."</p>		<p>Sports risk-handling strategies</p>
<p>Sports Entrepreneur 5: "A great strength of a professional basketball player, I always say, is the selective memory, that you have to filter out the negative experiences quickly - you should remember to the positive ones, of course."</p>	<p>Risk-filtering</p>	
<p>Sports Entrepreneur 3: "Finding the balance between enough positive excitement to be able to perform and not too much stress that it has negative effects."</p>		
<p><i>Sports Entrepreneur 3:</i> "[...]to get into the right mood at the right time. Come down in the recovery time, no excitement and no stress."</p>		
<p><i>Sports Entrepreneur 9:</i> "Being well prepared to handle the challenges. [...] being convinced that the risk is worth it."</p>	<p>Rationally self-confident risk-handling</p>	
<p><i>Sports Entrepreneur 1:</i> "Basic mindest - the basic trust and basic conviction of one's own actions and abilities is important"</p>		
<p><i>Sports Entrepreneur 10:</i> "I then started to write down my training days in a kind of diary."</p>		
<p><i>Sports Entrepreneur 1:</i> "Rationally <i>arguing away</i> your doubts."</p>		
<p><i>Sports Entrepreneur 2:</i> "jump over your faith and focus on your aim otherwise you always have a <i>brake in it</i>."</p>		
<p><i>Sports Entrepreneur 5:</i> "[...] I said, we will make the best of it, try to play as well as possible and get away as quickly as possible."</p>	<p>Goal oriented risk-handling</p>	
<p><i>Sports Entrepreneur 4:</i> "Look ahead and focus on your goal to handle the situations."</p>		

<i>Sports Entrepreneur 6:</i> "A fundamental mindset that tells you I'm among the 1% who succeed in the end definitely helps."		Sports risk-handling strategie
<i>Sports Entrepreneur 8:</i> "[...]as a sportsman at the same time looks to fit my education besides[...]."		
<i>Sports Entrepreneur 7:</i> "I think I have a much greater affinity for risk."		
<i>Sports Entrepreneur 4:</i> "At 18 years I started playing in the United States and there was a lot of uncertainty and I could easily fail. In the end no one could help me and I said to myself - just go for it and see what's going to happen."		
<i>Sports Entrepreneur 1:</i> "I should and can have confidence in my abilities and actions"	Spontaneous intuitive risk-handling	
<i>Sports Entrepreneur 7:</i> "I think that in the end, what makes a person willing to take risks is to believe in the positive and then just go for it."		
<i>Sports Entrepreneur 10:</i> "Yes, there were phases where I would even say that I was a gambler. But you also learn a lot and sometimes lose a lot."		
<i>Sports Entrepreneur 5:</i> "Definitely willing to take risks."		
<i>Sports Entrepreneur 2:</i> "Before the race I was so nervous. Then just before the start, my father gave me my ski goggles and they were sweaty. That upset me terribly and I grumbled at him. Just in time for the start, the goggles were clean and I didn't have time to think about the risks. I just went for it and ended up second."		

4.2 Sports Entrepreneurship

4.2.1 Entrepreneurial Motivation

The motivation to become an entrepreneur did not have too much variance, as seen in Table 4. One of the interviewees, for example, almost automatically became an entrepreneur, as he had good contacts with manufacturers as well as retailers and local shops due to the previous

sporting career. This, for example, created the opportunity to trade in ski equipment and was seen as a **risk-free step**. The athlete was literally just the middleman but understood very quickly how to connect the two dots. As he himself expressed, *“this was never planned”*, he rather *“slipped into it by chance and did not have it in mind to become an entrepreneur”*. A lot of enthusiasm was identified as a primary driver for becoming an entrepreneur. The interviewees showed such a strong enthusiasm that they considered the risk to be extremely low, if not even absent. Furthermore, this creates enough space for the interviewees to become entrepreneurs with a lot of delight and spirit of exploration, as one interviewee explains with a short, precise sentence: *“I just want to have fun and enjoy it.”*. Due to the mental strength and circumstance, the current entrepreneur achieves a strong composure to deal with difficult situations. The findings here do not provide sufficient results with enough variance to make further interpretations. Consequently, only one second-order theme was defined.

Table 4: Data structure of Entrepreneurial Motivation

1st Order concepts	2nd Order themes	Aggregate dimensions
Q 5:		
<i>Sports Entrepreneur 3:</i> “I just want to have fun and enjoy it.”	Risk-free step	Entrepreneurial motivation
<i>Sports Entrepreneur 4:</i> “I want to learn something different when I have no training or a basketball game.”		
<i>Sports Entrepreneur 2:</i> “[...] more or less through contacts within the sport industry, a way into the sports equipment business was happening.”		
<i>Sports Entrepreneur 8:</i> “I think it's important to have a basic optimism that certain things can work out.”		
<i>Sports Entrepreneur 7:</i> “I looked at a lot of things, especially in the sports world, to see what was out there.”		

4.2.2 Types of Entrepreneurial Risk-types

The collected data for this case shows a total of four second-order themes. Whereby this case is made up of two questions. It became clear that some of the interviewees perceived the expectations of outsiders as **mental risk**. Outsiders expected them to be just as successful as entrepreneurs as they were as top athletes. A strong correlation in terms of **risk of failure**

was also found between sport and entrepreneurship. This second-order theme was mentioned by most of the interviewees'. One interviewee mentioned that athletes usually have absolutely no experience in entrepreneurship because they have never studied or learned it. This was supported by the statement of another interviewee who stated that there is a certain "curiosity to try something unknown". However, it also turned out that "only the work that has been done is lost, which is the only real risk that needs to be handled."

Another component that is now seen as a new risk is the **legal risk** that one may experience as an entrepreneur. No concrete situations or incidents were mentioned to the authors of this study, and this would not be published in order to protect the privacy of the interviewees, but the choice of the right legal form when founding a company already shows a legal risk.

Table 5: Data structure of Entrepreneurial Risk-types

1st Order concepts	2nd Order themes	Aggregate dimensions
Q 6 & Q 10:		
<i>Sports Entrepreneur 3:</i> "Besides, in case of failure, I would have sunk quite a lot of work."	Risk of failure	Entrepreneurial risk types
<i>Sports Entrepreneur 7:</i> "It's actually like in sports. You have to think about what you're doing every day. What are the right decisions?"		
<i>Sports Entrepreneur 2:</i> "As an athlete, you may have absolutely no experience in the field because you have never studied or learned it."		
<i>Sports Entrepreneur 5:</i> "Having to think entrepreneurially because of the entrepreneurial risks that arise and the failure."		
<i>Sports Entrepreneur 6:</i> "As an entrepreneur, you risk your existence all the time."		
<i>Sports Entrepreneur 10:</i> "So what I imagined to be much too easy at the beginning is how to get from an idea to a running business."		
<i>Sports Entrepreneur 2:</i> "Curiosity to try something unknown."		
<i>Sports Entrepreneur 1:</i> "Mental risk from the outside it is expected that one performs like an athlete."		

<i>Sports Entrepreneur 8:</i> "As an entrepreneur, there is a certain risk, perhaps not a physical risk, but an emotional or mental risk, you might say."	Mental risk	Entrepreneurial risk types
<i>Sports Entrepreneur 6:</i> "The mental and psychological pressure is somewhat higher than in the sports career, as you are no longer the only person responsible for the outcome."		
<i>Sports Entrepreneur 5:</i> "At one point there was more money available, and all of a sudden, other risks and dangers came along with it."	Legal risk	
<i>Sports Entrepreneur 1:</i> "legal risk has taken place."		

4.2.3 Entrepreneurial Risk-handling Strategies

This chapter presents three second-order themes that can be grouped together as entrepreneurial risk-handling strategies (aggregated dimension). In the interview, the sports entrepreneurs were asked how they handle risk in their career as entrepreneurs. One strategy that is frequently appearing in the data and therefore represents the first second-order theme can be summarized as **perseverance risk-handling**. Several interviewees pointed out the importance of perseverance in handling risky situations. The importance of looking ahead and believing in personal assets was underlined by different sports entrepreneurs. A former top short track athlete gave the following example: *"The parallel between sport and entrepreneurship is - you can be in deep shit, but if you fight and really look for a solution, you'll find a solution."* The next second-order theme that has emerged from the data is **experienced based risk-handling**. The most frequently recurring object related to entrepreneurial risk-handling strategies is past experience. Sports entrepreneurs apply various strategies that they have acquired in their careers as top athletes in order to handle risky situations as entrepreneurs. A former Olympic athlete sums it up as follows: *"The sports career had a very strong influence on how I handle risky situations nowadays"*. At this point, it becomes clear why the first part of the interview was particularly important addressing the risk handling strategies in athletes' careers, as this serves as a source of experience and as a foundation for the entrepreneurial risk-handling strategies used in daily life as an entrepreneur. Often, this strategy was compared to the strategies that sports entrepreneurs had used in their careers as sports athletes, which brings us to the third second-order theme: **goal-oriented risk-handling**. Trust in your own personal visions and having a healthy

goal-oriented mindset were recurring themes among the interview partners. Lastly, the **team risk-handling** second order theme was identified. Here, the interviewees showed that on the one hand the environment, but also the team within the company make a decisive contribution to the handling of risks. One interviewee even made a direct connection to his previous sports career by saying: "It was the same in sports back then. You simply need an environment that supports you[...]".

Table 6: Data structure of Entrepreneurial Risk-handling Strategies

1st Order concepts	2nd Order themes	Aggregate dimensions
Q 7, Q 8 & Q 9:		
<i>Sports Entrepreneur 2:</i> "Always keep fighting. No matter how many defeats you concede."	Perseverance risk-handling	Entrepreneurial risk-handling strategies
<i>Sports Entrepreneur 1:</i> "[...] the Covid-19 situation didn't throw me off because of the exposure to risk you've already learned about your athletic career."		
<i>Sports Entrepreneur 7:</i> "To deal with risk and then also make mistakes. I think as I said, you've learned all your life that you make mistakes, you always make mistakes in sports. You can't help it, you can't play a perfect game."		
<i>Sports Entrepreneur 5:</i> "Losing is a part of the sport. And that's why disappointments or setbacks are perhaps not quite so terrible for me now in the entrepreneurial world."		
<i>Sports Entrepreneur 6:</i> "No one can break your neck, you just have to persevere."		
<i>Sports Entrepreneur 2:</i> "Endurance beats talent!"		
<i>Sports Entrepreneur 3:</i> "The experience as an athlete rather helps me to blind out and forget stressful things after processing."		

<p><i>Sports Entrepreneur 7:</i> "So I always try to approach it in such a way that I say the worst thing that can happen is that I learn something. And if I have to pay for it, maybe even financially, then that's just the way it is. And if you can afford that, and I mean, I have the great advantage that I practiced a sport where I also earned money quickly. You have a financial cushion with which you can make mistakes."</p>	<p>Experienced based risk-handling</p>	<p>Entrepreneurial risk-handling strategies</p>
<p><i>Sports Entrepreneur 2:</i> "The entire planning and organisation from the sports career can thus also contribute to being successful as an entrepreneur."</p>		
<p><i>Sports Entrepreneur 5:</i> "To have learned to win, but also to lose. And to know that it will still go on tomorrow."</p>		
<p><i>Sports Entrepreneur 2:</i> "As an athlete you need to learn very quickly and that transmits to entrepreneurship."</p>		
<p><i>Sports Entrepreneur 7:</i> "Just like in sports. You have to do the day-to-day task and you have to make the decisions. And if they are wrong, you must also have the size to admit that."</p>		
<p><i>Sports Entrepreneur 1:</i> "Don't let performance expectations get into your head."</p>		
<p><i>Sports Entrepreneur 4:</i> "You constantly want to improve and go out of your comfort zone."</p>		
<p><i>Sports Entrepreneur 10:</i> "As a solo athlete you learned that you know that if you make a mistake, you are responsible for it."</p>		
<p><i>Sports Entrepreneur 6:</i> "Demand constant feedback and adapt your risk-handling strategies based on it - as you would in your career as an athlete."</p>		
<p><i>Sports Entrepreneur 3:</i> "Ask real, successful people what they would do."</p>		
<p><i>Sports Entrepreneur 2:</i> "Don't push away the problems and risks, because then you won't see the opportunities."</p>		

<p><i>Sports Entrepreneur 4:</i> “You always have a goal and also want to be the best. It is the same as an entrepreneur you want to be the best and achieve a goal.”</p>		
<p><i>Sports Entrepreneur 10:</i> “[...] I see the big goal that I would like to earn a living with someday. In principle, it's like the medal you get when you win.”</p>		
<p><i>Sports Entrepreneur 7:</i> “So I think this is clearly now the last investment that I made in Vabadou, so startup. That was of course a relatively risky situation because of course, it was about money.”</p>		
<p><i>Sports Entrepreneur 8:</i> “That you simply approach it with a certain looseness. I think that's the same in sports. If I stand at the start and am totally tense, then I won't have a good run.”</p>		
<p><i>Sports Entrepreneur 1:</i> “Basic trust, basic conviction that this might be a small step back but that it does not change the idea and the plan.”</p>	Goal-oriented risk-handling	
<p><i>Sports Entrepreneur 8:</i> “Not a single second was in vain because this is a school for life.”</p>		
<p><i>Sports Entrepreneur 6:</i> “Determinism - You have to set your goal, you have to have it in front of your eyes and you don't have anything else in your head. You have to push through 110%. There is nothing else. It doesn't work to start a business with 20 hours on the side or whatever, it doesn't work to become an Olympic athlete on the side.”</p>		Entrepreneurial risk-handling strategies
<p><i>Sports Entrepreneur 2:</i> “There is never just one or the same solution for everything. Therefore, risk is a task for which a solution must be found.”</p>		
<p>Sports Entrepreneur 8: "It was the same in sports back then. You simply need an environment that supports you[...]."</p>		
<p><i>Sports Entrepreneur 9:</i> "Gather a team of great people and make sure everyone has the same incentives so that we can push together."</p>	Team risk-handling	
<p><i>Sports Entrepreneur 5:</i> "Being a team player is an incredibly important talent in the working world out there."</p>		

5. Discussion

The empirical focus of this study is motivated by understanding the risk handling strategies that sports entrepreneurs have developed through their prior experiences in their careers as professional athletes. Furthermore, these risk handling strategies get integrated into a conceptual framework that can be used by any existing and aspiring entrepreneurs as well as an inspiration for future research. The following chapter will discuss and analyze the empirical findings and relate them to previous research, as well as the research question.

Dollinger (2008) already noted that risk tolerance is an important personality trait of entrepreneurs. This was confirmed in this study and became particularly apparent by the fact that the interviewees already showed a certain attitude to risk, which was characterized by tolerance, during their active careers as athletes. It also showed that a large number of the interviewees always had to make decisions with uncertainty in their sporting career and consequently had to decide whether to accept the risk (Liles, 1974). Furthermore, our research indicates that there is a strong link between athlete careers and subsequent entrepreneurial careers. Whereby there is, of course, some difference between the type of activities performed in the two careers. By this, it is meant that a basketball player or skier performs different activities today, than those performed in the sport at that time. Furthermore, the interviewees are rarely engaged in physical activities nowadays. In contrast, business management processes were often even mentioned directly as new activities. However, it becomes evident that risk resonates to a similar degree. Referring to the research of Say (1971) and Knight (1921), who identified that risk aversion has a negative effect on entrepreneurship, the accumulated data shows that this can be confirmed. In more detail, the data clearly shows that all interviewees tend to be more risk-seeking and all of them have at least one venture running where they have a direct impact on the performance (Hvide & Panos, 2014). In both careers, decisions have to be made that sometimes involve a high level of risk. None of the interviewees mentioned exactly the same situations, but after the collected data was coded, a thematic assignment for the second-order theme could be determined. Rather, it became clear that, for example, the financial risk and the risk of failure was just as evident in the athletic career as it is in the current entrepreneurial career, but

where the financial risks were not directly mentioned as threatening the existence as they were in the sports career. This consequently answers the question to what extent entrepreneurs today have to make risky decisions and how they think about these decisions. Furthermore, similarities between sporting and entrepreneurial risk-taking could be identified, which equally provides an answer to the extent to which the risk level of the sport, in which the athlete was active, influences the risk management strategies of the sports entrepreneur's new venture.

The authors also identified a strong indication of a rational self-confident approach to risk, as mentioned before. This was mainly due to the very well-developed mindset, which was built during their sporting career, for example, by special mental coaches, but also in part autonomously. What stood out above all, however, is the fact that the risk always gets set against the goals and that it is clearly recognizable that a goal-oriented risk is consciously taken. Therefore, as an entrepreneur, just like back then as an athlete, goals are constantly set up and tried to be achieved by them. Here, the same mindset is used to attain the goal. What must be noted here, however, is that the risk classification made by an athlete regarding their own actively practised sport was more or less always considered as high. Moreover, the results of the analyzed data show that the degree of risk-taking influences the rate of decision-making and, thus, the overall entrepreneurship (Ratten, 2011).

The many ups and downs experienced as an entrepreneur, which equally always involve risks, could be handled by the interviewees with strong perseverance. Here, the indispensable sportsmanship of the will to win was evident. In particular, setbacks do not lead to insecurity or even to capitulation. What the authors of this study also observed in the analysis of the data is the experience that the former top athletes have gained during their sporting career, which in the end leads to experienced based risk handling. The former professional athletes show a strong sense of responsibility with regard to decisions and mistakes, but also to the constant willingness to improve (as in training back in the days) to deal with the ever-emerging risks. Thus, the data analysis shows that the gained experience in the sports career influences the entrepreneurial career, especially related to the risk, which answers the question regarding previous experience (the career as a top athlete) and the attitude to risk with regard to the risk management strategies of the sports entrepreneur. Furthermore, it becomes clear that there are sometimes different types of risks (e.g. physical risk and legal risk), but also the same (e.g. risk of failure). This correlation is according to the research of Gabriëlsson and Politis (2012), although it should be noted that the findings in this study

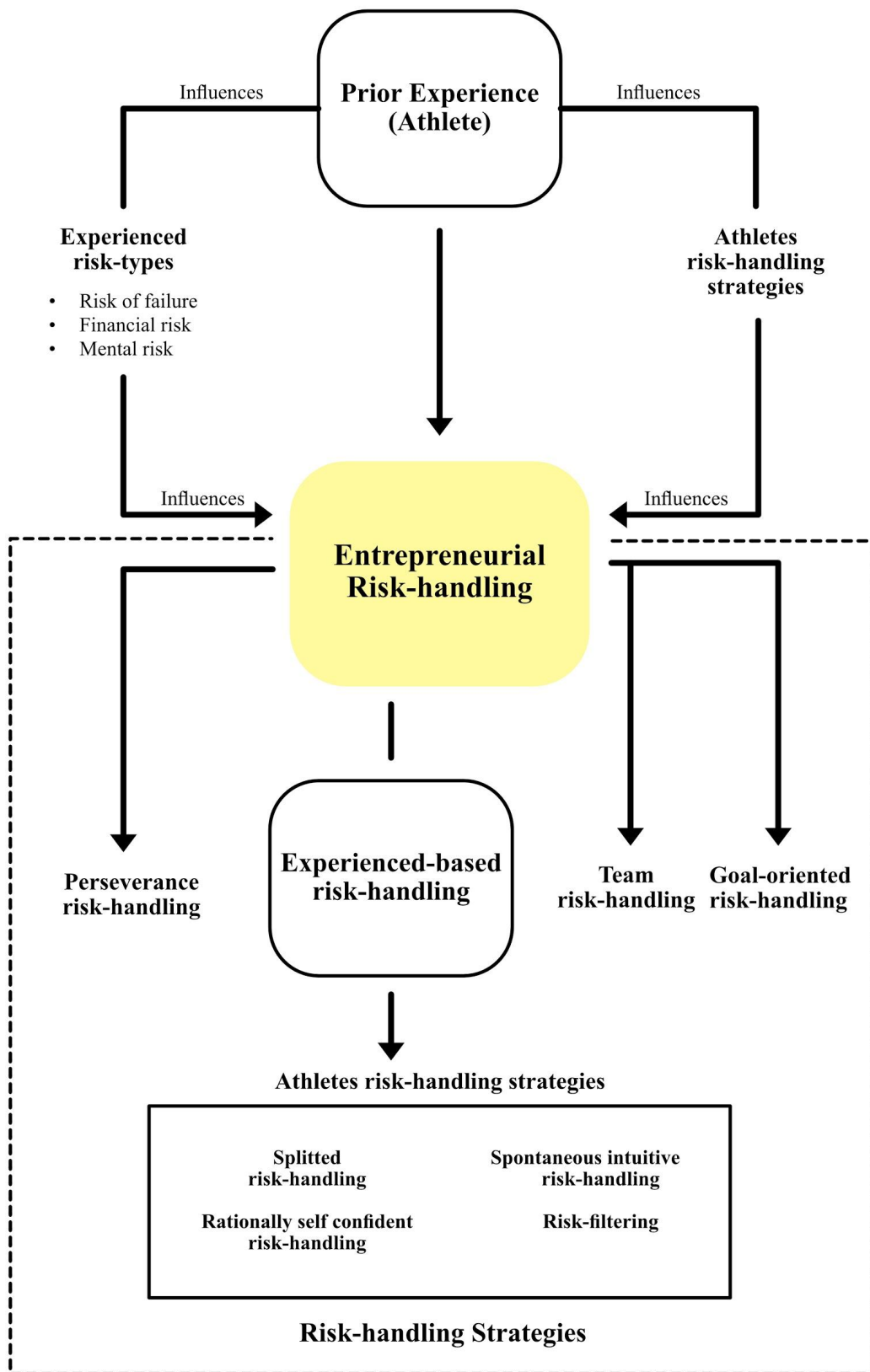
primarily refer to the positive outcome based on prior experience in regard to risk-handling rather than the direct recognition of opportunities as Gabrielsson and Politis do.

In summary, however, four main aspects emerge in the conceptual framework (Sports Risk-types, Sports Risk-handling Strategies, Entrepreneurial Risk-types and Entrepreneurial Risk-handling Strategies), which are heavily dependent on each other in regards to entrepreneurial risk handling, as also illustrated in Figure 1.

The different types of risks (e.g., physical risk or risk of failure) that a competitive athlete faces during an active career already shapes initial strategies (e.g. goal-oriented risk handling) to deal with these risks. Sometimes consciously but often also unconsciously, these strategies form the basis for the successful handling of risks in the subsequent career as an entrepreneur. This answers the question of how the risk handling strategies of sports entrepreneurs strengthen venture success and what similarities can be found between a successful top athlete and a successful entrepreneur. Consequently, five aggregated dimensions emerge from both careers, which are in any case strongly related to risk and the handling of risks.

Figure 1 conceptualizes the experienced risks during the active career as a professional athlete. In order to deal with these risks, the athletes have developed certain risk-handling strategies. In view of the fact that the same or very similar risks are also evident in the emerging career as an entrepreneur, the gained experience in dealing with risks can be applied here. In concrete terms, this means that in regards to entrepreneurial risks, *goal-oriented risk-handling*, *perseverance risk-handling* and *team risk-handling* have emerged as successful risk-handling strategies from the experiences of the various sports entrepreneurs interviewed. Beyond that, the study found that four experienced based risk-handling strategies are used by the athletes in the sports career for handling risks. These are *splitted risk-handling*, *risk-filtering*, *rationally self-confident risk-handling* and *spontaneous intuitive risk-handling*. Thus, this framework illustrates that three primary risk-handling techniques are used, but four other techniques derived from prior careers are also used, more or less subconsciously, to successfully handle entrepreneurial risk.

Figure 1: Conceptual Framework for Risk-handling



6. Conclusion

The purpose of this study was to determine whether and to what extent a conceptual risk-handling framework can be developed by analyzing former professional athletes with respect to their risk-handling strategies in their sports career.

First, the authors of this study found that the experience gained by former professional athletes in their previous career is contributing to their subsequent careers as entrepreneurs. Second, in particular, the handling of risks and the more or less consciously developed risk handling strategy have a positive influence on entrepreneurship. Based on the analyzed data, it became clear that a large proportion of the interviewees demonstrate a pronounced, in some cases even a trained, mental strength. This allows them to act very conscientiously in uncertain and risky situations. Decisions are made very rationally. Furthermore, the analyzed data showed that the majority of the athletes tried to divide the main problem (i.e. risk) into several smaller problems in order to achieve the overall goal in small stages and in "best time". This overarching goal was also an important driving factor in accepting risks and uncertainty in the first place. It was clear to see that all former athletes exhibited a strong winning mentality. This means that reaching the defined main goal is achieved with a great deal of perseverance and also setbacks are anticipated and perceived as a chance to learn from. Rather, the interviewees were clearly aware that there exist risks, but they were also able to deal with them. It is often the same risks (e.g. financial risk or risk of failure) that arise in both careers. The conceptual framework developed on the basis of these insights has been illustrated and described in Figure 1. Thereby this conceptual framework describes what has been learned about risks and how to deal with them from the career as an athlete is applied almost unmodified to the risks during the entrepreneurial career. Furthermore, this study identified that prior experience as a top athlete influences the risk handling strategies as a sports entrepreneur to a large extent. A clear parallel to sports and entrepreneurship can be seen here and strengthens the need for further research.

6.1 Implications for Research

Empirical and conceptual research on sports entrepreneurship is at an emerging stage (Ratten, 2012). This paper has developed a conceptual framework on how different risk-handling strategies emerge from prior experience from sports entrepreneurs and how they can be used by any entrepreneurs to handle risky situations. Future empirical research should consider testing these findings to confirm or reject the theoretical assumptions in this study. Furthermore, the purpose of this study was not venture success. Nevertheless, the authors would like to point out a limitation regarding the assessment of whether the interviewees' company or companies are successful. In concrete terms, this means that although the interviewees stated that they were more willing to take risks, and it has been proven in previous literature that this influences the company performance, the authors did not gain any precise insights into the corresponding company key figures in order to be able to draw positive or negative conclusions from this. However, it becomes clear that the risk handling in this concrete case influences the venture success (Marcinkowski & Kuciapski, 2012). Thus, this would be an interesting aspect for subsequent studies (Kenny, 2015; Steinbrink et al., 2020). This also applies to the motivation for becoming an entrepreneur. Although this study was able to provide an initial indication of risk and motivation, it was not the primary objective of this study to gain more in-depth insights, and the results of the interviews were not sufficiently useful for this purpose. Nevertheless, the authors would like to give other authors suggestions for further studies here.

The authors also found an interesting approach with regard to perseverance and goal achievement. Above all, it can be seen that there was a strong mindset among the interviewees. A majority of athletes, therefore, stated that it is necessary to train a lot and to accept a lot of setbacks if a goal is supposed to be achieved. However, what is not identifiable was to what extent risk-seeking specifically contributed to the motivation to become an entrepreneur. Here, the authors have so far only a guess and see the need for further scientific research. Future research could expand the methodological focus of this thesis by analysing cases with a broader and more extensive career path. Thus, by increasing and diversifying the sample size and by analyzing associations between success specific risk-handling patterns and the degree of success, personal and professional circumstances could be better addressed along one's career path and how this subsequently affects the entrepreneurial risk-handling strategies.

6.2 Implications for Practice

One aim of this study is to contribute to the understanding of the current profile of potential entrepreneurs, which is not only composed of students entering the labour market but also of experienced individuals, e.g. top athletes, who are considering entrepreneurship as a second career option for the first time. These contributions can be seen as relevant inputs for policymakers interested in promoting successful entrepreneurial behaviour among top athletes. The practical applicability of this study is further demonstrated by the fact that it has aroused the interest of third parties who are already working intensively in the field of sports entrepreneurship in the real business world. On the one hand, this thesis has a potential practical contribution in making top athletes aware of their existing assets and helping them to transfer them to the business world. For professional athletes and professionals working with athletes, the thesis thus provides evidence of a non-athletic and an entrepreneurial career transition model that builds on the player's social identity. The results of this study imply that top athletes develop risk-handling strategies in their sports careers that they can replicate in a career as an entrepreneur or employee to successfully handle risky situations. However, the problem exists that many top athletes are not aware of these risk handling skills and thus have difficulties, for example, starting a second career as an entrepreneur or promoting themselves on the labour market. On the other hand, the results of this study can help existing and aspiring entrepreneurs and employees to learn from sports entrepreneurs by adopting the entrepreneurial risk-handling strategies outlined in this paper. This can happen in self-study but also in the form of seminars.

6.2 Limitations

As mentioned in 3.3 it was difficult for the authors to get access to a large number of top athletes. This resulted in a total sample size of ten athletes. In order to achieve a much larger sample size in future research, a significant amount of time should be available to suitable aggregate interviewees. This was not available to the authors due to time constraints for this study. Nevertheless, the required theoretical saturation could be achieved. However, the use of a multiple case study methodology has advantages and disadvantages, making research findings susceptible to influence. The exploratory nature of this study is a reason why the

results are limited to the interviewees. Sometimes the same sports were played in the earlier career, which in turn yielded almost the same insights. Here, future researchers are advised to have a pronounced dispersion.

While the empirical findings in this research are intriguing, caution should be taken when generalising the findings beyond the scope of this study. We recommend applying this study within a different personality context, which may bear different driving forces. We expect this to offer new dimensions that could create new boundaries within which entrepreneurs operate.

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Appendix A

Interview Guide

Introduction & Aim of the study

Thanks a lot for taking your time for this interview. The aim of our thesis is to develop a framework for entrepreneurial risk-handling based on risk-related experiences from both your sports **and** your entrepreneurial career. We start with questions about your previous experience as a sports athlete and then move on to questions about your current activity as an entrepreneur.

Prior Experience (Athletes career)

Risk-taking

- 1) Which different types of risk have you faced in your career **as an athlete**? (e.g. risk of failure, financial risk, physical risk, uncertainty)
- 2) Would you describe the sport you were active in as a) high-risk b) medium risk or c) low risk?

Risk-handling

- 3) What has helped you to handle risky situations in your sports career? In particular, have you used/ learned any strategies that helped you to handle risky situations as a top athlete? Please explain.

Risk-Handling and Success

- 4) Can you describe a specific situation in which you, as a top athlete, handled a risky situation? What was the consequence/ outcome?

Sport Entrepreneurship (Career nowadays)

- 5) What was the reason/ were the main drivers for you to become an entrepreneur after your sports career?

Risk-handling

- 6) Which different types of risk do you face in your entrepreneurial career? (e.g. risk of failure, financial risk, physical risk,)
- 7) Do you use any strategies that help you to handle risky situations **as an entrepreneur**? Please explain.
- 8) Can you describe a situation in which you, as an entrepreneur, handled a risky situation? What was the consequence?
- 9) Are the risk handling strategies you use as an entrepreneur relate to your experience as a top athlete?
- 10) Would you describe yourself as a risk-seeking or risk-avoiding entrepreneur?