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BOOK REVIEWS

Economics and Business Review, Vol. 3 (17), No. 1, 2017: 97-111
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Governance and financing of innovative very small business (VSB): evidence from a Canadian biotechnological firm[1]

Alidou Ouedraogo[2]

Abstract: Using a very small business (VSB) as a starting point the aim of the paper is to show the extent to which substantial and rapid technological, institutional and competitive changes can affect the emergence of new innovative ideas. Moreover, the paper attempts to identify a few general areas worth contemplating regarding the mechanisms of governance and the financing of young, innovative companies that stem from this research. In sectors that are subject to rapid competitive and technological changes, the structure of governance, the financing and the implementation are all key elements to their success. Results based on a case study show three distinct governance structures with related financing strategies. Hence, the personally crafted governance is reflecting by a personal or proximity (family, friends) type of financing, professional governance is accompanying by government financing (federal and provincial) and governance growth relies on institutional financing.

Keywords: very small business, biotechnology, governance, financing, R&D, growth.

JEL codes: M13, M14, O31, O32.

Introduction

The aim of the paper is to show the extent to which substantial and rapid technological, institutional, and competitive changes can affect the emergence of new innovative ideas. Globalisation and its turbulent and rapidly changing environment magnify the increasing importance of small business innovation (Deo, 2013). Innovative very small businesses (VSB) can be defined as the agility of passionate entrepreneurs to create new business models to seize new opportunities, improve their competitive position and provide more value to their customers (Deo, 2013; Depret & Hamdouch, 2001). They are also knew for their abilities in research and development, and their difficulty

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in financing the rapid growth of their organizations (Funchal & Monte-Mor, 2016; Edmans, Fang, & Zur, 2013). However, is it fair to say that VSBs have a specific type of governance compared to that of large companies? The aim of this article was to show the extent to which substantial and rapid technological, institutional and competitive changes can affect the emergence of new innovative ideas.

It should be noted that research on the governance of VSBs throughout the world is marginal at best and that most studies are centered on understanding the mechanisms of large companies (Fama & Jensen, 1983). In fact numerous studies examining company governance have until now shown little interest in analysing the impact of contemporary economic and technological dynamics on the type of company governance, while also ignoring problems of financing, organization, and growth by innovative companies. It targets in particular works involving questions of property rights (Alchian, 1987) and centers on the analysis of agency relationships between managers, stakeholders and creditors within the framework of large corporations (Kumar & Zattoni, 2013; Jensen & Meckling, 1976).

More specifically, even when these questions are finally addressed, the studies on corporate governance are generally heavily weighted towards companies listed in traditional fields rather than VSB in general, particularly excluding new innovative companies operating in technological fields (Dasgupta & Piacentino, 2015; Julien, 2001). As such, the traditional approach to corporate governance seems inadequate in addressing the needs of new innovative companies where the central issue is the problem of financing. Accordingly the "solutions" proposed by the dominant forces in play are in fact aimed at fundraisers of large companies, more often than not routinely managing well established businesses in traditional fields in markets well known and generally predictable (Gaffard, 1990). Consequently, these "solutions" have only a marginal effect and do not specifically address the problems of governance faced by new dynamic companies operating in new innovative fields in new developing markets. These companies realistically face specific problems of financing, organization and strategic orientation (Zucker & Brewer, 1996). All this in a context where there are numerous uncertainties regarding the strategies of implementation, the "timing" and the organizational consequences that these can foster, especially in areas of governance. Moreover, problems in governance often become multilateral rather than strictly bilateral hence requiring specific governance mechanisms (Edmans, 2014; Charreaux & Desbrères, 1997). In fact, the diversification of investors opens the range of stakeholders that have a grip on the survival of the organizations and, as a result, complicates the problematic issues of firm governance (Attig, El Ghoul, Guedhami, & Rizeanu, 2013). Hence the necessity of increasing the field of application of governance models by taking into account the real diversity and interdependence of all stakeholders, starting with the strategic partners of the firm (Charreaux & Desbrières, 1998; Charreaux, 2002b). Thus, the central question of our research is as follows: what type of governance is more suitable for a better financing of the innovative VSB? In this perspective, a description of the different types of the innovative VSB governance and financing could be a key factor of performance. This paper is divided into three sections. The first section is devoted to the literature review, the second section deals with the research methodology and third section contains the research results. The paper is closed with conclusions.

1. Literature review

The review of literature that follows attempts to define the degree of latitude that the management of a VSB has, regarding the leadership of their organization. Therefore, it is particularly interesting to evaluate the degree of decisional latitude that managers have in different sectors or in different countries in order to better understand the cause/effect of educational background and performance. Meanwhile we can analyse the specificity of VSB governance as a function of the stakeholder - management relationship, the relationships between the company and its creditors and employees, management driven initiatives, crafting and professional governance and the company growth strategy.

In the case of VSBs, the management – stakeholder relationship is not considering a source of conflict since there is no distinction between the functions of ownership and management (Casado, Burkert, Dàvila, & Oyon, 2016; Charreaux, 1997). In order to better understand the behaviour of VSBs, it is best to add a nuance to the above conclusion by taking into account that a number of VSBs have external stakeholders, notably investment firms, which changes the traditional relationship (Boissin & Trommetter, 2002). Similar situations exist in typical cases where management is delegated outside the family or when dissent within the stakeholder family requires outside intervention.

However, in most instances, such a conflict between stakeholders and management can be considering low risk; hence, the analysis of the system of governance remains primary at this point (Charreaux & Desbrières, 1997). Financial markets play no role in the case of VSBs; therefore, it is normal to expect that no data exists regarding its role as a market regulator (Depret & Hamdouch, 2001). Similarly, the role of management remains minor and the essence of a manager's career with a VSB remains primarily an internal matter considering the capital invested in the business. Finally, the role of the Board of Directors of a VSB may also be seen as symbolic since we cannot justify, in most cases, its intervention to discipline senior management when the latter are the principal stakeholders (Edmans, Levit, & Reilly, 2014; Charreaux & Desbrières, 1998). However, we can justify its role in offering recommendations and advice to management.

If we disregard the stakeholder – management relationship, the main force in large companies – it seems that to analyse the governance in VSB-, we must focus our attention on other types of relationships, notably those that link the company with its stakeholders and employees, including subcontractors (Luo & Salterio, 2014; Audretsch & Stephan, 1996). Thus, the bank/company relationship or creditor relationships between companies appear to offer tighter constraints and disciplinary measures than those offered solely by stakeholders (Depret & Hamdouch, 2001). An important point in the analysis of governance is determining if government regulation of the creditor / company relationship, such as that which exists in western countries, should be considered as the optimal oversight considering the divergent objectives of protecting the interests of the creditors and the legitimate concern of ensuring that management disposes of the maximum latitude allowed (Dosi, 1982). This aspect concerns specifically the ability of the regulatory system in France to resolve difficulties encountered by companies. Paradoxically, since this system evolved to ensure VSB of the best possible survival rate, we note that recent comparative studies such as Charreaux (2002a) have shown that it results in the highest corporate failure rate in international circles.

Another relationship that is equally central to the analysis of governance of VSBs seems to be the existing affiliation between the company and its employees (Julien and Marchesnay, 2001). Without going into the detail, it seems that this arrangement presents certain specificities when discussing small companies. Investment in human resources is more important in a VSB. This creates a two-pronged risk: for one, employees risk of being deprived of work because of a tight local job market and relocation difficulties are prohibitive in external job markets (Mowery, Nelson, Sampart, & Ziedonis, 2001). Equally, the company is at risk since the abilities of the company may rely heavily on the knowledge of a single employee. There are contractual and legal avenues to manage such a situation; however, formal and informal dispositions are usually in place within the confines of a VSB. Understandably, the nature and the functioning of these safety valves have an influence on managerial latitude and performance (Julien & Marchesnay, 2001).

A director's role as an agent of change can only be understood relative to the strategy he/she pursues, whether it is designed explicitly or implicitly. Moreover, this strategy is framed by the system of governance in which the manager is fully integrated (Burkert & Lueg, 2013; Catherine & Corolleur, 2001). The problem that the governance theory attempts to resolve is identifying the ideal degree of latitude a manager should have by establishing the relationship between performance and the system of governance (Jaffe, 2000). This degree is probably the result of a compromise between two extremes: an excess of latitude ultimately harming the interests of certain groups of stakeholders; and compromising the creation of financial value and eventually endangering the survival of the company itself; or a system of governance that is too restrictive thus ultimately causing the same result by halting all initiatives by management, notably by leading them to choose a less ambitious and risk-free strategy (Julien, 2001).

The professional governance problem identified by Berle & Means seventy years ago is still prominent in large and small businesses. Indeed the collapse of Enron and the financial scandals at other large American corporations have re-ignited public concern with the question of corporate governance in the sense of how to devise systems, rules and institutions that will induce corporate executives to manage corporate assets in the interests of the shareholders rather than their own (Peterson, 2004). The spectacle of certain Enron top managers emerging from their bankrupt corporation with substantial financial gains while investors and employee shareholders sustained large losses has only served to highlight the problems posed by the divorce of ownership from control in large American corporations and to focus renewed attention on the need to reform corporate governance (Dasgupta & Piacentino, 2015; Charreaux, 2002b). Consequently, today's companies need to change their rigid governance arrangements into flexible governance. Craft governance is less about who is in control and more about integration, collaboration and complementary competencies between organization and its partners (Holley, 2015).

The choice of a strategy depends on the percentage of capital held by the director, the method of remuneration and even the members who comprise the board of directors as well as the type of control exercised by the board (Dasgupta & Piacentino, 2015; Fama & Jensen, 1983a, b). Even if these results are yet to be confirmed for VSBs, in all likelihood the nature of the strategy is related to the system of governance (Charreaux, 2002a). Therefore, it is likely that the strategic choices made by management are in accordance with the particularities of the type of governance system and to the extent of pressure applied by the board.

The choices that the manager have available are an inherent part of the very system that constrains him, beginning with the ideas for strategic alternatives. It would appear that the latter are also governed by the constraints perceived by the manager; it probably differs depending on the specific national culture, the function of the educational background, or even sectorial behaviours (Charreaux & Desbrières, 1997). The change remains intact and interiorized within certain limits that depend on the system of governance. Consequently, the choice of the type of growth, whether internal or external, is a function of the rules in force in the financial and legal system (Depret & Hamdouch, 2001).

2. Methodology

Inatech International Inc. is a company that is regulated by federal law as a shareholding company whose head office is located in Saint-Hyacinthe. The company conducts R&D and produces natural ingredients for human and animal consumption. Research and development has led it to create and produce four original formulations of food supplements containing probiotic bacteria and natural ingredients for animal feed. However, the creation and development of companies in the food biotechnology sector is subordinate to important financial investments that only large companies or capital-risk ventures can afford. Thus, we see the flight of highly dynamic companies, usually VSBs that draw upon their innovative abilities but often must relinquish their role because of a lack of financial resources to bring their product to full commercialization.

Incorporated since March 24th, 2001, Inatech International Inc. has a small management team comprised of the two associates who occupy the posts of president (Halidi Ali Ben-Saïda) and vice-president, R&D (Blaise Ouattara). The two founders are assisted by a few scientific advisors and managers charged with guiding and supporting them during this start-up phase.

The president of Inatech International Inc., Mr. Halidi Ali, owns 50% of the shares, is responsible for human resources, and supervises the overall operations of the company, from sales and marketing to accounting. He expects to provide a profitable orientation to the company. Mr. Halidi graduated with a master's degree in science and technology (food chain) and a master's degree in biochemistry from the University of Laval. He also earned a degree in food processing from ENSIA, a French *grande école* of agriculture, located in Paris (France). He now has three years of R&D experience at university level in Canada and with a company in France. Enrolled in the MBA programme at the University of Laval in agro-business he acquired further training in management at the Center for Creation and Expansion of Enterprises (CCEE) in Québec. From CCEE he won a project to create a company where he took upon himself the role of president. The project, developed by himself was later staffing with a team of five people. Mr. Halidi Ali then signed a commercial contract with the firm Colarôme. His role was to establish contacts with clients in North America and introduce them to the team in place. He left that company to start a new firm called Inatech International.

The vice-president of R&D, Dr. Ouattara, also holds 50% of the shares of Inatech International Inc. and is responsible for research and development, purchasing, production and quality control. He has a solid university background that includes a PhD in veterinary medicine, a PhD in animal production and quality control and a PhD in food sciences and technology. (DEA – doctorat en production animale et qualités des denrées) (Ph. D. en sciences et technologie des aliments). He was director for four years of an experimental farm affiliated with the University of Ouagadougou in Burkina Faso. Dr. Ouattara has accumulated much experience in R&D related to animal sciences and food processing. Besides a résumé who listing more than 15 scientific articles published or accepted in academic journals and over 20 speaking engagements in national and international conferences, he has also worked as a post-doctoral researcher at the INRS-Institut Armand-Frappier.

We chose the case method in order to achieve our research objectives (Yin, 1994). Our aim is not to seek some statistical value but rather a theoretical representation. The choice of the case study corresponds to the sampling criteria suggested by Glaser & Strauss (1967). We wished to observe the evolution of the governance structure of a research biotechnology VSB. We attempted to obtain the maximum amount of information on the behaviour of the management team and the governance structure during the different stages of growth of these companies. They allowed us to make comparisons between the different behaviours observed related to the challenge of financing and the commercialization of the product, which overall offers the advantages of an in-depth case study (Yin, 1994).

We decided to take interest in VSB research biotechnology firms whose evolution is marked by crises and unrelenting pressure; specifically, we took an interest in observing the stress between the management team and the governance structure in a crisis context. We obtained information on a regular basis on both management and the board of directors. Therefore, we were able to observe the tensions during these periods of crises and the evolution of the governance structure of these companies.

3. Results

The research shows three different types of governance faced by the innovative VSB. Each type of governance implies financing constraints.

The first type of governance observed in a VSB appears to be a more artisanal governance in which management essentially feels its way around and often reacts inappropriately to the constraints imposed upon them. In our case, because of legal responsibilities associated with the status as administrators and the difficulties encountered in covering certain risks by insurance companies, the two directors decided to create an advisory council comprised of employees and outside experts. As Mr. Halidi remarked:

> With an advisory council, we have the best of both worlds: we benefit from the strategic advice of the members while maintaining control of our company. Many members are from industry and others have a wide experience in business affairs. Their commitment has helped us limit errors of judgement and to better understand the large-scale orientations available to the company in this sector. In addition, they act as assistants to senior management.

Moreover, management benefits from a certain flexibility in implementing or dealing with the information or advice given by members of the advisory board. As Dr. Ouattara states:

> With the advisory council, we can choose the members and decide whether to accept or decline the advice that members of the council provide. As they are

> our friends for the most part, there is a common line of thinking between us. We benefit directly from their expertise but at a lower rate than as an administrator sitting as a member of the board of directors.

However, there are two sides to this arrangement: first, members of the advisory board sit as volunteers and second, there is nothing compelling them to attend. The president noted that certain members were no longer a priority status according to Inatech International.

> At first, these people were calling me; they came to meetings, and were prepared to support management at a moment's notice. As time passed they no longer participated in council meetings. We came to realize that we did not have the means to force them to respect their obligations. Even worse, another member who was part of our council accepted a position as a board member of one of our competitors […] And we had promised to include him in capital gains participation.

While confronted with these governance issues our commercial activity continued to increase, notably by passing from one to four commercialized products. Our staff also increased from three to more than a dozen. The perspectives for development were also quite interesting. In order to realize all these projects we needed reliable financing and the partners that were interested insisted on being involved in the governance of the firm. Thus, the transition to a Board of Directors became vital for Inatech International.

Access to financing is a major factor towards achieving success in the biotechnology sector. Inatech International is not exempt from this harsh reality as confirmed by the vice-president of R&D Dr. Blaise Ouattara:

> At the beginning of our adventure, we were certain of one thing, that the potential of our technology was excellent. Well, in our field, the means by which we obtain financing is a guarantee of the worth of our technology. We understood this a bit too late as we began to find a way of exploiting our technology for industrial purposes. It was the beginning of a long stretch of desert filled with uncertainty and anguish.

The eternal quest for financing is treated with contempt by investors during the learning phase, in other words, during the artisanal governance period. During this phase, the owners begin to understand that the potential of making a new product does not give one the right to financial resources, as confirmed by the president of Inatech:

> […] when we decided to create our business, we thought that the concept in itself would seduce many investors. Instead, we felt humiliated and scorned because most investors wanted us to demonstrate the reliability and originality of our product. Their investment was conditional on the results of our demonstration, while we only had a concept that needed to be developed and tested.

Since it was impossible for the two owners to move forward in developing their concept without additional technical assistance and financial resources, Dr. Blaise Ouattara, thanks to his numerous contacts with Agriculture Canada dating back to his doctoral studies, convinced the federal branch to become a partner with Inatech International. This partnership allowed Agriculture Canada to become a strategic player in the animal biotechnology sector in large part due to the publication of the research results in this sector. In return, Inatech International obtained needed workspace and some specialized employees for laboratory research. After a few months of collaboration, the results were indeed impressive, as states Dr. Ouattara:

> […] as a result of our combined efforts in fine-tuning the concept through research we succeeded in publishing a few high-quality scientific papers working with the team at Agriculture Canada. We proved scientifically that our product was indeed innovative and revolutionary compared to activities at the local market level, even in the international marketplace. We won a number of prizes both locally and nationally.

Regarding the financing at this particular stage, from the moment the company proved its innovative potential, numerous investors began looking at this small business in Saint-Hyacinthe. The researchers at Agriculture Canada thus recommended that Inatech International forge a partnership with the « Centre québécois de valorisation de la biotechnologie » (CQVB), an entity created by the Québec government to support innovative companies in the biotechnology field. This state entity supports private sector development and manages a number of programs to assist and support new developers. Looking beyond the Québec entrepreneurial movement there are a number of federal programs that offered support to biotechnology companies that increased the availability of support to Inatech International. This new-found interest is due to the potential for innovation and also to the networking contacts brought by different members of the board.

Management was apprehensive about creating a board of directors. The vice-president, Dr. Ouattara, identifies the challenges that faced the company, both internally and externally:

- *An environment of perpetual change, new products and new competitors, complex regulations and multiple international rules,*
- *Strategic management increasingly complex for the necessary human resources and the search for new investors,*
- *Increasing the size of the management team to make it more multidisciplinary: it is not only a necessity for survival and growth but also a principal criteria or promise insisted upon by investors before granting their seal of approval.*

The board of directors brought about a level of professionalism to the management of the company. From the outset, decisions rendered were more rational and the roles assigned to the management clearer. Improvisation, panic and a lack of belonging have replaced, with a new more imposing and more restrictive structure.

> As soon as the board of directors first convened everything began happening very quickly, admits the president. In fact as soon as the financial partners took control of the company we the « owners », became a minority voice and for the first time since the inception of the company, we had the impression of working for an employer. We had to account for our actions, something we had begun to forget.

Moreover, the vice-president of R&D notes that the priority from now on will be commercialisation and marketing, rather than R&D.

> I was of the belief that the company was founded solely for R&D so I was quite lost. I had to discuss it with the chairman of the board to better understand my role and grasp where the company was headed. Members of the board now discuss increasing the capital and developing new markets. We started to lose our way in the company and began questioning our vision for the future; to think we had created the company for the well-being … of farmers!!!

A closer collaboration between Inatech International and CQVB will propel it as a known player onto the national scene. Very quickly, Inatech International becomes a star company and a beneficiary of investor funds plus the recipient of $50,000 to test and develop the product. However, the down payment is conditional on having an initial start-up fund of $20,000 in the hands of the two owners; no easy goal, as acknowledged by Dr. Ouattara:

> It was almost two years since we had been working on the project without financial backing. I even left my work as an associate researcher at the "Institut Armand-Frappier" to dedicate myself full-time to our project. Under these conditions, it was impossible for me to assume my part of our financial obligation, especially since I was not eligible, as was Dr. Halidi, to the $10,000 fund offered to new entrepreneurs aged 35 years old at most. I was forced to take out a personal loan from my bank to pay my contribution.

After this first financing agreement, the company quickly obtained a second one to the order of $100,000 to commercialise and develop new products. This was accompanied by increased participation in the capital financing of the company by CQVB by some 30%, as emphasized by the vice-president of R&D: "We saw the control of our company slipping away every time that we received a new investment offer by CQVB. Considering that it was the only means to develop our company we were both resolved and resigned to accepting their offers".

While the two owners express their divergent opinions on the future of their company the CQVB, for its part, is ready to move even faster, convinced that there is still much to be gained by their involvement with such a company. They are therefore preparing for the next round of financing valued at $1,000,000.

One of the conditions attached to such an investment is the requirement to find new private investors. The biotechnology company will progressively change the style of the organization that may take the form of a “red-tape mechanistic bureaucracy”. Governance and economic growth is characterized in part by the pre-eminence of a strategic core having exclusive tactical decision-making, and in another vein, having a more formal managerial direction. VSBs generally first reorganize themselves towards increasing the exploitation of the products they commercialize. In our case, management had the tendency to orient R&D activities towards the particular choice of and commercialization of the higher value-added products.

At the financing level, the CQVB directs the company without involving the principal owners with their decision-making. CQVB calls on some of its traditional partners in the biotechnology field, such as capital-risk firms Biocapital and Innovatech. These two partners, each bringing to the firm $1,500,000.00, have expressed their fundamental requirements, namely, the introduction of a genuine board of directors, capital restructuring and clarification of the role of senior management regarding investors. The CQVB took it upon itself to inform the initial owners that this was the best way to continue developing their company. President Halidi was quickly convinced and sided with CQVB. As for the vice-president of R&D, Dr. Ouattara, he tried unsuccessfully to find private investors, especially distributors. He reluctantly resigned himself to accepting the situation, including the implementation of a new board of directors, a forum from which both partners officially lost the financial and strategic control of their company.

Conclusions

The aim of this article was to show the extent to which substantial and rapid technological, institutional and competitive changes can affect the emergence of new innovative ideas. He also shows the ensuing problems that arise such as organizational problems, governance of VSB and their interactions with a multitude of investment associates (Edmans, 2014; Yamahaki & Frynas, 2016). Starting with the case study of a Canadian biotechnology company, we were able to sketch the outlines of a new type of governance. This governance is supposedly representative of new innovative firms in numerous business sectors, identified by profound changes in their technology and/or to their competition, especially in biotechnology fields that match these criteria (Depret & Hamdouch, 2001). This model emphasizes the necessity of enlarging and reviewing the dominant vision of corporate governance to take into account the multiple problems of organizations and governance faced by smaller firms and their associates. Subsequently, by focusing on biotechnology cases, we were able to highlight a variety of governance models, supposedly representative of a large number of new innovative VSBs, involved in sectors in which innovative processes and the dynamics of competition play an important role in establishing or restructuring coalitions and inter-firm networks (Mangematin, 2003; Hamdouch, 2002).

Contrary to the results on the mechanisms of governance for innovative VSBs (Julien, 2001) our research has shown that in the Canadian case, artisanal governance, which constitutes the framework for learning by managers of VSBs, is the foundation for growth and learning the mechanisms of financing. In fact, in this artisanal phase, corporate governance is not formalized which allows managers the freedom of action to demonstrate their competitive advantage (Hamdouch, 2002). In addition, this situation exposes the financing problems encountered in company growth (Funchal & Monte-Mor, 2016). This learning on the job regarding questions of financing acts as a sort of natural selection process for VSBs to determine who survives and who disappears. Once this phase is completed, VSBs and their managers are better prepared to face the challenges of financing the critical growth phase (Depret & Hamdouch, 2001).

This phase corresponds with more professional governance as the company adopts a board of directors, with qualified members who can even attract sound investors (Kumar & Zattoni, 2014). Thus, we see a more professional structure appear, a clearer description of responsibilities and performance requirements become more stringent (Charreaux, 2002b). Our research has shown that this phase is accompanied by a loss of influence by the founding owners of the company. In fact the professional governance phase is a sort of coming of age for a VSBs, since they can now compete in a new league as serious candidates in the market for institutional financing (Kumar & Zattoni, 2013).

A renewal of the approach to questions of governance now appears necessary in light of this research (Burkert & Lueg, 2013). In fact, it seems to us equally important not only to increase the number of empirical studies by systematic and in-depth sectorial studies, but also to include new innovative firms with operational configurations of inter-firm relationships. Based on this analytic and empirical case study it now seems to us possible to progress towards a better formulation of new corporate governance models; specifically, for firms that seem to emerge today in sectors that are subjected to fast and significant evolutions in their organizations, technology and competitive nature (Yamahaki & Frynas, 2016). Accordingly, new ways to define the evaluation criteria for systems of governance faced with different types of organizations will be required. In this perspective, two areas of study seem to us to be particularly interesting for in-depth examination. First, it appears to us to be necessary to better integrate biotechnology companies in such analyses because of their uncertainty and their evolutionary and diversified character and because of how they affect industrial sectors and other firms (Luo & Salterio, 2014). Furthermore, it seems to us also important to extend the reflection by studying in a more in-depth fashion the nature and the characteristics of coordination problems that exist between biotechnology companies and their investors. This analysis is necessary to be able to clearly identify specific configurations of governance. However, the limitations of this research is due to the unique case study; whose results could not be more generalized.

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