

ENTREPRENEURIAL LEARNING THROUGH INTERNATIONAL BUSINESS MODEL INNOVATION: AN EXAMPLE FROM A SOUTH BALTIC INTERREG PROJECT

Per Servais^{1*} and Jan Aidemark²

¹*Department of Marketing and Tourism Studies, School of Business and Economics,
Linnaeus University, Sweden*

² *Department of Informatics, Faculty of Technology, Linnaeus University, Sweden*
(*Main presenter and corresponding author)

ABSTRACT

Background

Focal to new ventures is the exploitation/exploration of international business opportunities e.g., why a new venture makes a new international market entry. Entrepreneurial opportunity discovery, then, has been defined as the most central function of entrepreneurship (Eckhardt & Shane, 2003; Sarasvathy, 2001; Shane & Venkataraman, 2000). This work led Styles and Seymour (2006) to define international entrepreneurship as “the behavioral processes associated with the creation and exchange of value through the identification and exploitation of opportunities that cross national borders” (Styles and Seymour, 2006, p. 134). Entrepreneurial opportunity has been defined as “future situation which is deemed desirable and feasible” (Jack & Anderson, 2002) or a situation in which new goods, services, raw materials and organizing methods are combined in a way that allows for selling by greater price than the production costs (Shane & Venkataraman, 2000). These are very different definitions. In their struggle to define business opportunity in a way that allows for meaningful research on entrepreneurial behaviors entrepreneurship researchers have ended up with classifications of types of opportunities (Alvarez & Barney, 2007). There is seen to be opportunities to be recognized, opportunities to be discovered and opportunities to be created which, then, are related to more or less rational behavior with varying degrees of predictability of the results. In the end it is question of if the opportunity exists without human awareness of it or if the opportunity is created through human imagination and social interaction (Alvarez & Barney, 2007). On the other hand, opportunities can be seen either as things to be recognized or as events and processes to be created (cf. Sarasvathy 2001). Opportunities can be seen to exist independent of individual’s perception and to be of objective, observable nature or to be created because of an individual’s actions and, thus, be of subjective nature (Alvarez & Barney, 2007; cf. found vs. made opportunities in Ardichvili *et al.*, 2003). Both objective and subjective opportunities are result of competitive imperfections, but the imperfections are seen in the first case exogenously born and in the latter case result of individual’s action or enactment. Objective opportunities are searched for, recognized, and exploited by alert entrepreneurs who can collect enough

information to anticipate the possible outcomes of their actions and calculate and carry the risks related to the situation. Subjective opportunities result of acting by entrepreneurs to enact opportunities as social constructions in a genuinely uncertain decision-making situation where information to define possible outcomes does not exist.

Additionally, Cumming et al. (2009, p. 289) concludes “that greater attention to the entrepreneur in international entrepreneurship research would enhance not only our understanding of the origins of international efforts and the consequences for individual entrepreneurs, but it would also aid in understanding firm-level processes and outcomes”.

Entrepreneurial Learning and the need for knowledge

The focus of entrepreneurial learning (EL) research are issues on what entrepreneurs should or do learn during the process of exploring and exploiting an entrepreneurial opportunity in the creation of new ventures or management of existing firms, but more importantly, the specific processes of learning which that take place (Cope 2005) in the venture creation. and also in the International New Venture creation, process. Minniti and Bygrave (2001, p. 7) assert, ‘entrepreneurship is a process of learning, and a theory of entrepreneurship requires a theory of learning’. Hence, EL is broadly positioned at the interface of entrepreneurship and organizational learning, existing studies have drawn from a wide range of theoretical insights, including experiential learning (e.g. Clarysse and Moray 2004; Cope 2003; Minniti and Bygrave 2001), organizational learning (Wang 2008), social cognitive theory (i.e. Erikson 2003), population ecology (i.e. Dencker et al. 2009) and configuration theory (i.e. Hughes *et al.* 2007), employing different methods to study different entrepreneurial contexts.

This entrepreneurial context could be what Dutta and Crossan (2005, p. 426) defines as entrepreneurial opportunities ‘being a set of environmental conditions that lead to the introduction of one or more new products or services in the marketplace by an entrepreneur or by an entrepreneurial team through either an existing venture or a newly created one’. Hence, Prior knowledge and past experience are seen as important in identifying and pursuing opportunity (Shane and Venkataraman 2000; Baron 2006; Shane 2000). The individual cognitive structures defining the identification of opportunities are developed through the previous work experiences of individuals. Venkataraman (1997) referred to this as a “knowledge corridor” that allows the individual to recognize certain opportunities, but not others. Sarasvathy, (2001) also noted that different individuals discovered different opportunities, according to their particular way of gathering and processing information.

This gathering and processing capacity is largely influenced by prior knowledge, primarily knowledge of markets, knowledge of ways to serve the markets, and knowledge of customer problems, as important artefacts for entrepreneurial discovery (Shane and Venkataraman 2000). In addition, current jobs, work experience, and technological knowledge (Park 2005) are general sources facilitating opportunity recognition. In an international setting, “the knowledge of opportunities

or problems is assumed to initiate decisions” for foreign market entry (Johanson and Vahlne 1977, 27).

Findings

In the paper we develop an International “digi-preneurship model” i.e., how entrepreneurs design their ventures, together with mentors in the incubators. This design process can be seen as an entrepreneurial learning process which includes venture internationalization, acceleration, and digitalization. The paper develops a guidance framework or waypoints the entrepreneurs can use to monitor their own business development from the first ideation to the first international sales. This has developed on the basis of a Interreg South Baltic Whitepaper on “digi-preneurship”.

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