



Learning orientations and learning dynamics: Understanding heterogeneous approaches and comparative success in nascent entrepreneurship



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ABSTRACT

Entrepreneurship is a learning process, yet the paths that entrepreneurs take to achieve success and the resources they assemble differ widely. To better understand when and for whom specific learning styles and new venture organizing activities are beneficial, this study develops a theoretical framework based on entrepreneurs' learning orientations. We compare the founding trajectories of concrete experience and abstract conceptualization learner/entrepreneurs, as defined in experiential learning theory (ELT). The study tests the predictions with multinomial logit models. The results, using longitudinal data from the Panel Study of Entrepreneurial Dynamics, show that entrepreneurs who learn through sensory information and action benefit most from informal sources of capital and from their social networks, while those who learn by analyzing and systematically planning benefit most from formal sources of capital and from following their developed plans. The different trajectories that emerged in terms of capital formation and social network involvement should be of considerable interest to those attempting to either teach or promote entrepreneurship, as students and entrepreneurs undoubtedly have different learning requirements as well as pedagogical needs.

1. Introduction

Entrepreneurs muster unique combinations of resources with the goal of creating something new – organizations, products and/or services. Only when converting their ideas into reality can entrepreneurs bring about a future state. Such realization involves judgments (Newbery, Lean, Moizer, & Haddoud, 2018), capital investments (O'Brien & Sasson, 2017), actions (Stroe, Parida, & Wincent, 2018), social networks (Shu, Ren, & Zheng, 2018) and learning experiences (Boso, Adeleye, Donbesuur, & Gyensare, 2018). Entrepreneurs can differ in degrees of sophistication, and organizing patterns may differ widely. Yet much of entrepreneurship research still treats the entrepreneur as a homogenous entity, or is anchored in computational exercises that examine decision-making, as though there were an ideal entrepreneurial path (Felin, Kauffman, Koppl, & Longo, 2014). The shortage of studies that examine heterogeneity within the process of entrepreneurship may lead to naïve generalizations (Delmar & Shane, 2003; Greene & Hopp, 2017; Honig & Samuelsson, 2015).

The present article's primary contribution is to develop and test a theoretical model of learning orientation that explains when, and for whom, specific learning styles and organizing activities can lead to new venture creation.

Learning orientations are an important and largely unexamined aspect of nascent entrepreneurial emergence. Recognizing different learning orientations is important to understanding entrepreneurial emergence, particularly because both individuals and firms continuously attempt to learn. By focusing on learning theory, the present study addresses individual preferences and individual differences in learning orientations to observe how and why heterogeneity emerges in entrepreneurs' business-founding trajectories. For example, some individuals prefer to learn through planning and engaging in explicit knowledge and conceptual development. This highly rational style of learning may facilitate legitimacy, inviting formal financial investment with all its related expectations, measures, and performance. In contrast, other business founders prefer to learn through trial and error, by experiencing the results of their experiments and incorporating experientially learned outcomes in their subsequent behavior.

Empirically, this study uses the Panel Study of Entrepreneurial Dynamics (PSED II) data to contrast two types of entrepreneurial learners: those who learn through sensory information and action, and those who learn by analyzing or systematically planning.

The results show that entrepreneurs who learn primarily through sensory information and action benefit most from involving social

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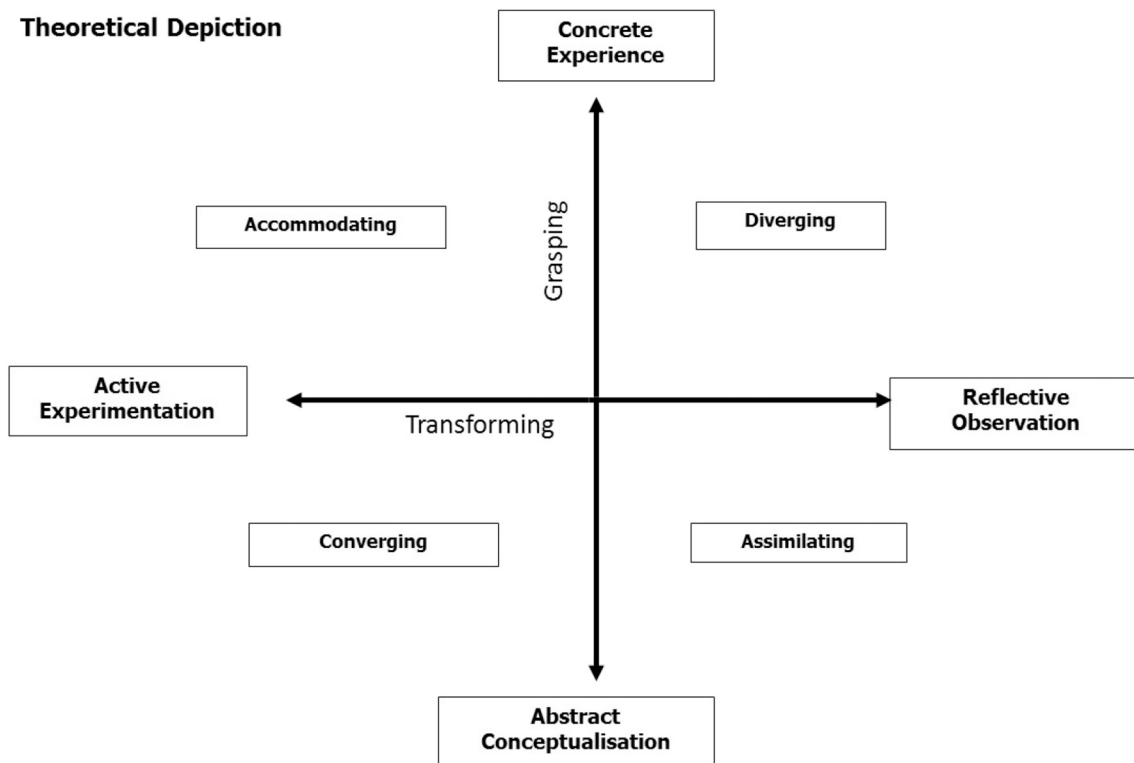


Fig. 1. Illustration of theoretical model.
Adapted from Fig. 3.1 Kolb and Kolb (2011).

networks and informal sources of capital, while entrepreneurs who learn primarily through analyzing or systematically planning benefit most from formal sources of capital and by following and adapting the plans they have developed. Because individuals tend to tackle problems with different innate approaches, entrepreneurs utilize their own particular learning orientations and preferences when beginning an entrepreneurial activity and this evolves as a path-dependent process influencing their relative strategies, resource opportunities, and organizational growth.

Such findings are of practical importance. The different trajectories that emerge in terms of capital formation and social network involvement should be of considerable interest to those attempting to teach and/or promote entrepreneurship, as students and entrepreneurs undoubtedly have different learning requirements as well as pedagogical needs.

This paper begins with observations regarding learning orientations, dynamic learning styles, and heterogeneity, and hypotheses regarding the corresponding performance implications. The paper then introduces the data and discusses the results. We conclude with implications for research and practice, as well as limitations.

2. Theoretical background and hypotheses

2.1. Entrepreneurial actions as learning

Entrepreneurial activity entails innovating by taking calculated risks (Schumpeter, 1965). Entrepreneurs perceive what they believe to be business opportunities. Their actions in relation to such perceptions either help or hinder the creation of new ventures (Klein, 2008). The entrepreneur envisions a product, a market, a need that customers have, and subsequently tries to create the product, enter the market, and/or fulfil the need. If the vision does not materialize, for example if the entrepreneur's calculations of prices, revenues, and cost are mistaken, losses may occur and the pursuit might be abandoned

(Korsgaard, Berglund, Thrane, & Blenker, 2016). Or as Kirzner puts it (2009: 150): “What he [the entrepreneur] ‘sees’ is that, by assembling available resources in an innovative, hitherto undreamt of, fashion, and thus perhaps converting them into new, hitherto undreamt-of products, he may be able (in the future) to sell output at prices which exceed the cost of that output to himself.”

New knowledge modifies existing schemas when individuals proceed by trial and error, making mistakes and experiencing failure (Malmgren, 1961). This process requires them to iterate through a process of making sense of their experiences. While different learning orientations and preferences vary, they must all face dynamic changes that entail identifying opportunities from various learning events. Learning can occur through observing the behavior of others (Bandura, 1977) or through failure that forces the individual to adjust an existing schema (Sitkin, 1992). This adjustment is how an individual interprets the world and acquires new knowledge (Piaget, 1952).

Effective entrepreneurs learn from customers, suppliers, employees, associates, competitors, and other entrepreneurs, and from personal experience. Because they need to learn, entrepreneurs need to develop skills to re-evaluate, adapt, and revise activities in a resourceful manner to suit new environmental contingencies (Honig, 2004; Neck & Greene, 2011). These activities are informed by experiential learning processes, including preparation, incubation, insight, evaluation, and elaboration (Corbett, 2005; Lumpkin, Hills, & Shrader, 2004). The nature of environmental change strongly suggests the need for experiential learning strategies to reflect a dynamic environment.

The theoretical foundation of experiential learning is anchored in scholarship focusing on the process of learning, including work by Dewey (2005), Vygotsky (1980), Kolb and Kolb (2005), Corbett (2005, 2007), and Kolb (2014). Experiential learning theory (ELT) holds that individuals learn by doing; they create knowledge by transforming their experiences, including their failures, into new ways of seeing the world. Entrepreneurs in particular must carefully monitor their progress using feedback from others as well as self-reflection in order to advance

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