Chapter 10

LEARNING IN VENTURE CREATION
Development of Competence in Translating Business Ideas into Practice

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1. INTRODUCTION: LEARNING AND VENTURE CREATION—A NEGLECTED RESEARCH AREA

“Life-long learning” (OECD, 1996; Van Leeuwen & Van Praag, 2002), the learning organization (Senge, 1991), the organizational knowledge-base (Blackler, 1995; Gherardi, 1996; Von Krogh, Roos, & Kleine, 1998; Pawlowsky, 2001) or effective management of organizational competences and knowledge (Blackler, 1995) are considered as central resources and competitive advantages for all types of organizations as well as for successful individuals. Learning and knowledge management became buzzwords that resulted in a rise, within several disciplines, of publications exploring these activities; this increased level of publication arose within the 1990s and continued in the beginning of the third century (Easterby-Smith, 1997; Easterby-Smith & Araujo, 1999).

There is rising interest in research on newcomers in organizations, specific contexts, or social roles (e.g. Hill, 1992; Orr, 1996; Gherardi, Nicolini, & Odella, 1998; Richter, 1998). The above cited studies concentrate on the learning processes of new members of communities of practice (Lave & Wenger, 1991; Brown & Duguid, 1996) or of social actors in new positions (e.g., management positions: Hill, 1992). Learning processes in the field of new venture creators, however, are highly underrepresented, not only in the research fields of organizational learning
but also in the literature of entrepreneurship. Despite studies on the influence of outside-assistance on new venture creation (Chrisman, 1999; Chrisman & McMullan, 2000), the learning processes have not been studied in depth. An exception in this respect is Starr and Fondas’ (1992) model of entrepreneurial socialization.

New venture creators face the problem of “liability of newness” (Singh, Tucker, & House, 1986) and the challenge to secure the survival of the newly established organization. Nevertheless, the importance of learning and experience of new venture creators is often emphasized in the literature (e.g., Miles & Randolph, 1980; Crossan, Lane, & White, 1999; Reuber & Fischer, 1999). Miles and Randolph (1980, p. 44f.) argued that the processes of learning in new settings are especially important, “if not [the] most important link, between organizational creation and maturity or failure.”

This paper aims at the development of a conceptual framework for the analysis of learning processes of new venture creators, considering the specific social relationships and the type and social nature of the activity in which new venture creators are involved. The theoretical framework has to consider the fact that the learning processes take place in an emergent context with underdeveloped social structures in wide areas of social relationships. Furthermore, the learning process is embedded into an institutional context that guides and constrains the learning processes and simultaneously provides opportunities for the new venture creators.

The focus of the paper is how new venture creators, as social actors, learn to do their jobs that are embedded in a network of various actors and institutional rules. In a case study of an Austrian innovative firm, the concepts will be applied and the theoretical framework will serve as the means to simultaneously analyze context and processes.

Using the argumentation of Frank and Lueger (1997), the empirical research design follows an interpretative approach that has potential to provide insight into situational interpretations because the background against which certain developments occur can establish which factors become significant and explain why decisions were made. For this purpose, stories of new venture creators, employees as well as other key actors in the venture process are reconstructed and analyzed. Stories refer to institutional and cultural rules, and express what is seen as legitimate, appropriate or moral at different places in different spaces. “Stories achieve their meanings by explicating deviations from the ordinary in a comprehensible form — by providing the ‘impossible logic’” (Bruner, 1990, p. 47). Therefore, stories contrast normality with deviation so that an insight into the learning process of ‘normality’ can be developed.

The main data are narrative interviews (Lueger, 2000; Froschauer & Lueger, 2003) of the above-mentioned actors; these are enriched by