Chapter 9
Developing Entrepreneurship in Small Enterprises – The Succession Process Supported by Apprenticeship Training as a Context for Learning

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Introduction

The aim of this chapter is to describe the ownership change process of an operating enterprise as an example of integrating work and learning. This topic is approached both from the perspective of the theories of entrepreneurship and learning and from the viewpoint of practical experiences (Cope, 2005). In recent studies concerning the development of entrepreneurship more attention has been paid than before to the close connection between entrepreneurship and learning (e.g. Minniti & Byrgave, 2001): Learning is at the centre of the entrepreneurship process (Smilor, 1997). Successful entrepreneurs are seen as exceptional learners: they seem to learn from everything. It has even been claimed that entrepreneurship itself is a process of learning. Thus, the theory of entrepreneurship would appear to be in need of a theory of learning which makes for entrepreneurial success (Minniti & Byrgave, 2001).

Entrepreneurship can be defined as “the process of identifying opportunities for creating or realising value and of forming ventures which bring together resources to exploit those opportunities” (Rae, 2004). Thus, rather than a state, entrepreneurship is seen as a dynamic process. Some researchers have made a distinction between entrepreneurship and intrapreneurship (Pinchot, 1986; Jarillo, 1988; Kyrö, 1997). The former refers to the actual running of a business, while the latter refers to a mental state needed in any successful activity. In this chapter we look at how expertise in entrepreneurship develops especially in the context of family business. A family business is a firm where the ownership changes by generational succession (Koiranen, 1998).

Of special interest here are the factors connected with the change of ownership. An other central aim is to examine the transformation achieved through the succession process on the individual as well as group and organisation levels. The study focuses on the successor to the enterprise and the person giving it up, the process of transferring business operations and how the business develops from that point.
The first part of the chapter presents conceptual models concerning learning and the
development of expertise in entrepreneurship. The second part introduces an appren-
ticeship training programme which was specially designed to support successors in
family firms during the transfer process.

The Development of an Expert Entrepreneur

How, then, does one become an entrepreneur? The development of entrepreneurial
preparedness (Harrison & Leitch, 2005; Politis, 2005) or entrepreneurial ability is a
long process, which includes several elements. First, at the core of entrepreneurial
ability is the process of creating a new business operation. Second, the growth of
entrepreneurial ability can be conceptualised as a cumulative learning process that
closely resembles the process of socialisation (Gibb Dyer, 1993). A third element
of entrepreneurial ability concerns ways of coping with new situations. This is ex-
plained with the help of the history of the entrepreneur’s earlier learning (Bereiter

The significance of experience and experiential learning is crucial, although a
broad spectrum of learning methods is characteristic of the entrepreneur (Gibb,
2002). Growing and developing into an entrepreneur is usually a non-linear and non-
continual process. Critical events generate deeper, transformative, “higher level”
learning (Argyris & Schön, 1978; Mezirow, 1991). These critical phases may be
followed by a stage of complementary and specialised study (Postle, 1993). Thus
entrepreneur-like learning can be defined as a process through which people con-
struct new meaning while recognising and acting on opportunities and organising
and managing ventures.

Rae and Carswell (2001) presented a model of the entrepreneurial ability in
which knowing, acting and making sense are interconnected (Fig. 9.1). The model
is divided into two parts, that of learning and that of achieving. The purpose of
this is to foreground the need for achieving ambitious goals (McClelland, 1961)
which, together with the expansive processes of learning, creates the motivation for
enterprising individuals to improve and educate themselves. The model emphasises
the importance of career experiences (earlier life and career). The process of en-
trepreneurship includes both the commencement and the development of business
operation.

One’s personal orientation towards learning is important for the development of
entrepreneurial ability. Every enterprising individual has her or his own history of
learning and way of utilising both intentional and coincidental learning. Neverthe-
less, entrepreneurs mainly learn through “learning by doing” (Cope & Watts, 2000).
In the process of learning, entrepreneurs may utilise several different means and
resources such as stakeholders, customers or their own mistakes. However, the most
essential thing seems to be the ability to utilise what has been learned in practice.
Therefore formal training without practical applications does not seem to be effec-
tive in the domain of entrepreneurship (Rae & Carswell, 2001).