What entrepreneurs do? Entrepreneurial action guided by entrepreneurial opportunities and entrepreneurial learning in early internationalising firms

MASANGO, Shingairai and LASSALLE, Paul

Available from Sheffield Hallam University Research Archive (SHURA) at:
http://shura.shu.ac.uk/26403/

This document is the author deposited version. You are advised to consult the publisher's version if you wish to cite from it.

Published version


Copyright and re-use policy

See http://shura.shu.ac.uk/information.html
What entrepreneurs do?

Entrepreneurial action guided by entrepreneurial opportunities and entrepreneurial learning in early internationalising firms.

Shingairai Masango, Sheffield Hallam University

Paul Lassalle, Hunter Centre for Entrepreneurship, University of Strathclyde

Abstract

Purpose: There is a growing interest in exploring the interface between international marketing and entrepreneurial opportunities. This paper contributes by defining and elucidating entrepreneurial action in early internationalising software firms and the corresponding emergent international marketing activities. Entrepreneurial action in early internationalising software firms is explored through the operationalisation of a reconceptualised entrepreneurial opportunity construct and the associated entrepreneurial learning processes.

Design: The paper adopts an inductive approach, which traces the evolution of five early internationalising proprietary software South African firms; from the new venture idea to the establishment of the international entrepreneurial opportunity.

Findings: The findings provide support for entrepreneurial action guided by: prior industry experience, entrepreneurial alertness, opportunity confidence and two levels of entrepreneurial learning; experiential and double-loop learning. Learning by doing allows for the continuous evaluation of the new venture idea leading to the international entrepreneurial opportunity. Market responsiveness and continuous product development resulting in the emergence of the firms’ inward international marketing activities constitute the key outcomes of entrepreneurial action.

Research limitations: The study is limited to a specific technology context, that is young software firms whose inward directed internationalisation activities coalesce around the development of their proprietary software technology.

Originality: Based on an original dataset of early internationalising software firms from South Africa, this paper inductively operationalises and conceptualises entrepreneurial action as the combined interaction of four key constructs: contingent effects, attitudes to opportunities, learning by doing and entrepreneurial activities leading to the firms’ inward international marketing activities and a diversified international client and end-user base.
Keywords: international entrepreneurial opportunities, entrepreneurial action, learning by doing, entrepreneurial learning, contingent effects, inward international marketing activities.
Introduction

There is an emerging interest in exploring the interface between international entrepreneurship and international marketing by tracing the evolution of international entrepreneurial opportunities (Chandra et al., 2012; Chetty et al., 2015; Yang and Gabrielsson, 2018). The opportunity construct has indeed been positioned as the cornerstone for defining entrepreneurship and elucidating entrepreneurial action. How entrepreneurs 'act' has been largely captured by the nature of the opportunity construct in so far as the opportunity can be ontologically viewed as being objective and or subjective (Alvarez and Barney, 2007; 2010; Alvarez et al., 2013; Chetty et al., 2015) lending itself to being discovered in the former or created in the later. It is through entrepreneurial action, that entrepreneurial opportunities and their associated early international marketing activities are realised.

Early internationalisation activities call for research approaches that recognise the origin of the firm by adopting a holistic approach to new venture firm internationalisation (Jones, 1999; Chandra et al., 2009; Kriz and Welch, 2018). Opportunity based approaches, which incorporate and extend beyond official firm registration dates, are appropriate theoretical lens for exploring early internationalising firms. Where opportunity based approaches have been adopted in international marketing, the focus has largely been on outward directed foreign market entry opportunities (Galkina and Chetty, 2015; Yang and Gabrielsson, 2017; Chetty et al., 2018; Miocevic and Morgan, 2018). By prioritising the entrepreneurial opportunities associated with the emergence of the early internationalising firm, we engage with the ongoing attempts to deconstruct the entrepreneurial opportunity construct (Klein, 2008; Davidsson, 2015; Ramoglou and Tsang, 2016; Davidsson, 2017; Kitching and Rouse, 2017). The individual level entrepreneur-opportunity nexus (Garud et al., 2014), in turn calls for the inclusion of complementary theorisation, specifically the types of entrepreneurial learning processes defining the emergence of entrepreneurial opportunities (Jones and Casulli, 2014; Bunz et al., 2017). We thus extend opportunity theorisation at the interface of international entrepreneurship and international marketing (Yang and Gabrielsson, 2018).

This paper addresses the research question on ‘how entrepreneurial opportunities and their underlying learning processes inform entrepreneurial action in early internationalising software firms’. We investigate how entrepreneurial opportunities, through their broader set of constituent, operationalisable constructs (Tang et al., 2012; Davidsson, 2015; Ramoglou and Tsang, 2016) together with their associated learning processes (individual level experiential and double-loop learning), inform entrepreneurial action in early internationalising firms. Our findings accentuate the international marketing activities undertaken by early internationalising firms. Entrepreneurial action, as conceptualised in this paper defines the formation of the firms earliest cross border links (Jones, 1999), that is primarily inward international marketing activities underpinned by interactions with a diversified client and end-user base.
The paper starts by outlining the key debates on entrepreneurial opportunities and entrepreneurial action within the context of early internationalisation activities. We then explore the role of knowledge accumulation and learning processes on entrepreneurial action. This is followed by an outline of the research methodology drawing on a sample of five purposively selected early internationalising software firms. After presenting the main findings of the research, we conclude by proposing an empirically driven integrated framework for entrepreneurial action and the associated international marketing activities. This framework focuses on the transitions and interactions between and within the four constructs of entrepreneurial action: contingent effects; attitudes to opportunities; learning by doing and entrepreneurial activities.

Theory Review

*International entrepreneurial opportunities and entrepreneurial action*

Discovery and creative approaches (Alvarez and Barney, 2007; Wood and McKinley, 2010; Eckhardt and Shane, 2013) lead the debates on how entrepreneurial opportunities come into existence in the entrepreneurship literature. Efforts to elucidate entrepreneurial action either align entrepreneurial opportunity approaches with their proposed entrepreneurial actions (Alvarez and Barney, 2007; Wood and McKinley, 2010; Maine et al., 2015) or seek new theoretical hoists out of the discovery/creative dichotomy. Creative opportunities exist as abstract ideas tied to the entrepreneurs beliefs around a ‘desirable and feasible future situation’ (Wood and McKinley, 2010). Discovery opportunities, on the other hand, exist fully formed, akin to mountains or scattered dollar bill notes waiting to be discovered by alert entrepreneurs (Alvarez and Barney, 2007; 2010), with the necessary industry specific product and or market knowledge (Shane and Venkataaraman, 2000).

When considering studies exploring international marketing through an entrepreneurial opportunity lens (Hansen and Eggers, 2010), the application of the discovery and creative approaches is in its nascent stages (Yang and Gabrielsson, 2018). Chetty et al. (2018) provide one of the earliest studies in international marketing to adopt both discovery and creative approaches. Discovery and creative approaches have been presented as ontologically distinct, polarised perspectives (Alvarez et al., 2013), whereas Chetty et al. (2018) cede to the duality of discovery and creative approaches. The authors provide a novel hierarchical conceptualisation of the progression of international opportunities, linking higher order general country level foreign market opportunities to their specific lower order opportunities, for example the contract defining how the general opportunity is realised. The duality perspective (juxtaposing creative and discovery approaches) enables the concomitant deployment of both effectual and causally related entrepreneurial actions (Chetty et al., 2018). Entrepreneurial action is thus guided by both, goal oriented proactive actions and the use of trial and error heuristics. However
Within these studies the focus on market oriented opportunities aligned with the firm's cross border activities has been retained (Reuber et al., 2018). There have been calls to consider the diversity of international marketing activities (Reuber et al., 2017), including the consideration of inward international marketing activities (as for instance in; Welch and Luostarinen, 1993; Korhonen et al., 1996) as crucial activities enacted by entrepreneurs in new or young firms (Jones, 1999).

Inward internationalisation activities have been defined according to the direction of internationalisation (that is the direction in which the border is crossed) and their association with alternative internationalisation activities and value chain activities (Jones, 1999). Firms engage in inward internationalisation by importing goods, licencing in technology from an international partner and conducting consultancy activities for international clients, from their domestic market (Welch and Luostarinen, 1993; Jones, 1999; Fletcher, 2001). The seminal international marketing literature has recognised the importance of inward internationalisation in the early stages of the firms development, specifically as a precursor to outward directed internationalisation activities (such as, international countertrade prior to outward exporting) (Welch and Luostarinen, 1993; Korhonen et al., 1996). Inward internationalisation activities thus provide routes to internationalisation that occur in conjunction with or as an alternative to outward internationalisation activities (Fletcher, 2001). Despite the early recognition, research disseminating the range and role of inward internationalisation activities and their links with the entrepreneurial opportunity (both in terms of the initial opportunity and subsequent emerging international opportunities) has remained limited (Reuber et al., 2017; 2018).

Regarding the opportunity itself, in what we view as a further attempt to minimise the gap between entrepreneurial opportunity theorisation and entrepreneurial action (i.e. exploring what entrepreneurs do), Davidsson (2015) reconceptualises entrepreneurial opportunities, into three constructs; the new venture idea, external enablers and the entrepreneur's opportunity confidence. In recognition of the attempts to disaggregate the antecedents of entrepreneurial opportunities, Miocevic and Morgan (2018) refer to market sensing operational capabilities as the construct through which exporting SMEs identify a wider repertoire of international opportunities. Davidsson (2015; 2017) however provides an avenue for distinguishing the formative “pre-action aspects of” entrepreneurial opportunities (p.679). What is novel here, and is yet to gain traction at the international entrepreneurship/international marketing interface is the initial ‘pre-entrepreneurial action’ disaggregation of the entrepreneurial opportunity construct; allowing for the separation of the notion of favourability from the opportunity construct and providing an avenue through which the evolution of the contents of an entrepreneurial opportunity (products, service, markets) can be traced. By definition, international opportunities aligned to the firm’s foreign market entry activities are viewed as being favourable despite literature arguing for a non-linear approach to internationalisation, which recognises de-internationalisation activities. (Tang et al., 2012).
The new venture idea – which includes the elementary contents of the new venture, for example potential product/services and access to relevant customers (Davidsson, 2015; 2017) – has been used to operationalise the entrepreneurial opportunity construct (Kitching and Rouse, 2017; Vogel, 2017). A comprehensive conceptualisation of entrepreneurial action is however needed to allow for the alignment of the new venture idea with the firm’s early internationalisation activities (Chandra et al., 2009; Sleuwaegen and Onkelinx, 2014; Ibeh et al., 2019). The notion of favourability is captured through the opportunity confidence (OC) concept that represents the results of the entrepreneur’s evaluation of the new venture idea or stimulus (allowing for the emergence of the new venture idea). Moreover, we also take into cognisance the central functional construct, entrepreneurial alertness (A), which has been aligned to the nature (discovery) of the entrepreneurial opportunity in exploring entrepreneurial action (Ardichvili et al., 2003; Klein, 2008; Tang et al., 2012). Entrepreneurial alertness is the ability of the entrepreneur to identify relevant opportunities that others do not recognise (Kirzner, 1997).

Entrepreneurial learning

The discovery and creation of international entrepreneurial opportunities relies on various forms of knowledge accumulated by entrepreneurs (Fletcher et al., 2013). Entrepreneurs, as individual agents, transform knowledge, accumulated through their prior experiences - into the discovery and creation of opportunities in different markets (Zhang et al., 2006; Bunz et al., 2017). Entrepreneurial action, as the enactment of international entrepreneurial opportunities, is thus intrinsically linked to knowledge and therefore, learning processes. Learning by doing thus emerges as a key concept in understanding the entrepreneur’s recognition and exploitation of international opportunities (Chandra et al., 2009; Voudouris et al., 2011; De Clercq and Zhou, 2014; Pellegrino and McNaughton, 2017). Learning by doing extends beyond the sole consideration of knowledge as a pool of resources. Instead, it refers to the behavioural and cognitive processes of knowledge acquisition, assimilation and organisation. In that sense, entrepreneurial learning includes; autodidactic activities, leveraging of prior experiences, and experiential learning processes (Corbett, 2005; Holcomb et al., 2009), subsequently used in the internationalisation process (Jones and Casulli, 2014; Bunz et al., 2017). Iterative and continuous, learning integrates prior knowledge with new knowledge acquisition (e.g. through interaction with customers), used further by entrepreneurs for specific entrepreneurial activities associated with the emergence of international opportunities and new market entry (Chandra et al., 2009; Voudouris et al., 2011).

This paper separates experiential and reflective learning processes and their impact on entrepreneurial action by distinguishing between different levels (Cope, 2005) or types of entrepreneurial learning (Corbett, 2005) occurring at the individual level of the entrepreneur. Entrepreneurial learning typologies adopted from organisational learning (Argyris and Schön, 1978; Miner and Mezias, 1996; Miner et al., 2001) and education (Kolb, 2014), are recognised in early internationalisation research as being central
in differentiating between experiential and more reflective forms of learning (Jones and Casulli, 2014). Entrepreneurial actions derived from experiential learning and more reflective types of learning lead to different strategic outcomes. The former allowing adaptation whilst the latter is followed by major strategic shifts.

The first, lower level, is adaptive/instrumental (Cope and Watts, 2000), and relates to the know-how and the assimilation of factual information emerging from an individual’s experiences, also widely discussed as experiential learning (Corbett, 2005; Politis, 2005; Zhang et al., 2006; Fletcher et al., 2013; Bunz et al., 2017). Experiential learning (EL) extends beyond the assimilation of information, as knowledge once acquired, assimilated and organised can be transferred to new situations and markets by the individual entrepreneur (Corbett, 2005; Fletcher et al., 2013; Chetty et al., 2018). Within experiential learning, individual entrepreneurs undergo trial and error learning drawing on competencies embedded within their prior experiences (Jones and Casulli, 2014; Bunz et al., 2017). Entrepreneurs often rely on experiential learning to develop export capabilities and engage in the internationalisation process (Johanson and Vahlne, 2009; Miocevic and Morgan, 2018; Tiwari and Korneliussen, 2018). International marketing behaviour thus depends on how entrepreneurs accumulate and organise knowledge (Styles and Seymour Richard, 2006; Yang and Gabrielsson, 2018).

The second, higher level, double-loop learning (DL), is the transformation of knowledge and experience (transformative behaviour) following self-reflection (cognitive) processes (Argyris and Schön, 1978). Double-loop learning (in contrast to experiential learning) implies the modification of a paradigm, essentially a cultural shift following a phase of self-reflection by the entrepreneur (Cope and Watts, 2000; Jones and Casulli, 2014), often leading to radical and potentially incremental (Pellegrino and McNaughton, 2017) changes in strategy and action. With double-loop learning, entrepreneurs do not only learn from previous experiences, as is the case with experiential learning, but also learn how to learn (Cope and Watts, 2000) through analogical reasoning (Cope and Watts, 2000; Jones and Casulli, 2014), a reflective mechanism implying a strong cognitive shift for the entrepreneur.

We are thus able to make a distinction between two types of learning: experiential (EL) and double-loop learning (DL). These two types of entrepreneurial learning together constitute this paper’s notion of learning by doing, incorporated in the operationalisation and conceptualisation of entrepreneurial action in the context of early internationalisation.

1 Cope and Watts (2000) actually differentiate between three levels. However, levels 1 (assimilation of factual information) and 2 (transfer to other situations) can be merged into a single classification under experiential learning (EL).
2 Given the importance of self-reflective practices in explaining changes in entrepreneurial perception and action, the main differentiating point between the types of learning is the presence or the absence of the reflective nature of the learning mechanism that will consequently lead (or not) to entrepreneurial action.
3 Miner and Mezias’ (1996) notions of incremental or radical learning are not crucial to this distinction.
Methodology

A purposive sample of five software firms from South Africa was selected from an original pool of 35 technology-based firms (the original sample included biotechnology and consultancy firms) to address our research question on “how entrepreneurial opportunities and their underlying learning processes inform entrepreneurial action in early internationalising software firms”. High tech infant firms (Jones, 1999; Dimov, 2010), developing their initial proprietary technology product/platform\(^4\) allow for the exploration of international entrepreneurial opportunities in web-based environments, an area which has been recognised as a potential avenue for further research in international entrepreneurship and international marketing (Hallbäck and Gabrielsson, 2013; Kriz and Welch, 2018). We adopt an embedded qualitative case study approach (Yin, 2013; Hewerdine \textit{et al.}, 2014; Maine \textit{et al.}, 2015; Ji \textit{et al.}, 2019) to unpack the complexity of the international entrepreneurial opportunity and entrepreneurial learning processes underlying entrepreneurial action (Welch \textit{et al.}, 2011; Klag and Langley, 2013).

The selected firms were all early internationalising software firms having started their internationalisation activities within 3 years from their inception. The software firms were aged between 3 to 7 years at the time of interviewing and could thus be categorised as new or young firms (Jones, 1999). Each of the firms had retained their original founding team allowing for links to be made between the new venture idea, entrepreneurial action and the subsequent early internationalisation activities. Furthermore, through the reflective accounts of the entrepreneur's experience during the interviews (Klag and Langley, 2013; Garud \textit{et al.}, 2014), we could capture learning beyond experiential learning (Pellegrino and McNaughton, 2017) and uncover how entrepreneurs adapt and change their international marketing strategies; connecting customers, technologies and market conditions (Styles and Seymour Richard, 2006; Yang and Gabrielsson, 2018).

Each interview was conducted over a duration of 90 to 120 minutes, anonymised and fully transcribed prior to analysis. The interview schedule adopted a historical narrative approach, capturing “the language of the natives” (Wood, 2017) by uncovering the individual entrepreneur’s prior experiences; the evolution of the ideas leading to the creation of new products and services; and the firm's subsequent cross border activities. The following questions were used for each section followed by relevant probes. The questions were designed to capture the emergence of the software firm from the founder's earliest recollection of the new venture idea and its future contents.

\(^4\) This means that the firm owns and develops their technology in-house and engages in different internationalisation strategies (such as managed services). In addition, the South African context is more comparable to Central and Eastern European technology contexts, where the skills are high, domestic conditions are favourable but the labour costs are still low. Apart from a deficit of legitimacy in the USA, firms from our sample are perceived as skilful in international markets.
• Could you give a description of your background with regards to your educational background, previous work experience, the countries, which you have worked in, the companies, which you have worked for, and your role within these organisations?

• Could you describe your product/service development process to date, starting from the idea generation stage - that is how you identified the idea, moving through to how you have developed the products and services, which make up the firms current offering?

• Could you describe your internationalisation process to date? What are the firm’s future growth strategy/strategies?

Additional secondary data was collected from business plans, company brochures, Curriculum Vitae (provided by the entrepreneurs), online secondary data from South African media publications (announcing the firm's major achievements) and online presentations delivered by the founders. Subsequently, two analytical methods were used to explore the data in a structured manner to ensure reliability and validity of the research approach (Sinkovics et al., 2008), before theorisation (Eisenhardt and Graebner, 2007; Welch et al., 2011). First, we used within-case analysis to trace the new venture idea defining the entrepreneur's actions and learning processes. Second, we conducted cross-case analysis to compare and contrast the central themes emerging from each case. As part of an iterative process of data analysis (Eisenhardt and Graebner, 2007) and methodological triangulation (Yin, 2013), data was coded independently by the two authors thus improving reliability (Miles and Huberman, 1994; Klag and Langley, 2013). Both authors subsequently compared their codes allowing additional themes to emerge. Four themes emerged from this independent coding process. These were further conceptualised as constructs of entrepreneurial action; contingent effects, attitudes to opportunities, learning by doing (experiential learning and double-loop learning) and entrepreneurial activities. More importantly, we focused on the transitions between the constructs, which we then integrated into a theoretical framework. Finally, our findings on entrepreneurial action crystallise the firm's early international marketing strategies.

A systematic description of the firms and founder characteristics is shown in Table 1.

[Insert Table 1 here]

Analytical presentation of the findings
Based on the data analysis, we provide an analytical description of the findings. Four constructs; contingent effects, entrepreneurial attitudes, learning by doing and entrepreneurial activities emerge

---

5 In the framework (Figure 1), we used verbs to highlight and characterise the transitions between the constructs.
from the data analysis. These constructs are illustrated by relevant power quotes presented in Table 2 and are used to structure this section.

[Insert Table 2 here]

**Contingent Effects**

The second row in Table 2 outlines the entrepreneur specific circumstances (contingent effects) defining the context in which the new venture idea is embedded at the individual level (Garud et al., 2014). The founders’ experiences are embedded in South African international and domestic market firms operating at the forefront of emerging ecommerce, software development and online marketing trends. In virtually all the cases (except Firms S2), the founders have held senior level organisational positions. Contingent effects include prior industry experiences (PIE); primarily the combination of technical know-how and the related client and end-user experiences of the founders. For example Firm S3’s founder has held a range of senior marketing positions and worked for the subsidiaries of both local and South African MNEs. Prior to establishing Firm S3, the founder was responsible for setting up all the SMS and mobile divisions for a South African headquartered international telecommunications company. Likewise, having worked within a range of positions in ecommerce, including vice-president of international business development and technology within an online casino group, Firm S1’s founder’s experience in technology (includes managing technology teams; web-developers and application developers) and the related markets (sales, pricing structures, online promotions and managing clients) provided him with an understanding of the online gaming industry. Firm S4’s, co-founder clearly highlights the importance of the compliment of his ICT skills and his co-founder’s client network within the security industry. Both Prior Industry Experiences (S1, S3, S4, S5) and Personal End-user (S2) experiences in industries related to the new venture idea shape the knowledge structure of the entrepreneurs and provide insight into the potential future contents of the new venture idea. Personal experiences are potentially aligned to Chandra and Coviello’s (2010) recognition of customers as international entrepreneurs. The founders’ prior industry and personal experiences communicate the early formulation of the international marketing components of the emerging new venture idea.

**Entrepreneurial attitudes**

The fourth row in Table 2 focuses on the attitudes of the entrepreneurs towards new venture ideas and their level of (cognitive) alertness (A), as evidenced by the actions (behavioural), taken by the entrepreneur to crystallise their new venture ideas (Covin and Lumpkin, 2011). Entrepreneurs allude to the availability of new venture ideas within their immediate context; international and or domestic market environment (S1, S3, S4, and S5) or end-user environment (S2). New venture ideas emerge through the entrepreneur’s heightened awareness of the potential to provide web-based software
solutions to an initial client and end-user base irrespective of their geographical location, emerging from:

- changes in legislation encountered within the international online gaming industry (S1)
- perceived and actual gaps for online private sector security applications for domestic market private clients. (S4)
- international client request for the delivery of Short Message Service (SMS) campaigns (S3).
- perceived need for cheaper mobile phone cellular communication costs (S2)
- perceived need for an end-to-end supply chain relationship management application (S5)

Entrepreneurial alertness captures the early onset of the formation of the firms potential (S1, S4, S5) and actual client (S3) and or end-user customer base (S2). The sixth row in Table 2, considers the entrepreneur's opportunity confidence (OC), that is the founders evaluation of the new venture idea or the stimulus leading to the new venture idea (Davidsson, 2015). The ability to ascertain the ‘attractiveness’ of new venture ideas is highlighted by S1’s CEO who initiates both the proposal and the new division, enabling him to explore the viability of the potential new venture idea whilst employed in the online gaming industry (see Table 2 row 4). Firm S1’s founder had thus evaluated the new venture idea and the product-market fit based on online end-user engagement for his new venture idea. This prior evaluation reinforced his belief in viability of the opportunity and his commitment to the new venture idea leading to opportunity confidence being high from the onset.

Interestingly, for Firm S4 and S5’s founders, opportunity confidence has increased through interaction with their initial (Firm S4) and potential (Firm S5) client bases. This interaction has led to the self-reflection evidenced in double loop learning (DL), where we observed a shift in their mind-set leading to an increased level of opportunity confidence. For S5’s CEO, the shift from moderate to high opportunity confidence has occurred as a result of the opening up of an with an opportunity with an existing client to negotiate an agreement, which would position his firm as the key technology partner for the international client, a global food service group. Through this agreement, Firm S5 has co-ownership of the source code, which will now form the kernel of an end-to-end supply chain management system. Opportunity confidence is dynamic, it varies with time (Davidsson, 2015), the literature is yet to take into consideration the role of learning by doing even though it is inferred.

**Learning by doing**

---

6 See also Table 1, for a more detailed description of each case.
Rows, seven, nine, ten and twelve in Table 2, highlight the two dimensions of ‘learning by doing’ that emerged from the data; (EL) experiential learning (the ability to transfer knowledge from one situation to another one), and (DL) double-loop reflective learning (Cope, 2005). Experiential learning is recognised through the entrepreneur’s ability to transfer both technical and client specific knowledge from their prior experiences (S1, S3, S4 and S5), for example, by increasing existing client engagement and making incremental changes to their software applications. Double-loop reflective learning relates to the change in perception and mind-set of the entrepreneur leading to the revision of their new venture idea, by for example, educating their market (S4), adopting strategies which enable the firm to attain a technological lead over their competitors (S1 and S3), simplifying the initial new venture idea (S5) and incorporating variations in client technology infrastructure (S2). Double-loop learning thus translates into major shifts in strategy, action and behaviour.

Through their initial unsuccessful attempts to introduce their security management software to their first customer segment, private sector security clients, S4’s founders realised the need to step back, educate and incorporate their client’s requirements. The inclusion of their clients’ specifications led to the development of their first software application whose appeal extended beyond their initial market segment to South African headquartered MNEs operating in the mining sector. The firm has been pulled into inward internationalisation activities through their MNE clients’ requirements to have their web-based security software deployed within their African subsidiaries. In line with S4, S2’s CEO describes the process of rebranding and licensing out their software solution to their first international client as a steep learning curve which took longer than expected due to the need to understand their international clients business model, infrastructure, and how they planned to distribute the solution to their end-users. There is agreement across the entrepreneurs that transitioning from a global corporate environment to a start-up environment calls for a shift in mind-set and a corresponding change in action and behaviour. This is emphasised in S3’s CEO’s reflections on the decision making processes within a corporate versus a new venture environment, where the former curtails entrepreneurial action through protracted decision-making processes. The CEO explains how he has organised his firm to enable decisions to be made swiftly, allowing his team to take what he refers to as ‘aggressive' and 'bold wide ranging' acts. Double-loop reflective learning has in turn enabled a shift in entrepreneurs’ mind-sets (S1 and S3) leading to the revision in entrepreneurial activities outlined below.

Entrepreneurial Activities

Key entrepreneurial activities (shown in row thirteen, table 2) are defined by market responsiveness (MR) and continuous product development (CPD). Market responsiveness (MR) highlights the entrepreneur(s) ability to respond to market changes. Continuous product development infers the ongoing software upgrade and increasing addition of software modules. Such activity occurs in response to market changes (client, competitor and end-user) and leads to the transition from a single software
application to a software platform (offering multiple applications). Entrepreneurial activities in turn elucidate the types of early international marketing activities defining the case software firms.

Entrepreneurial activities lead to an increase in the new venture idea contents and the range of services, which the firm is able to offer its client and their end-users. Through their entrepreneurial activities (see row thirteen Table 2), Firm S3 has extended their offering from an SMS campaign management tool to a partially complete modular web-based platform, which can be customised to deliver the entire mobile marketing strategy of a client in any geographical location where a cellular network can be accessed. The firm is thus able to engage in a range of cross-border activities, which include offering a managed service using their platform for their international clients (inward directed internationalisation activity) and licensing out their modules to international resellers (outward directed internationalisation activities). Firm S1 in turn has transitioned from developing bespoke static gaming sites for their clients to launching an online cross platform game management system (see Table 1). In a bid to develop what S1’s CEO describes as the ‘big daddy’ of the gaming industry, further development activities have made their gaming system ubiquitous increasing both their international client and end-user base. At the time of interviewing Firm S1 had offered white-labelled versions of their online management system to 35 publishers and estimated that they had 40 to 50 million end-users accessing their system. The ability to offer both local and international clients a white labelled version of their online game management system defines S1’s inward international marketing activities. Entrepreneurial activities require learning and knowledge accumulation of international market experience, mainly through engagement with international customers and end-users.

The interplay between the entrepreneurs, their client and end-user customer base is crucial here in terms of response and adaptation to new and existing customer segments changing needs through continuous product development. This highlights the importance of entrepreneur-customer’ interaction in the pursuit and development of international opportunities (Choi et al., 2019), especially in the context of proprietary software based firms from emerging markets, continuously looking to innovate and develop their proprietary technology in relation to customers’ needs and demand (Fischer and Reuber, 2004; Snow et al., 2011; Hewerdine et al., 2014; Miocevic and Morgan, 2018). Furthermore, the entrepreneurial activities extend beyond new product development and lead to significant changes in the marketing mix (Alvarez and Barney, 2007). Market responsiveness is in turn aligned with the entrepreneur’s attempts to increase their customer’s dependence on their proprietary technology (software product or platform) through continuous product development (Snow et al., 2011), promoting ease of use (S2), accessibility (S1,S4, S5) and superiority (S1,S3) of their software and services. These firms seek to attain technological superiority and dominate technology niches through their ability to offer a range of tailored managed services to their international clients, which in turn enable their client to increase the range of services offered to the end-users. These managed services are inward international marketing activities, from which these firms generate revenue from international clients.
(Welch and Luostarinen, 1993; Jones, 1999; Fletcher, 2001). They are indeed administered through the proprietary technology platform from their home country to an expanding international client and end-user base. Given the importance of interactions with clients and end-users, these inward international marketing activities also perpetuate the self-reinforcing relationship between continuous product development and market responsiveness.

**Discussion**

Conceptually, we ground our contribution on the combined interaction of the four identified constructs of entrepreneurial action presented above. We consider the enactment of the opportunity (the new venture idea) and the ongoing co-value creation with clients and their respective end-users as part of the framework (Figure 1). Based on our analysis of the data, we focus on the transition phases between the constructs and their analytical links (Jarzabkowski, 2004). Importantly, we integrate the four constructs within the framework as analytically separated constructs. The processes presented are non-linear in chronological terms, they include iterative and recursive mechanisms, characterised by feedback loops both between and within constructs.

We argue in our discussion that what entrepreneurs do, is best explored through an analysis of the specific circumstances and cognitive processes at the individual level (Jones and Casulli, 2014; Reuber *et al.*, 2018) to understand the entrepreneurial pursuit of opportunities among rapidly internationalising new ventures (Yang and Gabrielsson, 2017). As a result we are then able to provide explicit links between entrepreneurial action and international marketing activities.

*A framework for entrepreneurial action*

[Insert Figure 1 here]

The proposed integrated framework, bridging international marketing and entrepreneurship, is novel in three different ways. It first integrates and articulates the four constructs of entrepreneurial action processually and in relation to the new venture idea leading to the international entrepreneurial opportunity (Chandra *et al.*, 2009; Davidsson, 2015), recognising the importance of each construct and the transitions between them. Second, it explicitly recognises the importance of ongoing product development in relation to markets and customers, and the recursive and reflective nature of these interactions. Finally, it elucidates the relation between the individual level analysis of the opportunity and entrepreneurial action with international marketing activities (Shepherd, 2015; Yang and Gabrielsson, 2018).

*Contingencies provide the lens through which the opportunity is viewed*
Contingent factors shape the context in which the opportunity is embedded (Anderson et al., 2010; Garud et al., 2014), providing the knowledge structure through which the entrepreneur assesses the opportunity. We focus here on internalised factor (that is prior industry and personal experiences) dynamics. We align with the strand of research in international entrepreneurship that considers the assessment of opportunities at the individual-level of the entrepreneur, and focuses on cognitive mechanisms (Tang et al., 2012; Jones and Casulli, 2014; Bunz et al., 2017; Reuber et al., 2018).

Individual entrepreneurs – micro level - operate within and interact with a given set of macro level structures (Chiasson and Saunders, 2005; Sarason et al., 2006; Garud et al., 2014). As contingencies, knowledge structures are socially constructed and internalised by the individual entrepreneur, they set the mind-set and cognitive frame for the entrepreneur’s learning (Figure 1), subsequently precipitating the recognition, evaluation and re-evaluation of the new venture idea leading to the international entrepreneurial opportunity (Politis, 2005; Voudouris et al., 2011; McCann and Vroom, 2015). In fact, knowledge structures pre-dispose their attitudes towards opportunities (Cope, 2005; Gemmell et al., 2012; Tang et al., 2012; Jones and Casulli, 2014), through a natural progression from prior experiences to the new venture idea and subsequent international entrepreneurial opportunity. Hence, contingent effects include the entrepreneurs prior industry experiences (PIE), which for proprietary software based firms is primarily gained by working in top management and corporate positions within the industry. Entrepreneurs’ personal experiences (PE) gained through the use of technology as end-users become especially relevant when prior industry experiences are limited.

Our results show that contingent effects are an integral part of the entrepreneur’s narrative and form the genesis of entrepreneurial action. Contingent effects in turn influence the context shaping the entrepreneur’s attitudes towards new venture ideas. As displayed in Figure 1, contingencies provide the initial internalised knowledge structures, a lens through which the entrepreneur will perceive and assess new venture ideas leading to international entrepreneurial opportunities but also enable the entrepreneurs to build on, for subsequent learning. Such knowledge structures are developed during prior interaction with industry clients, and users and the corresponding technological fit. Prior experiences then influence the entrepreneur’s attitudes towards opportunities, that is their entrepreneurial alertness and opportunity confidence.

**Attitudes to opportunity enable learning**

Entrepreneurial attitudes to opportunities refer to the entrepreneurs’ ability to recognise and exploit international opportunities (entrepreneurial alertness) and gauge the extent to which the opportunities are likely to lead to a favourable or negative outcome (opportunity confidence). Whilst entrepreneurial alertness has been traditionally applied within the opportunity debates (Ardichvili et al., 2003; Tang et al., 2012) particularly in relation to entrepreneur’s ability to discover opportunities (Chetty et al., 2018), further attention should be given to the opportunity confidence construct introduced by Davidsson
Opportunity confidence relates to the individual’s (internal) subjective, dynamic and idiosyncratic interpretation of new venture ideas and associated external events (Dimov, 2010; Davidsson, 2015). High opportunity confidence levels are associated with the degree to which entrepreneurs and entrepreneurial team’s prior industry experience aligns to the global industry in which they recognise their new venture ideas. Our results recognise the importance of entrepreneur’s prior corporate entrepreneurial activities in elevating their level of opportunity confidence in the new venture idea, explaining why they persist in engaging and pursuing the opportunity. The entrepreneur’s attitude towards opportunities is nonetheless an ongoing process, through which they interact with the opportunities (Figure 1). In the context of the study, unlike with disruptive innovators (Kriz and Welch, 2018), entrepreneurs in software proprietary firms, do not necessarily create novel markets but rather develop – and enact (Best, 2015; Maine et al., 2015) - opportunities that cross borders (Chetty et al., 2018). Thus, entrepreneurial attitudes evidenced by the combination of entrepreneurial alertness and high opportunity confidence determine the extent to which entrepreneurs are able to engage in the ongoing development of the entrepreneurial opportunity emerging from the new venture idea. Particularly, higher levels of opportunity confidence reinforces the entrepreneur’s conviction, and therefore, their engagement with the new venture idea, whereas a lower opportunity confidence could lead to the idea being discarded.

**Learning leads to the revision of activities (and heightens opportunity confidence)**

It is by interacting with and by exposing the initial new venture idea to their market that the entrepreneur is able to engage in both experiential and double-loop learning. Through their interactions with international competition, clients and end-users (or both in two-sided markets), they reach unanticipated outcomes, for example in the form of knowledge exchange with different partners (Choi et al., 2019). At this stage, entrepreneurs rely on two types of learning by doing. Firstly, they engage in experiential learning (EL), building on prior knowledge and skills to act and react to the impact of the continuously developing the new venture idea, in contexts of increasing international client base and changing market conditions (Chetty et al., 2015; Morgan et al., 2015; Pellegrino and McNaughton, 2017). Prior experience is crucial for fast moving industries, where clients seek high quality tailored software solutions offering superior user experiences (Hewerdine et al., 2014). However, we argue that experiential learning only allows for short-term adaptation to international market conditions (Jones and Casulli, 2014; Miocevic and Morgan, 2018). We posit that a higher level of learning by doing is needed to engage in the strategic shifts that require a change of mind-set for the entrepreneur. Through higher-level reflective learning, the entrepreneurs increase the potential to offer a range of integrated software applications to a diversified client and end user base and leverage primarily inward international marketing activities around offering a range of managed services through their software platform. Self-reflection and double-loop learning (DL) (Cope, 2005), enable a change of entrepreneurial mind-set and attitudes, subsequently leading to the revision of their internationalisation
activities. Depending on the entrepreneur’s ability (and time) to engage in reflective double-loop learning, the entrepreneurs overcome the unexpected resistance they encounter when engaging with new client bases (for example, S4 and S5 in our data), including through direct interactions with end-users for feedback or development, by either taking a step back, reflecting, and in certain contexts, educating their market (Kriz and Welch, 2018). Thus, the entrepreneur co-creates their software applications or repackages and presents the original new venture idea in a format, which their client base can interpret. Entrepreneurs learn from their interactions with markets and customers, through the cognitive process of experiential learning. As displayed in Figure 1, double-loop and reflective learning is an iterative and interactive process through which entrepreneurs are able to revise the new venture idea (Cope, 2005; Wang and Chugh, 2014).

**Entrepreneurial activities and interactions with clients and end-users**

Understanding knowledge accumulation and cognition at the individual level of the entrepreneur helps to explain international decision-making by early internationalisers, and their subsequent international marketing activities (Jones and Casulli, 2014; Yang and Gabrielsson, 2017; 2018). Entrepreneurial learning allows entrepreneurs to redefine their international marketing strategies, and broaden their international client base, and international market segments, irrespective of geographical location. The quest for a product-market fit overrides geographical boundaries (Reuber et al., 2018).

Product development is particularly crucial for early internationalising proprietary firms, because of the interdependence between internationalisation activities, technology evolution (Kriz and Welch, 2018), client and end-user needs (Chang et al., 2013). As a result of learning by doing, entrepreneurs revise their international marketing activities, through continuous product development (CPD) and ongoing market responsiveness (MR). Subsequent international clients and markets are not as predictable or knowable, a priori, reaffirming the importance of reflective and recursive logics of knowledge acquisition in the pursuit of international opportunities (Chetty et al., 2015; Yang and Gabrielsson, 2017). For proprietary based software firms transitioning to a platform offering, increasing software applications with the potential for locking in clients, we observe a change in the marketing mix as an outcome of the ongoing revision of the opportunity (Alvarez et al., 2013) through interactions with both direct customers and end-users, as a two sided-market (Muzellec et al., 2015). In similar cases of multi-sided platform development software, customers are partners and collaborators in the co-development of the product (Snow et al., 2011; Büyükozacan and Arsenyan, 2012; Yang and Gabrielsson, 2017). Incremental, iterative and interactive co-development lead to subsequent learning opportunities (see Figure 2). Continuous product development is thus achieved through new practices of international customer or end-user engagement from feedback to co-development. Moreover, entrepreneurial opportunities are revised by the entrepreneur in reaction to changes in market conditions, for example,
by responding to new competitors’ pricing, novel technology or changes in clients’ needs (Chang et al., 2013).

Their ability to quickly respond to competitive market change and client and end-user requirements depends on their ability to shift their marketing approach (Wei et al., 2014) and assimilate new variables, that is to learn. Market responsiveness thus enables the enactment of international entrepreneurial opportunities by firms, which are able to deploy a broader range of international marketing activities, including by engaging with inward internationalisation activities (Welch and Luostarinen, 1993; Reuber et al., 2017). Responding to initially unanticipated outcomes, we argue that market responsiveness and customer-centred product development are essential parts of entrepreneurial action. Ongoing market responsiveness and continuous product development signify the entrepreneur's ability to pre-empt and respond (Sarasvathy and Venkataraman, 2011; Bunz et al., 2017) to expanding and changing client specific requirements (Fischer and Reuber, 2004; Matthews et al., 2018) disrupting the product market fit. Adaptation or pivoting is possible due to the learning by doing mechanisms identified previously (EL and DL), mechanisms influenced by attitudes to opportunities (A and OC) and contingent effects (PIE and PE).

Conclusion

By exploring and conceptualising entrepreneurial action and opportunities, we make three main contributions to the interface of international marketing and international entrepreneurship.

First, we conceptualise entrepreneurial action as the interrelationship of four constructs; contingent effects, attitudes to opportunities, learning by doing and entrepreneurial activities. We argue alongside Yang and Gabrielsson (2018) that studies adopting an entrepreneurial lens to international marketing (Hansen and Eggler, 2010) are yet to fully embrace the current debates on entrepreneurial action and its underpinning constructs. Through the integration of our four constructs in a recursive framework, we advance international marketing research by acknowledging the micro foundations of entrepreneurial action. That is a focus on the individual level of the entrepreneur (Jones and Coviello, 2005; Autio et al., 2013; Shepherd, 2015), on the understanding of marketing-related activities (Yang and Gabrielsson, 2018). In our study, we trace international entrepreneurial opportunities by linking them to the new venture idea (Davidsson, 2015), allowing for the early recognition of a ‘product market-fit’ that extends beyond geographically-bounded foreign market conceptualisations (Reuber et al., 2018). This allows for the recognition of a broader client and end-user base irrespective of their geographical location. Our conceptualisation thus allows for the exploration of international marketing issues that have potentially been submerged under macro-level constructs such as ‘innovation’ and ‘market orientation’. We in turn provide a theoretical hoist out of the creative/objective debates whose
application, whilst relatively new within international marketing, is being increasingly questioned in international entrepreneurship research (Reuber et al., 2018). We propose that this paper’s conceptualisation of entrepreneurial action be considered as a complementary lens through which international marketing issues are explored.

Second, we pursue an individual-based approach to opportunities and entrepreneurship (Jones and Casulli, 2014) by integrating learning by doing (Cope, 2005; Corbett, 2005) in the framework. We show how double-loop reflective learning leads to a shift in the entrepreneurs’ mind-set, altering opportunity confidence levels. Increased opportunity confidence levels allow for the re-evaluation and revision of the new venture idea. Double-loop learning also leads to the revision of the firms’ activities through continuous product development and market responsiveness, primarily to client and end-user specifications, allowing for value co-creation. Both clients and end-users do not necessarily hold the technological expertise necessary for product development, however, what they do provide is feedback and an expression of their expectations around the functionality and features, which they expect to be incorporated in future software applications. We posit that integrating entrepreneurial learning in the framework enables a finer capture and understanding of cognitive and individual base mechanisms on international market activities of the firm.

Third, our contribution extends beyond the focus on outward directed internationalisation activities inherent in research exploring marketing concepts through an entrepreneurship lens (Chetty et al., 2015; Chetty et al., 2018). Whilst proprietary software firms engage in collaborative and outward directed (licensing out technology) internationalisation activities, inward international marketing activities (Jones, 1999) emerge as the one of the key outcomes of entrepreneurial action. Inward international marketing activities are aligned to the firm’s ability to provide services for their client and their end-users by leveraging and expanding from their initial software platform. The development of product platforms and product lines in internationalising software firms is acknowledged (Hallbäck and Gabrielsson, 2013), however limited consideration has been given to how the technology evolves (Kriz and Welch, 2018). We show how the mutually reinforcing interaction between continuous product development and market responsiveness in software firms leads to an extended service offering to an increasingly diverse (non geographically bound) client and end-user base. Inward international marketing activities include managing and delivering client marketing campaigns, rebranding, customising and managing the firm’s proprietary software platform for their clients. As a result, clients can offer a broader range of services to their end-users. By providing a broader view of inward international marketing activities, we provide a complementary understanding of international marketing activities of entrepreneurs, thus adding to the extant literature (Chandra et al., 2009; Hallbäck and Gabrielsson, 2013; Kriz and Welch, 2018).
Finally, there are practical implications for entrepreneurs, business consultants and educators committed to supporting scalable new ventures, particularly within the ICT sectors. In these sectors, potential client and end user bases are international and accessible irrespective of their locations. Scalability is best attained through early internationalisation (e.g. Jones, 1999), both in terms of the initial entrepreneurial opportunity leading to the establishment of the new venture (such as a global market segment) and the entrepreneur’s ability to act upon emerging international opportunities. We argue that support programmes should focus on enhancing entrepreneurs’ attitudes (awareness and confidence) towards international opportunities.

First, this can be achieved by exposing entrepreneurs from new and young firms to international partners, clients and users. In addition to developing awareness of international marketing activities, this exposure would also strengthen the entrepreneurs’ confidence towards international opportunities (as they would be more familiar international stakeholders) and their ability to continuously engage a growing international client and partner base (and therefore be more responsive to client and end-user needs). We envisage that access to international stakeholders will require coordination of different actors and support programmes (for example a coordination of entrepreneurship support institutions and academic departments from different disciplines).

Second, in terms of practice, entrepreneurs looking to scale-up should consider a broader (or holistic) range of international marketing activities (Reuber et al., 2018), which allow for interaction between inward, outward and additional internationalisation activities (Korhonen et al., 1996; Jones, 1999). This would in turn enable entrepreneurs to generate alternative revenue streams. For example, international marketing activities can be extended beyond unit sales derived from product exporting (outward), to include managed services offered on the back of a white labelled software platform (inward).

We also argue for a proactive approach to learning, which relies on the entrepreneur's continuous evaluation and revision of their new venture's activities. For entrepreneurs seeking to compete at the technological frontiers, there is a call for entrepreneurial support programmes to encourage the emergence of an ambidextrous entrepreneur who is able to engage in their current activities whilst simultaneously reflecting on what they do, with the explicit intention of revising their activities. From the onset, all entrepreneurial support programmes should be designed as a combination of experimentation and self-reflection (Cope and Watts, 2000; Kolb, 2014) to enable learning by doing as conceptualised in this paper.

References


