

Organisational Learning in Startup Development and International Growth

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ABSTRACT

Objective: This article explores the conceptual link between the development stages of a startup and organisational learning with the aim to conceptualise the practices of organisational learning levels emerging in specific life cycle stages of a global startup.

Research Design & Methods: This article presents a review as well as a synthesis of the extant literature. The research integrates the theories of organisational learning and international entrepreneurship, and offers a conceptual framework that reveals interactions between the constructs in question.

Findings: The results suggest that the ontological level and the processes of organisation learning can vary in global startups at different life cycle stages. In addition, the research findings also indicate that, for a global startup, for a successful transition from one cycle to another, learning processes of cyclical entrepreneurship learning have to take place.

Implications & Recommendations: The findings of the study have implications in particular for global startup founders and their team members who would like to establish entrepreneurial businesses. Organisation learning practices should be applied in enterprises from the very beginning of the bootstrapping phase with the goal to develop a culture of learning and sharing knowledge when developing the startup idea.

Contribution & Value Added: The originality of this work lies in proposing a conceptual framework that examines the organisational learning in startup development and international growth and a set of important considerations for further research, as well as contributing to the literature on international entrepreneurship.

Article type: conceptual article

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INTRODUCTION

Because of constantly improving technologies, the business environment and various business models undergo a rapid and continuous change as well. Enterprises are forced to be flexible and quick to adapt to innovations and the changing environment. Therefore, new progressive enterprises – startups – have appeared. It should be noted that some startups have had their global vision and have been able to use entrepreneurial possibilities in foreign markets from the very beginning of their activity. A startup oriented towards global expansion can distinguish itself from other participants of the market by relying on its exceptional features or solutions which could help cut the expenses of product development (Tanrisever, Erzurumlu, & Joglekar, 2012). All of those aspects play differently important roles in the development of entrepreneurial business – life cycle of a startup, which usually encompasses several stages from the seed stage to global expansion (Osnabrugge & Robinson, 2000). The life cycle of a startup is related to the development of a startup, including all internal resources, financing, attraction of external investment, the size and structure of the enterprise, and networking.

The stages of the development of entrepreneurial businesses, starting from the formation and validation of a business idea and ending with the development of a business in global markets presuppose different strategic solutions when faced with specific context and organisational challenges that create paradoxes regarding entrepreneurial business development strategies. Therefore, learning of an organisation goes to be a crucial factor. If organisational learning is effective, it becomes the source of innovation and helps create competitive advantage in the market (Dai, 2012). The effectiveness of organisational learning depends on the practices of knowledge transfer in different stages of enterprise development, i.e., how individuals share knowledge and how the firm supports learning-conductive workplace in the long run (Renta-Davis, Jimenez-Gonzalez, Fandos-Garrido, & Gonzalez-Soto, 2014). In the analysis of small and medium-sized enterprises which have successfully settled in foreign markets, it was also confirmed that a higher level of learning, resulting in systemic knowledge and economies of scope, positively influences past growth and expectations of future growth in new ventures (Saarenketo, Puumalainen, Kuivalainen, & Kylaheiko, 2009). Although the variety of frameworks of organisational learning (OL) is high, this research will employ the 4I OL framework provided by Crossan, Lane and White (1999) which is expanded by SMEs and startups' cases to 5I OL framework (Tam & Gray, 2016). The 4I OL framework is a comprehensive model and was used in previous entrepreneurial research.

As Dimov and Shepherd (2005) emphasise, entrepreneurship research most often focuses on the collective knowledge stock of team members in the startup phase, and sees how that reserve influences the venture success. There is lack of research that might reveal interactions in each stage of a startup's life cycle when organisational learning processes and practices are used, which could show how organisational learning may differ in each stage of the startup life cycle.

Thus, in this article, we address the *gap* in the literature by drawing on organisational learning and international entrepreneurship theories to develop a conceptual framework that examines the organisational learning in startup development and international

growth. We investigate how, despite the lack of resources, startups can create and integrate sources of knowledge through learning processes at different development stages as they pursue international growth.

Therefore, this article addresses the *research questions*: what is the importance of each learning process and level of dominating OL during startup development and international growth? What is the role of entrepreneurial learning in startups' developmental stages as they pursue international expansion?

Thus, the theoretical research offers several contributions. First of all, the research evolves the theory of international entrepreneurship by integrating the stages of a startup's development to its expansion in global markets and by relating them to 5I organisational learning and entrepreneurial learning frameworks and showing the importance of organisational learning in each startup development stage as well as common practices. Secondly, this research develops Lumpkin and Lichtenstein's (2005), Dutta and Crossan's (2005), and Brockman's (2013) research in the field of entrepreneurship by integrating the 5I OL framework and responding to the above mentioned need for more specific research as this research is specifically oriented towards the stages of the global development of a startup. Thirdly, this research offers a conceptual framework and propositions for further theoretical discussion.

MATERIAL AND METHODS

This article is based on the review of literature on organisational learning and international entrepreneurship. The research methodology integrates the theories of organisational learning and international entrepreneurship.

The first important stream was to conceptualise startup development in their international growth. For the review, the authors identified all published scientific articles that address a variety of small and medium-sized enterprises which internationalise from inception, the development process of startups and major stages in their development. Databases searched included EBSCO Host, Science Direct and Proquest. The search was established without limiting the period of publication.

Secondly, the most important stream was identified within the organisational and entrepreneurial learning concept. The organisation learning 4I framework is highly applicable in the investigations on SME learning, from individual to group to organisational levels of learning. But in modern startup context it is very important to take in mind not only mentioned learning levels in the organisation but also learning between the startup and other organisations. We choose the 5I framework proposed by Jones and Macpherson (2006). The above-mentioned 4I model was developed, adding the intertwining process which emphasises the critical role of external organisations, institutionalising knowledge in SMEs. This 5I model can be generalised to a number of different learning contexts that involve understanding and making sense of data and information, which is a critical issue given the large volumes of data and information available to entrepreneurs. Entrepreneurship learning processes constitute a significant part of startup organisational learning. Therefore, the discussion of startups' learning also requires an analysis of entrepreneurial learning processes.

Thirdly, a narrative review of the literature was conducted to synthesise the research. In order to grasp the concepts, the 5I Organisational Learning Framework and Entrepreneurial Learning Framework were used in each developmental stage of a startup. In every

developmental stage of a startup, propositions related to the process and level of dominating organisational learning were proposed. As a result of this theoretical analysis, a comprehensive model in order to analyse the practices of organisational learning levels emerging in specific life cycle stages of a global startup was proposed.

LITERATURE REVIEW

Conceptualisation of Startups and their International Growth

The globally-oriented market has shaped favourable conditions for the emergence of new categories of market players, namely small and medium-sized enterprises which are quick to internationalise at the beginning of their activity cycle. In most cases, such enterprises get the majority of their income from foreign markets. Such enterprises are called International New Ventures – INVs (Oviatt & McDougall, 1994), Global Startups (Oviatt & McDougall, 1995), Born Global (Knight & Cavusgil, 2004; Rialp, Rialp, & Knight, 2005), or Instant International (Fillis, 2001). Phenomenological studies distinguishing the characteristics of such enterprises are scarce. Born global enterprises and INVs are often used as synonyms (Kuivalainen, Sundqvist, Saarenketo, & McNaughton 2012). Born global enterprises are those that in the first three years of their activity entered foreign markets, and their export volume in foreign markets constituted more than 25% of all sales (Knight & Cavusgil, 2004). The emergence of born global enterprises is influenced by changing environmental factors (the need to specialise, advance of technologies, etc.) and available internal competences of an enterprise (Rialp, Rialp, & Knight, 2005). Born global enterprises differ from traditional enterprises with the pace of internationalisation, diversification of markets and high level of export (Sekliuckiene, 2017). The term INVs is used to describe innovative enterprises which broadly adopt technologies and are quick to internationalise despite high risk, lack of resources or increased responsibility and obligation in the market. Such enterprises exhibit innovative, proactive and risk-taking behaviour, which creates value for them beyond the boundaries of their home market (Mathews & Zander, 2007). There are different types of INVs – Export Startup, Geographically Focused Startup, Multi-national Trader, Global Startup (Oviatt & McDougall, 1994).

‘Global Startups’ are defined as ventures that ‘not only respond to globalizing markets, but also proactively act on opportunities to acquire resources and sell outputs wherever in the world they have the greatest value’ (Oviatt & McDougall, 1994, p. 59). The definition demonstrates attentiveness to international sourcing activities, but it is not obvious how pre-sale access to international resources is included as a distinguishing feature of INVs (Bjørgum, Moen, & Madsen, 2013). It is important to define the concept of a startup as well. On the one hand, a startup may be defined as a temporary organisation in search of a scalable, repeatable and profitable business model (Blank & Dorf, 2012). However, a more common definition of a startup says that a startup is an enterprise established for a quick expansion in both its home market and foreign markets, which could be named as the main difference between startups and other forms of businesses (Graham, 2012). A startup is described as an enterprise younger than 10 years which follows an innovative business model and/or uses innovative technologies, as well as sustains quick and substantial growth in turnover and great rise in employee numbers (Ripsas & Troger, 2014). According to Stevenson, Roberts, and Grousbeck (1994), startups not only recognize market opportunities

but also try to create such opportunities themselves. In order for a startup to survive and be attractive to investors as well as create some value, it is necessary for them to use innovative solutions in the development of the product and be innovative with the business model, which requires effective intellectual capital management (Rompho, 2018; Elia, Lerro, Passiante, & Schiuma, 2017). Deligianni and Voudouris (2011) also agree that pre-suppositions for a successful startup are not only the importance of product diversification and innovativeness but also geographical diversification of a startup. Research proves that early internationalisation has positive influence on the growth of an a startup in its developmental process (Zahra, Ireland, Guitierrez, & Hitt, 2000) when the main factors of early internationalisation can be entrepreneurial skills and a vision in the establishment phase of a startup, as well as a wide startup founder's social network which allows to achieve global expansion through international partners (Deligianni & Voudouris, 2011).

Startups Development Stages Frameworks

A number of frameworks emerge that help understand startups and changes they undergo when they grow up, find their markets, and help startups acquire customers and revenue. Each framework offers a different perspective on the startup lifecycle, and each suggests areas on which to focus. Moreover, the sequence of activities and stages might vary among different startups (Salamzadeh & Kesim, 2015).

Usually the framework is discussed that distinguishes four major stages in the development of a startup: 1) seed, 2) startup, 3) early and 4) late stages (Osnabrugge & Robinson, 2000). The seed stage begins when the founder of a young business has the idea of a potentially lucrative business which has just started to develop and prove the validity of the idea. The company goes to the startup stage when it is a newly formed business and the product undergoes its development and introduction into the market. Most often, this stage lasts for one year or less. At the early stage, the young company is gradually expanding, producing and delivering its products and services to the market. Usually, it takes less than five years, and at this stage the company is not necessarily always profitable. The late stage is sometimes referred to as the 'development phase'. At this stage, the company is already mature and profitable, and is still more likely to expand. With a fast pace of growth, a company can enter the market between the sixth month and the first year of operation in the event of success. The framework given by Osnabrugge and Robinson (2000) is most often used to analyse the availability of a new business to the sources of funding, that is, when a young company, at the stages of seed or startup, becomes attractive to business angels and venture capital investors (Hofstrand, 2013).

Based on Maurya (2012), the startup develops through three distinct stages: 1) problem/solution fit, 2) product/market fit, and 3) scale. The aim of the first step is to determine a problem worth solving before investing months or years of effort into building a solution, while the aim of the second stage is to find a solution to the problem. Achieving traction or product / market fit is the first significant milestone for a startup. After product/market fit, some level of success is almost always guaranteed. Focus at this stage is shifting towards international growth and scaling the business model. Maurya's (2016) framework is most often used in the context of developing a business model and marketing.

Another framework – Robin's (2014) startup development stages for the growth-oriented ventures emphasises the early stage, growth stage and later stage. In order to better

understand the processes running at each of the development stages, the organisation, product, market and funding dimensions are put in the centre of investigation (Robin, 2014).

- Organisation dimension. Existence, survival, success, business model are distinguished in the early stages of the organisation. This is followed by strategic planning, company building processes take place in the startup growth stage. Merger, acquisition, IPO take place in the later stage.
- Product dimension. In the early stages, the concept of a product is being developed, prototyping, pivoting, testing core features, development, establishing production are taking place. The growth stage involves scaling production and refinement. In the later stage, the diversification of the product search capabilities and solutions are crucial.
- Market dimension. The early stage involves market discovery, market calibration, emerging of the first-time customers, and demand creation. The growth stage is characterised by penetration, and heavy marketing, while the later stage – by diversification and internationalisation of the markets.
- Funding dimension. As regards funding in the early stage, we distinguish seed and startup, in the growth stage – series, and in the later stage – initial public offering (IPO), and exit (internal).

Startup life cycle from a holistic perspective might be defined as three development stages framework, including: 1) bootstrapping stage, 2) seed stage, 3) creation stage (Salamzadeh & Kesim, 2015). The core moment in the bootstrapping stage, in particular, is the action initiated by the entrepreneur himself, in which entrepreneur seeks to turn his idea into a profitable business. Understanding high degree of risk or even uncertainty, entrepreneurs continue to work on the new venture idea, and make a team. An important role in this phase lies in the ability to attract financial resources. The seed stage is characterised by teamwork, prototype development, entry into the market, valuation of the venture, seeking support mechanisms, such as accelerators and incubators, and average investments to grow the startup (Salamzadeh & Kesim, 2015). Creation stage occurs when the company sells its products, enters into the market, and hires first employees.

Ries (2011) distinguishes three features of startups: build, measure, and learn. He notes that the mission of startups is to create a thriving and world-changing business. To achieve this vision, startups employ a strategy that includes a business model, a product road map, a point of view about partners and competitors, and ideas about who the customer will be. In the early stages, there is enough evidence that a business model is profitable and scalable (Ripsas, Schaper, & Troger, 2015). The product is the end result of this strategy. Build-Measure-Learn is a framework for establishing and continuously improving the efficiency of new products, services and ideas quickly and cost-efficiently.

Thus, the startup development faces the challenges of financial, human resources, supporting mechanisms, environmental elements, and usually goes through three or four essential stages. The pre-startup or bootstrapping stage is when the entrepreneur has an idea that he believes in and starts to develop. It follows the seed stage, which creates a startup command, creates and develops the prototype, looks for market opportunities, and valuation of the venture. The third stage is the creation stage. It is characterised by strategic planning, company building processes, scaling production, and refinement. And the last, the later stage, is where an already mature and profitable company is looking for opportunities for development, diversification, and internationalisation.

Organisational Learning and Entrepreneurial Learning Frameworks

Knowledge, created in the processes of organisational learning, occupies a crucial place among other organisational resources of a startup, when the organisation progresses from one developmental stage to another. Research states that there is a close relationship between learning and entrepreneurial achievement, since learning, as a dynamic process, enables entrepreneurial behaviour (Rae & Carswell, 2001). Breslin and Jones (2012) generalise the following ways of conceptualising entrepreneurial knowledge: entrepreneurs learn key 'entrepreneurial skills' as they launch a new venture, through the process of learning-by-doing, with more successful entrepreneurs learning better adapted skills. Then, entrepreneurs learn from their mistakes; they also interpret external environment responses to the decisions made. Entrepreneurial knowledge is formed by entrepreneurs, developing unique cognitive models of the external world, which allows the identification of unexpected ties between measures and results, thus revealing unused potential. From the entrepreneurial learning perspective, learning is experiential, situational, and contextual; it always takes place outside an educational institution, individually and socially mediated; it is centred on translating ideas and problems into opportunities and actions (Erdelyi, 2010).

Tam and Gray (2016) remind that the debate on SME organisational learning, in a classical sense, was initiated by Jones and Macpherson (2006) who undertook the development of the 4I model designed by Crossan, Lane and White (1999). Jones and Macpherson (2006, p. 156) claim that the 4I framework is highly applicable in the investigations on SME learning, from individual to group, to organisational levels of learning.

The 4I framework of organisational learning by Crossan, Lane and White (1999) contains four related processes: 1) intuiting, 2) interpreting, 3) integrating, and 4) institutionalising. Those four learning processes operate over three ontological levels: individual, group, and organisation. On the individual level, learners seek extra knowledge, necessary for their learning. Learning on the individual level requires the capacity of developing competences to actually solve problems, assess hazards, and take potential risks. Then, learning on the group and organisational levels facilitate the creation of a 'wide large diffused entrepreneurial culture within the organization in order to guarantee the alignment of individuals behaviours toward a common objective' (Secundo, Schiuma, & Passiante, 2017, p. 137).

At its most basic level, individual learning involves perceiving similarities and differences – patterns and possibilities. The above insight allows to state that the first 4I learning level closely relates to individual's capacity of intuiting. Research conceptualises intuiting in the following ways: 1) as an individual's skill, intuiting empowers foreseeing, assessing, and modelling future actions, as well as creating and responding to future contingencies (Hideg, 2007); 2) being systematic and participatory, intuiting enables creating future intelligence and a mid- as well as a long-term vision (Hideg, 2007, Miles & Keenan, 2003); 3) as a process, intuiting expands perception limits through consecutive scanning of possible futures and the explanation of emergent situations (Slougher, 1996); 4) as a facilitating process, intuiting helps develop a wide range of possible-future perceptions as to identify the decisions, based on proactive future situations (Horton, 1999). The above definitions allow to presume that Hideg's (2007) personal qualities of an individual stand out as a precondition of the intuiting process development. This indicates that intuiting is based on an individual's subjective intuition.

While intuiting focuses on the subconscious process of developing insights, interpreting in the 4I model begins with picking up on the conscious elements of the individual learning process. Interpreting might be defined as an informal process which develops shared understanding among individuals by means of a dialogue (Crossan *et al.*, 1999). This stage of individual learning is related to the application of cognitive maps – the integrated image of the surrounding environment, seen by individuals from multiple viewpoints – as a method. As a matter of fact, individuals, capable of embodying highly complex and varied cognitive maps, are able to envisage the latent and can act unconventionally.

Integrating is a process which fosters common understanding among individuals and undertakes coordinated actions through mutual adjustment (Crossan *et al.*, 1999). Active dialogue of the organisation members is crucially important during this organisational learning process, as it secures the transformation of individuals' tacit knowledge to collective explicit knowledge. Sharing tacit knowledge happens via joint activities, such as being together, working or spending time in the same environment, new employees working with more experienced ones, or in job rotation. In this case, socialisation is not based on any written or oral instruction (Nonaka & Konno, 1998).

Integrating process is followed by institutionalisation that enables the creation of formalised or routine procedures and databases; it also capacitates the establishment of a knowledge management strategy, among other activities (Crossan *et al.*, 1999). By this, individual and collective knowledge is formalised within an organisation. That means, the combination of newly created knowledge takes place by gathering, integrating, systematising, disseminating, and re-structuring explicit knowledge. Explicit knowledge is created, and it is later embedded in organisational procedures, activity descriptions, or organising principles; it is objectified in strategies, concepts, products, processes, or technologies.

In the context of startup organisations, the 5I framework, proposed by Jones and Macpherson (2006), stands out. The above-mentioned 4I model was developed, adding the intertwining process which emphasises the critical role of external organisations, institutionalising knowledge in SMEs. The concept of intertwining induces that learning mechanisms of SMEs exist among organisations, not only within organisations. The emphasis on integrated supply chains means that small firms are increasingly fostered to share learning with customers, suppliers and other ecosystem participants (Jones & Macpherson, 2006).

The latter presupposition has been proved by research in the context of startups. Peripheral-central relationships can be a positive factor in entrepreneurial learning, since 'rebalancing the bidirectional 'flow' of knowledge, talent, and resources between centres and peripheries enhances the value of peripheral entrepreneurship, learning, and innovation' (Rae, 2017). Having investigated different entrepreneurial cases, Soetanto (2017) finds out that entrepreneurs under research, when coping with external threats or entrepreneur's self-crisis, or having difficulties in dealing with management and organisation, respond to those by strengthening, expanding, condensing, and creating new networks for learning. Thus, the 5I framework introduces one more ontological learning level – a network. This level of a network reveals itself via formal and informal relations in a network (Secundo *et al.*, 2017). It can be defined as an informal social process of sharing knowledge and experience (what is known, who knows, how it is known); it can be implemented in a definite territory, region, cluster, or ecosystem.

It is important to note that entrepreneurial learning does not correspond to organisational learning in a broad sense; it constitutes only a significant part of it. Therefore, the discussion of learning of startups also requires the analysis of entrepreneurial learning processes. The explorative learning process is a continuous process, since an entrepreneur explores and researches the organisation as well as its environment through all the laps of his experience and organisational development stages (Secundo *et al.*, 2017). Continuous investigation and entrepreneurial experiences facilitate the anticipation of probable forms for process organisation and marketing technologies. The exploitative process provides an entrepreneur with the knowledge resulting from mistakes made outside the organisation. This knowledge directly influences entrepreneurial performance and a decrease in variance.

Politis' (2005) conceptual framework of entrepreneurial learning views it as an experiential process, exploration and exploitation being the modes which transform entrepreneurial experience into knowledge. These modes become an essential part of the entrepreneurial learning process. The entrepreneur's experience comprises start up experience, management experience, and the experience related to a particular industry. In the context of the above-mentioned conceptual model, there may be two directions to transform entrepreneurial experience into knowledge. In one case, an entrepreneur undertakes decisions – closely related or identical to the decisions made in the past, exploiting the existing knowledge. In the other case, he undertakes decisions radically differing from those in the past. Neither of these forms transforming experience into knowledge is more effective than the other, but the choice in most cases depends on the available resources at a startup (Politis, 2005). For startups with limited resources, a safer transformation direction would be exploitative.

The essence of the experiential learning process is that the most effective creation of entrepreneurial knowledge takes place along learning from surrounding environments, and not from an educational environment. However, the contextual learning process is characterised by the development of skills, expertise, and direct contacts with people within organisations and industry. Secundo *et al.* (2017) suggest means to achieve learning objectives through contextual learning. As a suitable process, this could be best attained by finding solutions to technical problems and by observing and participating in entrepreneurial routines as well as practical activities.

As stated above, intuitive learning takes an especially important place in processes of organisational learning. However, in the context of entrepreneurial learning the opposite pole is important to the intuitive learning process, namely, sensing learning. An entrepreneur should use both intuition and sense, therefore, entrepreneurial learning as a process gets affected by external motivation and contingent factors, interceded by entrepreneurs' internal predisposition to alertness and creativity (Hamidi *et al.*, 2008).

To sum up the above considerations, we can state, that the processes of the organisational learning 5I framework develop along four ontological levels: individual, group, organisation, and network. The discussion of entrepreneurial learning processes and the notion of an entrepreneur, being inseparable from the epistemology of individualism, allows to state that their integration is neither expedient, nor possible. However, dealing with the problems of global startup development stages as well as issues in the integration of organisational learning, it stands to reason to evaluate not only the significance of the 5I framework processes, but also the place of entrepreneurial learning processes within the global start up life cycle. Supporting entrepreneurial learning in the development of a

startup organisation could secure entrepreneurial organisational behaviour and, thus, promote start up profitable growth.

CONCEPTUAL FRAMEWORK AND PROPOSITIONS

The present study based on, firstly, the levels of organisational learning, pointed out by Crossan *et al.* (1999), secondly, organisational learning processes identified by Crossan *et al.* (1999) as well as by Jones and Macpherson (2006), and, thirdly, entrepreneurial learning processes, revealed by Secundo *et al.* (2017), to integrate the above into the stages of a startup life cycle. Figure 1 combines all of them to conceptually provide a framework for the study. This conceptual framework suggests that the ontological level and the processes of organisational learning can vary in startup organisations at different life cycle stages due to specific stage constraints. The conceptual model also presupposes that, for a startup, to successfully transition from one cycle to another, learning processes of cyclical entrepreneurship learning have to take place.

Bootstrapping. When initiating startup development, the central axis in both organisational and future product development perspectives is the idea of an organisation or a product, which originates and develops in the mind of an entrepreneur. In this startup life cycle stage, the learning of an entrepreneur is based on intuition, which enables an individual to foresee present or future indetermination. Uncertainty, as a produce of contemporary external environment, can be viewed as a major threat for a startup; it results in the ambiguity of entrepreneurial action outcomes, when entrepreneur acts in unpredictable settings, lacking necessary information about the external environment (Herzig & Jimmieson, 2006; Ebrahimi, 2000; Wilson, 2009). Intuiting, based on entrepreneur's intuition, taken as a process to enable a vast array of perceptions about potential future (Horton, 1999), allows the understanding of potential threats and the reduction of a potential idea into a profitable business. A proposition is suggested:

Proposition 1: The intuiting process of organisational learning is more important at the bootstrapping stage than it is at other startup life cycle stages.

Seed. During the seed stage of startup development, organisational learning processes are based on the knowledge of separate individuals: individuals interact, communicate, share experience and intuition; consequently, the interpretation of the latter serves as a background for common understanding of definite startup developers. This results in forming a business model, a prototype of product major qualities; in addition, product production is launched and consumer market is initiated (Bosch, Olsson, Björk, & Ljungblad, 2013; Davila & Foster, 2007). Finally, the decision to operate either on local or foreign markets is made. Moreover, if the company is oriented to international growth from the beginning of activities (e.g. INVs, global startups), this stage becomes crucial for identifying and finding sources of external knowledge abroad. Especially technology oriented startups should search for external technology domestically or abroad from the beginning, and decide how they have to effectively tap into local innovative communities around the globe (Vanhaverbeke, Du, & von Zedtwitz, 2013). The investment into a startup organisation at the seed stage is mostly carried out by more experienced, major venture capital foundation players. They already have enough knowledge on proper development of new businesses and effective use of investment (Schwarzkopf, 2005). The focus of venture capital foundations is often directed

towards entrepreneurs, their personal as well as professional characteristics, and also towards their involvement into the business idea itself (Silva, 2004).

As the interpreting process moves beyond the group, interpretive processes come together around shared understanding of what is possible, and individuals interact and attempt to enact that possibility. A proposition is suggested:

Proposition 2: The interpreting process of organisational learning is more important at the seed and creation stages than it is at other startup life cycle stages.

Creation. The creation stage is a sign of business success and growth which comes after overcoming the difficulties of founding a prosperous startup organisation (Tam & Gray, 2016). At this stage, organisational learning processes become moderately formal and systematic. In such a way, the organisational learning process of interpreting progress into the integrating process of a learning organisation, because, in this particular startup life cycle, the organisation members transfer their knowledge through the individual interpretation of personal experiences and constant interactive dialogue. In such a way, they create explicit collective knowledge which, in turn, becomes the basis for new knowledge creation (Nonaka *et al.*, 2001). Integrated knowledge of the organisation members allows to identify the most optimal model of strategic planning, an effective organisation building process, economies of scale, product improvement directions, and a market penetration strategy. It is important to note that the size of the received investment is essential at this stage, since this is a crucial factor influencing the decisions of product development and commercialisation (Nanda & Rhodes-Kropf, 2013). A proposition is suggested:

Proposition 3: The integrating process of organisational learning is more important at the creation stage than it is at other startup life cycle stages.

International growth. Having arrived at the international growth up development stage, a startup is already a mature and profitable organisation and, in order to continue successful scaling up, the organisation has to make a decision concerning merger and acquisition or initial public offerings; it has to diversify the product and the seized markets, as well as make relevant decisions on internationalisation. Thus, the most important concerns of a company at entering this stage could be outlined as follows: firstly, it has to consolidate and control financial gains brought on by rapid growth and, secondly, it has to retain the merits of a small size, including the flexibility of response and the entrepreneurial spirit (Lewis & Churchill, 1987). Judged along the perspective of organisational learning, this stage features the 'overgrowth' of making intuition-based decisions at the organisation, integrating those with the experiences in stock (Crossan *et al.*, 1999). The knowledge required for successful functioning of the organisation is stored in databases, routine, and procedures. Therefore, decisions are made on the basis of explicit knowledge; and 'the process of learning is less fluid and incremental and becomes more staccato and disjointed' (Crossan *et al.*, 1999, p. 530) during this stage of startup development. A proposition is suggested:

Proposition 4: The institutionalisation process of organisational learning is more important at the international growth stage than it is at other startup life cycle stages.

However, startups usually lack internal structures, routines, and procedures by which larger organisations absorb knowledge (Jones & Macpherson, 2006). Chen, Lin, and Yen (2014) claim that effective knowledge sharing enables supply chain partners to streamline the flow of

information, money, and products across organisational boundaries, in turn, improving the agility, adaptability, and predictability of the supply chain. Moreover, the possibility to collaborate with a variety of external actors in a domestic market and overseas: customers, suppliers, competitors, investors, business support organisations, trade bodies and public institutions, etc. has a positive effect on the company's output (Miles, Miles, & Snow, 2004; Blomqvist & Levy, 2006). It has been noticed that there is a positive relationship between multiple types of collaborative ties and startups' performance in general, as well as between a variety of partners' network and the startup's innovativeness (Baum *et al.*, 2000). Even more, studies concerning collaboration benefits from networks emphasised the positive effect of networks on internationalisation of new venture (Zhou *et al.*, 2007). Knowledge is a key resource for international growth, therefore networks are mainly used as providers of knowledge regarding foreign market opportunities, market trends, latest technological developments (Yli-Renko, Autio, & Tontti, 2002; Loane & Bell, 2006). Therefore, the possibility to learn from consumers, suppliers, and other members of the ecosystem may guarantee successful product diversification, which directly influences a more sustainable competitive advantage of startup organisations and more successful international growth. A proposition is suggested:

Proposition 5: The intertwining process of organisation learning is more important at the international growth stage than it is at other startup life cycle stages.

Entrepreneurial learning in startup growth. Entrepreneurial learning plays a key role in developing organisational capabilities in young organisations and in their survival and growth (Gong, Baker, & Minner, 2006). Cope and Watts (2000) claim that there exists a parallel between an SME's life cycle and the development of entrepreneur's personality, because, for a small business to grow, the entrepreneur must adapt and change as the organisation moves through its life cycle. In the organisational life cycle, an entrepreneur learns new behaviour in particular situations by matching different learning processes, distinct in their epistemology. An entrepreneur learns to think in radically different ways as a result of managing developmental triggers and crisis within the organisation which cause permanent change both for the individual and for the business (Cope & Watts, 2000). All processes of entrepreneurial learning – explorative and exploitative learning, contextual and experiential learning and intuitive and sensing learning – transform entrepreneurial experience into knowledge and depends on the available resources at a startup. Moreover, during the internationalisation process, an entrepreneur has to explore and exploit global opportunities constantly. Thus, the experiential and contextual learning process become a fundamental factor, securing continuous creation of entrepreneurial knowledge (Secundo *et al.*, 2017), while intuition and sense also should be used by an entrepreneur.

The analysis of entrepreneurial learning processes allows to state that the latter processes intertwine and develop in a cycle. In a definite situation, in order for an entrepreneur to select the most suitable way of transforming experience into knowledge, which would further enable the most effective decision, the following is necessary: continuous scanning of the contextual environment, as well as the review of one's own and company employees' acquired experience, matching intuition and senses. A proposition is suggested:

Proposition 6: Entrepreneurial learning processes as modes of which transform entrepreneurial experience into knowledge are important at all development stages of a startup and intertwine and develop in a cycle.

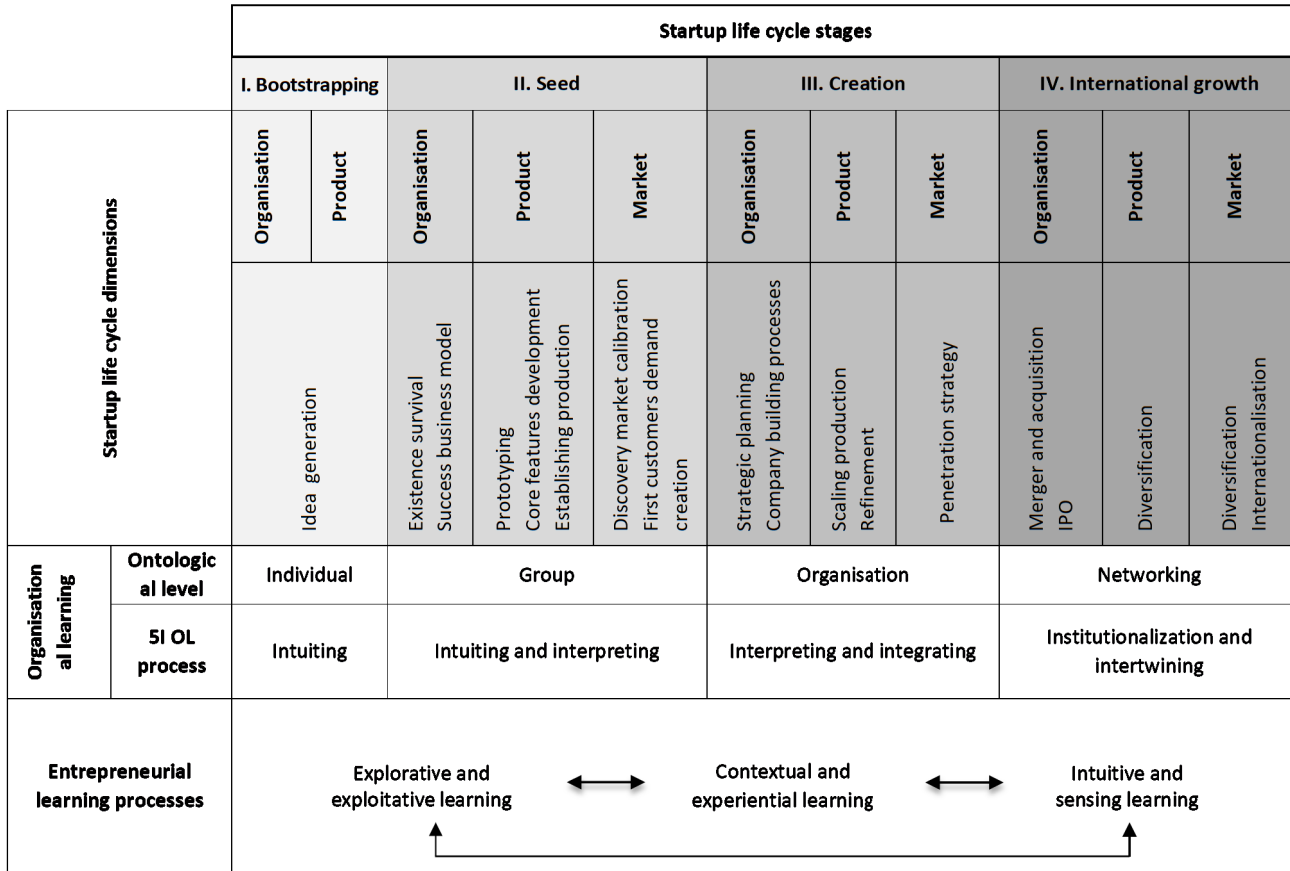


Figure 1. Conceptual Framework

Source: own elaboration.

CONCLUSIONS, PRACTICAL IMPLICATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This conceptual research presupposes practical implications to those founders and their team members who would like to establish entrepreneurial businesses. Organisation learning practices should be applied in enterprises from the very beginning of the bootstrapping phase with the goal to develop a culture of learning and sharing knowledge from the very beginning when developing the startup idea. The importance of entrepreneurial learning increases in this phase.

Precisely in this process, entrepreneurs and startup founders recognize and use new opportunities; and due to the variety of experiential and cognitive processes, they acquire and use entrepreneurial knowledge (Young & Sexton, 2003). In the seed phase, it is essential to develop social skills and use social networks, which contributes to the development of social capital of a startup (Brockman, 2013). Empirical evidence showed that professional social networking websites (PSNWs) support the learning processes of startupperes and that the social capital, one of the components of intellectual capital, acts as an important mediator in the hypothesised relationships between knowledge seeking activities and entrepreneurial learning (Scarmozzino, Corvello, & Grimaldi, 2017). Constant entrepreneurs' learning allows them to grow as personalities and transfer their knowledge to the members of their teams and organisations, by thus enabling group and organisational learning practices. Such learning is called behavioural learning (Lichtenstein, Lumpkin, & Shrader, 2003). In the creation startup stages, entrepreneurs' knowledge, available social contacts and skills have to be transferred from them to the members of the enterprise. According to Brockman (2013), these skills can be learned, and processes at the organisational level can be put into place to assist individuals to become aware of the contacts and stage in relationship development for each. Establishment of a coordinated system of creating social capital is common in an early startup phase. In further stages of the development of a startup, the levels of group, organisational and inter-organisational learning grow to be more important. Usually, during these stages the number of employees in a startup starts growing very fast, which brings up the need to establish effective communication and enable different teams. According to Tam and Gray (2016), in the developmental stage of a startup, managers of an enterprise should take lead in the group learning activities and create shared learning culture in the workplace. Inter-organisational learning and networking ensure fast growth of a startup in the scale up and international growth phase when they start rapidly growing in foreign markets. In this phase, it is crucial to establish employees' recognition among the interested parties, such as investors, business partners, and clients.

The study has some limitations with regard to the effects of organisational and entrepreneurial learning processes on the particular startup's life cycle stage. Therefore, future research may examine entrepreneurs' career experience, such as start-up, management and industry-specific experience. These domains would result in more accurate insights process and level of dominating organisational learning, its intensity, and emerging challenges. Further areas to be researched could include empirical validation of the proposed conceptual model in entrepreneurial business cases. Propositions can be tested in a quantitative study, using an ex-post facto survey design. Empirical research comparing enterprises and their practices in different stages of a startup development could also be of use. Case studies

would allow to get deeper understanding of the phenomenon under analysis and find new theoretical insights. Another direction could be empirical studies comparing startups in advanced and emerging countries. Such studies could especially be useful to countries under transformations (e.g. CEE), because they lack in entrepreneurial business ecosystems, environment favourable to investment, growth of startup, and effective learning practices.

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