Entrepreneurs are often influenced in their decision making by social context (Taylor & Thorpe, 2004). Aiming to be successful, they need to learn how to act proactively in order to bring the product or service to market, how to close deals with suppliers and how to interact with potential customers (Bhave, 1994; Davidsson, 2004). This requires presence of a wide array of skills and knowledge and thus, aware of own deficiencies, entrepreneurs actively use social networks to learn from them. This article suggests that entrepreneurs are more likely to search inspiration and learn from their professional networks, where the cognitive distance is small.

INTRODUCTION

The process of opportunity identification has clearly become one of the most important avenues in entrepreneurship research (Shane & Venkataraman, 2000) and has resulted in a number of studies focusing on an individual’s ability to identify opportunities. However, not many studies have looked into what happens once the opportunity is identified. Clearly the ideas, beliefs and actions constituting the opportunity change with time and thus should not be looked at as a single insight, but rather as a development or learning process (Dimov, 2007a). To be able to identify and develop the opportunity, entrepreneur’s ability to learn is essential (Busenitz, 1996; Sarasvathy, Simon, & Lave, 1998; Shane, 2003) and although the learning literature has made significant contributions to explain entrepreneurial learning process, the nexus of the opportunity and the entrepreneur remains under-researched (Davidsson, 2004).

Previous research has shown that entrepreneurs often identify opportunities related to their prior knowledge (Shane, 2000) and that those with prior knowledge are more successful (Politis, 2005; Wright, Westhead & Sohl, 1998). More generally prior industry knowledge, managerial experience as well as start-up experience positively influence: the number of business opportunities identified (Gilad, Kaish & Ronen, 1988) and the subsequent firm performance (Wiklund, 1998). However, as argued by Kolb (1984), for learning to take place, it is not enough to acquire new experiences; these new experiences also need to be transformed into new knowledge. Fortunately, individuals are not alone in their experiencing of everyday life. They observe and learn from others (Bandura, 1977). Furthermore, individuals need others to help them move from the identification to exploitation phase (Hills, Shrader, & Lumpkin, 1999). For example, some need support in identifying opportunities, while others in evaluating potential value of the opportunity or they need hand with doing things and with attaining needed resources.

Therefore, understanding from whom and what to learn is important for individual to become successful. Individually the role of personal networks has been discussed in relation to their utility in identifying entrepreneurial opportunities and obtaining necessary resources to develop the venture (Aldrich, Rosen, & Woodward, 1987; Ostgaard & Birley, 1994) as well as in relation to
entrepreneurial learning (e.g. Hills et. al, 1997; Taylor & Thorpe, 2004), but the relationship of different dimensions of social ties to the specific aspects of the opportunity development has not been conceptualised so far. By linking the different aspects and elements of opportunity development to the role of social networks in learning process, this article attempts to close this gap and contributes to the literature on entrepreneurial learning and entrepreneurship process.

Thus, the purpose of this paper is to deepen the understanding of the social aspects of learning process in the entrepreneurship process, in particular from whom entrepreneurs choose to learn what and why. To achieve the goal, this paper uses single case study approach. The chosen case is of a Swedish rural gourmet restaurant. This context is interesting and important. On one hand, rural areas are considered as constraining to entrepreneurial activity due to the limitations or accessibility problems to resources considered important for successful running a business, e.g. access to customer market. Situated in remote locations the rural restaurant has to overcome an additional obstacle – how to bring customers to the business. This is essential in restaurant industry, because food and eating out are usually localized close to the customer markets. On the other hand, rural areas can be constraining factor also for entrepreneur him- or herself due to the small community size and therefore limited number of
sources of inspiration or necessary knowledge and usually strong social influence. Learning in such context is often more critical, but also more difficult. The accessibility to and availability of various resources, including social capital differs in different locations. Therefore, importance of learning ability increases in contexts where the accessibility to resources and/or markets is constrained, i.e. rural settings.

**ENTREPRENEURSHIP PROCESS**

Entrepreneurial process involves two sets of phenomena: the presence of entrepreneurial opportunities and the presence of enterprising individuals (Venkataraman, 1997). The opportunity can be described as “set of ideas, beliefs and actions that **enable** the creation of future goods and services in the absence of current markets for them” (Sarasvathy, Dew, Velamuri, & Venkataraman, 2003:142, italics in the original). Ideas refer to ways how to achieve sought ends. Beliefs are judgements of expected profits and expected customer value that can be created by sought ends. Actions refer to the generation and implementation of sought ends. The ideas, beliefs and actions of these entrepreneurs are shaped by their prior knowledge and experience as well as by their social networks and insofar are closely linked to the entrepreneur (Aldrich & Zimmer, 1986; Shane, 2000). However, neither the ideas nor the beliefs are fixed, they evolve over time.

Ideas require prospective entrepreneur’s ability to see future applications of existing technologies, or imagination to design new products or services to satisfy customer needs. Seen in this way ideas are about seeing possibilities both on the supply and demand side. Demand – driven ideas build on the perception of existent or possible customer needs, where there is no existent solution (or lack of awareness) for product or service that would enable satisfying these needs. Supply driven ideas are driven by awareness about existing or emerging technologies, products or services, where the customers are not aware of it (Dimov, 2007b). These ideas require different processes of idea generation. The supply driver process uses rather narrow perspective and links together aspects that seem for the first sight unrelated. In so far this process can be looked upon as a convergence (Kolb, 1984) or causation process (Sarasvathy, 2001b). On the other hand, demand-driven process gets inspiration from direct or vicarious observation and experience to visualize potential new possibilities. This mode adopts more divergence (Kolb, 1984) or effectuation logic (Sarasvathy, 2001). However, ideas alone are not sufficient to create an opportunity.

Entrepreneur has to believe that the idea is feasible and has a potential and that he or she is able to be successful exploiting it. These beliefs are associated with perceived self-efficacy (Bandura, 1982), the judgment about the ability to perform tasks successfully. Furthermore, as shown by Shepherd and McMullen (2006) beliefs are coupled with the perception of uncertainty. As the perceived level of uncertainty is decreasing, the more feasible the idea appears. But as emphasized by Knight (1921) it is the action that makes the entrepreneur. Therefore, actions to implement the ideas and beliefs are important.

Therefore, to successfully exploit the opportunity focus on three important aspects– ideas and creativity, assumptions and judgements as well as the execution of these ideas is required. Furthermore, those ideas should circle around the concept with resulting product or service, potential customers and market value for them as well as around possible supply of required resources. Finally the running of the business should also be included in the opportunity development process. Seen as such, the entrepreneurial process involves both cognitive processes of making sense of possible new combinations as well as behavioural outcomes of these cognitive processes.

**ENTREPRENEURSHIP AS A SOCIAL LEARNING PROCESS**

In the entrepreneurship process initial ideas, beliefs and actions constituting the perceived opportunity develop and change over time (Dimov, 2007). This means that as entrepreneur experiences first responses from external environment, he or she is able to take them onboard reflect on their meaning, and act accordingly. Thus, the development process can be seen as an experiential learning process, which involves three main concepts: related prior knowledge, new experience and the transformation of the experiences into new knowledge. Seen in this way, entrepreneurial learning can be defined as
“the process whereby the knowledge related to venture start-up is created through the transformation of experience” (Jenkins & Markowska, 2008).

**Prior Knowledge**

Prior knowledge results from formal education (Gimeno, Folta, Cooper, & Woo, 1997), vocational experience (Cooper, Gimeno, & Woo, 1994) and other life experiences (Huber, 1991). The initial career choices are being often influenced in the socialisation process. For example, Davidson & Honig (2003) show that exposure to entrepreneurial activity shapes entrepreneur’s first connotations about entrepreneurship and willingness to start up own business. Similarly, Sarasvathy (2001) argues that entrepreneurs often start ventures based on what they know, who they are and whom they know. Who they are is being shaped in the family, during formal education process, as well as in the process of social interaction as much of the experience emerges from interaction with others (Baker, Jensen, & Kolb, 2002). What they know is outcome of this educational process as well as their work experience. The more they know, the more intuitive thinking, increased efficiency in everyday routines and facilitate acquisition and integration of new knowledge can be observed (Gimeno et al., 1997).

However, as emphasized by Hayek (1945) knowledge is not dispersed evenly among individuals and these asymmetries of prior knowledge influence the opportunity identification process. For example, Shane (2000) tested empirically three propositions relating prior knowledge to opportunity identification and argues that the knowledge differs between people because their experiences are idiosyncratic. In his case study, 8 entrepreneurs have been exposed to the same technological innovation, but based on their previous knowledge they came up with eight different applications for this innovation. These results support the propositions emphasizing the importance of the demand driven knowledge: prior knowledge of markets (supplier relationships, sales techniques, capital equipment), prior knowledge of ways to serve markets and prior knowledge of customer problems (customer needs). But, also supply driven knowledge (i.e. technology) is important as a source of potential venture ideas (Corbett, 2007).

Additionally, researchers have shown that previous start up experience has positive influence on the number of opportunities identified and pursued (Sarasvathy, 2001a; Shane, 2003) as well as on firm performance (Gimeno et al., 1997). For example, Cooper, Folta and Woo (1995) found that entrepreneurs with more start up experience in comparison to less experienced entrepreneurs spend considerably less time on searching for information. Therefore, a considerably high level of related prior knowledge and previous experience as an entrepreneur facilitate the process of opportunity identification and exploitation as well as influence alertness to different kinds of opportunities.

Another kind of experience that is highlighted in the literature is the amount of entrepreneur’s management experience. Entrepreneurs who have run business in the past survive longer (Bruderl & Preisendorfer, 1998). The results show that general management experience provides information about running a venture, and influences how entrepreneurs deal with everyday business. Moreover, this experience helps entrepreneurs deal with liabilities of newness: such as finance, sales, technology, logistics, marketing and organization as well as activities required during this phase: negotiating with suppliers and customers or planning and organizing (Shane, 2003).

**Experiences**

The living experience of everyday life is to be seen as the starting point for the learning process. In this process behaviour, personal cognitive characteristics and the external environment are seen as influencing each other reciprocally (Bandura, 1977). This means that the behaviour influences and is influenced by cognitive personal characteristics of the individual (i.e. expectations, beliefs) and by the environment (i.e. social network). How entrepreneurs act is therefore influenced by social interactions and who they are, what they know and how do they think (Sarasvathy, 2001). Minniti and Bygrave (2001) and Ronstadt (1988) argue that entrepreneurs often follow own actions and thus experiences that have been successful in the past. Such behaviour can be seen as ‘path dependency’ (Minniti and Bygrave, 2001), because entrepreneurs are likely to follow positive pattern of past performance, discarding unsuccessful behaviour on the way. Thus, past experiences influence the kind of experiences entrepreneur is likely to search for and is likely to experience.

It is not only what the entrepreneurs experience but also how they experience. In the literature there is a lot of attention to immediate and concrete experience that entrepreneurs are faced with (Gartner,
However, as argued by Bandura (1977) the vast majority of experiences are vicarious in their nature. Entrepreneurs often observe other people performing tasks, sometimes purposefully, sometimes unintentionally. Based on either own experiences or observations of others, entrepreneurs create impressions and convictions about how things are. Hence, new experience can be grasped either as a direct experience, vicarious experience (observation) or an abstract conceptualisation. As a result entrepreneur can grasp new experience either by experiencing something him- or herself, or by observing others performing a task or finally as an abstract conceptualisation. The different acquisition modes represent input for either more direct or indirect learning. The direct learning can be envisioned as acquiring direct concrete experience from interaction with relational ties. For example, suppliers of materials and machinery or consultants are also important sources of knowledge (Giuliani & Bell, 2005). Their routines and best practices can be used as sources of direct influences. On the other hand, being part of informal institutions, i.e. associations, professional groups requires from entrepreneur development of common mindset, common language.

Transforming Experiences into New Knowledge
As new experiences are acquired, they can be transformed into experientially influenced knowledge (Politis, 2005). Kolb (1984) argues that there are two major ways to transform experience: reflective observation and active experimentation. Reflective observation is about imaginary thinking about what has been seen or experienced and what effect it would have on own behaviour, active experimentation on the other hand is about executing, putting into practice the new experience. The two modes of transformation can be seen as part of the self-efficacy mechanism, which presumes that the personal belief about own capabilities is build upon mastering the skills or modelling them (Bandura, 1986).

The self-efficacy influences thought patterns, behaviour and emotional arousal of the individual (Bandura, 1982). Its level is a result of previous experiences and exposure to modelling behaviours and social influence. Self-efficacy influences current perceptions, thoughts and actions and through this is contributing to knowledge structure. It also makes sense of environmental events through subjective filtering. Thus, depending on the level of self-efficacy and implicitly previous experience and knowledge, the preferred transformation mode will differ. For example, Von Hippel (1987) argues that when required know-how is not available in-house, the entrepreneur has to either develop it himself or learn what he needs to know by talking to other specialists. Similarly, Takata & Takata (1976) have found that lacking own experience entrepreneurs rely much more of modelling influences. Finally, Bandura (1976:5) concludes that “most of the behaviours that people display are learned either deliberately or unintentionally, through the influence of example”.

ENTREPRENEURSHIP AS A SOCIAL PROCESS
Embedded in social context entrepreneurs seldom act alone (Aldrich et al., 1986). To generate new business ideas or to exploit opportunities they often use their social networks. In situation when their access to resources is (very) limited, their social network can enable them broader access to needed resources (Dubini & Aldrich, 1991), including human resources, financial resources, organizational resources, etc. However, social activity and social interaction are necessary not only for attainment of missing resources but also for organization and coordination of resources in the entrepreneurial process (Bruderl et al., 1998) as well as for enhancing entrepreneur’s learning process (Ravasi & Turati, 2005; Taylor et al., 2004). Ravasi and Turati (2005) found that when entrepreneurs are aware of deficiencies of their own capabilities and skills, they actively look for potential sources of these complementary resources. In the example from the paper the entrepreneur searched for an expert to be able to evaluate the potential of the new material. Having found the expert, entrepreneur asked him to join and together they reviewed all aspects of the venture idea focusing on resources available and required. Also, Taylor & Thorpe (2004) found that entrepreneur who usually (in day-to-day decisions) relied on his own experience, asked his network for feedback and input when key decisions needed to be made. Thus in general it can be said that network activity differs through the stages of opportunity development process (Greve, 1995), but the social capital plays a major role throughout the entrepreneurial cycle (Aldrich, 1999). Moreover, it can be said that social capital represents existing and potential resources available to individuals through their social relations (Gabbay & Leenders, 1999; Lin, 1999). These resources include also norms and values (Portes & Sensenbrenner, 1993) as well as are the source of social influence.
**Dimensions of Social Capital**

Entrepreneurs' social capital is not a one-dimensional construction. For example, Granovetter (1973) distinguished two kinds of social ties – weak and strong ties, which differed in the strength of the relationship between the entrepreneur and the tie. Sensing that the strength of the relationship itself is not enough, Nahapiet and Ghoshal (1998) identified three dimensions of social capital: structural, relational and cognitive (see Figure 1). Together these dimensions enable better understanding of the role social capital plays in the entrepreneurial process (Aldrich, 1999) and help describe the attributes of a social network – its structure and cohesiveness. Each of the three dimensions can exist alone, but they also complement themselves. For example, access to a broader network of contacts can act as a source of new information giving competitive advantage those who have access to it (Shane, 2003). However, even if weak ties can become bridges to information that otherwise would not be available (Hills, Lumpkin, & Singh, 1997); not every information can be trusted, and therefore entrepreneur has to assess the reliability of the information received. The ability to trust is crucial for entrepreneur’s decision making (Birley, 1985; Casson, 1982) as is the shared understanding of language and norms (Nahapiet & Ghoshal, 1998).

**Figure 1: Dimensions of social capital (adapted from Nahapiet & Ghoshal, 1998)**

<table>
<thead>
<tr>
<th>Cognitive dimension</th>
<th>Structural dimension</th>
<th>Relational dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared norms ⇔ Codes ⇔ Language ⇔ Narratives</td>
<td>Contacts ⇔ Interaction ⇔ Network ties ⇔ Organization</td>
<td>Norms ⇔ Obligations ⇔ Trust</td>
</tr>
</tbody>
</table>

**Structural Dimension**

The understanding of where one’s connections are located and where social interaction takes place combined with understanding of the network density level defines the structural dimension of social capital (Nahapiet et al., 1998). This dimension of entrepreneurs social environment involves all people entrepreneur knows, both people with whom entrepreneur is in close and often contact as well as those with whom the contact is sporadic. Furthermore, the contact can be classified as internal or external to entrepreneur’s organization and direct or indirect (through another tie).

**Relational Dimension**

The relational dimension refers to the depth of these relationships – the bonds between actors, which can be measured by level of trust – an attribute of the relationship and trustworthiness – an attribute of the individual. The relational dimension can be seen as the extension of the structural dimension as it includes also trust issues, identification and norm of reciprocity. Describing the relational dimension, one can distinguish between formal and personal relations as well as analyze the direction of the interaction – who is the initiator and who is the receiver. It is also in this dimension that the ability to influence entrepreneur’s decision making can be observed (Hite, 2005). As relations between ties change over time and become more social encounters, even a purely business relation can become relationally embedded and thus influence the entrepreneur.

**Cognitive Dimension**

The cognitive dimension embraces shared values, beliefs, visions and norms adding to common understanding of group goals and accepted behaviours (Nahapiet et al., 1998). This sphere is also shared language that enables communication and understanding. Therefore, it is possible that ties that are not structurally or relationally close to each other, can share a very distinctive cognitive closeness, because they speak the same language, i.e. a professional language. Moreover, most of the studies have
looked at the cognitive dimension in a spatial embedded context, however there is also aspect of reliance on cognitive proximity which is not necessarily spatial, but rather professional.

Furthermore, this implies that entrepreneur may be part of different cognitive networks, i.e. entrepreneurs may share common understanding regarding local values with their family and friends and at the same time same entrepreneurs may share common values with their profession. These values might not necessarily be the same as the local values.

**METHOD**

This study uses abductive reasoning (Shanahan, 1989). Starting off with frame of reference and using a single case study to explain the phenomenon (Eisenhardt, 1989) is the correct strategy “to examine a contemporary phenomenon in its real life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 1981). The case study strategy emphasizes the need to understand the role of context (Franz and Robey, 1984 cited by Leonard-Barton, 1990) and enables incorporating of time dimension. These elements are important to be able to explain the ‘how’ and ‘why’ (Yin, 1994). Furthermore, Shane (2000) argues that this research approach is appropriate to study opportunity identification process. As some elements of opportunity identification can be seen as learning process, the case study methodology is relevant also for researching learning.

The study uses data collected during two waves (9 months interval) of semi-structured interviews with the entrepreneurs and the social network. The entrepreneur has been asked to describe activities, events or routines with the overall aim to hear entrepreneur’s story in its context (Gubrium & Holstein, 1998:63). The interviews with the social network involved some employees, suppliers and customers.

**Context**

Rural gourmet dining has been chosen as empirical context in this study. Rurality has many meanings; the more traditional view defines rurality in terms of low level of population density as well as weak local economic structure, which have implications for access to markets, capital, employees and infrastructure (Stathopoulou, Psaltopoulos, & Skuras, 2004). The more recent view emphasizes the cultural – aesthetic dimension which can be understood as a ‘social representation’ (Halfacree, 1995) – subjective perception, meaning and feeling associated with rural (landscape). Moreover, the growing interest in and turn to ‘locality’ and practices of ‘re-localization of food’ (Hinrichs, 2003) revitalizes rural areas by creating new opportunities for entrepreneurial activity (Sonnino & Marsden, 2006). Seeing creation of high quality rural restaurant as the outcome of an entrepreneurial process makes this context an interesting and important arena to study. Furthermore, using ‘rurality’ as a context for entrepreneurial learning simplifies observation of social processes and enhances the transparency of social influence (Jack & Anderson, 2002). In areas characterized by low population density the significance of social network can be easily recognized, and identification and traceability of social patterns, including power relations and influence is made easier. Thus, a newly established and already recognized rural gourmet restaurant in Sweden has been chosen as a case study.

**Data Collection & Analysis**

Interviews and archival data have been used as data collection techniques. This triangulation of methods (Denzin, 1989) increases richness of the data, and foremost increases credibility of it. Additionally, by including interviews with entrepreneur’s social network triangulation of sources was achieved.

A face to face semi-structured interview was the main technique used. This technique when linked to open questions enables search for explanation of behaviour and understanding of the role played by social context (Patton, 1990). Moreover, as argued by Dillon (1990) asking to describe activities, events or routines helps reveal interviewee’s story in its context. Therefore, interview was used as “means of contemporary storytelling, where persons divulge life accounts in response to interview inquiries” (Gubrium et al., 1998:63). Such approach assures that the most important questions are asked; interesting and important issues are followed up and discussed further. In the first wave only founders of the restaurant have been interviewed. In the second wave, a follow up interview with the entrepreneurs has taken place and additionally the social and business network, in particularly employees, main suppliers and a number of customers were interviewed as well. The interviews have
been conducted in the field setting, creating more flexibility and comfort for interviewees (Elwood & Martin, 2000).

In addition to interviews, archival data, including information both from internal sources as well external ones was used to complement the other empirical material. Secondary internal data included sales and growth numbers and previous menus, as they give evidence about changes in the offering of the restaurant. Secondary external data includes press releases about the restaurant/owners, published financial data, etc.

Siggelkow (2007:21) argues that “it is good to retain the capacity to be surprised, but it seems useful and inevitable that our observation be guided and influenced by some initial hunches and frames of reference”. Therefore, the analysis begins with the theory and as the iteration between empirical material and theory continues, it becomes more and more difficult to easily distinguish between data collection and analysis process. However, the three main components can be distinguished: data, analysis and theory. The analysis will take form of pattern matching (Miles & Huberman, 1994). Additionally, quotes from the data will be used to provide evidence (Wolcott, 1990).

CHOOSING WHAT TO LEARN AND FROM WHOM

Entrepreneurs do not act in vacuum; they are embedded in a social context. Their behavior and what they perceive as socially desirable and legitimate is influenced by their social environment (Shane, 2003). For example, local values and beliefs are important in entrepreneurial process (Davidsson & Wiklund, 1997). Entrepreneurs are often stimulated or discouraged by local developments; they also rely on their social ties with whom they share beliefs and values. Influenced by example of enterprising people in close proximity (family members, close friends) individuals are more likely to become an entrepreneur themselves (Davidsson et al., 2003). But also identification with group increases the strength of group pressure (March & Simon, 1958). However, this reliance on social capital might also act as inhibitor to entrepreneurial activity, especially when entrepreneurship is not perceived as valuable in the community or group. In situation of such over-embeddedness entrepreneur’s freedom of choice is often restricted and subsequently entrepreneurial activity is restrained (Portes, 1998). How much persuasion power the social tie has depends on the confidence the entrepreneur has in this tie (Bandura, 1986).

When listening to Fredrik Malmstedt and his partner Laila Löfkvist – the first-time owners of Gotland’s most expensive restaurant (Carlson, 2007) similar factors come to light as well. Inspired by examples of Gunnar, former employer and now a good friend as well as by example of Pontus, a good friend and former co-worker from times of his first employment at Sjömagasinet, Fredrik began to think about opening his own restaurant. Being a chef or owning a fine dining restaurant has become more and more desirable choice in Sweden the last couple of years. Similarly, Laila, who comes from Gotland, while enjoying working in Stockholm, was missing Gotland, her family, the local values and the local environment. Driven by different needs and wants, the couple decided to move to Visby and open a fine dining restaurant there. The restaurant “50 Kvadrat” has been established in February 2005 and already two years later the restaurant has been awarded with the “Golden Krog” title (Carlson, 2007) and has been enlisted in the ‘White Guide’, an annually updated guide of the best Swedish restaurants.

So, how was it possible for the two entrepreneurs with no previous start-up or managerial experience to learn so fast how to run a gourmet restaurant in such a rural place as Visby? Prior to opening the restaurant both entrepreneurs have been working for a number of years for different fine dining restaurants both in Sweden and abroad. Fredrik, who quickly became member of the national cooking team, mentions repeatedly that his inspiration stems from a friend – Pontus, also an established chef and owner of a restaurant. Moreover, Fredrik admits that he has learnt a lot from previous employments.

Concept Development

When they decided to open their own restaurant, they “knew exactly what kind of food we want to serve, but we did not know how to run a restaurant”. Their idea was to have a nice modern restaurant that at the same time would show characteristics of typical Gotland. They promise healthy fresh food
with influences from all over all world, but prepared from as much local products as possible. Customers are offered good simple food, which is high in flavours. The initial idea was born when Fredrik was working at Lindsay House, one star Michelin restaurant in London with Richard Corrigan, who taught him how to prepare and how to cook simple but delicious gourmet food. Now that the restaurant has been three years on the market, the owners are looking for more inspiration for their menu and for the restaurant; they search for new fresh ideas in other restaurants and books. This seems like a purposeful choice of sources of inspiration and learning. The couple is looking up to their direct or indirect social capital - community of professional chefs and restaurateurs, who share with them the basic assumptions, language and beliefs about how fine dining and how good food should look like and how it should taste. By looking up to the professional chefs and restaurateurs, the entrepreneurs show their respect for and belief in the position of their sources of inspiration. Bandura (1986) argued that entrepreneurs are more likely to trust social ties whose position in the community is established and with whom entrepreneur had some previous experience, including work experience or other kind of social encounter. Furthermore, as postulated by March and Simon (1958) the level of institutionalization influences the amount of pressure the group can exert on the entrepreneur. This becomes important in small communities (e.g. rural and/or professional), where the power relations and being part of a community or group are very important. Similar developments can be observed in the approach to fine dining. From one side a development of shared language and shared values and norms among professional chefs, from the other side a growing interest in ‘locality’ and in traceability of food (Hinrichs, 2003). Both these developments mean that uniformity of behavior is required if one wishes to be seen as belonging to the community of top chefs of these top Scandinavian gourmet restaurants. Thus, building on Amin and Cohendet’s (2004) argument that learning does not take place only locally and that the community cannot be assumed to be ‘spatially contiguous’, Markowska (2008) suggested that the cognitive proximity to entrepreneur’s social capital will be influencing entrepreneurs’ desirable behavior stronger than relational or spatial proximity. This means that entrepreneurs when developing the concept are more influenced by example of their fellow chefs rather than by their immediate social network in close spatial proximity. However, running a successful business requires entrepreneurs to think also about other aspects of their business model than only the concept. Equally important are the resources and the market side of the business. Entrepreneurs need to organize the supply side making sure that they have all necessary ingredients when they need them, and they need to think about their customers and what additional value they are delivering to them. Furthermore, entrepreneurs need to think also how to run the business, what routines to establish and how to plan for the development.

**Market**

Knowing who your customers are helps also design the delivery mode of the offering. Entrepreneur can focus on the customer promises and customer expectations. Knowledge of what the competitors are offering and how the industry is doing overall helps anticipate changing trends. Furthermore, the entrepreneurs need to make decision whether they want to join existing market or create new market for their offering (Sarasvathy, 2001).

Having worked for fine dining restaurants in Stockholm and other European cities, the couple knew that there are people interested in good food willing to pay a lot for an exquisite culinary experience. So, when the couple moved to rural Gotland they needed to see whether their concept would attract customers and whether they can generate enough demand to survive and in longer term prosper. Initially, most of customers visiting the restaurant were individuals interested in food or willing to celebrate their loved ones with good food. Over time, more and more customers are also local business people; this has changed especially since February 2008 when the restaurant started serving lunch as well. Additionally, Gotland as a summer destination for many Swedes and other nationals is full of tourists during summer months. The tourists are often interested in trying food at this restaurant. Having these different customers puts different pressure on the owners. For example, during fall and winter most customers are local, during summer it changes and so,

“during summer many one-time customers, but during this time of year fall, winter and spring) it is mostly local people coming again and again. This is why we change menu so much”.

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Knowing who your customers are helps also design the delivery mode of the offering. Entrepreneur can focus on the customer promises and customer expectations. Knowledge of what the competitors are offering and how the industry is doing overall helps anticipate changing trends. Furthermore, the entrepreneurs need to make decision whether they want to join existing market or create new market for their offering (Sarasvathy, 2001).

Having worked for fine dining restaurants in Stockholm and other European cities, the couple knew that there are people interested in good food willing to pay a lot for an exquisite culinary experience. So, when the couple moved to rural Gotland they needed to see whether their concept would attract customers and whether they can generate enough demand to survive and in longer term prosper. Initially, most of customers visiting the restaurant were individuals interested in food or willing to celebrate their loved ones with good food. Over time, more and more customers are also local business people; this has changed especially since February 2008 when the restaurant started serving lunch as well. Additionally, Gotland as a summer destination for many Swedes and other nationals is full of tourists during summer months. The tourists are often interested in trying food at this restaurant. Having these different customers puts different pressure on the owners. For example, during fall and winter most customers are local, during summer it changes and so,
The menu is being changed every 6 weeks or so outside of the summer time. The owners have learned that a returning local customer is worth much more than a one-off customer even if he or she leaves less money on a single occasion. This is especially true in small markets, where the customer base is smaller. So, in order to be able to attract new customers and retain existing customers the owners are applying techniques that the best restaurant in the world is using – they differentiate from all other local restaurants.

“We try to make different food that the other restaurants here. We try to develop new things, take El Bulli the best restaurant in Spain as an example which creates many new things with food so we try to use it here.”

What is interesting is that the restaurant is really focused on local people for local people and sees their competitors only locally. “In mainland we do not compete at all, it is too far away. Here in Gotland we compete with everyone.” To be able to do that the owners also in this respect are looking for inspiration to the best and it is much more on a conceptual level than direct concrete experience of how to perform the tasks. Thus, it could be argued that learning about market side of business takes place on the conceptual and judgemental level from cognitively close social ties, but on the actions level the inspiration and feedback needs to come from spatially close relational ties.

Resources

To be able to deliver the offering, entrepreneur has to make also decisions about supplies. Often the decision what kind of resources to use is closely linked to the concept that the entrepreneur is selling. This requires also skilful arranging relations with suppliers in order to negotiate the suitable number of suppliers, delivery and payment terms. Connected with supply is the production process, which also has to be designed in a most efficient way to help entrepreneurs achieve their goals.

Having worked for very good restaurants, both Fredrik and Laila understand the importance of food quality. To be able to deliver high quality and high in flavours meal all the ingredients need to be of the highest quality. Furthermore, focusing on the main concept of “nice fresh food with influences from all over all world, but as much local product as possible”, the entrepreneurs need to work closely with local producers. Over the time, the amount of local food is increasing on the menu and Fredrik argues that:

“More and more of local producers are coming here to show us what they have and I think many local producers want their things to be on our menu, so with more and more producers we have been in closer relationships. They know what we want and we know more of what they have and still there are many producers on the island having amazing things that we hopefully don’t know about yet.”

This statement implies that the restaurant not only has overcome the liabilities of newness on the supply side, but even has been recognized among suppliers as worth working with, even if the orders are very often and very small. The restaurant is a small customer for most of the suppliers, but as the best restaurant in Gotland an important customer and advertiser for local produce. But the benefits of this cooperation are on both sides, the farmers and their produce are also great inspiration for new ideas for couple. Insofar, the location of the restaurant on the island is very optimal. Many Swedish and international restaurants buy vegetables and meats from Gotland as especially the vegetables are well known for their amazing taste. As Fredrik emphasized even the renowned restaurant “NOMA” from Copenhagen is buying their vegetables from the island, from same supplier. This fact seems to be of great importance for Fredrik, even if not expressed explicitly. Again this could be seen as looking up to the best in the industry for best practice examples.

Additionally, to strengthen the authenticity of the food, the restaurants owners are using typical for the island but not easily accessible anywhere else local herbs – wild garlic (ramslokk) and kajplokk (another very rare kind of white onion). And similarly to behavior of the main chef of Noma restaurant, the couple and Laila’s parents pick local herbs by themselves. Now we can go out and pick our own small herbs. Like: ramslokk. This is another example of resemblance between the practice of the renowned chefs and the behavior of Fredrik and Laila. Furthermore, in this situation the learning from the chefs is on the (conceptual) idea level and the level of desired behavior, not necessarily how to perform the activity itself, in this case how to find and pick the herbs. For this knowledge the couple is consulting their immediate relational social capital – Laila’s parents, whom they can trust.
Business

Entrepreneurs with previous management experience understand how to run business better; they have developed routines that help them in everyday business (Shane, 2003). Experienced entrepreneurs know also how to negotiate with suppliers, how to attract customers or even how to plan and organize the business. These difficulties are the liabilities of newness (Stinchcombe, 1965), meaning that a new venture needs to first develop credibility and legitimacy, and needs to convince potential customers to the offering before any sales can be achieved. In situation, when not only the venture is new, but the entrepreneur is new as well and has no or very little knowledge about and experiences with finances, sales, marketing, logistics or running business in general, the situation becomes even more difficult.

Such was the case for Fredrik and Laila. They knew what food they wanted to cook, but had no idea about how to run a business. And running business when one does not have experience is not an easy task. Laila believes that that was the most difficult part for them; they needed to establish different routines, not only paying bills and making orders, but also dealing with personnel issues, customer contacts and the longer term development plans. Finally, in the beginning also dealing with fragile cash flows was a challenging issue they needed to tackle. This is not the kind of knowledge, you will be taught while in culinary school.

When they started they dealt with these issues every day. “To start we did this every day. We did not have the clue, but now we do it once a week.” It is only orders that they still do on a daily basis as they are unable to predict how much of the different ingredients will be required and their cash flow does not always allow for substantial stocks. Even if running business was not the easiest thing for them, they continuously have invested and developed the restaurant. Back in 2007, after the restaurant has been chosen to the “Golden Krog” Fredrik was dreaming about new lunch restaurant. In February 2008 they did not open new restaurant, but they have started to offer lunches at their restaurant. Fredrik is the creative one, the one coming up with new ideas and pushing the development further; Laila, on the other hand is the one who is more concerned with financial standing and long term survival of their business. She also ensures that the ideas take real shape. The couple wish to grow their business and hire more personnel, but to be able to do this they are aware that they need to change some things.

Initially, when one of their previous employers and a friend at the same time was discussing with them some of the business related issues, they did not embrace everything:

“The way that how he was saying things to us when we worked for him, we did not understand everything but now that we have our own company we understand a lot more why he was saying those things, similar things that we are taking with us today”.

First now when faced with the similar problems and issues, Fredrik and Laila understand what their employer was talking about. This implies, as argued by Kolb (1984), that acquisition of new experiences is not sufficient for learning to take place. The experience needs to be transformed to become useful, to become new knowledge. As running business is predominantly in the “doing” mode entrepreneurs are then more likely to learn through trial and error behaviour (active experimentation) or by searching for close ties whom they trust and from whom they can learn by observation. Thus, developing the business side of the opportunity is likely to rely on social ties that are able to provide “physical” example or on own active experimentation.

CONCLUSIONS

This paper has looked into sources of entrepreneurial learning. Even though there is an agreement in the literature that entrepreneurship should be looked at as a learning process embedded in social context, the research so far has focused mainly on understanding the process of idea generation, the importance of prior knowledge and most recently on learning from failure. However, the actual entrepreneurship process of bringing the idea to the market has not received enough attention. This paper contributes to literature on social capital, learning and entrepreneurship by emphasizing the role of social capital for learning during the opportunity development process. In particular, the importance of cognitive dimension of the social capital in the business development process is stressed. This dimension has not been discussed thoroughly (except for its entrepreneurship inhibiting characteristics).
in the existing social capital literature. Much more attention has been paid to the relational dimension of social capital and the issues of trust.

Similarly, in the learning literature there is much more emphasis on the direct concrete experience, while the importance of social learning and thus vicarious indirect experience is often diminished. Bandura (1977) argues that most of the learning is social in its nature. However, accepting this fact is not enough, it is also important to understand which part of the social network has most influence on the learning behaviour, the willingness to learn, the content of learning as well as source of learning. This paper suggests that entrepreneurs learn much more than reported from and with their social network; they often purposefully search for cognitive closeness in their professional network to be able to further develop their business, their ideas; they often build strong relational ties with suppliers and external parties to improve the venture and its performance. Thus, focusing on personal configuration among individuals within network and on assets rooted in the network of relationships (e.g. trust, norms and identification) emphasizes the role these relations have for successful learning performance.

Finally, the literature on entrepreneurship process stresses the importance of three distinct capabilities in the entrepreneurship process– creativity and generation of ideas, ability to make assumptions and judgements and ability to execute ideas. These three capabilities relate closely to entrepreneur’s social context. For example, much of the individual experience emerges from interaction with others (Baker et al., 2002). And even if most ideas have their origin in minds of individuals, it is the interaction with others that develop these ideas and the interaction between individuals enables “continual dialogue between explicit and tacit knowledge” (Nomaka, 1994, p.15). As shown in the restaurant case knowing about (explicit knowledge) is often not sufficient to be able to judge and to understand what is happening. First knowing how and why (tacit knowledge) enables entrepreneur sense making and understanding what needs to be done and how to transform the ideas into actions. However, tacit knowledge is not available to everyone and therefore, as argued by Schutz (1966), driven by three interpersonal needs – inclusion, control and affection – individuals engage in relations with others who might possess this tacit knowledge.

Thus, enhancing the understanding of the learning process and the dynamics of interactions between different actors will help entrepreneurs make learning more efficient by focusing on the relevant processes. Secondly, the failure rate of new small businesses, especially among restaurants is high. Identifying critical factors contributing to better learning and better performance may reduce failures. Understanding of how the learning process proceeds in disadvantageous environments and how entrepreneurial behaviour might be enhanced is of interest for many policy makers and local governments (Downing, 1991). Entrepreneurial process provides often more efficient, more creative and more adaptive management of resources and is seen there as the engine of local development. Therefore understanding, how entrepreneurs learn to identify and develop the opportunities is essential. Even more, in rural areas which need to be revitalized by creating new opportunities for entrepreneurial activity (Sonnino & Marsden, 2006)

REFERENCES


