Entrepreneurial Learning Evolutions in Startup Hubs

A Post-Pandemic Perspective for Lean Organizations

Nicola Capolupo

Entrepreneurial Learning Evolutions in Startup Hubs

ENTREPRENEURIAL BEHAVIOUR

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BY

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About the Author

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Introduction

The COVID-19 pandemic disruptively affected the worldwide economic and social fabric. Businesses' bankruptcy, social distancing, and the "new normal" have spurred considerable changes within organizations and the way they work. Although restrictive measures have indeed been necessary to contain the infection, they have also led to the socioeconomic crisis witnessed. Hence, a new contraction affected the labor market, with a significant drop in new employment and new firms' growth. In this regard, the European response to the economic crisis triggered by the pandemic has been the launch of *NextGenerationEU*, a temporary ϵ 800 billion-plus recovery tool to help face the immediate economic and social damage of the coronavirus to enhance a more resilient and sustainable COVID-19 Europe. *NextGenerationEU* consists of a ϵ 723.8 billion plan in loans (ϵ 385.8 billion) and grants (ϵ 338 billion) for this purpose. This program helps the European Union achieve the goal of climate neutrality by 2050 and steers it toward a digital transition while creating jobs and stimulating growth.

Nevertheless, although existing Italian firms struggled to survive, the pandemic has not prevented the emergence and development of younger, leaner, and more innovative organizations – that is, startups. The current scenario conveys an encouraging message: startups have demonstrated a strong and innate capability to adapt to the crisis, providing new creative and solid solutions to cope with the effects of the pandemic. The rapid adaptation of startups to the digital wave occurred because of their nature, which comprises dynamism and prompt response to change within their classic prerogatives. These characteristics have enabled many of them to cope with the crisis more effectively than other organizations, not being burdened by cumbersome bureaucratic procedures and slow-downs in processes.

According to the Italian Ministry of Economic Development, the startup market growth trend has kept pace with that of the previous year, witnessing the spread of numerous innovative startups born online during the lockdown. To grow, startups need capital and access to the market, but there is more. They often need to be incubated; otherwise, they have a high risk of failing. Thus, the ideal structure to train future entrepreneurs and new lean organizations from their business ideas to their market introduction turns out to be that of business incubators (hubs). *Inter alia*, educational programs provided by the hubs are mainly designed to overcome gaps in startup founders' business and organizational know-how and to enhance their ability to grow successfully. Usually, startups learn from hub directors, mentors, and multidisciplinary experts, and new

entrepreneurs tend to benefit from several forms of direct/indirect learning, that is, mentoring, guest speeches, lectures, seminars, and so forth. In this scenario, the concept of entrepreneurial learning is conceived of as the mixed experiential and cognitive processes "used to acquire, retain, and use entrepreneurial knowledge" in business ecosystems. Hubs offer a wide range of educational and practical support to empower future generations of entrepreneurs and to enhance the ugly duckling business idea transformed into a beautiful swan firm.

COVID-19 has certainly changed the way startups are trained and empowered, originally conceived with in-presence or mixed methods (in-house and remote learning). To cope with the pandemic and meet entrepreneurs' learning needs, hubs run fully digitized online teaching programs to assist startups and entrepreneurs in their growth. The current scenario is still a puzzle and gives us a fragmented picture of the hubs' training methods. As is well known, several hubs in different countries have remained well-anchored to online methods, whereas others prefer to return to in-person activities for experiential training and learning. Practitioners and scholars are prompted to understand how startup incubators have adapted to new entrepreneurial training methodologies, and especially what attributes of entrepreneurial learning they have leveraged to carry out their training processes. Moreover, the idea of entrepreneurial learning, which has a well-established tradition in the literature, has not been deeply explored in the realm of new lean organizations such as startups. Thus, it is useful to establish the conceptual boundaries that circumscribe it.

Driven by this compelling need for research, this book seeks to shed some light on both the nature of startups' entrepreneurial learning process shifts during the pandemic and how hubs promoted this change. Are there any differences between the pre-pandemic and pandemic timelines among the characteristics that an entrepreneur needs to train and on which incubation programs have pushed? If so, which training methodologies and processes have been adopted to enhance entrepreneurial learning? In light of these premises, the outline of this work is presented.

Chapter 1 presents a detailed scenario analysis of Italy's socioeconomic fabric in the pandemic scenario, with particular attention to data regarding economic, employment, and business growth. Next, the countertrend of startups will be illustrated, analyzing their structure as well as their characterizing factors as lean and resilient organizations. The role of business incubators, which are crucial in enabling the development of entrepreneurial know-how, is also described.

Chapter 2 comprises the theoretical background that drives the research, entrepreneurial learning in startups, and training in incubators. A literature review was conducted to trace the conceptual delimitations of the topic and contextualize it in the relatively new field of innovative startups and business incubators.

Chapter 3 illustrates the methodology employed and the results of the study. Following the explorative research method, an in-depth case study was adopted to explore this phenomenon. SEI – a business incubator of internal areas located in Avellino, Campania (Italy) – and the call for ideas launched to recruit 21 startups within the incubation were investigated to intercept this change. After a thorough and detailed description of the case, a series of semi-structured interviews were

held with SEI's CEO, Mr. Vincenzo Vitale, multiple times during and after the training program, adopting a continuous narrative perspective, to depict entrepreneur and startup training progress and critical issues.

Chapter 4 discusses the results through the lens of entrepreneurial learning in the startups' hubs. Practical and conceptual directions are proposed to derive a picture of the situation of entrepreneurial learning processes in startup incubators during the pandemic and to put them to the attention of practitioners and scholars for further empirical investigation.

Lastly, Chapter 5 concludes this book with both research and practical implications. The chapter comprises an additional unstructured interview in the form of a dialogue with the expert, conducted according to a recent startup weekend session, a new streamlined program aimed at training new and potential entrepreneurs. Understand whether startups' entrepreneurial learning trends and needs are in line with those observed during the pandemic.

To summarize, this contribution provides a useful guide to exploring entrepreneurial learning in business incubators in light of the critical historical moment of entrepreneurship that worldwide communities are witnessing. Even if it is true that startups may be candidates for "light at the end of the tunnel," this is a long-term process that requires timely scholarly updates. Therefore, this contribution is only one step toward a broader goal to be reached, a reflection built around new lean organizations and generations of entrepreneurs, toward a brighter future that kicks out the ghosts.

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