

Transnational Entrepreneurship in Sub-Saharan Africa: An Absorptive Capacity Theory of Knowledge Spillover Entrepreneurship Perspective

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Abstract

The study seeks to explain how migrants' access, understand and recognise the value of new knowledge in enhancing transnational entrepreneurship. This is important as it provides insights into how knowledge is accessed and employed in different contexts to recognise entrepreneurial opportunities. Using the absorptive capacity theory of knowledge spillover entrepreneurship, this study contributes to previous research which has focussed on the scope and boundaries of this phenomenon at a firm or institutional level, but not at the level of the transnational entrepreneur (TE). Furthermore, this study contributes by examining the role of human capital and the prior knowledge and experience that migrants use and acquire in transnational entrepreneurship.

A qualitative approach based on phenomenology was adopted in this research. A purposive sample of four TEs living in South Africa and running businesses in Zimbabwe were investigated. The results show that the possession of requisite human capital along with concern for the home country facilitates the acquisition of new knowledge. This new knowledge, when integrated with prior knowledge and cultural compatibility between home and host countries, influences the immigrant's intention to form new ventures and return to the home country. This study explains the role of human capital and the mechanisms that are implemented in acquiring knowledge resources and their subsequent transformation into a business entity.

Keywords

Transnational entrepreneurship, absorptive capacity theory of knowledge spillover entrepreneurship, Sub-Saharan Africa

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Introduction

Technology and infrastructure development today enables and facilitates an increase in the migration of nationals from developing countries in search of better economic opportunities. In their countries of residence, they acquire skills, knowledge and resources that can be put to entrepreneurial use in their home countries (Giuliano & Ruiz-Arranz, 2009). As a result, there has been an increase of activity of a cadre of entrepreneurs referred to as TEs. Through exposure to new product and service ideas, as well as new technologies and workplace innovations, this type of entrepreneur is able to create enterprises that transcend the boundaries of their country of residence. While transnational entrepreneurship in different forms has been studied for a number of decades by authors, such as Aharoni (1966), Light (1984), Gillespie, Riddle, Sayre, and Sturges (1999) and Honig and Drori (2010), it is still described as understudied (Ojo, 2012) with authors such as Drori, Honig, and Ginsberg (2006) describing research in this area as limited, fragmented and lacking in rigorous development and testing of theory.

Drori, Honig, and Wright (2009, p. 1001) describe TEs as ‘individuals that migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin, and currently adopted countries and communities.’ Furthermore, they define TEs as ‘social actors who enact networks, ideas, information, and practices for the purpose of seeking business opportunities or maintaining businesses within dual social fields, which in turn force them to engage in varied strategies of action to promote their entrepreneurial activities’.

African immigrants contribute to their home countries’ economic development through entrepreneurial investments (Ojo, Nwankwo, & Gbadamosi, 2013). Literature shows that there is a need for African countries to further engage their diasporas in industrialised countries to provide human, social and financial capital that spur economic development (Chand, 2016). Contributions to home countries are motivated by contributing to economic development, provision to friends and family and enhancement of social standing (Riddle, Hrivnak, & Nielsen, 2010). How transnational entrepreneurship occurs has, however, not been the focus of recent studies. Very little is known about the mechanism of new venture formation at an individual level in Africa by Africans in the Diaspora (Ojo et al., 2013). Specifically, the role of human capital and its influence in acquiring knowledge useful in the realisation of transnational entrepreneurship is understudied.

In relation to recent efforts to unpack the role of prior experience in the realisation of transnational entrepreneurship (Pruthi & Wright, 2017), in this article we argue that key to the activities of TEs is the acquisition of knowledge from the host country and through networks that can be put to commercial use in the country of origin (Chen & Tan, 2009) or employment, through study or through observations of processes, services and products. The knowledge-based view of the firm strongly influences the relevance of the absorptive capacity construct, as it is key to developing and increasing an endogenous knowledge base (Volberda, Foss, & Lyles, 2010).

In this article we explain the role of migrant’s ability to access, understand and recognise the value of new knowledge and in transforming this knowledge into an entrepreneurial outcome in their country of origin. Using a qualitative case study approach with four Zimbabwean entrepreneurs living in South Africa, the primary aim of the research was to comprehend how the participants felt they had responded to exposure to new knowledge in their country of residence and the perceived impact that these experiences had on their enterprise creation in their country of origin. Through the absorptive capacity theory of knowledge spillover entrepreneurship (Qian & Acs, 2013), we explore at the level of lived experience how the capacity to access and utilise this knowledge influences the pursuit by immigrants of entrepreneurial opportunities in their country of origin. Of particular importance is the desire to highlight elements of entrepreneurial absorptive capacity as a mechanism of knowledge spillover creating

opportunities for transnational entrepreneurship. Through transnational entrepreneurship we show that absorptive capacity as a construct is as relevant to the individual entrepreneur as to the firm.

The study is guided by the following question:

How do migrant's human capital influence the ability to understand new knowledge and recognise its value to result in transnational entrepreneurship?

The results show that the possession of requisite human capital along with concern for the home country facilitates the acquisition of new knowledge. This new knowledge when integrated with prior knowledge about the home country and when there is cultural compatibility between home and host countries influences the immigrant's intention to return to the home country. This results in the establishment of goals, pursuit of a differentiation strategy, provision of management support, development of trust and provision of training to home country employees. This in turn improves the adaptability of the entrepreneur and results in transnational entrepreneurship.

This article contributes to the literature in the following ways. First, we apply the absorptive capacity theory of knowledge spillover entrepreneurship to the context of two country domains and contribute to the budding literature on this theory. While the majority of previous studies have looked at intercontinental transnational entrepreneurship, this study provides a novel perspective studying the phenomenon between two countries in Africa that share a common border. Given that previous studies have focussed on transnational entrepreneurship between developed and transitional or developing countries (Riddle et al., 2010), we believe a focus on transnational entrepreneurship between a transitional (South Africa) and developing (Zimbabwe) country (The World Bank, 2016) has the potential to yield new insights on the phenomenon. This work contributes to the increasing debate on context within entrepreneurship research (Welter, 2011; Welter, Baker, & Wirsching, 2018). Moreover, we also answer the call for advancing the theory of transnational entrepreneurship by providing a rich, thick description of how TEs use the knowledge they gain to start enterprises in their countries of origin.

Since learning is associative (Cohen & Levinthal, 1990) and the search for knowledge is mostly local (Fleming, 2001), we argue that through associating with individuals in their country of residence and getting to experience first-hand different technologies, TEs take advantage of knowledge spillovers, to create new products and services, find customers and reduce uncertainties and risks associated with operating in their countries of origin.

The article proceeds as follows. Following the introduction is a description of the study context. Thereafter a discussion of the guiding theory is presented. Subsequent to this, the methodology used for the study is provided. The section following the methodology section contains the findings and a discussion of the results. The final section presents limitations, recommendations, implications and the conclusion.

Context

Investigations of the African context has not been visible in the broader literature (Zoogah & Nkomo, 2013) prompting several scholars to call for better integration of research from Africa into the mainstream literature (George, 2015).

Zimbabwe shares a 225 km long border with South Africa in the south west. The close proximity of the two countries means that ethnic groups on both sides of the border share much in common, for example the Ndebele are an ethnic group that exist on both sides of this border. At USD 7,507.67 in 2013, South Africa's GDP per capita is almost 10 times that of Zimbabwe (The World Bank, 2013).

From time immemorial, migration has taken place between the two nations. Notable periods of this migration were the 1980s when Zimbabwe gained independence and more than 50,000 White (people of European decent) left the country for South Africa. The second wave occurred in the early 2000s when, following the land reform and resettlement programme and subsequent civil unrest, several more Black and White Zimbabweans fled the country (Pasura, 2008). Following the reaction of the international community to the Government's actions through imposing of economic sanctions, the Zimbabwean economy suffered with rampant inflation and currency devaluation. Today it is estimated that of a population of 13 million, between 3 and 4 million Zimbabweans are living in the Diaspora (The World Bank, 2016). Zimbabweans living in the Diaspora maintain strong socio-economic ties evidenced by the quantum of cash remittances they send home; in 2012, the country's banks and formal money transfer conduits recorded receipts of 2.2 billion Zimbabwean dollars (Bloch, 2008). Available statistics from the Zimbabwe Reserve Bank show that in 2011 847 million Zimbabwean dollars were sent home by Zimbabweans living in South Africa.

Zimbabweans living in the Diaspora are involved in a number of activities ranging from paid employment to self-employment, which Gillespie et al. (1999) state are the most typical forms of livelihood for immigrants. However, they face challenges in securing employment because of non-recognition of qualifications or home country work experience (Fozdar & Torezani, 2008). Others enrol in school to acquire skills that may make them marketable in the host country's job market. Those involved in self-employment may run small enterprises mainly serving fellow immigrants or may set up and run large enterprises with branches that span the boundaries of the home country.

While a number of these immigrants send remittances to their relatives some of them have established enterprises in Zimbabwe. These enterprises serve a wide range of purposes from sustenance of the entrepreneur to meeting an unmet need in the country of origin. These enterprises are in a variety of sectors and of all sizes with some of them using insights developed in the entrepreneur's country of residence and applying it in Zimbabwe. Despite the scepticism that surrounds the immigrant's intentions to return since there have been no major political changes, this has created opportunities for technology transfer and innovation. In fact, for some, they are able to use income from their enterprise to sustain them in the Diaspora. While some rely on professional management to run their enterprises, others have to rely on family and friends to run the firm.

The absorptive capacity theory of knowledge spillover entrepreneurship focusses on individuals who possess new knowledge, often developed by a third party (Qian & Acs, 2013) and initially geographically bounded (Audretsch & Feldman, 1996), that may or may not be economically valuable. This uncertainty, paired with asymmetries that the agent possesses, leads to variations in the gap of this knowledge and its value.

Guiding Theory

This article argues that, knowledge spillover entrepreneurship depends not only on new knowledge but more importantly on absorptive capacity that allows entrepreneurs to understand new knowledge, recognise its value and commercialise it by creating a firm.

The guiding theory for this article is the absorptive capacity theory of knowledge spillover entrepreneurship developed by Qian and Acs (2013). This theory has a long and well-documented history (Cohen & Levinthal, 1990; Levinthal, 1990; Zahra & George, 2002), and argues that the level of knowledge spillover entrepreneurship depends not only on the speed of knowledge creation, or the level of new knowledge, but also on entrepreneurial absorptive capacity.

Derived from the knowledge spillover theory of entrepreneurship (Acs, Braunerhjelm, Audretsch, & Carlsson, 2009), this theory provides insights into the relationships between new knowledge, human capital and entrepreneurship. The knowledge spillover theory proposes that through creating new firms, entrepreneurs commercialise new knowledge developed by large firms or research institutions that are not interested in commercialising the research themselves. The knowledge spillover theory has so far focussed on the inventor as entrepreneur, an individual working within a firm or research department (Qian & Acs, 2013) that originates a new idea. The absorptive capacity theory of knowledge spillover entrepreneurship on the other hand includes the non-inventor entrepreneur, which brings to the fore the possibility of interpersonal knowledge spillover which is not possible if the inventor is the entrepreneur.

However, in this study, we extend this argument by stating that knowledge commercialised in one geographical area—the country of residence, but not in another—the country of origin, constructs a source of entrepreneurial opportunity involving the creation of new firms in the country of origin.

The theory further proposes that human capital is a key determinant of entrepreneurial absorptive capacity that involves knowledge and skills of entrepreneurs to understand a new technology, recognise its market value and bring it to commercialisation. A lot of individuals in the Diaspora are highly educated (Ojo, 2012) and equipped with experiences from their home countries. This enables them to recognise opportunities when they encounter new knowledge. Indeed, previous studies, such as Portes, Guarnizo, and Haller (2002) and Saxenian (2002), have shown that TEs are often the ‘better-off’ members in their ethnic communities in terms of human capital.

As applied to the current study, this theory holds that the entrepreneurial absorptive capacity of individuals in the Diaspora will influence their ability to access knowledge that they can commercialise in their country of origin.

We expect that human capital and new knowledge gained from the country of residence influence the occurrence of transnational entrepreneurship. This is because being equipped with a certain level of knowledge, skills and experiences coupled with exposure to a new environment leads to an increase in new knowledge. Through this, the individual’s ability to understand, recognise the value of the knowledge and commercialise it influences the occurrence of transnational entrepreneurship.

Methodology

In this study, we use in-depth phenomenological interviews to describe the subjective nature of knowledge acquisition by TEs.

Berglund (2007, p. 81) states that an important goal of entrepreneurial research should be to capture and communicate the meaning of the entrepreneurs’ experiences in everyday life. The aim of phenomenological inquiry is to understand the subjective nature of ‘lived experience’ from the perspective of those who experience it, by exploring the meanings and explanations that individuals attribute to their experiences (Cope, 2005). With this in mind, two open-ended questions were used to guide a conversation with each respondent. The questions were as follows.

1. What did you experience from the time you consciously decided that you wanted to establish an entrepreneurial firm in the homeland to the time when you gave up, succeeded, or now?
2. Describe the contexts that surrounded you during this time and how did this context affect the experiences related to the entrepreneurial venture.

These questions were used as the basis to develop a deeper understanding of the respondent's motivation and acquisition and use of knowledge in developing their homeland business venture. Drawing further on Seidman (2006) we asked the following questions in that sequence:

1. What was the history of the participant before the experience?
2. What did the participant experience?
3. What meaning do the participants give to the experience?

Sample Selection

Cases were selected purposefully with the intention to source typical cases in the interest of extending or replicating the emergent theory. Purposeful sampling was used to select information-rich cases that facilitate theoretical inference (Eisenhardt & Graebner, 2007). For a growing research area, this type of sampling is recommended as generalisability to the population is not being sought but rather analytic generalisation.

Within this purposeful sampling strategy, theory-based (selective) sampling was used in which the researcher identifies specific theoretical constructs and selects cases or informants on the basis of their potential to elucidate the chosen constructs (Eisenhardt & Graebner, 2007; Sandelowski, Holditch-Davis, & Harris, 1992). Further to this, within this purposeful sampling strategy, snowball or chain sampling was also used (Hartley, 1994; Neergaard, 2007).

In a qualitative study, sample size should not be too large as failure to extract thick rich data is enhanced. It should also not be too small to achieve data saturation (Morse, 1995), theoretical saturation (Corbin & Strauss, 1990) or informational redundancy (Lincoln & Guba, 1985). Eisenhardt (1989, p. 545) asserts that

while there is no ideal number of cases, a number between 4 and 10 cases usually works well. With fewer than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing, unless the case has several mini-cases within it ...With more than 10 cases, it quickly becomes difficult to cope with the complexity and volume of the data.

Drawing on Yin (2009) and Eisenhardt (1989) we selected four cases to predict similar results, a literal replication. Respondents were chosen for characteristics they possess that were relevant to the study (Ritchie, Lewis, & Elam, 2003). The criteria included that all the firms were founded by Zimbabweans living at the time in South Africa, the nature of business the firm was engaged in was performed at a more advanced level in the host country and the firm founder continued to be instrumental in the running of the firm. Other criteria included that the firm founder had pursued further education in the host country and was actively involved in seeking transferable business ideas.

By limiting our selection to transnational enterprises that were operating between Zimbabwe and South Africa, we were able to ensure that observed differences were not due to country specific or distance differences.

Data Collection

The primary data collection method we used was phenomenological interviews. This was to enable subjects to describe in detail the context, content and meaning of their experiences.

The interviews were semi-structured and remained highly flexible, interviews lasted approximately 1 hour and first focussed on what motivated the respondent to engage in transnational entrepreneurship before detailing the knowledge acquisition and utilisation activities.

To ensure clarity of questions, theoretical language was avoided and more everyday terms were used (Patton, 1990). Each interview was conducted at the participant's place of work and recorded on a digital recording device. Interviews were subsequently transcribed verbatim to enable systematic analysis. All interview transcripts were read repeatedly throughout the analysis process. Interview data were collected during a single engagement with each respondent—no repeat visits occurred.

Data Analysis

While interpretive phenomenological analysis prescribes thorough and accessible guidelines, it allows for individuality and flexibility of approach (Smith & Eatough, 2006). Its basic process is the movement of the analysis from the descriptive to the interpretative (Brocki & Wearden, 2006). We started with a detailed, nuanced analysis of one case and then moved to the meticulous analysis of subsequent cases.

In performing a phenomenological examination of the interview data, four distinct levels of analysis were conducted. Level 1 analysis involved a full transcription of the interview and initial analysis of the transcript. Each transcript was read repeatedly while detailed notes were made in the margins, highlighting potentially significant issues and experiences (Patton, 2002). In Level 2 analysis a case study narrative was compiled in relation to each participant (Hartley, 1994) to tell the story of how each participant's business evolved but also focussed on issues that relate to absorptive capacity and transnational entrepreneurship.

To maintain a phenomenological approach, each case study narrative was written at the level of lived experience using the words of the respondent without reference to extant literature (Hycner, 1985, p. 282). In Level 3 analysis cross-case comparison was undertaken (Hartley, 1994), the purpose being to 'seek out both what is common and what is particular about the case' (Stake, 2005). Level 4 analysis involved categorising evidence that is indicative of relationships (Hycner, 1985). To maintain an inductive approach to theory development and to ensure sufficient phenomenological depth, emergent theoretical propositions were written up from the data, without the use of any relevant theoretical literature (Cope, 2005). The next step involved 'enfolding literature', which enabled the development of theory with stronger credibility and deeper conceptual insight (Eisenhardt, 1989).

Using Blore's (2012) interpretive phenomenological analysis, the data analysis was approached as follows:

1. Interviews were transcribed and 'outline' read, noting early identifiable themes.
2. The second stage was exploratory reading with early notetaking, identifying descriptive, linguistic and concept comments.
3. The third stage saw thematic note taking and the identification of emergent themes from the transcripts.
4. The final stage involved theme mapping during which emergent themes were mapped together to develop a coherent image of the data.

After analysing the case data, we chose the absorptive capacity theory of knowledge spillover entrepreneurship (Qian & Acs, 2013) as a sensitising framework, as it enabled the exploration of knowledge acquisition and utilisation in the two-country context.

A summary of the four cases is presented in Table 1, followed by a description of the guiding theory and findings and theoretical propositions developed from the cases.

Table I. Table of Case Study Descriptions

TE Name	Louis	Harvey	Jessica	Eddie
Gender and age	Male, 29	Male, 38	Female, 32	Male, 42
Education	Tertiary qualification at the University of South Africa	Bachelor of Science degree	Degree in Actuarial Science	Master's degree
Source of last education	Host country	Home country	Home country	Host country
Source of experience	Host country	Host country	Host country	Host country
Venture type	Risk advisory company	Farm	Green energy company	Mining and industrial solutions
Previous activity	Underwriting team leader	Agriculture consultant	Actuarial analyst	Marketing
Current employment	Employed in credit and information management	Programme manager of NGO	Actuarial consultant	Marketing

Source: Author's own.

Findings and Propositions

Human Capital

The procurement and retention of requisite human capital exemplifies human resource best practice. Volberda et al. (2010) argue that human resource management practices and policies form part of a set of distinctly organisational antecedents of absorptive capacity.

Human capital theory (Becker, 1964; Mincer, 1958) proposes that individuals or groups who possess greater levels of knowledge, skills and other competencies will achieve greater performance outcomes. The theory further states that knowledge improves individuals' cognitive abilities, which in turn improve potential and productivity. Therefore, individuals with higher human capital are better at identifying and exploiting opportunities (Namatovu & Dawa, 2017). Human capital assets specific to entrepreneurship have a stronger link to positive new venture performance than more general human capital assets (Unger, Rauch, Frese, & Rosenbusch, 2011). Alternative arguments have been presented regarding the relationship between human capital and resources. For example, Katongole, Munene, Ngoma, Dawa, and Sserwanga (2015) argue that human capital mediates the relationship between resources and performance. Others argue that resources moderate the relationship between human capital and enterprise success. These varying views indicate the need for further understanding of these constructs.

As part of the brain drain thesis, highly educated individuals migrate to other countries in search of better opportunities to the detriment of their home country (Todaro, 1985). Formal education is one component of human capital that may assist in the accumulation of explicit knowledge that may provide skills useful to entrepreneurs (Davidsson & Honig, 2003). This can be adduced from the following quote from Jessica:

We went through a very good education system ...

Eddie, on the other hand, explained how important his previous education was:

I have an engineering background. So naturally I had to start a business in this field because it was easy for me to understand the opportunities the market had to offer.

Further to this, some immigrants tend to enrol for further study in their country of residence to improve their chances of gaining viable employment in the job market. This is because they face employment discrimination through non-recognition of home country obtained academic qualifications and work experience.

This is especially so for TEs whose formal human capital investments may not be amenable or readily recognisable in the new country in which they settle. Acquisition of education from two country contexts serves to strengthen their competitiveness.

All the respondents had good formal educational backgrounds. Harvey has a Bachelor of Science degree, Jessica has a degree in Actuarial Science while Louis is enrolled for a tertiary qualification at the University of South Africa and Eddie has a Master's degree.

Human capital also includes experience and practical learning that take place on the job, as well as non-formal education, such as specific training courses that are not a part of traditional formal educational structures (Davidsson & Honig, 2003). The narratives that follow illustrate the primacy attributed to work experiences.

There are advantages that I have here, which I must milk. One of them is the experience. Eventually it's going to pay off. *Louis*

...the opportunity here from a purely commercial perspective, with the experience that I have, is much greater. *Harvey*

Wang, Rodan, Fruin, and Xu (2014) emphasise that one searches via his or her extant knowledge for combinatorial opportunities and new knowledge elements. These insights illustrate important aspects of how the individual's education, training and experience help TEs in developing their ability to recognise the value of an idea. This conforms with Sequeira, Carr, and Rasheed (2009), who suggest that education and career experience should play a role in opportunity exploitation for TEs. We therefore suggest the following declarative statement:

Transnational entrepreneurs derive significant advantages from their educational, training and other work experiences that enable them to understand new technology, recognize its value and bring it to commercialization.

Concern for Home Country

Interest in the wellbeing of one's home country tends to influence the undertaking of activities that seek to help their fellow countrymen. These activities may take the form of charitable giving or liaising of investors to authorities in the home country. These actions are geared towards improving the livelihoods of the home country citizenry, especially those with personal relations with the individual in the Diaspora. A more empowering form of this assistance may take the form of helping home country residents start businesses of their own. In some cases, the business idea may be derived from the diasporian in the host country. Relevant to the current study is a different kind of phenomenon when the individual sources

ideas and resources from the host country and starts an enterprise of his/her own in the home country with a view to helping his/her relatives address life's problems.

The following quotes indicate this type of concern:

I love Zim [Zimbabwe] and I wanted to help the many people I left back home. So I had to come up with something that was new and would grow and offer many people jobs. *Harvey*

Back home everything is not working. Waiting for help from the government is pointless. To help my people I had to start an enterprise that would be sustainable and give them opportunities to supply. *Eddie*

Concern for home country has been addressed in the international entrepreneurship literature as an explanation for multinationals venturing outside their home country (Yiu, Lau, & Bruton, 2007). In this study, we show the flip side of this concern highlighting its role in informing the decision for an entrepreneur to transfer ideas from a foreign domain to the entrepreneur's home country. Ojo et al. (2013) argue that a longing to be reintegrated into the home country as a result of harsh experiences or the expectation to extract benefits from an improved social status in the country of origin are factors that typically drive the concern for the home country. They further argue that altruistic factors such as the need to provide jobs to relatives in the home country also play a role. We therefore suggest the following declarative statement:

Concern for the home country inspires the engagement in transnational entrepreneurship.

Acquisition of New Knowledge

Acquisition of new knowledge informs the choice of new customers, suppliers and production methods. The new knowledge tends to be the basis for the creation of the new enterprise. Previous literature shows that knowledge acquisition determines a firm's performance (Yli-Renko, Autio, & Sapienza, 2001). Knowledge is regarded as an essential ingredient in an organisation's internationalisation process (Casillas, Moreno, Acedo, Gallego, & Ramos, 2009). In this same vein the results show that the knowledge acquired influenced the engagement in transnational entrepreneurship. The following quotes show this:

I have learnt a lot since I came to South Africa. There is a big focus on renewable energies here. *Jessica*

Things here are done differently. They have a modern approach. The farming practices are modern. *Harvey*

The financial sector in SA is well developed. There is a lot I have learnt in the insurance business. *Louis*

The economic advancement of the host country provides a source of knowledge in a number of sectors that the respondents had been active in.

It is therefore proposed:

Proposition 1: Transnational entrepreneurs tend to acquire new knowledge in their host country that they use to engage in entrepreneurship in their home country.

Use of Prior Knowledge

Possession of relevant prior knowledge is likely to influence the acquisition of new knowledge (Tsai, 2001). This knowledge may have been obtained from study, work experience or previous entrepreneurial activity. Shane and Venkataraman (2000) proposed that individuals must possess prior knowledge and the cognitive properties necessary to value such knowledge in order to identify new means–ends relationships. Corbett (2005) opined that the manner in which individuals transform their prior knowledge into new insights and new knowledge is an important and understudied aspect of entrepreneurship research. Ardichvili, Cardozo, and Ray (2003) in the same vein theorise that individuals in possession of knowledge about industry, markets, customer problems and how to serve markets have a better likelihood of recognising entrepreneurial opportunities. The interviewees all had a good quality educational background relevant to the line of business they were pursuing as shown in Table 2. On top of this educational background the experiences of research participants are rich and varied.

Table 2. Data Structure

1st Order Concepts	2nd Order Empirical Indicators	Aggregate Theoretical Dimensions
<ul style="list-style-type: none"> ● 'I have an engineering background. So naturally I had to start a business in this field because it was easy for me to understand the opportunities the market had to offer.' <i>Eddie</i> ● 'There are advantages that I have here, which I must milk. One of them is the experience. Eventually it's going to pay off.' <i>Louis</i> ● '[T]he opportunity here from a purely commercial perspective, with the experience that I have, is much greater.' <i>Harvey</i> 	Human capital	Resource inputs
<ul style="list-style-type: none"> ● 'I love Zim and I wanted to help the many people I left back home. So I had to come up with something that was new and would grow and offer many people jobs.' <i>Harvey</i> ● 'Back home everything is not working. Waiting for help from the government is pointless. To help my people I had to start an enterprise that would be sustainable and give them opportunities to supply.' <i>Eddie</i> 	Concern for home country	Affect
<ul style="list-style-type: none"> ● 'I have learnt a lot since I came to South Africa. There is a big focus on renewable energies here.' <i>Jessica</i> ● 'Things here are done differently. They have a modern approach. The farming practices are modern.' <i>Harvey</i> ● 'The financial sector in SA is well developed. There is a lot I have learnt in the insurance business.' <i>Louis</i> 	Acquisition of new knowledge	Resource acquisition

(Table 2 Continued)

(Table 2 Continued)

1st Order Concepts	2nd Order Empirical Indicators	Aggregate Theoretical Dimensions
<ul style="list-style-type: none"> ● 'Having been exposed to a different environment such as South Africa you are driven by the hyper-need to come up with ideas.' ● 'I have met people who have really shaped my thinking ... who have really changed my way of looking at things, people who have challenged me and my way of thinking.' ● 'I think my chances of success are greater because the opportunity here from a pure commercial perspective with the experience I have is much greater.' 	Use of prior knowledge	Resource utilisation
<ul style="list-style-type: none"> ● 'When I am done I will have to go back home. I will have to survive on something there when that time comes.' <i>Eddie</i> ● 'Things will get better eventually in Zimbabwe. I will need to have something to go back to and I am working towards that.' <i>Jessica</i> ● 'I have learnt a lot, I have so much experience. I must take this back home eventually.' <i>Louis</i> 	Intention to return to home country	Intent
<ul style="list-style-type: none"> ● 'My aim was to set up something for myself back home. But I knew the challenges that I was bound to face and so just reminding myself that I had to do for myself back home motivated me a lot.' <i>Louis</i> ● 'There is a lack of high technology industrial solutions in Zimbabwe. I sought to address this need by setting up a company back home. It wasn't easy for people to appreciate the need but I struggled focussed on setting up the company.' <i>Eddie</i> 	Establishment of goals	Openness
<ul style="list-style-type: none"> ● 'I grew up in a rural area and I know what darkness is all about. So while we were discussing solutions for an area in South Africa, I was intrigued especially by the renewable energy and the affordable nature of the solutions.' <i>Jessica</i> 	Cultural compatibility	Interactional logics
<ul style="list-style-type: none"> ● 'So it was very important for me to keep an eye on things and to be very organised. I provided guidance where I felt it would help the employees steer the activities in the right direction.' <i>Harvey</i> ● 'Like on my part, dealing with the accounting, I have to make sure that the guys in Zim [Zimbabwe] give me all the accounting information so that I understand what ... how much was paid and stuff like that on a daily basis. I then work on the accounts and provide necessary supporting information for decision-making.' <i>Jessica</i> 	Provision of management support	Resource utilisation

(Table 2 Continued)

(Table 2 Continued)

1st Order Concepts	2nd Order Empirical Indicators	Aggregate Theoretical Dimensions
<ul style="list-style-type: none"> ● '[You] need to have someone over there, because, say, if you want to approach a company, you are confident that you can deliver the goods. So you need someone who is there, who is in the daily operations. Other than that, it won't work ● That's why we thought it better to have someone who is actually resident there—who understands the things and does what we would do here. We can do research on paper but its better if you can have a feel of what people expect, the market expects and things like that. So that person, really on the ground is excellent, and they give us excellent information. When you allow them the flexibility, they understand what is needed and do what is necessary for your own good.' <i>Jessica</i> ● 'In the context of doing business here, I am now having to rely on people who I have just gotten to know You have to believe in the goodness and competence of others. When you empower them they do good for the business.' <i>Louis</i> 	Trust	Mutual acquaintance
<ul style="list-style-type: none"> ● 'We tend to modify our product to meet the Zim [Zimbabwe] customer needs which are different from those in South Africa. Our customers want energy efficient components and that is what we must supply.' <i>Eddie</i> 	Adaptability	Coping strategy
<ul style="list-style-type: none"> ● 'You find that the type of business that I need to set up is very relevant to Zim [Zimbabwe] because it is not actually something that is currently there.' <i>Louis</i> ● 'When you are small, you must adjust to the market and provide what exactly the customer wants.' <i>Eddie</i> 	Differentiation strategy	Implementation
<ul style="list-style-type: none"> ● '[W]e have to go through thorough coaching, thorough training of our employees.' <i>Louis</i> ● 'You start a business because you have a passion to empower, impart, and train other people to understand what you want to achieve' <i>Louis</i> 	Training	Implementation

Source: Authors' own.

As Louis states: Having been exposed to a different environment such as South Africa you are driven by the hyper-need to come up with ideas.

He further states that:

I have met people who have really shaped my thinking ... who have really changed my way of looking at things, people who have challenged me and my way of thinking.

Harvey on the other hand is explicit stating that:

I think my chances of success are greater because the opportunity here from a pure commercial perspective with the experience I have is much greater.

Delmar and Shane (2006) opine that previous work in the industry in which the new firm will operate provides information about industry rules and norms, customer and supplier networks and employment practices. This previous work may manifest itself in the form of employment, enterprise ownership and education through internship or apprenticeship placements. They find that experience influences venture survival but the effects are nonlinear, and vary with venture age. Similar findings are adduced in Lin and Tao (2012) who found that previous employment, education and training significantly affected the chances of becoming TEs.

Proposition 2: Transnational entrepreneurs tend to integrate prior knowledge with newly acquired new knowledge in their host country that they use to engage in entrepreneurship in their home country.

Intention to Return to Home Country

An individual's intent to migrate to their home country arises from dissatisfaction with current country or availability of opportunities in the home country. In this article we argue that the need to migrate may be motivated by the acquisition of information resources that foster a number of mechanisms that set the stage for the set up an enterprise in the individual's home country. Previous research (Ahlburg & Brown, 1998) shows that those who intend to return remit significantly more money and accumulate more physical assets in their home country. This research fits well with the argument we advance in this article that the intention to return may result in the set up of an enterprise in the home country. Evidence of this can be adduced from the following quotes:

When I am done, I will have to go back home. I will have to survive on something there when that time comes. There are many opportunities in the mining sector that I can tap into. *Eddie*

Things will get better eventually in Zimbabwe. I will need to have something to go back to and I am working towards that. So far the need for solar solutions is very clear. *Jessica*

I have learnt a lot, I have so much experience in the insurance sector. I must take this back home eventually. *Louis*

The quotes show that entrepreneurs bear a sense of inevitability to return to their country of origin. The acquisition of knowledge resources provides an opportunity to create a livelihood when they return.

Proposition 3: The acquisition of new knowledge enables individuals develop intentions to return to their home country.

Cultural Compatibility

An individual's capacity to learn is not absolute but rather varies with the learning context. Previous research has shown the importance of a match between the individual and the situation in promoting

learning (Dimov, 2007). Within the frameworks of internationalisation or expansion of an individual's entrepreneurial activities, variation of the context may depend on cultural differences. These differences tend to result in challenges that would not occur if the individual's norms were similar to those of the new context they are seeking to engage in entrepreneurship (Carayannis, Evans, & Hanson, 2003). These differences tend to hamper the individual's ability to interpret available information (Autio, Sapienza, & Arenius, 2005).

When cultures are compatible, individuals tend to abandon their existing mindsets in preference for the other (Bauer & Matzler, 2014), especially when they believe this may be used to improve themselves.

Cultural compatibility fosters the formation of alliances in the host country, which in turn exposes the entrepreneur to new knowledge that can be commercialised in the home country.

The proximity of Zimbabwe to South Africa represents the likelihood of similar cultures across these two countries. For example, the Ndebele and Mwenye ethnic groups are found in both countries and many White Zimbabweans originally migrated from South Africa. In the interviews, the entrepreneurs relayed stories that illustrate this cultural compatibility. Jessica, in the following excerpt, attributes her experiences while growing up and the lack of electricity being similar to what she was encountering in the country of residence.

I grew up in a rural area and I know what darkness is all about. So while we were discussing solutions for an area in South Africa, I was intrigued especially by the renewable energy and the affordable nature of the solutions.

Through this experience, Jessica could easily relate to engage in a similar business that could meet a need she was familiar with.

Cultural compatibility is also evident in the ease with which some of the interviewees were able to integrate in the country of residence. For example, Louis indicated that he found it easy to mix with the locals who shaped his thinking and rallied behind his vision. Such an individual is drawn to entrepreneurial activity because it is compatible with the cultural values to which the individual was previously conditioned to.

Proposition 4: Cultural compatibility facilitates the ability of TEs to acquire knowledge and transform this knowledge into a venture outcome in the home country.

Trust

The ability to understand is derived from level of trust between the engaging parties (Cohen & Levinthal, 1990). Trust is considered important for successful relationships (Bergh, Thorgren, & Wincent, 2011). It is related to sharing the risk with the other party and is often associated with confidence in the other party's goodwill (Bachmann & Inkpen, 2011). Through the creation of new ideas trust influences both the extent of knowledge exchanged and the efficiency with which it is exchanged (Geneste & Galvin, 2013).

While some authors such as Graebner (2009) posit that trust increases the entrepreneur's vulnerability, other studies such as Schildt and Laamanen (2006) indicate the importance of trust in business transactions.

Saxenian (2002) opined that transnational entrepreneurship may signify the presence of a local alliance with a high degree of trust and solidarity facilitating growth. Trust occurs in both the host and home country domains. In the host country, the entrepreneur develops trust of the new networks he is tapping into to enable better access. In the home country, the entrepreneur has to trust partners

responsible for realising the entrepreneurial goals. Trust enhances business possibilities and cross-national partnerships, alleviating risks and uncertainty stemming from the complexity and unpredictability of the global markets (Koot, Leisink, & Verweel, 2003). This is reflected in the following statement by Jessica:

... you need to have someone over there, because, say, if you want to approach a company, you are confident that you can deliver the goods. So you need someone who is there, who is in the daily operations. Other than that, it won't work

That's why we thought it better to have someone who is actually resident there—who understands the things and does what we would do here. We can do research on paper but its better if you can have a feel of what people expect, the market expects and things like that. So that person, really on the ground is excellent, and they give us excellent information. When you allow them the flexibility, they understand what is needed and do what is necessary for your own good.

Louis in the following excerpt shows how he is integrating in the South African society to the advantage of his business.

In the context of doing business here, I am now having to rely on people who I have just gotten to know ... You have to believe in the goodness and competence of others. When you empower them they do good for the business.

Proposition 5: TEs rely on trust of individuals in both home and host country domains to influence the sharing of knowledge and the burden of risks.

Establishment of Goals

Goal theory (Locke & Latham, 1990) shows us that goals direct attention and action to goal-related activities. Goals also have an energising function, with harder goals leading to greater and prolonged effort. Establishment of goals affects persistence and indirectly affects action by leading to the arousal, discovery and/or use of task-relevant knowledge and strategies. The following quotes indicate this:

My aim was to set up something for myself back home. But I knew the challenges that I was bound to face and so just reminding myself that I had to do for myself back home motivated me a lot. *Louis*

There is a lack of high technology industrial solutions in Zimbabwe. I sought to address this need by setting up a company back home. It wasn't easy for people to appreciate the need but I struggled focussed on setting up the company. *Eddie*

Hechavarria, Renko, and Matthews (2012) found that more specific goals (i.e., more formal plans) will benefit nascent entrepreneurs who aim to establish a new firm. The goals set by the TEs varied from the pecuniary to the non-pecuniary. The respondents demonstrated a mix of financial and social/altruistic goals. For example, Louis in the following text outlines a mix of goals when he states the following:

It's not a matter of whether I want to start a business, it is just the most logical thing to do ... starting a business because you have a passion to empower, impart and train other people to understand that.

Jessica on the other hand demonstrates social goals when she states that

My main... major desire was to have the rural child able to study. So when I saw these small solar lamps that were quite affordable, I said wow; I can actually start a project.

The need to help individuals in the country of origin is a well-researched motivator of transnational entrepreneurship (Chen & Tan, 2009; Lin & Tao, 2012). Often, migration is attributed to the existence of social inadequacies in one's community that they in turn seek to resolve through entrepreneurship.

Harvey, on the other hand, has purely financial goals he has set. He looks at his transnational status as an advantage stating that:

... being a Zimbabwean, and having assets in Zimbabwe, I have to sweat those assets to look after me, because, that is the only reason why I should have them.

Proposition 6: The establishment of goals by TEs enables them contend with challenges and implement different mechanisms to attain the set goals.

Provision of Management Support

García-Morales, Bolívar-Ramos, and Martín-Rojas (2014) state that management support may be necessary to make companies more capable of accessing, assimilating and applying knowledge to commercial ends. Top management is the agent responsible for establishing changes in the values, norms and organisational culture that eventually enable other organisational members to adapt to new technologies (Liang, Saraf, Hu, & Xue, 2007).

Considering that the entrepreneur is geographically far removed from the operations and supervision of employee activities may be a challenge, it is important that he commits his support to the activities of the employees, fostering desirable behaviours and negating counterproductive ones. Management support is necessary to ensure the availability of funds and the commitment for training towards improving employees' expertise (Bolívar Ramos, García Morales, & García Sánchez, 2012). The respondents highlight the nature of support that they provide for their enterprises. This is shown by the following quotes from Harvey and Jessica:

So it was very important for me to keep an eye on things and to be very organised. I provided guidance where I felt it would help the employees steer the activities in the right direction. *Harvey*

Like on my part, dealing with the accounting, I have to make sure that the guys in Zim [Zimbabwe] give me all the accounting information so that I understand what...how much was paid and stuff like that on a daily basis. I then work on the accounts and provide necessary supporting information for decision making. *Jessica*

Despite the distance between the entrepreneur and the firm's location, modern technologies and affordable communication channels facilitate the type of support that is provided. For example, the availability of the Internet enables Jessica work on the firm's accounts from afar.

Proposition 7: Provision of management support by the TE to the employees in the home country fosters confidence and improves delivery of the firm's service.

Differentiation

In many developing countries, the business environment is relatively challenging especially for transnational enterprises that have to contend with institutions in two relatively dissimilar domains. They have differentially limited access to information and other resources that are ordinarily readily available to the local-based firms and this hobbles their ability to compete. These firms though possess superior advantages in terms of knowledge they acquire from foreign jurisdictions. This knowledge may enable them to develop unique products, services or production methods. In this sense, a differentiation business strategy is befitting for this type of enterprise since competition based on cost may not be possible as they may not enjoy the economies of scale that larger firms enjoy. It is in this regard that Rumelt (2005) argues that entrepreneurship is about novelty and differentiation. Teece (2010) argues that developing a successful business strategy is insufficient to assure competitive advantage rather a differentiated yet effective and efficient strategy is more likely to yield profits. Strategy choices are not mutually exclusive, nor are they exhaustive. A firm may concurrently pursue cost leadership, differentiation and early market entry (Zott & Amit, 2008). Jessica, one of the respondents, articulates this when she states that they were bringing in small solar lamps that were environment friendly compared to existing solutions to the energy problems the country was facing. Louis, on the other hand, started a risk advisory company but differentiated it to concentrate on country of residence corporations operating in his country of origin.

He further states the following:

You find that the type of business that I need to set up is very relevant to Zim [Zimbabwe] because it is not actually something that is currently there.

Eddie explains the need for a differentiation strategy here as follows:

When you are small, you must adjust to the market and provide what exactly the customer wants.

This leads to our next proposition:

Proposition 8: Pursuit of a differentiation strategy is best suited for TEs.

Training

Henry, Hill, and Leitch (2005) state that some aspects of entrepreneurship can successfully be taught. The literature is in agreement on the importance of training to entrepreneurship, with leading authors such as Martin, McNally, and Kay (2013) and Glaub and Frese (2011) contending that training is relevant to the occurrence of entrepreneurship. McKenzie and Woodruff (2014) and Bae, Qian, Miao, and Fiet (2014) in related research streams found that training aids potential entrepreneurs start new firms faster.

There is a need to modify acquired knowledge to fit the local context. A good idea adopted from one geographical area may not suffice without adjustment to another area because the environment, tastes and preferences dictate otherwise. Further to this is the need to transfer the knowledge and experiences of the entrepreneur to her local staff. It is in this regard that competence in training is important. However, Riddle, Hrivnak, and Nielsen (2010) identify training of employees in the country of origin as one of the major challenges faced by TEs. Henry, Hill, and Leitch (2005) propose that trainers need to have a proper understanding of what they wish to achieve from their programme from the outset, in order to ensure a more accurate assessment of the outcomes. This is very important to TEs who have to navigate contexts different from where they are operational with the temptation to rely on their previous knowledge of

these contexts. In the following quote Louis is emphatic about the importance of training in the realisation of entrepreneurship in the home country:

... we have to go through thorough coaching, thorough training of our employees.

In the following quote Louis further asserts that this training may be part of his motivation to start the business:

You start a business because you have a passion to empower, impart, and train other people to understand what you want to achieve....

Training is important to transmit the new knowledge and to create an organisational culture that meets the vision of the entrepreneur. Given the difference in economic development between the home and host countries the venture ideas being implemented are likely to require new skill sets that may not be readily available in the home country. Training employees therefore becomes a crucial activity in realising the firm's objectives, and yet this activity is challenged by a number of mindsets as shown in the following quote:

In Zim [Zimbabwe] there is a culture of people who are very academic, and who think they know everything, yet we who have been outside the boundaries of the country have experienced a lot more that they can learn. ... You are trying to bring in a platform of operations and you are faced with a culture of people who still believe they are so learned.

Eddie offers a different insight to the importance of training:

AQY trains its employees. Because it is expensive to hire already qualified engineers, apprentices are trained but encouraged to seek further training in formal training institutions.

From the previous quotes, we observe that not only is training necessary but it also ultimately reduces the cost of engaging in entrepreneurship. However, it is challenged by existing mindsets and so it is incumbent upon the TE to possess training skills in both imparting operational/managerial knowledge and skills in inculcating required perceptions. We therefore propose:

Proposition 9: TEs realise the entrepreneurial objectives through training home country employees in managerial and operational skills and effecting mindset changes.

Adaptability

Flexibility enhances firm performance (Schwab & Miner, 2011). It renders its importance to firm competitiveness through meeting customer needs (Ebben & Johnson, 2005) and adjusting to the changing business climate. This adaptability is preferred where the firm does not have access to large amounts of resources and where the firm is less bureaucratic. Foss (1996, p. 78) explained that there is especially a 'need for flexibility in an uncertain and hard-to-predict world'. These circumstances typify not only the transnational nature of the enterprises under study but also the developing country context that Zimbabwe is with recent political and economic turmoil. The interviews showed that adaptability was an approach that the TEs tended to adopt. This is captured in the following quote from Eddie:

We tend to modify our product to meet the Zim [Zimbabwe] customer needs which are different from those in South Africa. Our customers want energy efficient components and that is what we must supply.

Frese (2009) proposes that people should flexibly change their plans to achieve their goals. Change of plans is particularly useful when tasks are fuzzy or uncertain (Campbell, 1988), which is often the case in Sub-Saharan Africa. We therefore propose that:

Proposition 10: In response to challenging conditions and scarce resources, TEs tend to adapt in order to successfully realise their venture goals.

In light of the propositions and declarative statements discussed above, we put forward the following conceptual framework (Figure 1) that illustrates the manner in which the absorptive capacity theory of knowledge spillover entrepreneurship drives transnational entrepreneurship.

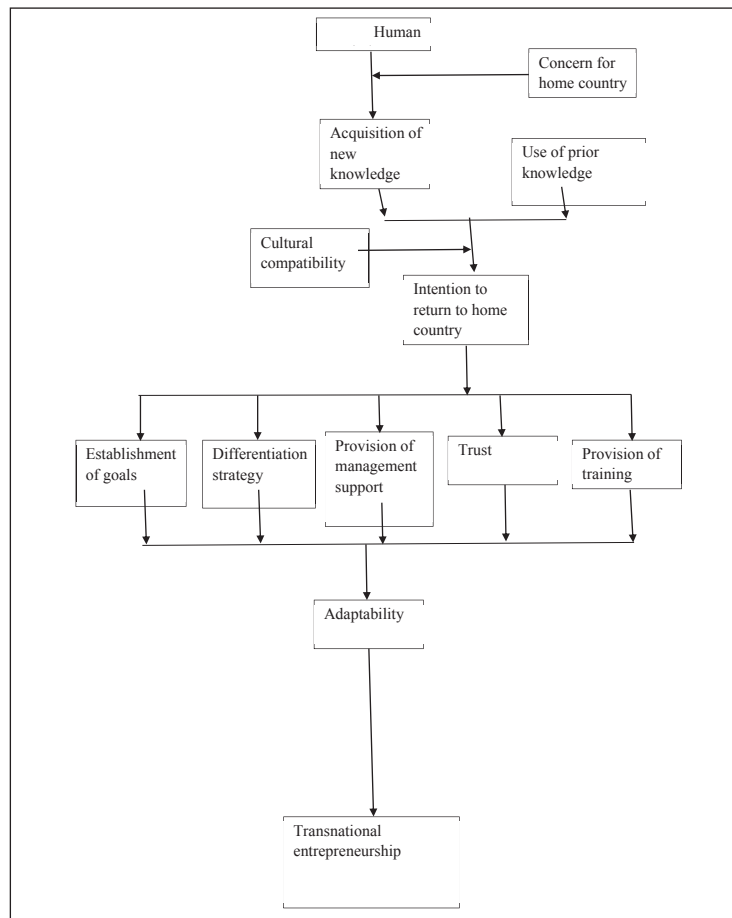


Figure 1. Conceptual Framework

Source: Authors' own.

Conclusion

Implications for Theory

The absorptive capacity theory of knowledge spillover entrepreneurship provides a platform to study how TEs use knowledge to engage in this unique type of entrepreneurship.

The research explains the relevance of the individual in absorptive capacity challenging previous views that the construct was a firm level one, and it also explicates the role of learning on the part of the entrepreneur and his employees in ensuring the success of the enterprise. The study also provides new insights in the brain drain thesis implying that even when a country's nationals migrate this may be followed by a return with new knowledge and skills that may spur enterprise development. This study has added to our understanding of transnational entrepreneurship by highlighting the temporal role that these entrepreneurs inhabit as they consider their business in the home country as a bridge for possible return. This is made possible by the mechanism of knowledge spillover and the movement of that knowledge from the individual (the entrepreneur) to the firm (the new enterprise).

Implications for Practice

Developing country investment policies tend to target foreign investors based on the belief that they are most likely to exploit unidentified opportunities. The results of this study show that home country nationals are in a good position to identify knowledge that they can use to create opportunities in their home country context. This creates a need for these individuals to be facilitated through deliberate engagement by governments with the Diaspora and industry partnerships between diasporas and local firms. Requirements for foreign investors to team up with Diaspora communities located in their countries before investment may yield worthwhile ventures.

Implications for Policy

From a policy perspective, this research reflects the need for more thoughtful implementation of policy targeting a country's citizenry in the Diaspora. The aim of such interventions must be to help establish an investment climate that provides incentives to this cadre of entrepreneur to use knowledge received from their host country to exploit opportunities in the home country.

Policy could pursue a number of directions. For example, to establish a transnational entrepreneurship desk in the country's investment agency particularly tasked with identifying and facilitating this cadre of entrepreneurs in investing in key sectors that very much need injection of new ideas. Policy could also facilitate dual citizenship, where it is not yet operational to facilitate the free movement of these entrepreneurs.

Study Limitations

While this article has provided insights into the role of entrepreneurial absorptive capacity as a mechanism for creating opportunities in transnational entrepreneurship, the research has certain limitations.

This study is limited by the exaggerated view that entrepreneurs sometimes have of themselves that may skew the study results.

Another limitation is that the geographical scope of operations of the enterprises proved to be a challenge to include multiple methods such as observations to triangulate the findings. We addressed this challenge through document reviews and further interviews with stakeholders.

Areas for Further Research

Future research may study the role of further spill overs by the TEs in fostering entrepreneurial activity in the home country. This research will be able to demonstrate whether the home country education in itself is adequate to facilitate the adoption of novel ideas from foreign contexts.

The role of knowledge can also be further explored seeking an understanding of the extent to which the existing business ecosystem in the home country is receptive to the ideas that are being implemented.

Future studies could investigate the growth of transnational enterprises and the nature of alliances the firms form in the home country. This is because the absence of the founding entrepreneur may require the creative engagement of local partners and the nature of growth may differ from the host to the home country.

Future studies may also study the novelty of the goods and services provided by transnational enterprises in the home country and the possibility of this in contributing to the literature on innovation.

Final Remarks

Knowledge is one of the most important resources for today's entrepreneur. Researchers in several fields have shown interest in explaining different facets of knowledge from its creation, utilisation to its outcomes. In this study, we explored the role of entrepreneurial absorptive capacity as a mechanism of knowledge spillover in creating opportunities in transnational entrepreneurship. We find entrepreneurial absorptive capacity of the TE is very important to access new technologies and processes and implement them in their home country domain. We specifically find that experience, adaptability, setting of goals, training of staff and pursuit of a differentiation strategy are important in the occurrence of transnational entrepreneurship. We find that this is especially important due to the marked difference in the institutional framework in the two countries, which calls for careful understanding and modification of entrepreneurial idea, product or service to ensure its viability in the entrepreneur's country of origin. We also show through transnational entrepreneurship that absorptive capacity, which has been predominantly treated as important for the firm, is also important for the entrepreneur.

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