

## Chapter 8

# Legalistic Entrepreneurship in the Digital World

Fahri Özsungur

 <https://orcid.org/0000-0001-6567-766X>

Adana Science and Technology University, Turkey

### ABSTRACT

*This study aims to explain the legalistic entrepreneurship by introducing the type of legalistic entrepreneurship that transforms compliance with laws into entrepreneurship action, and answer the question of how information and communication facilities brought by the digital world can be turned into opportunities in the face of legal obstacles. In this chapter, the concept and components of legalism, the conceptual framework of legalistic entrepreneurship, processes, personal characteristics of legalistic entrepreneurs are explained. In the conclusion section, recommendations are made to policymakers, entrepreneurs, and academicians on virtual commerce and initiatives to be developed in the digital environment and legalistic entrepreneurship.*

### INTRODUCTION

Entrepreneurship is one of the indispensable elements of trade life for centuries. The industrial revolution and the development of the technology developed commercial life, and entrepreneurship was entered a very different dimension with the contribution of the digital world to humanity. Virtual stores, virtual services continue to develop in the face of the infinity of the needs of individuals. Technological development lagged behind digital development and this difference was reflected in commercial life. Technological developments in production have difficulty in responding to the differentiation of consumer needs. But digital innovations are constantly renewing itself to meet growing consumer needs. Web designs, virtual shopping sites, smartphone applications are constantly being developed to serve consumers (Bessant, & Tidd, 2007). Depending on these developments, social media applications are used as the purpose of organizational strategy.

Thanks to the advertisements made through social media applications, promotion strategies gained a different momentum. Thanks to these cookies, consumers can review the ads that are of interest to

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them, and through these ads, shopping can be done in accordance with the taste of the individual. The interaction and communication contribution of the Internet to our social lives provides benefit to the promotion strategies of the organizations. The speed of access to information brought by the internet network leads to consumer-organization interaction. Thus, the physical distance has become insignificant for consumption and commercial life.

Increasing consumer needs with internet and digital developments have brought new initiatives. These initiatives continue to meet different consumer needs with the innovations of the digital world today. In the face of endless consumer needs, many types of entrepreneurship have emerged, leading to the emergence of different ideas in a globalizing world. Freedom, innovative actions, and the idea of continuous renewal created by globalization are reflected in the ideas of entrepreneurs. In this context, Many types of entrepreneurship such as academic entrepreneurship (Gianiodis, Meek, & Chen, 2019), intrapreneurship (Hisrich, 1990), women's entrepreneurship (Hechavarria, Bullough, Brush, & Edelman, 2019; Özsungur, 2019a; Özsungur, 2019b), female entrepreneurship (Minniti, 2010), virtual entrepreneurship (Klamma, Spaniol, & Renzel, 2006), social entrepreneurship (Huda et al., 2019; Mair, Robinson, & Hockerts, 2019; Rawhouser, Cummings, & Newbert, 2019; Saebi, Foss, & Linder, 2019), corporate entrepreneurship (Kreiser et al., 2019; Molina, & García-Morales, 2019), green entrepreneurship (Allen, & Malin, 2008) have been proposed in the literature. While all these types of entrepreneurship are based on the field of entrepreneurship, they do not focus on the reflection of the entrepreneur's inner world. The starting point and inspiration of these types of entrepreneurship are the fields in which individuals are influenced by innovative actions, transforming risks into opportunities. The entrepreneurship model where entrepreneur characteristics and legal commitment are reflected in entrepreneurship action is not available in the literature. On the other hand, there are no studies that model the effects of laws and rules on the types of entrepreneurship in the literature. The effects of the constraints imposed by local economies on the entrepreneurial model in the free space of globalization have not been investigated.

The differences in legal procedures between countries lead to differences in practice in commercial life (Kidder, 1974). Export incentives and restrictions, market-entry restrictions, production and distribution procedures, quotas, rules, and restrictions on after-sales services may restrict entrepreneurs' freedom of movement. Consequences of non-compliance with the rules/laws may hinder market entry, production, and access to future consumers. This is an important obstacle for entrepreneurship. While entrepreneurs are innovative individuals who transform risk into opportunities, it may not always be possible to turn risks into opportunities against laws. The entrepreneur may turn risks into opportunities within the framework of laws, by not entering into markets prohibited by law and/or by complying with laws. This way of action is to turn risk into an opportunity. Failure to comply with laws and rules is a risk, and taking entrepreneurial action on the condition of compliance with laws is to turn the risk of non-compliance into an opportunity. An entrepreneur facing a market entry barrier due to quotas in a country can turn risks into opportunities by exploring lawful and different innovative ways of entering the market. Entrepreneurs, on the other hand, can carry out the same innovative actions by entering the new market in another country permitted by law. In this case, the risk of non-compliance with the law is an opportunity for other lawful initiatives. The type of entrepreneurship realized in this way is "Legalistic Entrepreneurship". Although there are studies on legal entrepreneurship in the literature, these studies do not meet the concept of legalistic entrepreneurship (Kidder, 1974; Evans & Gabel, 2013; Rezaei, Goli, & Dana, 2014; Sobel, 2008; Aidis & Van Praag, 2007; Rajagopalan & Wagner, 2012; Whitman, 2002; Wiśniewski, 2012; Kwapisz, 2019). In this context, the aim of the study is to reveal and clarify the type of legalistic entrepreneurship that transforms compliance with the law behavior to an entrepreneurial

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