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| The 16th Annual McGill International Entrepreneurship Conference: Researching New Frontiers |
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| The Conference Program and Collection of Short Summaries |
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| August 1st - 5th , 2013McGill UniversityMontréal, Canada |

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| **Thursday, August 1st** | **Friday, August 2nd** |
| The Doctoral Colloquiumsponsored by ie-Scholars and Mcgill University | Symposium on “The Successful Internationalization of Entrepreneurial Firms” |
| 8:00-8:30am | Light Breakfast | 8:00-8:30am | Coffee |
| 8:30-9:00am | Welcome and brief introduction to the field of International Entrepreneurship | 8:30-9:00am | Registration |
| 9:00-10:30am | Seminar on Structural Equation Modelling (SEM), Part IProfessor Jamshid Etezadi (Concordia University) | 9:00-10:30am | How Does a so-called “Traditional Industry” Compete and Succeed in Today’s Changing Global Environment?Mr. Elliot Lifson (Peerless Clothing) |
| 10:30-10:45am | Coffee Break | 10:30-10:45am | Coffee Break |
| 10:45am-12:15pm | Seminar on Structural Equation Modelling (SEM), Part IIProfessor Jamshid Etezadi (Concordia University) | 10:45am-12:15pm | SMEs and Entrepreneurs Going Global; a Canadian PerspectiveMr. Benoit Daignault (EDC) |
| 12:15-1:00pm | Lunch | 12:15-1:15pm | Luncheon |
| 1:00-2:30pm | Seminar on Academic and Formal Writing, Part IProfessor Doreen Starke-Meyerring (McGill University) | 1:15-2:15pm | The Path of International Growth of iCongo and Hybris to Partnership with SAPMr. Steven Kramer (Hybris) |
| 2:30-2:45pm | Coffee Break | 2:30pm | Short Coffee Break |
| 2:45-5:15pm | Seminar on Academic and Formal Writing, Part IIProfessor Doreen Starke-Meyerring (McGill University) | 2:30-4:00pm | We are smarter than me: QG 100 CEO’s NetworkMr. Alain Dudoit (QG 100 CEO’s Network) |
| 6:30pm | Colloquium Dinner | 4:00-5:30pm | Open discussion and closing remarks |
| Seven Round Table Discussion on Friday, August 2nd | 5:30-8:30pm  | Joining the Opening Reception of the Conference |

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| **Saturday, August 3rd**  |
| Light Breakfast 8:00-8:30am |
| Session 1 8:30-10:15am |
| **Session 1A: The Role of Network as Social Capitol for International Entrepreneurship**1. The Role of Business Incubators in International Entrepreneurship

Sören Kock1. Learning Orientation and Network Competence in Growth of International SMEs

Lasse Torkkeli, Olli Kuivalainen, Sami Saarenketo, Kaisu Puumalainen1. Born Globals, Networks and Management

Ingemar Wictor | **Session 1B: The Role of ICT in Internationalisation and Creative Industries**1. An Integrated Framework for Understanding the Phenomenon of eINVs

Becky Reuber, Eileen Fischer, Anna Morgan-Thomas1. The Internationalization of Creative Industries: The Experience of Cultural Festivals

Hamed Motaghi, Hamid Etemad1. Entrepreneurial Types and International Growth of Internet-based Creative Industry SMEs

M. Iivari-Sóna |
| Coffee Break 10:15-10:30am |
| Session 2 10:30am-12:15pm |
| **Session 2A: Women in International Entrepreneurship**1. International Entrepreneurship in Tourism Industry: Women Perspective in Tanzania

Shogo Mlozi, Sören Kock1. Female Entrepreneurship, Internationalization and Trade Liberalization: The Case of Iran, Pakistan, and Turkey

Leyla Sarfaraz, Sarfraz Mian, Emine Esra Karadeniz1. Women Entrepreneurs in the Middle East: A Multi-Level Institutional Lens

Rabia Naguib | **Session 2B: Factors of Success and Failure in the Internationalization of Smaller Firms**1. Regional Impacts and Alignment between Very Small Enterprises and Business Support Providers: An International Comparison between France and Quebec Using a Mixed Research Approach

L. Martin Cloutier, Sandrine Cueille, Gilles Recasens1. Resources and Capabilities in Rural Entrepreneurship: The Case of a Rural Microbusiness

Jose G. Vargas Hernández1. A Model for Identifying Critical Success Factors of Information Technology Outsourcing for the Internationalization of Small and Medium Size Enterprises (SMEs)

Maryam Khaleghy Baygy, Mohammad Ehsan HajSmadi |
| Lunch 12:15-1:30pm |

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| **Saturday, August 3rd (cont’d…)** |
| Session 3 1:30-3:15pm |
| **Session 3A: Internationalization in Emerging Markets**1. Internationalization Strategies of SMEs from Emerging Countries: A Study of Market and Entry Strategies of Vietnamese SMEs

Huu Le Nguyen, Sören Kock1. International Entrepreneurs in the UAE-Decent Work and Multicultural Perspectives

Asadullah Khan, Maqsood Sandhu1. International Entrepreneurship in Latin-America: Analysis of the Country of Origin and its Effect on Internationalization Dynamics

Christian Felzensztein, Gabriel Parra | **Session 3B: Dynamics of Entrepreneurship and Internationalization**1. International Joint Venturing as a Process of Integrating Business Model

Maqsood Sandhu, Petri Ahokangas1. An Investigation into Novice and Serial Entrepreneurs’ Motives and Perceived Competitiveness in Overseas Markets

Dave Crick1. International Dynamics of Migrations and Entrepreneurship Development: A Comparative Analysis Between Canada, Switzerland and Senegal

Alpha Ayande |
| Coffee Break 3:15-3:30pm |
| Session 4 3:30-5:15pm |
| **Session 4A: The Role of Resource Allocation in Internationalization**1. Taking the Engineering Path to Business Leadership and Entrepreneurial Success in Canada and USA

Emeric Solymossy, Andrew Gross1. Resource Allocation Decisions for the Internationalization of Small-Sized Manufacturing Firms

Adeoye Adegorite1. Firms’ use of Networks to get Access to Resources for Internationalization

Svante Andersson, Janina Sundermeier | **Session 4B: Innovation and Internationalization Strategies**1. The First Export Order: A Marketing Innovation Revisited

Dave Crick1. Internationalization Strategy, Firm Resources and the Survival of SMEs in the Export Market

Sui Sui, Matthias Baum1. History Matters: The International Expansion of Mature Entrepreneurial Firms in the Brazilian Software Industry

Angela da Rocha, Sylvia Moraes, Renato Cotta de Mello |

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| **Sunday, August 4th** |
| Light Breakfast 8:00-8:30am |
| Session 5 8:30-10:15am |
| **Session 5A: Innovative Processes in Internationalization**1. The Role of Openness in Internationalization

M. Iivari-Sóna1. Consumers as International Financiers: Putting Your Money Where Your Mouse is, the Case of Rapid Internationalization and Rewards Based Crowdfunding

Loane, S., Bradley, L.M., Ibbotsen, P.G & E. Ramsey1. Born Global’s use of Innovative Solutions to Create Sustainable Competitive Advantages as it Expands and Grows in Different International Markets

Svante Andersson, Gabriel Awuah, Ingemar Wictor | **Session 5B: The Role of Knowledge in Internationalization**1. Knowledge-Intensive High-Growth Firms

Adeoye Adegorite, Rod McNaughton, Hamid Etemad1. How Transnational Bioscience Entrepreneurs Create Born-Global Firms

Jonathan Ying1. How Does a Born Global Firm Transfer and Absorb Knowledge in its Internal Nexus of Relations?

Jan-Tore Oian, Olli Kuivalainen |
| Coffee Break 10:15-10:30am |
| Session 6 10:30am-12:15pm |
| **Session 6A: Networking, Internationalization and Processes**1. Regional Gradualism on Internationalization Process of INV: A Social Capital View

Luis Zárate1. The Role of Personal and Business Networks in the Context of Born Global Firms

Navid Ghannad, Sebastian Huber, Erik Kaplar, Sarah-Jane Schlegel & Kostantin Valassis1. Networking for Internationalization of Canadian Natural Health Products SMEs

Valerie A. Bell, Sarah Y. Cooper1. Relational Ties and SME Internationalization: Evidence from Russia

Natalya Totskaya | **Session 6B: The Longer-Term Comparative and Integration Perspectives on Internationalization**1. The Anatomy of a High-growth Life Cycle: The Case of TLC from Inception to Insolvency

Hamid Etemad1. Organizational Practices and Dynamic Capabilities of International New Ventures: Evidence from Sweden 2000-2009

Jan Abrahamsson, Håkan Boter, Vladimir Vanyushyn1. An Integrated Model for Identifying Intrinsic and Extrinsic Factors of International Entrepreneurial Orientation

Maryam Khaleghy Baygy, Amir Reza Barjasteh  |
| Lunch 12:15-1:30pm |

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| **Sunday, August 4th (cont’d…)** |
| Session 7 1:30-3:15pm |
| **Session 7A: Dynamic, Integrative and Managerial Aspects of Internationalization**1. The Development of Dynamic Managerial Capabilities and their Influence of Rapid International Growth

Svante Andersson, Natasha Evers1. Integrating Entrepreneurial Values and Theory of Planned Behavior

Kim Hoe Looi1. Who Benefits from Investment in Universities? Institutions, University Spillovers, and Firm Performance

Kenny Ching | **Session 7B: The Emerging Patterns of Internationalization**1. The Patterns of Internationalization in Smaller Entrepreneurial Firms in Emerging Markets: The Case of Brazil, India and Russia

Edgar Bellow1. Migration and Social Capital: How do Diaspora Entrepreneurs Succeed when they Become “Returnees”?

N. Kweku Nduom |
| Coffee Break 3:15-3:30pm |
| Session 8 3:30-5:15pm |
| **Session 8A and 8B: Closing Session**1. Publications
2. Future Directions of IE and MIE
3. Collective Research Initiatives
4. Open Agenda
 |
| Closing Reception of the Conference 5:30-9:00pm |

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# Abrahamsson, Boter, Vanyushyn - Organizational practices and dynamic capabilities of International New Ventures: Evidence from Sweden 2000-2009

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**Extended summary**

**Abstract**

*This paper scrutinizes how and to what purpose international new ventures (INVs) utilize various dynamic capabilities and how they differ from other firms in a sample of 2131 internationalized firms in Sweden. We found INVs to work more with reorganizing their external relationships than other internationalized firms. At the same time, INVs appear to target their reorganization efforts at furthering their ability to enhance innovative output. Coupled with the fact that INV report higher rate of new to the market innovations than other internationalized firms, we conclude that INVs retain their innovative spirit over time, and, irrespective of their origin, continuously enhance their networking capabilities. As such, the study points at a characteristic that is unique to the International New Ventures as a distinct group of firms – dynamic innovation-advancing relational capability.*

Key words:  *international new ventures, innovation, community innovation survey, organizational innovation, dynamic capabilities, Sweden*

Our research approach is framed in accordance with the literature on dynamic capabilities, which states that firms need to reinvent and realign its structures, practices and routines over time to remain competitive (Teece 1997; 2007; Eisenhardt 2000). As such, this study examines how and to what purpose INVs may utilize various dynamic capabilities and how this may differ from other firms. Previous exploratory case study and conceptual work on dynamic capabilities in an international entrepreneurship context have indicated that dynamic capabilities have the potential of being a fruitful pathway for explaining internationalization processes and international growth of firms (Prange & Verdier 2011; Salunke et al. 2011).

As INVs are rare and each firm may face unique international settings, challenges and growth patterns, the bulk of past research in the field have consequently been conceptual or based on qualitative case studies. However, we contribute to the field by solidifying research by combining longitudinal register-based data on INVs with survey-based data, where the latter allows for examination and assessment of constructs such as dynamic capabilities and radical innovations.

From the literature review we can conclude that organizational innovations can be understood from many different perspectives. The purpose for this study is to examine to what extent INVs are using organizational innovations as strategic instruments beneficial for the competitiveness of the firm. Firstly, with support from literature we argue that INVs, are working in dynamic international contexts and they need to acquire, develop, or adjust appropriate organizational structures, routines, and competences. In order words INVs need higher levels of dynamic capabilities compared to non-INV firms. Secondly, different types of organizational innovations have different innovation focus. In this study we have selected three types of organizational innovations which together will capture different functional areas of company operations. The three types of organizational innovation have following focus: Business model – Internal organization and routines – External relations.

Various types of overall purposes for undertaking innovation processes can be identified. In the 2008 CIS survey over 50% of the respondents stated that “Improved quality of products/services” was the most important reason for innovation investments followed by “Reduced costs per produced and sold unit” (Statistics Sweden, 2009). Following results from reviews of earlier empirical studies we propose that INVs, with their profile involving international trade and cooperation, to a larger extent than non-INVs, more strongly work with explicit aims guiding their innovation activities.

Furthermore, by providing radical innovations, firms could disrupt the current balance on the market and the radical innovations could as well be a source of competitive advantage for the innovating firm. Due to their previously discussed dynamic capabilities, in for instance the form of organizational innovations, along with their inherent innovativeness of being an internationalized type of firm which opens new markets, we propose that INVs are more likely to be radically innovative than other internationalized firms.

In our results, we found that INVs are more radically innovative than other internationalized firms. Additionally, our sample provided that reorganizing external relationships is a unique feature of INVs in terms of organizational innovation. The objective for INVs to engage in organizational innovation is furthermore to enhance the innovative output of the firm. Given that our results point at a relatively high degree of homogeneity among older and newer INVs, this capability can be hypothesized to emerge early on within an INV and persist through that firm’s development for an extended period of time.

Thus, we conclude that INVs retain their innovative spirit over time, and, irrespective of their origin, continuously enhance their networking capabilities. As such, the study points at a characteristic that is unique to the International New Ventures as a distinct group of firms – dynamic innovation-advancing relational capability. Thus this study contributes to research in the field of international entrepreneurship by highlighting a specific dynamic capability of INVs. By doing so, we offer further evidence pointing to INVs being a distinct type of entrepreneurial ventures as well as shedding light to INV development and growth over time.

From a managerial perspective, this study highlights the importance of dynamic management of the INV firm's external relationships to sustain competitiveness. This could be done through changing governance of relationships, changing positions in the industry's supply chain, dynamic partnerships in projects or other means. Further qualitative research could serve to highlight the issue of how the INVs handle the dynamic management of external relationships over time.

# Adegorite - Resource Allocation Decisions for the Internationalization of Small-Sized Manufacturing Firms

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**Abstract**

This research explores the problems of resource allocation during the process of internationalization by small-sized manufacturing firms. The literature largely portrays a positive view of internationalization with respect to increased firm performance or growth. However, particularly for small-sized firms, growth through internationalization increases uncertainty and may jeopardize firm performance and even threaten survival of the firm. The literature indicates that some small-sized firms fail during the process of expanding to foreign markets (Brewer, 1981; Ramaswamy, 1992; Mudambi and Zahra, 2007). Many of these failures are due, in part, to the challenges of allocating limited resources during and after internationalization (Chen and Hsu, 2009).

Given the challenge of internationalizing, this research examines the influence of resource allocation on firm performance with the aim of providing recommendations on how entrepreneurs can make better resource allocation decisions that sequentially may lead to improved performance. Using multiple case studies, this study investigates the relationship between resource allocation among various markets and the differential effects on firm performance. Specifically, the research questions are: (1.) How did resource allocation decisions affect firm performance in the case studies under investigation? (2.) In what ways did resource allocation to domestic, U.S. and other foreign markets affect firm performance? (3.) With the conclusions reached from the above two questions, what does this suggest to small-sized manufacturing firms about resource allocation decisions to domestic, U.S. and foreign markets? (4.) How can the challenges and problems encountered by the small-sized manufacturing firms while making various resource allocations be avoided, anticipated and/or addressed by other companies?

*Key words*: Internationalization, Resource Allocation Decision, Portfolio Theory, Small-sized Manufacturing Firms, Domestic Market, U.S. Market, Foreign Markets.

*Acknowledgement:* I am grateful to the SSHRC (Social Sciences and Humanities Research Council) of Canada for providing financial support for this research.

**Overview**

The literature review provides a summary of the existing literature related to resource allocation, internationalization, and performance. Specifically, I critically examine portfolio theory, its extensions, and analogous applications in different areas. I also review literature that pertains to the internationalization of small-sized manufacturing firms, their modes of entry and entry strategies that play an important role in understanding the various factors that characterize the internationalization of small-sized manufacturing firms.

This review provides a theoretical basis for resource allocation and firm performance based on portfolio theory. While resource-based view theory, transaction cost theory, and opportunity cost theory are relevant and contribute partly to building a theoretical framework for the research, they are not sufficient individually. The literature review explored internationalization entry strategies and how these strategies impact the performance of the firms. Finally, the review explored the recent theoretical and empirical literature on internationalization and performance relationship for both Multinationals and Small-sized firms. While the recent literature records many relevant findings, none has explicitly examined resource allocation between domestic and foreign markets and the effects on firm performance. This research fills this gap and makes a theoretical contribution to this field by using portfolio theory.

**Theory Development**

To address the problem of allocation of limited resources during and after internationalization, the following theoretical propositions are developed based on modern portfolio-theory (Markowitz, 1952, 1959, 1991) that explains the risk-return trade-offs with regards to resource allocation to domestic, U.S., and foreign markets and possible effects on firm performance:

*Proposition 1*: Firms will allocate relatively more resources to the domestic, U.S. or foreign market when the domestic, U.S. or foreign market generates relatively higher returns at perceived lower levels of risk.

*Proposition 2:* Firms will allocate relatively fewer resources to domestic, U.S. or foreign market when the domestic U.S. or foreign markets generates relatively higher returns at perceived higher levels of risk.

*Proposition 3*: Firms will generate higher returns from the domestic market at perceived higher levels of risk and lower returns from the same market at perceived lower levels of risk.

*Proposition 4:* Firms will generate higher returns from the U.S. market at perceived higher levels of risk and perceived lower returns from the same market at perceived lower levels of risk.

*Proposition 5:* Firms will generate higher returns from foreign markets at perceived higher levels of foreign market risk and lower returns from the same market at perceived lower levels of foreign market risk.

*Proposition 6:* Firm performance is influenced positively by higher returns from the domestic market and negatively by relatively low returns from the same market.

*Proposition 7:* Firm performance is influenced positively by higher returns from the U.S. market and negatively by relatively low returns from the same market.

*Proposition 8*: Firm performance is influenced positively by higher returns from the foreign market and negatively by relatively low returns from the same market.

Data collection through in-depth interviews with firm managers, within-case and cross-case analysis and findings are used to confirm, disconfirm or modify my propositions, resulting in a descriptive model which best explains resource allocation decisions and the effects on firm performance during the process of internationalization.

**Research Method**

In this study, I apply a multiple case-based qualitative approach based on the critical realism paradigm to investigate resource allocation decisions during the process of internationalization. The multiple case-studies provide an opportunity to seek in-depth understanding of resource allocation decisions during the process of internationalization in different small-sized manufacturing companies in Canada. The sample population for this study is the small-sized manufacturing firms in Canada, an industry characterized by limited resources and internationalization challenges.

Other secondary data sources include corporate websites, questionnaire and press releases on these companies. Data analysis is by software-based coding of categories using Nvivo, a qualitative analysis tool for content analysis. Interview transcribes and other data collected for all the ten cases were imported into Nvivo; which provides a structured framework to receive narrative data and facilitates the process of managing, exploring, and finding patterns in an unstructured or semi-structured dataset.

**Findings and Conclusion**

The findings indicate that resource allocations to domestic, U.S., and foreign markets have different contributions to the overall firm performance. However, the way in which resource allocation trade-offs are decided between these markets is largely dependent on the firms or owners/manager’s disposition to risks and returns. Findings from this research also show that decisions by firm managers to allocate resources to a particular market depend on their assessment or anticipation of risks and the potential mitigation strategies that are required in order to maximize returns. This, consequently, determines the firm’s performance during the process of internationalization.

This research contributes to the literature in international entrepreneurship, management of technology, and decision analysis. While there is an extensive body of literature that focuses on the output of internationalization (i.e., where, when, and how firms export their products), few studies have specifically examined the inputs that make this happen (one of these being the allocation of resources). Rugman *et al*. (2008) examines the resource allocation decision between domestic and foreign markets for Multinational Enterprises and the impact on firm performance. No known study has specifically explored resource allocation decisions between domestic, U.S., and foreign markets for small-sized manufacturing firms and the influence on firm performance. This research fills the identified gap by making a significant theoretical contribution to this field and by adopting the portfolio theory to analyze the challenges of allocating resources between domestic and foreign markets.

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# Adegorite, McNaughton, Etemad - Knowledge-Intensive High-Growth Firms

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**Abstract**

Research shows that knowledge intensity/creation through Research and Development (R&D) investments may have different impacts on actual growth and the pace of internationalization of a firm. This study focuses on examining the impact of knowledge-intensities on the pace of growth and internationalization of firms in a small-sized economy such as Canada. Theoretically, both the first mover's advantage (FMA) and the decaying value of knowledge overtime are likely to expedite and increase the pace of growth and internationalization. The objectives of the research are to: (i) gain a better understanding of the key drivers of the rapid growth of these firms, and more specifically (ii) to gain a better insight into how knowledge-intensities influence the pace of internationalization in knowledge-intensive high-growth firms (KIHGFs).

*Key words*: International Entrepreneurship, Knowledge-Intensive High-Growth Firms (KIHGFs), Research-Intensity, Market-Intensity, Internationalization.

*Acknowledgement*: We express our gratitude to SSHRC (Social Sciences and Humanities Research Council) that has provided financial support for this research.

**Overview**

Organisational knowledge is a strategic corporate asset that can be created, generated, represented, stored, transferred, transformed and applied to future organisational problems (Schulttze and Stabell, 2004). Some firms deliberately focus their attention on knowledge acquisition to gain strategic competitive advantage. Alvesson (2004) distinguishes between two major types of knowledge-intensive firm; R&D companies and professional service firms. Professional service firms deal largely with intangibles and those employed often deal directly with clients while R&D companies typically produce tangible products, and contact between employees and the customer are less direct. The focus in this paper is on high growth firms who gained strategic advantage through knowledge intensive products and processes. Nummela *et al.* (2005) in line with Autio *et al*. (2000, p. 913) defined knowledge-intensive firms as firms that depend on the “knowledge inherent in their activities and outputs as a source of competitive advantage”. In this study we define KIHGFs as “high-growth firms that depend on the knowledge inherent in their products and processes as a source of competitive advantage for the achievement and sustenance of their growth.

Understanding the dynamics and economics of knowledge-intensive products and processes of firms is critical to investigating how knowledge-intensities influence the pace of internationalization in knowledge-intensive high-growth firms (KIHGFs). Knowledge intensive firms can acquire or create knowledge through two possible sources: internal sources (e.g., R&D, personnel internal training, etc.) or external sources (e.g. acquisition of license, patent, collaboration with strategic partners). The knowledge acquired or created is deployed to opportunities, which results into having intellectual property (IP). The IP is then exploited in order to mobilize or commercialize the knowledge created or acquired. The IP commercialization could be done through sales products or execution of processes in their domestic market or international markets. Various costs are incurred in the process of commercialization of IP, while the IP decays over time.

Given that knowledge is perishable and decays quickly over time, KIHGFs have a sense of urgency to reap the benefits of their investments in knowledge acquisition quickly. For small and medium-sized firms operating in a small economy such as Canada, Australia and Newland, their domestic markets become too small for them to achieve and sustain high growth; therefore they are quickly pushed into the International markets for more profit to sustain their growth.

**Theory Development**

Following the review of the relevant literature and preliminary investigation of what could constitute the key drivers of knowledge-intensive high growth firms; this study formulated the following propositions for further examination:

*Proposition 1:*Knowledge-intensive high-growth firms invest a lot in R & D

*Proposition 2:*Knowledge-intensive processes are more expensive and need to be implemented faster than others

*Proposition3:* Initial developmental costs over the life cycle of knowledge-intensive products and processes are higher due to shorter life cycle of these products and processes and the decaying knowledge

*Proposition 4:* The decaying nature of knowledge requires higher market share and higher growth rate

*Proposition 5:* Successful Knowledge-intensive High-Growth Firms are able to achieve economies of scale very quickly

*Proposition 6:* For High-growth firms with knowledge intensities, increasing scale is needed to increase revenue and decreasing cost to lead to profits after early life cycle

*Proposition 7:* Most Knowledge-intensive products and processes are parts of a broader value chain system and their economic viability depends on the rest of the value chain

*Proposition 8:*For knowledge-intensive products and processes, exports or internationalization is the difference between economic viability or otherwise.

Proposition 9: For knowledge-intensive products and processes, the Canadian market size is too small to sustain high-growth; therefore these firms are quickly rushed into the international markets to sustain their growth.

**Research Methodology**

This research applies a multiple case-study qualitative approach to investigate the key drivers of a firm’s knowledge-intensive high growth firms and how knowledge intensities influence the pace of internationalization in these firms. Data collection is through both primary and secondary data sources. Primary data collection is through in-depth interviews with managers of six (6) knowledge-intensive high-growth firms across diverse geographical regions of Canada: Atlantic Canada, Western Canada and Central Canada. These six cases are also selected from diverse Industries: Information technology, Oil and Gas, Energy and Medical laboratory. Obtaining these cases started with pre-screening firms using Profit 200, a repository of Canada’s fastest growing companies and Progress media, a database of Atlantic Canada’s fastest growing companies.

Other secondary data sources include corporate websites, annual reports, questionnaire and press releases on these companies. Additional supplemental information was obtained through the use of University of Waterloo’s library databases, primarily ABI Inform, ProQuest, Factiva, Canadian Newsstand and Bloomberg Businesswire. Data analysis is by software-based coding of categories using Nvivo, a qualitative analysis tool for content analysis. Interview transcribes and other data collected for all the six cases were imported into Nvivo; which provides a structured framework to receive narrative data and facilitates the process of managing, exploring, and finding patterns in an unstructured or semi-structured dataset.

**Preliminary Findings and Conclusion**

The preliminary analysis on the obtained dataset provides some findings which will enable us to enable us to accept or reject the initially formulated propositions. Some of these findings show that the key drivers of high growth and sustenance of high growth include unique levels of expertise that are not easily found elsewhere; ability to translate the knowledge created or acquired into practical everyday solutions; ability to maintaining high standards of technical excellence in every area of their business; knowing the business domain of their Clients for those industries they pursue; dedicated R&D highly skilled and experienced labour force with superior technology in their product offerings and innovation.

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# Andersson, Awuah, Wictor - Born global’s use of innovative solutions to create sustainable competitive advantages as it expands and grows in different international markets

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**Summary**

The aim of this paper is to investigate born global firms’ use of innovative solutions and their networks to create sustainable competitive advantages as they expand and grow in different international markets. Consequently, born globals’ use of their own firm-specific advantages and their access to complementary resources and activities of their network partners are analyzed to aid our understanding of the provision of innovative solutions that lead to growth. For this purpose we use a qualitative case study approach of five born global companies. A focus group approach with the CEOs in the companies is used to gain deep insight into innovation and internationalization processes that underlie the case companies’ international growth. The study shows that the use of the entrepreneur-CEOs’ personal networks and business networks have been assets that have accorded the firms’ strong position in international markets. It can be concluded that the born global firm has strategies to tap on complementary assets of external network parties. The Born global firms learn from own experiences and those of others, with whom the firms interact in foreign markets, to create innovative solutions for international growth.

# Andersson, Evers - The Development of Dynamic Managerial Capabilities and their Influence of Rapid International Growth

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**SUMMARY**

This article aims to advance theoretical knowledge of the development of dynamic managerial capabilities in international growing firms by reviewing and synthesizing available research into a conceptual framework. The framework explains how dynamic managerial capabilities, through international entrepreneurial actions, affect international growth. By including concepts from managerial dynamic capabilities theory, this article enriches understanding of a firm’s international development and growth.

This article’s findings contribute to the emerging field of capability development (Ambrosini et al., 2009; Gavetti, 2005) and to the international entrepreneurship area (Jones et al., 2011). This study advances the resource-based and dynamic capability research agenda by paying greater attention to the role of managers in strategic and organizational change. In particular, this study focuses on managerial capability development at the individual level. The focus on development over time provides a richer understanding of the interplay among managerial social capital, managerial human capital, and managerial cognition. This study also develops a model that shows how dynamic managerial capabilities through international entrepreneurial actions affect international growth. That is, contributions are given to provide understanding of why firms are able to grow rapidly internationally.

# Andersson, Sundermeier - Firms’ use of networks to get access to resources for internationalization

**Abstract**

To get access to resources for internationalization many studies have acknowledged the importance of different types of networks. Therefore, this study intends to explore how different types of networks are beneficial for firms’ international growth. Three types of networks are identified in this study: Self established business networks, business networks established by a third party and social networks. A web-based survey is conducted among companies operating in the health technology industry in order to gain additional insights related to the accessibility of resources through different types of networks. The participating companies consists of members of the non-profit organization Health Technology Alliance (HTA) located in Southwest Sweden as well as several companies that are closely related to and take part in the activities of the HTA. Questionnaires have been sent out to 89 respondents of which 13 returned because of ambiguous or non-existing email addresses. Of the 76 firms that have received the questionnaire, 21 participated in the survey what equals a response rate of 36%. The findings reveal which resources are accessed through different types of networks. It is found that self-established business networks offer most access to resources whereas third-party founded business networks and social networks provide only limited access. Financial resources are not provided through any of the discussed networks.

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# Ayande - International Dynamics of Migrations and Entrepreneurship Development: A Comparative Analysis Between Canada, Switzerland and Senegal

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**Abstract**

**Introduction**

Migration of individuals and human activity resulting from the desire to change and transform their environment with the prospect of a better quality of life and comfort, remain as old as mankind. “With globalization, international migration is going to increase, not decrease, in the twenty-first century. Each year, millions of women and men leave their homes and cross national borders. Many seek higher wages and better opportunities, but many others are forced to migrate because of famine, natural disasters, violent conflict, persecution or simply a lack of decent work in their home country” (ILO, 2010a). If the most qualified migrants have a better chance to move in order to monetize their skills, the intermediate categories of the less skilled and those who are not qualified at all, have experienced situations that require more specific support in order to engage solely in strategies to create and develop a business. For instance, the high rates of migrant self-employment may reflect very different situations, as migrant entrepreneurship can be as diverse as are the migrants themselves. Obviously, the scope, size and the nature of the businesses created by migrants vary according to each migrant’s skills and background. In the host country, some migrants start a business because they lack other employment alternatives. This tends to be the case for lower-skilled migrants who might have a small store, restaurant, day-care, or laundry. Although the specific nature of these small businesses that are created by migrant entrepreneurs "typically cannot directly provide added value and often have a high mortality rate" (OCDE 2010), it remains true that they have an "overall positive impact on economic activity in the host country" (OECD, 2006).

**Background and Context**

The contemporary world is more connected than ever and the context of globalization, characterized by the diffusion of new technologies, the flow of ideas, the exchange of goods and services, has increased capital flows and financial flows, internationalized business and processes and dialogue, and the movement of people, including workers, has been profoundly transformed (ILO, 2008:5). Migration today has become an economic and social challenge facing the world in the age of “globalization”. The policies of economic deregulation unleashed by globalization have led to a greater mobility of goods and services across regions and continents (IMF, 2000). The strategies of some companies to relocate to areas of low-cost labour have brought with it the movement of personnel to the host country. The trade liberalization has been accompanied by rising inequality between poor and rich countries but also and especially within countries (ILO, 2011:11). Thus the recent global financial crisis of 2008 continues to raise concerns about the weakening of global growth and then “against the backdrop of deteriorating labour market conditions, the global social climate continues to worsen”. The global nature of the current crisis may mean that migrants are often amongst the first workers to be laid off because of their concentration in the most vulnerable sectors, and because many hold temporary jobs (IOE, 2009).

**Design/methodology/approach** – Is based on a scholarly literature review and reports issued by governments, international agencies and not-for-profit organizations. A comparative analysis was performed from different political models of migrants’ socio-professional integration and the barriers to launching a company in their host countries. Semi-directive interviews supported by a survey questionnaire were administered to a sample of 360 self-employed migrants. We used principal component analysis to categorize the dimensions that underlie determinants of migrants’ entrepreneurship. Then we used ANOVA to examine the link between those dimensions and socio-demographic variables such as professional status, business environment, financial support, culture, attitudes and beliefs, ethnicity.

**Findings** – The paper shows that one of the first motivations that lead to self-employed migrants results from strategies developed to extricate themselves from the status of unemployed. The paper also shows that most migrants are self-financed when starting a business. Some of the most salient barriers hindering the development of enterprises promoted by migrants are those related to culture, attitudes and beliefs. However, differences between countries were noted and the study emphasizes that Canada, is the country where the migrant entrepreneurs have less to deal with from the cultural barriers.

**Research limitations/implications** – This research is at the preliminary stages, and thus results reported imply further empirical research in different cultural contexts.

**Practical implications** – This paper represents an attempt to promote migrant entrepreneurs in terms of business development supports in their host country.

**Originality/value** – This paper raises key questions regarding cultural barriers within the framework of the migrant's socioeconomic and socio-professional integration in the host country. The paper also contributes to improving knowledge on the issue, which is almost unknown in academic literature and research inherent to migrant entrepreneurs.

# Bell, Cooper - Networking for Internationalisation of Canadian Natural Health Products SMEs

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**Principal Topic**

The internationalisation of SMEs remains an important topic for governments, business and academics, given their significant contribution to national economic development, employment and innovation. Canada, one of the most trade intensive of the G-8 countries, with 41% of its GDP and one in every three jobs coming from exports, has made bio-industries health and life science SMEs an international trade priority (DFAIT, 2011).

The natural health products (NHP), or dietary supplements industry as it is called outside Canada, remains virtually unstudied. Valued globally at $68 billion US and at $4.6 billion US in Canada, the Canadian industry comprises 10,650 small and medium-sized retail and manufacturing firms, of which 90% are privately-held entrepreneurial enterprises and 75% are Canadian-owned. This study investigated the motivations of three different types of NHP firms **to** export; identified obstacles encountered; determined how networking, learning and experience affected them; and explored their use of third-party resources including government, trade missions, consultants, and trade and multicultural networks.

Since every country has its own, highly differentiated regulatory requirements for NHPs with which exporting firms must comply (IADSA, 2011) internationalisation can be an expensive and protracted process. This study also identifies for the first time, how Canada’s unique new Natural Health Product Regulations, introduced between 2004 and 2010 affected exporters and their efforts to internationalise.

**Method**

This research explored the internationalisation of the Canadian NHP industry using nine case studies and three firm types of small and medium-sized international new venture (INV) firms, including two regulatory service consultancies (RSC), two combination firms that acted as both ingredient suppliers and contract manufacturers (ISCM), and five manufacturers with their own brands. A Delphi Panel consisting of two internationally-renowned industry experts and a university academic specialising in internationalisation independently reviewed and agreed with the findings and conclusions of the study.

**Results** This study generated research on the previously unstudied NHP industry. Eight of the nine firms internationalized, either upon or within two years of formation, similar to born-globals (Madsen and Servais, 1997), global start-ups (Oviatt and McDougall, 1995), and INVs (Oviatt and McDougall, 1994, 1995) but fit the definition of the latter. One mature firm required almost 20 years before entering its first export market, but having done so, it then internationalised rapidly like the others.

NHP firms viewed the world as one market, entered domestic and foreign markets concurrently or followed domestic clients (Bell, 1995; Madsen and Servais, 1997) but used a born-global-growing-more-global, sequential or staged internationalisation process, confirming Madsen and Servais (2001) and Moen and Servais (2002). They contradicted technology-based industry research that found these firms defied stage theories and sequential globalisation (Bell et al, 2004; Oviatt and McDougall, 1997, 2005).

The research had several unique findings. First, Canadian NHP SMEs utilized all network-related internationalisation processes simultaneously including Johanson and Mattson's (1988, 1993) network theory, Johanson and Vahlne’s (2003) updated Uppsala Model, and the resource-based perspective on network theory (Ruzzier et al, 2006). Secondly, they extensively utilized trade and multi-cultural networks in Canada and internationally, uniquely to: a) accelerate the time required to accumulate knowledge and experiences and access and deepen market penetration, b) overcome psychic distance, risk, and constrained resource obstacles, c) affect foreign market selection, d) locate resources, and e) leapfrog internationalisation stages. Secondly, this also confirmed Koot et al, (2003) that networks of destination, following immigration develop social capital in the form of trust and affection which enhance business opportunities and lead to cross national partnerships that may reduce the risk and complexity of global markets.

The data confirmed that firms can skip stages (Johanson and Vahlne (1977) and that psychic distance was short lived (Chetty and Campbell-Hunt, 2003). Thirdly, RSC and ISCM firms employed the same service firm market entry strategies as Erramilli and Rao (1990) but added a new ‘resource-seeker’ strategy. As relationships became more structured with clients, NHP service firms became more committed to foreign markets and sought out new markets, confirming Bradley (2009).

Their rate of internationalisation increased by building network relationships in new markets, connecting to existing networks in other countries, and allowing trust and commitment to increase prior to increasing investment, rather than because of any specific strategic or firm level advantages (Johanson and Vahlne, 2003; 2009). Exchanges within networks allowed these firms to acquire privileged knowledge about their relationship partners, resources, needs, capabilities, strategies and other relationships, which aided them to become successful internationalisers confirming Johanson and Vahlne (2009). Networking became more crucial when the firms were active in several countries (Forsgren, 2002) and relationship maintenance and management were important especially where resources were limited, confirming Johanson and Vahlne (2009).

NHP SME data confirmed that network relationships affected the patterns of international expansion (Martin et al, 1998); internationalisation strategy (Welch and Welch, 1996); location of foreign direct investment (FDI) (Chen and Chen, 1998); SME internationalisation (Chetty and Blankeburg Holm, 2000); and rapidly in technology firms in Canada (Loane and Bell, 2006). Learning improved their international performance, confirming Blomstermo et al (2004), and different types of knowledge were required for successful growth in overseas markets, confirming Fletcher and Harris (2012).

They adopted FDI, strategic alliances in accordance with Dunning’s OLI model (1997, 2000) and contractual arrangements rather than full ownership, like Hollenstein (2005) and used these to overcome obstacles and risk (Young, 1987; Buckley, 2009). Strategic alliances allowed them to take advantage of larger foreign markets, overcome the need for and lack of power, profile, knowledge and entry obstacles and when with larger firms, to gain insights into unfamiliar markets and generate new business opportunities, confirming Cooper (2001).

# Bellow - The Patterns of Internationalization in Smaller Entrepreneurial Firms in Emerging Markets: The Case of Brazil, India and Russia

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ABSTRACT

Entrepreneurial entry into emerging nations is dependent upon uncertainty. The role of risk management takes on great importance when internationalizing. Understanding risks in developing an entrepreneurial enterprise in the developing nations of Brazil, India, and Russia provides information that other organizations can utilize when they plan to consider this type of venture into the business arena of developing nations. The information gained in this study may help existing firms reexamine the approaches that they are taking to expansion of business in these markets. The research shows that one of the key factors to mitigating risk is to understand the cultures of the countries into which the company may expand. By closely examining the cultures of these countries, the entrepreneur will have valuable information relating to what the social rules will be for that country. Through careful consideration a decision can be made that will mitigate risk and maximize return. This paper reviews the current economic, social and legal constraints of the three nations so that the reader will be educated in how to make a choice between the targeted nations when the entrepreneur wishes to expand into the developing nations.

*Keywords: Internationalization, entrepreneurial firms, emerging markets, developing markets*

THE RESEARCH PROBLEM

Background

During the past two decades, international entrepreneurs and firms that are entrepreneurially oriented have been increasingly entering emerging markets such as Brazil, India, and Russia. However, while internationalization is always fraught with uncertainties, entering developing and emerging markets may be more risky than entering an established market. As Figueria-de-Lemos, Johanson, and Vahine (2011, Abstract) pointed out, in entrepreneurial entry into emerging nations, “contingent uncertainty is a central concept.” Thus, the role of risk management must of necessity take on increased importance in internationalizing in these smaller entrepreneurial firms as they approach the emerging markets. Understanding the relative risks in developing an entrepreneurial enterprise in a developing or emerging nation such as Brazil, India, or Russia will provide valuable information to any international entrepreneurs or entrepreneurially-oriented firms that are considering this type of venture. In addition, the information gained in this study may help existing firms reexamine the approaches that they are taking to expansion of business in these markets.

One of the key factors in understanding how it is possible to integrate into other markets is understanding the culture, or the people and how they function in the business arena (Hofstede, G. Hofstede, & Minkow, 2010). Procher, Urbig, and Volkmann (2013) found that cultural distances and national attitudes towards risk are particularly important issues when the company internationalizing is a smaller, family-managed firm. Holtbrügge and Baron (2013) revealed that cultural factors are particularly important when calculating managerial costs as well as the way the receiving nation will consider uncertainty (contingency) planning, while Kogut and Singh (1988) suggested that culture must be a consideration when deciding on market entry in order for the entry to be successful.

Meschi and Riccio (2008) pointed out that large differences in cultures between local companies and their foreign partners greatly increase the chance the alliance will fail. In recent study after study, the evidence was clear that culture is a prime risk factor in internationalization (Holtbrügge & Baron, 2013; Diallo, 2012; Hsu, Chen, & Cheng, 2013; Procher et al., 2013; Hofstede, 2013; Hofstede et al., 2010; Meschi & Riccio, 2007 and 2008).

Meschi and Riccio’s (2007, 2008) study of internationalized companies in Brazil found that culture appears to be a greater determining factor on survivability of internationalization than the economy or the political cycle. These issues are so important that Hofstede et al. refer to them as the “rules of the social game” (p. 3). As Hofstede et al. (2010) pointed out, all cultures have common problems but the way they address them differs. No group can escape its culture, and culture tends to reproduce itself. It transcends race, and family, and forms the basis for what people sometimes refer to as the “we and they” (p. 16) or us and them mentalities. Hofstede et al. (2010) also suggest that business literature which refers to national management styles is incorrect, to the extent that there is no national style of management in a nation. Rather, there are cultural factors which impact management, and cannot be isolated from society or from the business context.

If Hofstede et al. are correct, then companies have to understand the national society to understand the national management; and if the company intends to make a success when it moves into a nation, it has to understand the management as well as the employees. As Hofstede et al. (2010) point out, it is important to know how the schools in a chosen business location work; who attends the schools and what type of schools they attend. It is important to have an understanding of what the people of a nation have gone through, particularly in the last generation or two, because this impacts how the people act now, and how they trust people from other nations.

If a company intends to make sales in a host nation, it has to understand the buying habits of the people Attitudes about sickness can affect retail sales of everything from spices and seasonings to aspirin and sweaters. Further, attitudes about sickness and wellness can impact which employees come to work, when they arrive, and when they leave. If the company has a very strong religious background of one faith or another, that factor can impact when people are willing to work, the things they are willing to do at work, and the days that they need off.

As Hofstede et al. (2010, p. 25) stated, “In culture there is no shortcut to the business world.” Now, more than other, companies who are venturing into developing nations need to understand, and respect, this concept. This paper will consider Hofstede’s cultural factors and their impact on the patterns of internationalization in smaller entrepreneurial firms in emerging markets.

Statement of the Problem

Although there appears to be a consensus of agreement that entrepreneurial ventures of internationalization are risky, there is little information readily available on the challenges of internationalizing entrepreneurship in Brazil, India, and Russia, all developing economies. This issue leads to a need for the study (Creswell, 1994). The study emphasizes culture as an important contributing factor in the success or failure of international entrepreneurship in emerging nations.

Purpose of the Study

The purpose of this study is to examine the forces and influences that impact the successful launch of entrepreneurial enterprises in emerging or developing economies. The dominant patterns of emerging developments in international entrepreneurialship in emerging or developing nations are studied, with an emphasis on internationalized ventures in Brazil, India, and Russia. Understandings of risk and risk management techniques, as well as culture as an important contributing factor for success or failure, are utilized as a focal point for study. The study provides a qualitative analysis of the secondary and tertiary materials available relating to the subject matter.

Aims and Objectives

The launch of entrepreneurial enterprises in emerging or developing economies is full of risk. This project aims to determine ways to mitigate some of this risk. The primary methods of mitigation are through the use of risk management techniques and observation of cultural factors that may be at work in the local economy.

 My contribution and the objectives of the research were to determine how the cultures of the nations of Brazil, India and Russia are similar to, and different from, what one might expect in North American business. Once the differences in culture and how they may impact risk were investigated, the next step was to determine risk management and assessment techniques that can be utilized to improve the chances for a better outcome. Recommendations for future research are made.

# Ching - Who Benefits from Investment in Universities? Institutions, University Spillovers, and Firm Performance

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**Extended Abstract**

Universities are featured as key entities within some of the most innovative and entrepreneurial regions. For example in the United States, the successes of Silicon Valley and Boston’s Route 128 corridor have been attributed at least in part to the presence of research universities (Saxenian 1996). As a result, the capacity of regions to support the *clustering of firms around universities* has been identified as a key source of competitive advantage in the development of an entrepreneurial and innovative economy (Cooke 2001; Henry and Pinch, 2000; Storper 1997). The transfer of innovative knowledge and skilled labor from universities to industry has taken a strong role within government policies at a number of levels (Lambert 2003) - with many governments and their agencies turning their attention to the role of university knowledge commercialization in developing innovative, entrepreneurial and prosperous regional and national economies (Drucker and Goldstein 2007).

While existing studies have given us glimpses into the effect of university spillovers in economic development, they in general suffer from two drawbacks. Firstly, isolating the effects of university research and innovation on local industry is methodologically, a fundamentally difficult task because most universities have developed together with their local economies over time, influencing each other and being influenced by similar area fundamentals. University and industrial activity are thus naturally correlated. Secondly, these studies in general do not consider the *institutional frameworks* in which universities and firms are embedded, thereby failing to recognize the limitations and constraints institutional landscapes impose on firms. (Scott 2001),

Developing economies in particular have embraced universities as an economic development tool. Since 1995, in a series of sweeping reforms called the *Action Scheme for Invigorating Education in the 21st Century* reform, the Chinese government has called for selected universities to lead economic and social development in China, with the explicit aim of driving innovation, technical entrepreneurship and knowledge commercialization. The reforms encouraged universities to interact with firms by various means, especially through provision of skilled labor and knowledge transfer. Bearing in mind the general limitations of previous studies, these reforms in China also serve as a rich background to explicate the role of universities in economic development.

The purpose of this paper is twofold. First, I take advantage of China’s 2 distinct periods of university-industry interactions, as well as a set of unique firm-level data to empirically measure the effects of university spillovers on Chinese firms’ performance. The radical university reformation in China brings new clarity to the long-standing measurement problem, providing us with an identification strategy in choosing our treatment and control groups of regions as the reforms only affected the selected universities. Second, I leveraged the unique firm ownership landscape of transitional China, to introduce *institutional variation* in the study of university spillovers. In particular, I investigate how assimilation of spillover effects varies by the *ownership* of the firms, thereby accounting for the complex institutional landscape in which Chinese firms are embedded.

Based on a firm-level panel data of more than 6230 domestic high tech manufacturing firms in China over the 1998-2005 period, I do not find evidence that domestic firms in high-tech sectors have experienced an overall improvement in performance from university spillovers. However I find evidence, which suggests that university spillovers are targeted and specific to the firms’ ownership status and by proxy as I claim here, their positions in the hierarchy of firms*.* *Private firms relative to state owned enterprises experienced a significant performance decline from university spillovers.* These results are robust to the inclusion of a range of firm-level controls, as well as a battery of fixed effects (region, industrial sector, and year). These results suggest that university-industry relationships are more complex and targeted than popular accounts suggest, and require careful examination of their particular institutional arrangements.

This study contributes to the theory of the firm in transition economies in several ways. First, I bring new identification and clarification to the effect of university reforms on the development of the local economy. Second, I bring institutional variance into the study of spillovers, by demonstrating that firms’ successful assimilation of spillover benefits differ by ownership type. The examination into the ownership type and its relationship in firms’ assimilation of spillover benefits sheds light on an important, previously neglected, issue in firm performance in China's transitional economy. During its decades of rapid growth, China thrived by allowing once-suppressed private entrepreneurs to prosper, often at the expense of the old, inefficient state sector of the economy. Now evidence suggests that it is often China’s state-run companies that are on the march.

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# Cloutier, Cueille, Recasens - Regional Impacts and Alignment between Very Small Enterprises (VSEs) and Business Support Providers (BSPs): An International Comparison between France and Quebec Using a Mixed Research Approach

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Very small and small entrepreneurial enterprises (VSEs) often lack the infrastructure, management know-how and training, and human and financial resources to establish their own long-term continued business existence. Because VSEs often have sprung from ‘interesting’ business ideas and opportunities, these entrepreneurs are not necessarily well-trained in business management, but rather possess specialized technical skills and expertise in the area of the product or service they offer. The VSEs often access basic management skills and know-how as part of a membership in a business support provider (BSP). Broadly defined, a BSP is an umbrella organization that may include many types of institutional members as stakeholders (such as: local economic-oriented government agencies, elected officials, financial institutions, management consultants, private foundations, other non-for profit organizations, universities, etc.) that is directed towards supplying all types of business services to VSEs. BSPs can assist VSEs by providing management training in many areas (finance, marketing, HRM, etc.), business management advice, and facilitate financing to VSEs, to name but a few available services in their portfolio.

The literature has identified a number of issues related to BSPs, one of which is the type of support from BSPs to VSEs, and the way this support is really perceived by the latter (Birley, 1985; Fischer and Reuber, 2003; Kaufmann and Todtling, 2002). One consequence is the perception by VSEs of the relevance of the support provided, which leads at times to a reluctance, or to a low, use of it. One of the main research questions that arise from the VSE-BSP relationship is: How is it possible to better align the management needs (or demand) of the VSEs with the supply of services of the BSPs? The key objective of this paper is to present an international comparative analysis of two cases of VSEs as members of BSPs. One BSP is located in France and another one in Quebec (Canada). In France, the BSP is located in a region where the main multinational enterprise is closing down, which has prompted local stakeholders to nurture entrepreneurial activity as a substitute, to maintain the economic life in the community. In Quebec, the BSP is encouraging entrepreneurial development in a periurban area near a major city; which tends to face major challenges in attracting resources (HR, financial, infrastructure) and in developing infrastructure (public transportation, etc.). Although different, these cases help establish comparisons which are quite useful in drawing interesting contrasts about the role of BSPs and of their impact: (1) in fostering regional economic development and, (2) about relationships with VSEs. In these contexts, the fundamental issue relate to the continued existence of the entrepreneurial firm, entrepreneurial development, and both invite international comparisons.

The paper makes use of results obtained using a mixed qualitative and quantitative research method, namely, concept mapping (Kane and Trochim, 2007; Rosas and Kane, 2012; Trochim and Cabrera, 2005). The concept mapping approach employed in the research is a bottom-up, systemic participative approach, based on a partial abductive process (Jaccard and Jacoby, 2010). It makes used of both qualitative and quantitative data obtained from a fully-integrated series of research steps. The advantage to this methodological approach is that issues raised by the participants are based on their respective experience within BSPs, and may shed some light on the internal structuring processes of the entrepreneurial firm (Achtenhagen et al., 2010).

During the initial phase of the respective case studies, entrepreneurs and institutional members in their respective BSPs, were invited to participate in group discussions to identify specific actions to be undertaken by participants to ensure the continued existence and entrepreneurial development within their region. The participants’ statements collected during the group discussion sessions were then used to create a list of actions which were: (1) sorted according to the perceived similarity of topics/issues, and (2) ranked on Likert scales for their importance and feasibility. The statistical methods employed make use of multidimensional scaling and agglomerative hierarchical cluster analysis (Kane and Trochim, 2007).

In both studies, data were collected from entrepreneurs (VSE owners) and institutional members of their BSP. Thirty participants were involved in the study in France (15 entrepreneurs, 15 institutional members), and the Quebec study included 37 participants who completed the process (25 entrepreneurs, 12 institutional members). For each region, specific cluster maps of action statements, pattern matches and go-zones were computed; indices for consensus were analyzed and compared. The results obtained were presented to the participants for feedback, to enrich results interpretation and uptake by stakeholders. In addition, the results obtained from the mapping data for the respective cases were further coded by theme to establish a common basis for comparing the two cases.

These international comparisons between cases under study are interesting because they highlight the importance of similar actions to be undertaken about business needs for the VSEs in Quebec and in France, but nuances and contrasts exist with respect to the perceived feasibility. The results of this comparative study appear timely. Indeed, practitioners, enterprises and stakeholders in BSPs, policy communities, all are interested in identifying critical success factors of BSPs interventions and services portfolio, and to establish international benchmarks for specific actions which bring continued business results and help sustain the economic development of regions. In both cases, results have greatly contributed to foster the dialogue between VSEs, their respective BSP. For researchers, the usefulness and value of the methodological approach broadens the possibility that these international comparisons offer much in extending the set of testable theoretical propositions for future confirmatory research.

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# Crick - The first export order: A marketing Innovation revisited

**Dave Crick, Victoria University of Wellington**

**Introduction**

The objective of this study is to revisit the question posed in a classic study, namely Simmonds and Smith (1968, p.93); specifically, “what lies behind a firm’s first export order?” In contributing to the international entrepreneurship literature, ten as opposed to nine firms reported by Simmonds and Smith (1968) are investigated via personal interviews and like the original study these are from diversified principal product groups. The current study also differs since the interviewees are all owner/managers of smaller firms, businesses are independently owned, plus new to exporting i.e. within the last year (in the case of Simmonds and Smith’s study, managers were recalling after a period of exporting up to 4 years).

In the classic study, Simmonds and Smith (1968, p.93) noted the importance of understanding “who tends to be the moving force in commencing exporting”; also, “what motivates him (her)”, plus “under what conditions is exporting likely to be adopted”? Since the time of publication 45 years ago, much has been written from an academic perspective that develops the themes put forward by the authors (see, reviews of the literature such as Anderson, 1993; Coviello and McAuley, 1999). Indeed, a good deal of the existing knowledge has come from the discipline of international entrepreneurship since the first McGill Conference in 1998 (Dana et al, 1999; Jones, 1999; McDougall and Oviatt, 2000; Jones and Coviello, 2005; Jones et al, 2011).

Debates have taken placed as to whether firms start exporting via a psychologically close country and move through a staged process (Johanson and Vahlne, 1977) through to those that internationalise quickly and may be born global in nature in terms of the speed, scale and scope of activities (Oviatt and McDougall, 1994). Furthermore, this growing body of knowledge has recognised the changing circumstances management teams face from a practical perspective e.g. (and not restricted to): the introduction of the Internet and whether some strategies are more planned than others (Crick and Spence, 2005); new export assistance initiatives (Chaudhry and Crick, 2002); plus changing economic conditions such as the strength of particular countries and trading blocs (Crick, 2009). A holistic perspective has been suggested when trying to explain management teams’ internationalisation strategies that encompass perceptions of stimuli and barriers (Crick and Jones, 2000; Bell et al, 2004).

**Discussion**

The findings from this investigation suggest that no single theory could fully explain management teams' initial export strategies. The findings also suggest that the respective firms’ first export order was more of a planned market innovation for some than for others whose were unplanned and serendipitous (Crick and Spence, 2005). While Different management teams utilised resources and networks in various ways, strategies were also contingent on perceptions towards market conditions. This supports a holistic perspective (Bell et al, 2004; Crick and Jones, 2000) and decisions were contingent on management teams' reactions to a whole variety of internal and external factors.

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# Crick - An Investigation into Novice and Serial Entrepreneurs’ Motives and Perceived Competitiveness in Overseas Markets

**Dave Crick, Victoria University of Wellington**

**Introduction**

The objective of this study is to investigate differences between the motives and perceived competitiveness of a sample of novice and serial entrepreneurs in the UK drawn from a postal survey plus follow-up interviews. Much has been written about the internationalisation of firms ranging from entrepreneurs’ perceived barriers and motives for internationalising through to issues affecting their competitiveness (Bell et al, 2004; Jones and Coviello, 2005; Jones et al, 2011). However, business experience in respect of whether owner/managers are novices (new to entrepreneurship in their first business) rather than experienced (serial entrepreneurs having run a previous business) has received relatively limited attention. Moreover, debate has existed regarding classifications of business experience and indeed recognising that some entrepreneurs may be involved in running a portfolio of businesses (Westhead et al, 2005a; b; Ucbasaran et al, 2010; 2011). Two hypotheses are tested:

H1 – there is no statistical difference between novice and serial entrepreneurs’ motives for exporting

H2 – there is no statistical difference between novice and serial entrepreneurs’ perceived export competitiveness

In framing this study within the existing literature, research into the issue of dynamic capabilities has been undertaken in various disciplines. This has ranged from the broad area of business strategy through to international entrepreneurship; the latter being the domain that this study contributes to (Luo, 2000; Griffith and Harvey, 2001; Teece, 2007; Prange and Verdier, 2011). Studies have tended to involve multinational enterprises (MNEs) rather than smaller firms (Luo, 2002; Augier and Teece, 2007; Kaleka, 2011). This is important since larger firms have higher resources based on the number staff and hence social capital, but also typically higher financial resources. The implication is that smaller firms are less likely to be able to absorb the costs of unsuccessful strategies in overseas markets (Sapienza et al., 2006).

**Findings**

Since the sample sizes of the two respective groups were unequal it was decided to utilise a non-parametric test and analysis using the Mann-Whitney test was undertaken to investigate statistical differences between the perceptions of the respondents. Neither hypothesis was fully rejected and rank ordering of the variables provided variations between the groups under investigation. Follow-up interviews provided qualitative data that offered insights into the quantitative findings.

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# Etemad - The Anatomy of a High-growth Life Cycle: The Case of TLC from Inception to Insolvency

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**Abstract**

The young field of International Entrepreneurship has advanced very rapidly and has generated a lot of information about firms such as Born Globals (BGs), International New Ventures (INVs) and Rapidly Internationalizing firms (RGFs). These firms are generally smaller, younger and entrepreneurial enterprises that aspire to grow faster and internationalize rapidly at or near inception. These relatively younger firms have been the prominent subjects of research in the field and most of our knowledge is based on such firms. However, the extant literature offers very little information about the longer term prospects of these firms. This paper examines, both theoretically and empirically, the factors leading to early high growth and rapid internationalization in a firm’s life cycle from birth, youth to maturity and possible death eventually – i.e., from cradle to coffin. A few factors appear to be highly influential in the growth and internationalization life cycle, including: i) the speeds of development, growth and internationalization (time related factors), ii) entrepreneurial orientation of the founders, iii) growth and internationalization strategies and iv) the firm state of resource accumulation, generation and use over its life cycle. The longer term prospects of such firms seem to be different from their first decade of life, which calls for both a theoretical and empirical treatment of the related issues. This paper examines the topic of growth and internationalization from both the shorter- and longer-term perspectives and also explores the impact of time theoretically and empirically.

Structurally, the paper explores two paths that are combined at the end. After a review of the extant literature, some of shortcomings are pointed out and an alternative theoretical perspective is offered, which have implications for methodology in general and the methods of this paper in particular. An in depth and longitudinal case study of a high-growth and rapidly internationalizing firm, the TLC Laser Vision Correction Corporation (TLC), is presented. This case highlights five identifiable stages in the TLC’s life span from inception in 1993 to insolvency in 2009, spanning over the start-up, growth, maturity and decline phases over a 16-year period from inception to insolvency, while attaining five-year cumulative growths exceeding 20,000% in its middle years. Drawing on the unfolding events of each stage, five corresponding families of propositions are articulated and an integrated theoretical framework grounded in the extant theory and the case evidence are presented and discussed to provide for a better understanding of the longer term growth trajectories. A discussion, drawing on both the literature and the case study of TLC, highlights selected aspects of this research. Conclusion and implications for scholarly research, management and public policy are presented at the end.

# Felzensztein, Parra - International Entrepreneurship in Latin-America: Analysis of the Country of Origin and its effect on Internationalization Dynamics

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During the last two decades, the interest on International Entrepreneurship (IE) has increased rapidly due to the acceleration of the globalization process in the world economy ([Shaker A Zahra & George, 2002](#_ENREF_94)). Several contributions to this field have emerged from the founding disciplines of International Business (IE) and Entrepreneurship ([Autio, 2004](#_ENREF_5); [M. Jones & Coviello, 2005](#_ENREF_47); [McDougall & Oviatt, 2000](#_ENREF_58); [Shaker A. Zahra, 2004](#_ENREF_93)), but also from interrelated fields such as Strategic Management ([Lu & Beamish, 2001](#_ENREF_54); [Meyer, Estrin, Bhaumik, & Peng, 2009](#_ENREF_63); [Mike W. Peng, 2004](#_ENREF_71)), Development Economics and Public Policy ([Acs, Desai, & Hessels, 2008](#_ENREF_1); [Bannò, Piscitello, & Amorim Varum, 2013](#_ENREF_9); [Bengoa & Sanchez-Robles, 2003](#_ENREF_15); [Egger & Pfaffermayr, 2004](#_ENREF_28); [Globerman & Shapiro, 1999](#_ENREF_37)). This has increased the understanding of the relevance of IE at the firm and government level, revealing the necessity to comprehend it better ([Lu & Beamish, 2001](#_ENREF_54)).

Prior research has focused mainly on large-sized firms (multinationals) from developed economies, primarily using a single theoretical perspective, and without providing deeper insights about the effect of the business environment ([Marian V. Jones, Coviello, & Tang, 2011](#_ENREF_49); [Benjamin M. Oviatt & McDougall, 2005](#_ENREF_69); [Ramamurti, 2004](#_ENREF_76); [Yamakawa, Peng, & Deeds, 2008](#_ENREF_90); [Shaker A. Zahra, 2004](#_ENREF_93)). Therefore, this study seeks to contribute to the literature by conducting an empirical cross-country research with Latin-American SMEs, using an integrative approach with emphasis in the effect of the country of origin on the key dimensions of the IIS: Scope, Speed and Entry Strategy. Novel findings encourages to further research in a highly relevant subject for scholars, entrepreneurs, and especially for policy makers from emerging economies.

Our research focus on the emerging economies of Latin America, which are increasing their position in the world economy, mainly because their rapid pace of development and economic liberalization ([M. Wright, Filatotchev, Hoskisson, & Peng, 2005](#_ENREF_88)), and consequently gaining importance in the management research agenda (Hoskisson, Eden, Lau, & Wright, 2000; [Meyer, et al., 2009](#_ENREF_63)). Nevertheless, despite the increasing development of the Latin-America region, it is still under-represented in the IB literature ([Perez-Batres, Pisani, & Doh, 2010](#_ENREF_73)). Furthermore, we use different perspectives about IE: Strategic Management, Development Economics and Public Policy ([Marian V. Jones, et al., 2011](#_ENREF_49); [Kiss, Danis, & Cavusgil, 2012](#_ENREF_50" \o "Kiss, 2012 #257); [Schumpeter, 1934](#_ENREF_81); [Shaker A Zahra & George, 2002](#_ENREF_94)).

An online survey was design and validated using a multi-step protocol, then distributed directly by email to 2.527 firms, and indirectly to an undetermined number of firms by requesting 842 public agencies, business associations and universities to forward the survey invitation. A total of 195 responses were gathered with 81 (42%) valid and complete surveys from SMEs originally from Latin-American countries. Probit econometric models were conducted using a set of independent variables to measure institutional development of the country of origin, controlling by firm and local-industry variables, and binary dependent variables for the IIS dimensions.



Figure 1: Theoretical Model

Findings suggests that countries of origin are significant factors for the (i) geographical scope of IIS, measured as the number and regional-global scope of initial targeted markets ([Felzensztein, Ciravegna, Robson, & Amorós, 2013](#_ENREF_31); [Shaker A Zahra & George, 2002](#_ENREF_94)); (ii) propensity to reach developed economies during the IIS ([Yamakawa, et al., 2008](#_ENREF_90)); but no supporting evidence was found for the effect of factors on speed, measured as propensity to become a ‘Born Global’ ([Chetty & Campbell-Hunt, 2004](#_ENREF_22)); neither on the entry strategy, measured as propensity to use a high-equity entry mode ([Marian V Jones, 2001](#_ENREF_48); [Mike W Peng, et al., 2008](#_ENREF_72)). Afterwards, a deep discussion is presented, concluding with practical implications for managers, and policy makers, which gain the most attractive findings about enhancing institutional development for IE.

# Ghannad, Huber, Kaplar, Schlegel, Valassis - The Role of Personal and Business Networks in the Context of Born Global Firms

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**Abstract:** While most scholars strive to explain internationalization processes in relation to the stage models, which posit that a firm rather gradually enters foreign markets that are geographically, culturally and psychologically close, less research has been carried out on network theories. The aim of this study is to explore the interaction of personal and business networks and resources provided by those networks in the internationalization process of born global companies. Qualitative field research was carried out by interviewing three entrepreneurial born global firms, which are compared and contrasted within our theoretical framework. In this study empirical evidence suggests that internationalization of a born global firm cannot only be explained by a manifested sequence of steps but more as undertaken actions resulting from the company’s and entrepreneur’s relationships in a network. Not only can networks facilitate initial activities of potential entrepreneurs by providing resources necessary for venture creation but also open windows of opportunities in foreign markets, which they would otherwise have missed. The study has found that both personal and business networks can provide entrepreneurs with all kinds of resources. When looking at this finding in rather detail, the kind of resource provided depends on the strength of the tie between the embedded network actors. The improved recognition of international opportunities in combination with resources drawn from network partners is eventually accelerating the internationalization process. We propose a theoretically anchored and empirically guided model depicting the acceleration of the internationalization process by the interplay of networks and resources.

**Keywords:** born global; internationalization; entrepreneur; networks

# Iivari-Sóna - The Role of Openness in Internationalization

**Iivari-Sóna, M.**

This research explores the literature on the relationship between open innovation phenomenon and the internationalization of entrepreneurial small and medium sized enterprises (SMEs). The purpose of the research is to investigate whether open innovation plays a role in international growth of entrepreneurial small ventures and what kind of open innovation practices are realised by SMEs when internationalizing.

West et al. (2006, 286 describe open innovation as both a set of practices for profiting from innovation as well as a cognitive model for creating, interpreting and researching these practices. Open innovation practices refer to idea and innovation sourcing from external sources, external R&D outsourcing, collaboration and networking with external parties for innovation as well as the issues related to IPR protection (Spithoven et al. 2012; Dahlander & Gann 2010; van de Vrande et al. 2009). Open innovation can also be understood as a mindset, as the concept implies the *willingness* and the *desire* of an organization to source and utilize external knowledge, ideas, intellectual assets and technologies, *together with* its internal capabilities, to exploit opportunities, find solutions to problems, create new products and services, improve processes, or design new organizational systems and business models (Kapeleris 2011, Clausen & Pohjola 2009). Openness is characterized as collaborative, interactive nature (Laursen & Salter 2006) and is generally defined by various forms of relationships with external actors (Dahlander & Gann 2010). This external knowledge sourcing from innovation co-operation (Clausen & Pohjola 2009), the coupled innovation process (Spithoven et al. 2012) of sharing and transferring knowledge between the partners, that is grounded in the business model of the firm, is what separates open innovation from other innovation models. (Chesbrough 2006; Clausen & Pohjola 2009)

The common element in innovation management literature as well as international entrepreneurship literature is the innovation opportunity. Schumpeter (1934) outlined the role of innovation in firm renewal and suggested that innovations could alter existing market structures through a process of creative destruction. The opening of a new market is an innovation, which makes internationalization an example of innovative behaviour. Internationalization is thus an innovative entrepreneurial act. (O’Cass & Weerawardena 2009) To date, only a limited number of empirical studies have attempted to assess the impact of open innovation practices on business performance and the international success of SMEs. Also, there is a dearth of research on the influence that the traits characteristics, temperaments and decisions of entrepreneurs in innovative SMEs have on engagement with open innovation practices. If internationalization is regarded as an entrepreneurial act, how does that play a role in relation to the level of openness of the venture? Most of research on open innovation as well as internationalization has focused on mature, established firms. Small firm internationalization has only gained interested in the past two decades. The role of innovation and internationalization in SMEs is, however, only emerging as an area of academic research. Surprisingly little attention has been given to SMEs in international business in relation to innovation (Chetty & Stangl 2010). Even though some researchers have explored the individual entrepreneurial dimensions in relation to for example exporting, no overall studies on internationalization have been conducted (O’Cass & Weerawardena 2009) but innovation, entrepreneurship and internationalization have tended to be studied separately in distinct bodies of literature (Onetti et al. 2013).

Thus, bridging the perspectives on the internationalization of entrepreneurial SMEs and open innovation from the behavioural point of view, the research question, ponders *how openness may facilitate internationalization for entrepreneurial small ventures*. The starting point for openness is the entrepreneurial orientation, which works as the driver for international innovation opportunities, which then leads to actual internationalization of the venture. The research is conducted as a literature review for future exploration of entrepreneurial orientation and openness in empirical setting. Thus the focus of the literature review is on open innovation *practices* in particular, as utilizing open innovation practices can be seen as entrepreneurial act in the context of internationalizing SMEs. The literature was systematically reviewed by following Spithoven et al (2011) categorisation on inbound, outbound and coupled open innovation practices. Spithoven et al. (2011) conducted a quantitative research on open innovation practices in small and large firms and built an extensive categorization on the OI practices. They created four categories of open innovation practice measures, that are 1) the search for external sources of innovation, (2) the acquisition of external R&D, (3) the use of collaborative innovation partners and (4) the exploitation of available IP protection mechanisms (Spithoven et al. 2011, 9). Eventually 23 articles out of 152 originally screened passed the initial review and were taken for in-depth analysis.

The review reveals that the most prominent open innovation practice found in literature were collaboration and networking with external parties, as well as external R&D cooperation and outsourcing. Open innovation was found to be an alternating route for small firms to overcome the lack of resources for both innovation and internationalization. Knowledge-intensive and high-tech businesses were the most common research context to explore the open innovation phenomenon, especially in relation to external R&D sourcing and offshoring. In the international context, knowledge sourcing was found as a way to speed up the access to international markets and for improving competitive position. This focus on high-technology firms or knowledge-based firms is consistent with current mainstream INV and SME internationalization literature. Born globals were addressed in some of the papers as an example of knowledge-intensive businesses characterized by open innovation, as innovative and entrepreneurial firms usually internationalised sooner and faster. The rationales, such as globalization and the development of ICT, for the birth of the born global and international new ventures are similar to the open approach to innovation and innovation systems. Some papers focused on knowledge-intensive service firms which is another interesting direction for future research, as for service firms, technology is merely the platform for the offering itself and the core value comes from the content. An important point brought out in literature is the role of business model and value co-creation. For instance, traditionally, acquiring external R&D implicitly includes the transfer of ownership of the R&D results. In a collaborative agreement, the focal firm and the external partner jointly innovate (Spithoven et al. 2011). In open innovation, the acceptance of the open nature of innovation in the forms of co-creation, co-capture and co-development is important (e.g. Chandra & Coviello 2010).

Internationalization in the literature in relation to open innovation was mainly operationalized through export intensity and international sales. Knowledge networking was important aspect for international service firms, which touches the cognitive, mind-set side of openness. Although in R&D focused papers, alliances and in- and outsourcing touching the issues of FDI were approached, only one paper directly used international business literature with open innovation (Clausen & Pohjola 2009).

The call has been to use innovation and opportunity, rather than the firm, as the unit of analysis. (Onetti et al. 2012, Hewerdine & Welch 2012) This would offer a better focus onto the innovation opportunity development and innovation commercialization process as well, since the opportunity itself is not always bound to the firm and not all opportunities rise within the boundaries of the firm. Especially regards to motivation and decision making, the idea or opportunity may have existed for a long period and the entrepreneur may have utilised informal and formal networks long before any legal establishment of a business entity.

Following the literature on small firm internationalization and open innovation, a definition on openness can be drawn. I suggest that openness is an *entrepreneurial act of utilizing external knowledge, ideas and intellectual assets and other inflows and outflows of knowledge in search of international innovation opportunities that are further explored and exploited via open innovation practices*. The definition is purposely left broad to capture the differing nature of innovation and activities undertaken by firms of all sizes, thus linking it better with the current definition of international entrepreneurship by Oviatt and McDougall (2005) and the exploration and exploitation of knowledge through behaviour. Their definition states that international entrepreneurship is “the discovery, enactment, evaluation and exploitation of opportunities across national borders to create future goods and services’’. This view goes along with the notion that entrepreneurship is not found only in *new* small ventures but that entrepreneurial behaviour can be found in more established firms as well (Jones & Coviello 2005; Zettinig & Benson-Rea 2008; Zhang, Tansuhaj & McCullough 2009)

# Iivari-Sóna - Entrepreneurial Types and International Growth of Internet-based Creative Industry SMEs

**Iivari-Sóna, M.**

Entrepreneurship is considered to be a key driver to economic development in our dynamic world. Entrepreneurship and entrepreneurs have changed the pathways of economies and markets, and developed new products and services. Entrepreneurs give way to innovation and creativity. (Ahmad 2010) The entrepreneur’s initial choices and rationales for choosing a certain growth path have an immense effect on the actual growth path of the venture. Investigating the role of entrepreneurs and entrepreneurial types is an important aspect to look at when we try to understand business growth and differences in growth patterns.

This research focuses on the international growth aspects of SMEs within the context of Internet-based Creative Industries. The main research question is *what kind of international growth patterns may be identified among Internet-based Creative Industry SMEs?*

The aim of the research is to empirically investigate the characteristics of the entrepreneurs within the industrial context and the drivers to internationalization. A specific focus is on open innovation (OI) and how this concept may influence the development of the business. The research thrives to explore what kind of relationship entrepreneur types have with OI and how does it show in the firms’ growth orientation and actual international growth development. The purpose is to investigate whether OI may facilitate rapid internationalization as practically no literature exists in the field on whether and to what extent OI practices influence firms’ international success. (Clausen & Pohjola 2009) Therefore, this research is conducted as a qualitative multiple case study on the Creative Digital Cluster firms of the city of Oulu, Finland. Having such a geographically and industrially focused sample allows to see patterns and differences on the internationalization as well as to discover whether entrepreneurial types impact the growth of small internationalizing firms. Internet enables fast growth and innovation, but must be systematically managed in order to build sustainable business growth.

Growth through internationalization is an important strategic option for SMEs (Kuivalainen, Sundqvist & Puumalainen 2004). Firm growth is a complex phenomenon (Achtenhagen, Naldi & Melin 2010) and unique in different companies and industries (Leitch et al. 2010, Moreno & Casillas 2007). In academic research, this aspect has not been linked with empirical research data or with the choice of samples.

There is a lack of research on the influence that characteristics, temperaments and decisions of entrepreneurs in innovative SMEs have on engagement with OI practices (Wynarczyk, Piperopoulos & McAdam 2013). Decisions can influence the degree to which the full potential benefits from OI practices are realized. Further research is needed to assess the extend to which engagement in different OI practices is determined by differing entrepreneurial (especially owned/managed firms), characteristics, motivations and growth orientations. It is important to note that the rationales for growth differ between entrepreneurs and small business owner-managers. As Bolton and Thompson (2003) argue, we should be cautious in linking “small businesses” with “entrepreneurship” directly, as these terms indeed are not synonymous (Morrison 2006). Not all small firms are necessarily entrepreneurial and not all entrepreneurs work in small firms. (Ahmad 2010, Glancey, Greig & Pettigrew 1998)

It is widely acknowledged that the Internet and ICT have facilitated SME internationalization (Bell & Loane 2010). The Internet is seen as a powerful tool to help firms overcome physical and managerial barriers to internationalization (Sincovics & Bell 2006). Web access offers benefits as reduced importance of economies of scale, lower marketing communication costs, greater price standardization, reduced information float time and temporal asynchronicity. Internet also offers a new means of maintaining and developing relationships with clients, channel partners, suppliers and network partners. (Loane 2006). The Internet may influence knowledge acquisition, transfer, dissemination and collaboration activities of knowledge-based SMEs in international activities.

The Internet and its impact on international business operations is still relatively unsearched area in the field of international entrepreneurship (Arenius, Sasi & Gabrielsson 2006). Extant literature has mainly focused on the Internet’s potential as an enabler for smaller firms to improve their international activities and performance by reducing problems associated with distance, size and scale. However, growing evidence is pointing out that many new firms are embracing Internet technologies from the outset and adopting an e-business format to be global from inception (Loane, McNaughton & Bell 2004). Therefore, this suggests that the Internet is not only a tool for improving international performance but a core capability underpinning the firms overall international strategy. Creative digital industries are such firms, as for them the Internet is a platform for delivering the core content and value of their services rather than the technology itself. Gabrielsson & Pelkonen (2008) state that in the born international/global research services haven’t been studied as extensively as high-tech products. Furthermore, digital media industry has received little attention in scientific research. Thus this research in addition to increasing knowledge on Internet as the core of the business in internationalization, also seeks to contribute to knowledge related to the international growth aspects of service firms.

The preliminary results suggest that open innovation in the entrepreneurial new venture level is very much understood as open source software and technology innovation. The underlying foundations of open source software and open innovation are however different. Putting it simply, open innovation is about management of innovations for their commercial exploitation and a strategic choice of firms (Giannopoulou et al. 2011), whereas open source innovation is about user and community innovation with no commercial incentives within the community itself, even though firms may use this channel to develop their innovations. Open source is about sharing but open innovation is also about receiving (Grams, 2010). Therefore, open source in this research is more of Internet-based context rather than theoretical or conceptual approach. Nevertheless, irrespective of the context, the results seem to support the view, that engaging in open innovation can be beneficial for small entrepreneurial firms to engage in. Naturally generalisations cannot be made, but it gives indication on the possibilities open innovation can offer to entrepreneurial innovation management and internationalization.

# Kabbara - Role of accelerator’s networks in the success of start-up firms

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**Extended Abstract**

In the past two decades, international activity by SMEs has grabbed research attention, and their importance in international business, entrepreneurship. As SMEs go global, significant attention also has focused on their distinct patterns of internationalization (Bell, 1995; Coviello & McAuley, 1999), and on their lack of internal resources needed to set up new international businesses (Beamish, 1999; Buckley, 1989; Jarillo, 1989).

During recent years, analyses of new technology-based firms (start-ups company) attracted growing interest from academics. These types of small firms are regarded as an important source for new employment and important promoter of technological change and innovation in almost all the world. Due to the limited size of the national markets, fast international activities are often the only way to pay off the cost-intensive investments for new technologies and innovations.

The creation of these startups is increased in our age of open-source software and ever-expanding access to high speed broadband connections, there are major opportunities in internet entrepreneurship that makes direct use of the internet to pursue entrepreneurial activities However, only a minority of these firms fulfill the expectations and hopes. Only few startups are able to survive and the minority of them is able to grow.

Literatures showed that Start-ups participating in an incubator/accelerator program have historically had a greater chance of success compared to start-ups not participating.(Miller and Bound, 2011).

The seed accelerator phenomenon is growing worldwide, with an ever-increasing number of active programs primarily in the United States but also in other parts of the world (the European countries and recently in the Middle East and North Africa region). The wordincubator/acceleratoris broadly used to include a wide variety of organizations and initiatives, which strive to help entrepreneurs in developing business ideas from the start, to commercialization and eventually the launch and independent operation of new business ventures. (commission, 2002).

Prominent seed accelerators have received significant attention in the entrepreneurial community and are continuously exploring potential start-up ventures. Moreover, accelerators considered as a vehicle for enterprise development, play an important role in the entrepreneurial and international entrepreneurial process. This role has changed from being just a business center with office facilities to one offering training, networking and consulting in all areas of expertise to startup firms.

In fact, Most of the start-ups going through an accelerator are working with web related products, hence iterations and product development can be done rapidly. The programs are usually limited to about three to six months and this is believed to create a sense of urgency that encourages intense work and rapid progress. During the program the start-ups receive mentoring from experienced founders and investors. It is also common with structured events (demo day) treating subjects like pitching practice, which means practicing presentation skills, or legal advice.

Moreover, lot of researches focus on the role of network in the entrepreneurship and international entrepreneurship field (Coviello, 2006, Coviello and Jones, 2005). In effect, network relationships with customers, competitors, suppliers, support agencies and even friends or family, seems to influence knowledge intensive firms’s choice of markets and mode of entry (Prashantham and Berry 2004), but also seems to be the major initiators in the internationalization process when firms follow their network abroad (Coviello and Munro, 1995; Coviello and Martin, 1999; Zain and Ng, 2006). Less explored in literature is the role of networks provided by accelerators and more particularly the networks composed of investors (such as business angels and venture capitalists.), Ex-start uppers and mentors in the creation, growth and survival of the start-up firm created within these accelerators.

The aim of this work is to identify the importance of the networks provided by the accelerators on the creation and growth of start-up firms through a quantitative study by studying more than 80 accelerators in Us, Europe and in the middle east and north Africa (MENA) region. In doing this, it has been necessary to define the actors of networks offered by accelerators on one side and the frequency of the network and the importance of events and Demo day created by the accelerators in supporting the growth and survival of start-up firms on the other side. It is argued firstly, that large number of actors and high frequency in the network holds an important potential and can provide a variety of services and support to start-ups. Secondly, the high number of meeting and events organized by the actors in the network can significantly impact the success and growth of a start up and may affect its internationalization process.

# Khaleghy Baygy, Barjasteh - An integrated model for identifying Intrinsic and Extrinsic factors of International entrepreneurial orientation (Case Study: Automotive Industry in Iran)

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**Introduction**

Exploration of factors that affect orientations to entrepreneurial action is highly recommended in entrepreneurship literature. Many research focused on individual characteristics that led to entrepreneurial orientation (Brockhaus, 1982; Boyd & Vozikis, 1994; Scherer et al., 1991), but in recent studies, researchers have claimed that entrepreneurship is omnipresent in humans, but its manifestation depends on the environment (Begley & Tan, 2001). Within the empirical study of intrinsic motivation, some researchers found that some intentional behaviors were initiated and regulated autonomously whereas other actions were coercively forced by environmental and intrapsychic forces (Deci & Ryan, 1985, 1987). In addition, Globalization has led to an increased attention to cultural diversity and specificity for personal, social and organizational practices (Amba-Rao et al., 2000; Hofstede, 1983; Sinha & Sinha, 1990), so that the importance of environmental factors has improved

The purpose of this study is developing an integrated model based on identifying intrinsic and extrinsic factors for international entrepreneurial orientation (IEO). For achieving this goal, we researched on either psychological approaches or entrepreneurship literature on motivational factors of individual’s behaviors and finally we presented a conceptual framework for integrating these endeavors.

Proposed model:

 The figure 1 shows our proposed model that was investigated in this research:



**Figure 1 : proposed model**

**Methodology**

Our study was a survey research. Also, this research can be categorized with descriptive and correlational studies.

Sample: This study concentrates on entrepreneurial orientation in Iranian automotive industry. We distributed the questionnaires between 210 managers and experts in automotive industry and 118 completed questionnaires (response rate= 56%) were returned.

Measurement: Standard questionnaires and expert interview were used for data gathering and obtaining valid information.

Analysis of data: This study used the Partial Least Squares (PLS) method to test its hypotheses. Based on the Ordinary Least Squares (OLS) algorithm, this technique analyzes empirical data with insufficient supporting theories and little available information (Real et al., 2006).

**Results**

This work examined the relationship between various dimensions of Basic Psychological Needs (i.e. need for autonomy, need for competence and need for relatedness) and International Entrepreneurial Orientation (IEO). Empirical results showed that need for autonomy positively relates to IEO, meaning that good satisfaction of need for autonomy form a key element in entrepreneurial orientation, even in global scale. Also, need for competence marginally positive relates to IEO, meaning that automotive companies should invest more in employee’s competence feeling. In addition, need for relatedness positively relates to IEO, meaning that employee’s relatedness feeling can help companies to provide more orientation to entrepreneurship.

Finally, this study examined the moderating effect of corporate entrepreneurship environment on relationship BPNs-IEO. The empirical results with PLS method revealed the strong interaction effect for corporate entrepreneurship environment that support previous researches about the moderating role of environment. In this specific study, one dimension of environment (work discretion) has strongly negative moderation effect on feeling of autonomy and competence and other dimensions (managerial support, rewards, organizational boundaries and time availability) have strongly positive moderation effect. In this situation, companies can create more flexible organizational environment.

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# Khaleghy Baygy, HajSmadi - A model for Identifying Critical Success Factors of Information Technology Outsourcing for the Internationalization of Small and Medium size Enterprises (SMEs)

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**Keywords**

Information Technology Outsourcing (ITO); Critical Success Factors (CSF); International Small and Medium size Enterprise (SME)

**Background**

Information technology outsourcing (ITO) plays a key role in internalization of small and medium sized enterprises (SMEs). However in many developing countries such as Iran, the impact of ITO and its role in increasing the growth of internationalization of SMEs is not being considered properly. IT specifically presents the idea of considering virtual structure in entrepreneurial activities for achieving competitive advantage in an international context. Information technology is an increasingly widespread practice among different businesses. Given the extent and the information technologies complexities are constantly growing, companies are less likely to carry the burden of information systems (IS) projects in their internal processes, and some businesses are considering outsourcing to make a more efficient use of resources and lay the basis for increasing IT value (Lee, Huynh, ChiWai & Pi, 2003). This highlights the importance of knowing which aspects may influence successful relations between the client and the IT outsourcing project provider.

Internationalization has long been regarded as an exclusive phenomenon for SMEs. The Internet as an IT-driven media is a vital tool for SMEs internationalization. Ecommerce, communication networks and internet marketing are important elements in facilitating the internationalization of SMEs businesses (ENSR, 2003).

This article proposed a conceptual framework of selected critical success factors (CSFs); the proposed model shows critical success factors for outsourcing IT projects of ISMEs in Iran. Identified Critical Success Factors (CSFs) were comprised of five factors. Our proposed conceptual framework provides guidance to support optimum performance for IT outsourcing practice.

Although there has been considerable researches based on IT, the influence of ITO on ISMEs remains under studied and far fewer studies have addressed another important question of international entrepreneurship research: “what are the CSFs of ITO for ISMEs?”

**Methodology**

The main goal of this study is to identify the critical success factors (CSFs) of information technology outsourcing (ITO) projects of international small and medium sized enterprises (ISMEs).

This study is an applied and descriptive research. Our research focused on selecting critical success of factors from the literature. We made use of expert interviews and questionnaires for identifying, evaluating and ranking criteria of information technology outsourcing (ITO) projects.

At the first step, lists of CSFS (86 CSFs) were identified through a literature review, studying the context and background research and comparing different documents. ‘Expert interview’ (UweFlick, 2006) with IS/IT project management gurus in Iran and Iranian entrepreneurs with international expertise was used for the second phase. Conducting interviews with experts and asking them about the prepared list, caused some changes to the subsequent list . The CSFs reduced to 27, these 27 CSFs were used to design a questionnaire for compiling the final model. 30 SMEs were contacted. Most of the interviews conducted, were with firm’s manager as they didn’t have IT manager or staffs.

The Goal, Question, Metric (GQM) approach is used to identify critical success factors. Finally Feature Analysis Case Study that involves evaluation of a model once it is applied to a real software project (Kitchenham and Jones, 1997) is adopted to evaluate the external creditability of the proposed model.

**Findings and Model evaluation**

The Figure 1 depicts the conceptual framework comprising the five CSFS of ITO projects which determine the Success of ITO projects of ISMEs

**Figure 1 Proposed conceptual framework**

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# Khan, Sandhu - International Entrepreneurs in the UAE-Decent Work and Multicultural Perspectives

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**Summary**

The UAE has been home to migrant entrepreneur construction labourers since the creation of the country and the start of the oil boom in 1970S and early 1980s. These construction labourers are mostly from South Asia, including India, Pakistan and Bangladesh. However with the go global policy by China, many of the large Chinese international entrepreneur construction companies have entered into the Middle East, including the UAE. The role of these migrant and entrepreneur construction companies is vital in the construction of the UAE. The UAE is ranked 8th in the construction technology in the world well above Germany and is home to the tallest building in the word, largest man made islands in the world and some of the largest shopping malls in the world.

So significance is the contribution of the migrant entrepreneur construction labourers and so little is the research on these migrant labourers in the UAE. This study identifies national culture of the migrant construction labourers while practising decent work indicators in the construction projects of the UAE. The decent work practices indicators are specific to the culture of the migrant labourers in the UAE, and are not common for all the nationalities as has been proposed by the ILO. The decent work practices indicators of migrant entrepreneur labourers from India, Pakistan and Bangladesh include migration debt, extended family, overwork, no religious rights/work on Fridays, homesickness, no entertainment, abuse at work, no proper food, absenteeism, injury at work, no social security and family issues back home. The UAE has been making appreciable efforts in securing rights of the construction labourers, through legislation and enforcement of these laws. Some of these decent work practices indicators trace their origin from migrant sending countries, such as migration debt, extended family and family issues back home, which has impact on the construction labourers in the UAE and result into other decent work practices.

This study identifies culture of the migrant entrepreneur construction labourers while practising the decent work indicators. To collect data from the construction labourers, the researcher used observational method of data collection while managing a construction a project involving migrant entrepreneur labourers from India, Pakistan, Bangladesh and China. Semi-structured interviews were also conducted to confirm if the observation was carried out as per the cultural framework of the construction labourers. The data was also collected through narratives of the construction labourers in the labour camps, in the streets and in the grassy fields when the construction labourers gather on weekends to talk to each other.

The national cultural framework as presented by Geert Hofstede was considered as the base theory for this research study. Hofstede national culture dimensions include Long Term Orientation (LTO), Individualism (IND), Masculinity (MAS), Uncertainty Avoidance Index (UAI) and Power Distance Index (PDI). The national culture score for each dimension was coded against each of the decent work practice indicator for Indian, Pakistani, Bangladeshi and Chinese construction labourers in the UAE. The data collection sheet for national culture against migration debt is presented in the table below.

Table 1 National Culture data collection against the decent work practices indicator of migration debt

|  |  |
| --- | --- |
|  | **Migration Debt** |
|  | **India** | **Pakistan** | **Bangladesh** | **China** |
| LTO | Collected loan of about rupees 70,000 to 100,000 (AED 6600) in India as visa and travel fees to come to the UAE for a better future. This is a long term focus. However, in the UAE the salary paid is about AED 800, so the recovery of migration debt in two years of the visa term is not possible. Therefore the national culture dimension of LTO against the local decent work indicator of migration debt is low in the UAE, though it was high in India. | Pakistani labourers also paid about rupees 150,000 (AED 6000). However, while in UAE their salary was higher than their Indian counterparts’ (AED 800-2000) and the currency exchange rate was also favourable. However higher prices for the basic commodities made it difficult to save much. LTO was therefore low to medium. | In Bangladesh, getting a loan for work in "Dubai" is easier than getting loans for business in their country, according to a construction labourer. Paid about Takka 200,000 to 250,000 (AED 11,000) as migration fees. The low salary of about AED 600 has forced the construction workers to work for the illegal short term activities of selling pirated DVDs, mobile phone cards, tobacco items such as "paan"(betel leaf containing tobacco) and "gutka" areca nut with tobacco) and arranging for gambling games. Therefore the national cultural dimension of LTO against the decent work indicator of migration debt is low.  | Chinese construction labourers narrated through a trusted translator that they did not pay anything for their visa and travel. However, they paid AED 3500 as a security amount refundable in two years’ time. Therefore the LTO was high before their entry into the UAE and remained high in the UAE since the amount was returned and the salary is AED 3000 per month. |
| IND | Collectivist. Loan is paid by the whole family which includes core family (husband, wife and children), parents, brothers/sisters and other relatives. Therefore the national cultural dimension of IND against the decent work practice indicator of migration debt is low.  | Collectivist. Loan is paid by the core family, parents, brothers/sisters and other relatives. The national cultural dimension of collectivism was narrated in the context of migration debt. | Collectivist. Loan is paid by the core family, parents, brothers/sisters and other relatives. Therefore a collectivist national cultural dimension is shown against the decent work practice indicator of migration debt.  | Chinese do not have a family culture as India, Pakistan and Bangladesh do, where a family comprises core family. In China the family includes the core family only. Therefore if a loan is required it would be paid by the core family only. Therefore individualism is high. |
| MAS | In India women are allowed to work outside their home and this helps to reduce the impact of migration debt. MAS is therefore low. | In Pakistan women are not encouraged/allowed to work outside home. The impact of the migration debt is high. Therefore the national cultural dimension of MAS is high against the decent work practice indicator of migration debt.  | Women are allowed to work outside home in Bangladesh and therefore the migration debt impact can be reduced. MAS is low. | In China woman is allowed to work outside the home. Therefore the national culture of Chinese construction labourer against the decent work indicator of migration debt is low. |
| UAI | Most of the UAE construction labourers come from India. The newly arrived construction labourer is better aware of the decent working practices in the UAE and therefore the UAI is medium to high.  | The population of Pakistani construction labourers in the UAE is lower than that of either Indians or Bangladeshis. The construction labourers admitted that they had become aware of the salary and possible expenditure only when they reached the UAE. Therefore they were not aware of UAE practices. It is therefore an uncertain situation for them in the UAE and the UAI is low against the decent work practice of migration debt. | Migrants were described as being aware of decent work practice in the UAE; however because of the need for food, they were forced to get loans from their relatives to come to UAE and “try their luck". The UAI against migration debt indicator of decent work is medium to high. | The Chinese construction team narrated that they were not aware of the decent work conditions in the UAE; however they were aware that they would be working in a Chinese construction company, under Chinese laws of decent work besides the UAE labour laws. Therefore the UAI was high.  |
| PDI | Indian construction labourers recalled they could talk to their parents about going to the UAE and the parents would not stop them. PDI is low. | Pakistani labourers also recalled that they could talk to their parents about coming to the UAE. The parents would not stop them. PDI is low | Bangladeshi labourers recalled that they could talk to their parents about coming to the UAE. PDI is low. | Most of the labourers mentioned that they would get permission from their parents; one said that he would simply inform his parents and one even said that he did not inform his parents. PDI is low. |

The national culture scores of these nationalities, against each of the decent work practice indicator, are presented in the form of a table below:

Table 2 Score of national culture in the context of decent work practices in the UAE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  INDIA | PAKISTAN | BANGLADESH | CHINA  |
|  | LTO | IND | MAS | UAI |  PDI | LTO | IND | MAS | UAI |  PDI | LTO | IND | MAS | UAI |  PDI | LTO | IND | MAS | UAI | PDI  |
| Migration Debt |   |  | 6.5 |  |  |  |  | 7.5 |  |  |  |  | 6.5 |  |  |  |  | 11 |  |  |
| 1 | 1 | 1 | 2.5 | 1 | 1.5 | 1 | 3 | 1 | 1 | 1 | 1 | 1 | 2.5 | 1 | 3 | 3 | 1 | 3 | 1 |
| Extended Family |   |  | 8.5 |  |  |  |  | 11.5 |  |  |  |  | 11 |  |  |  |  | 7 |  |  |
| 2 | 2 | 2 | 1.5 | 1 | 3 | 1 | 3 | 2.5 | 2 | 3 | 1 | 2 | 3 | 2 | 1 | 3 | 1 | 1 | 1 |
| Overwork |   |  | 10 |  |  |  |  | 8 |  |  |  |  | 10 |  |  |  |  | 10 |  |  |
|  1 | 3 | 3 | 2 | 1 | 1 | 3 | 2 | 1 | 1 | 1 | 2 | 3 | 2 | 2 | 2 | 3 | 2 | 1 | 2 |
| No Religious Rights/Work on Friday |   |  | 9 |  |  |  |  | 11 |  |  |  |  | 10 |  |  |  |  | 8 |  |  |
|  3 | 2 | 2 | 1 | 1 | 3 | 1 | 3 | 3 | 1 | 1 | 1 | 3 | 3 | 2 | 3 | 1 | 1 | 1 | 2 |
| Homesickness |   |  | 11.5 |  |  |  |  | 12 |  |  |  |  | 8 |  |  |  |  | 8 |  |  |
|  2 | 1 | 2.5 | 3 | 3 | 2 | 1 | 3 | 3 | 3 | 1 | 1 | 2 | 1 | 3 | 1 | 1 | 1 | 3 | 2 |
| No Entertain-ment |   |  | 12.5 |  |  |  |  | 13 |  |  |  |  | 10 |  |  |  |  | 11 |  |  |
|  3 | 2.5 | 2 | 3 | 2 | 3 | 2 | 3 | 3 | 2 | 3 | 1 | 1 | 3 | 2 | 3 | 3 | 1 | 3 | 1 |
| Abuse atWork |   |  | 11 |  |  |  |  | 10 |  |  |  |  | 10 |  |  |  |  | 11 |  |  |
|  3 | 3 | 1 | 3 | 1 | 2 | 3 | 2 | 2 | 1 | 1 | 3 | 3 | 1 | 2 | 3 | 3 | 1 | 3 | 1 |
| No ProperFood |   |  | 7 |  |  |  |  | 7 |  |  |  |  | 7 |  |  |  |  | 8 |  |  |
|  1 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 3 | 1 | 3 | 1 | 1 | 3 | - |
| Absentee-ism |   |  | 11.5 |  |  |  |  | 10.5 |  |  |  |  | 7 |  |  |  |  | 11.5 |  |  |
|  1.5 | 3 | 2.5 | 2.5 | 2 | 1.5 | 3 | 2.5 | 2.5 | 1 | 1 | 1 | 3 | 1 | 1 | 3 | 1 | 2.5 | 3 | 2 |
| Injury atWork |   |  | 13 |  |  |  |  | 12.5 |  |  |  |  | 11.5 |  |  |  |  | 11 |  |  |
|  3 | 3 | 3 | 3 | 1 | 3 | 3 | 2.5 | 3 | 1 | 1 | 3 | 2.5 | 3 | 2 | 2 | 3 | 2 | 3 | 1 |
| No SocialSecurity |   |  | 7 |  |  |  |  | 9 |  |  |  |  | 6 |  |  |  |  | 8.5 |  |  |
|  1 | 2 | 1 | 1 | 2 | 2 | 1 | 3 | 1 | 2 | 1 | 1 | 1 | 1 | 2 | 2.5 | 3 | 1 | 1 | 1 |
| Family IssueAt Home |   |  | 9 |  |  |  |  | 7.5 |  |  |  |  | 9 |  |  |  |  | 12 |  |  |
|  3 | 1 | 1 | 3 | 1 | 1.5 | 1 | 3 | 1 | 1 | 3 | 1 | 1 | 3 | 1 | 3 | 2 | 1 | 3 | 3 |
|  |  24.5 | 24.5 | 22 | 28.5 | 17(1.4) | 24.5 | 21 | 31 | 26 | 17(1.4) | 18 | 17 | 23.5 | 26.5 | 21(1.75) | 29.5 | 27 | 15.5 | 28 | 17(1.54) |

The above table shows that Bangladeshi entrepreneur construction labourers scored the lowest on LTO. Bangladeshi construction labourers also scored lowest on IND showing their collectivistic behaviour at the work place compared to the labourers from India, Pakistan and China. The low LTO score reflected their desire for the early recovery of the migration debt and making more money by selling illegal items or working outside their parent company illegally. The improvement in the non payment of the huge migration fees, which is to be borne by the employer as per the UAE labour law, and training to the labourers about the decent work practices in the UAE and UAE labour laws would help in improvement of the LTO for Bangladeshi entrepreneur construction labourers. The collectivistic behaviour of the Bangladeshi entrepreneur construction labourers is helpful in avoiding homesickness in the UAE; however low LTO and high collectivistic and masculine behaviours could result into the conflicts with other entrepreneur labourers.

Pakistani entrepreneur construction labourers revealed high MAS behaviour at the work place. They mentioned that they were having large families and the female members are not encouraged to work outside their homes in Pakistan. The responsibility of earning falls on the male members and much on the migrant entrepreneur labourer if his male members in his country do not have work or do not want to work. In UAE, the labourers prefer to play masculine games, such as *"kabati"* or *"kabaddi"* (holding hands). The labourers also mentioned that praying gives then strength. There is a need to manage masculine behaviour of the Pakistani labourers in the construction industry, while maintaing safety at the work place.

Indian entrepreneur construction labourers revealed high UAI behaviour at the work place. This high score of UAI was due to their awareness of the decent work practices in the UAE. However there is a need to make these labourers aware of UAE laws protecting these labourers.

Chinese entrepreneur construction labourers revealed high LTO and IND behaviour at the work place. The decent work practice indicators for Chinese labourers are not the same as the decent work practices indicators for other nationalities. The high LTO is a traditional Chinese culture however high IND has been contradictory with the previous studies. Chinese labourers mentioned that they were responsible for their core family only, which includes a wife and a child. Their collective behaviour at the workplace was influenced by their LTO behaviour. The comparison of the national culture study by Hofstede and the present study is presented in the table below.

Table 3 Comparison of Hofstede’s findings and those of the Present Study

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **India** | **Pakistan** | **Bangladesh** |  | **China** | **UAE (Arab Countries)** |
|  | **Hofstede** | **Khan** | **Hofstede** | **Khan** | **Hofstede et al (2010)** | **Khan** | **Hofstede (1993)1** | **Hofstede et al. (2010)** | **Khan** | **Hofstede** |
| LTO | 61 | 24.5 | 50 | 24.5 | 47 | 18 | 118 | 87 | 29.5 | 36 (KSA)2 |
| IND | 48 | 24.5 | 14 | 21 | 20 | 17 | 20 | 20 | 27 | 38 |
| MAS | 56 | 22 | 50 | 31 | 55 | 23.5 | 50 | 66 | 15.5 | 53 |
| UAI | 40 | 28.5 | 70 | 26 | 60 | 26.5 | 60 | 30 | 28 | 68 |
| PDI | 77 | 17 | 55 | 17 | 80 | 21 | 80 | 80 | 17 | 80 |

Note: 1 Estimated national culture score,  2Kingdom of Saudi Arabia (KSA)

For successful migration of the entrepreneur construction labourers, it is requires cross-cultural management of the labourers while practising the decent work indicators. The research study on decent work practices and national culture of the migrant construction labourers shall also help the international entrepreneur construction companies about the culture of their employees and the decent work practices. This study shall also help the migrant sending and migrant receiving countries for making effective migration policies based on the decent work practices and the culture of the construction labourers.

# Looi - Integrating Entrepreneurial Values and Theory of Planned Behavior

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**Abstract**

This is a scholarly endeavour to empirically test the integration of two theories from different fields in the context of international entrepreneurship. This study is using positivist research philosophy, cross-sectional and the level of analysis is individual. Data from 243 small and medium-sized entrepreneurs were collected and analysed with structural equation modelling technique. The results revealed that this integration is supported by data. Furthermore, the two significant entrepreneurial values that influenced antecedents of export intention are self-direction and stimulation. Besides that, behavioural beliefs and control beliefs but not subjective norms significantly affect export intention.

**Introduction**

Current literature has suggested the relationship between culture and entrepreneurship. However, the link between a detailed, well-developed theoretical model of values to entrepreneur’s behaviour is missing.

*Culture’s consequences on entrepreneurship*

Culture’s consequences on entrepreneurship and culture as antecedent to entrepreneurial behavior are two sides of a same coin. Presently, there seems to be mixed findings on the culture’s consequences. Although a sizable body of literature recognized that culture is a distal variable and there exists a more proximal variable to entrepreneurial behavior, however, the link between a detailed, well-developed theoretical model of values to entrepreneur’s behaviour represent a research gap to be filled.

Ajzen acknowledged that values can provide valuable information that are antecedents of beliefs. As a result, addition of Theory of Planned Behaviour ([Ajzen, 1991](#_ENREF_2)) constructs as intervening variables between external variables and behaviour may significantly enhance our understanding of the causal relationship between entrepreneurs’ values and their behaviour. This integration of Values Theory ([Schwartz, 1994](#_ENREF_9)) and Theory of Planned Behaviour meets Ajzen’s criteria for additional predictors.

Leung ([1989](#_ENREF_7)) has suggested that in the process of explaining the observed outcome variable, several levels of antecedent variables can be used. Therefore, the effects on export intention are traced through the more proximal antecedents of behavioral beliefs, normative beliefs and control beliefs and eventually the distal variable of values.

In summary, the existing theoretical literature provided the theoretical underpinnings for integration of Values Theory and Theory of Planned Behaviour.

**Research objectives**

The central goal of this academic inquiry is to develop and empirically test an integrative theoretical model. The second goal is to investigate the significant entrepreneurial values that influence the antecedents of export intention. The last goal is to determine the applicability of the three antecedents of export intention in a collectivist society such as Malaysia.

**Proposed integrative theoretical model and hypotheses**

The integrative theoretical model is suggested below with 15 testable hypotheses.

Figure 1 Proposed integrative theoretical model

Export intentions

Theory of planned behaviour

Entrepreneurial values

**Research methodology**

The research philosophy adopted for this study is post-positivist. It is a cross-sectional study and the level of study is individual. The sampling method is non-probability where a total of 243 small and medium-sized entrepreneurs were surveyed. The items for values are taken from Portrait Values Survey ([Schwartz *et al.*, 2001](#_ENREF_10)). The design for Theory of Planned Behaviour items followed approaches recommended by Churchill ([1979](#_ENREF_4)) and also to ensure that these items are both relevant and representative of the construct being measured. Data collected were analyzed using structural equation modeling.

**Aggregate Results**

The data were tested for normality using various techniques and not all constructs are normally distributed. Hair *et al*. ([2011](#_ENREF_5)) suggested the several rules of thumb for selecting PLS-SEM. Since this research meets the rules of thumb outlined above, hence PLS-SEM was chosen using the statistical software of SMART PLS 2.0 M3. All constructs in the proposed integrative theoretical model are reflective.

The sample consists of 243 entrepreneurs with 168 male and 75 female. The ethnic composition is 44% Malay and 54% Chinese. 66% of entrepreneurs surveyed currently exporting, 33% do not and 1% did not indicate. The composite reliability and average variance extracted (AVE) for all constructs are above 0.80 and 0.50 respectively, indicating convergent validity. The discriminant validity was assessed using cross-loadings of the constructs and the measures as well as comparing the square root of AVE for each construct with the correlation between the constructs with other constructs in the proposed integrative model. These two procedures have yielded satisfactory results for all constructs.

Of the 15 hypotheses formulated for testing, seven hypotheses are supported at least at the 0.10 level. This model explains 33% of the variance in export intention, i.e. R2 = 0.33, which is an acceptable moderate R2 as only two exogenous latent variables explain an endogenous latent variable in the integrative model ([Henseler *et al.*, 2009](#_ENREF_6)). The assessment of effect size revealed that all latent exogenous variables have a weak effect except for behavioral beliefs with a moderate effect. Since all Q2 values for endogenous variables are above zero, thus the model has predictive relevance.

**Discussion**

The variance explained for export intention is moderate ([Chin, 1998](#_ENREF_3); [Henseler *et al.*, 2009](#_ENREF_6)) and is considered reasonably satisfactory given this is the first such attempt at integration. The analysis of effect size reveals behavioral beliefs have a moderate effect while all other latent exogenous variables have a weak effect, indicating the main effect of behavioral beliefs on export intention. Stone-Geisser test implies that this integrative model has predictive relevance.

It appears that of the four entrepreneurial values suggested by literature, only self-direction and stimulation have significant influence on the antecedents of export intention. The results seem to indicate that the entrepreneurial values that are important to Malaysian small and medium-sized entrepreneurs are firstly self-direction and secondly stimulation. This supports argument for the importance of self-direction in extant literature. In addition, the findings corroborated with previous empirical results which found subjective norms to be insignificant ([Linan and Chen, 2009](#_ENREF_8)) and lend credence to findings by Linan and Chen ([2009](#_ENREF_8)) that behavioral beliefs have a bigger impact than control beliefs on export intention.

**Conclusions and implications**

Evidence suggests support for our integrative model. However, more work is needed in order to empirically test this proposition further. The results have the potential to meaningfully inform the literature on the fruitfulness of investigating entrepreneurship utilizing multiple disciplinary perspectives as advocated by various scholars and may spur more research in this direction.

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# Loane, Bradley, Ibbotsen, Ramsey - Consumers as international financiers: Putting your money where your mouse is, the case of rapid internationalisation and rewards based crowdfunding

Loane, S., Bradley, L.M., Ibbotsen, P.G & E. Ramsey.

**Background**

The Internet has put global communications within reach of even the smallest firms, enabling them to position themselves at the centre of the global stage from birth to speedily exploit new international opportunities (Hamill, 1997; 1999; Lituchy & Rail, 2000; Loane, 2005). The paradigm shift which has become known as Web 2.0 or the social web has meant that computing is now in the age of open innovation, close collaboration, co-creation, networking and creativity in the use of existing technologies to develop new offerings (Bell and Loane, 2010). More recently, the social web has unleashed the crowdsourcing phenomena, where the “crowd” is used to obtain ideas, feedback and solutions in order to develop corporate activities (Lambert and Schwienbacher, 2010: Bell & Loane, 2010).

Undoubtedly some firms now see innovation as being more open, and are engaging in distributed problem solving/co-creation or crowdsourcing (Brabham, 2008) with others in the value-chain (for example, customers, suppliers or university research labs, leading to an increasing blurring of consumption and production (Xie et, 2008). Practices such as working with lead users, mass collaboration with customers, or engaging in peer-to-peer design are changing the rules of value creation in companies and leading to the formation of often instantly international firms or new wave globals. Crowdfunding where literally, the “crowd” provide finance maybe considered as an advanced form of crowdsourcing (Lambert and Schwienbacher,(2010). To the best of the author’s knowledge, there are few analyses with regard to crowdfunding. However, a body of work is emerging, for example Cassarino and Geuna (2007) present a case study focusing on the movie value chain, whilst Schwienbacher and Larralde (2010) and Lambert and Schwienbacher (2010), both focus on entrepreneurial crowdfunding initiatives. Notwithstanding, there appears to be little existing research which examines crowdfunding in the context of rapidly internationalising small firms, or new wave globals (those who use the Internet to go international). Now, not only is it entirely possible for self-organising ecosystems of technologies to emerge which change the competitive landscape (Chandra & Coviello, 2010), these ecosystems have also impacted upon and changed the funding landscape. International entrepreneurs who can leverage collective funding from the crowd (international financiers) who are also consumers may well at stroke begin to hurtle forward, experiencing rapid growth as well as reducing resource barriers to such rapid growth. Yet, as Chandra & Coveillo (2010) highlight, our understanding of implications of such activity for international entrepreneurship is limited. This appears to be a serious oversight particularly in the face of the difficult contemporary funding landscape where both debt and equity funding sources may no longer be readily available to rapidly internationalising small firms and crowdfunding appears to hold such promise for potential new wave globals. In this contribution we begin with a synthesis of the literature on rapid internationalisation, international marketing and crowdsourcing/crowdfunding. We further draw on Chandra & Coveillo’s (2010) work whereby these authors broaden the concept of international entrepreneurship from the firm level to include consumers as international entrepreneurs, and who introduce a typology which includes consumers as international financiers or crowdfunders

Following Loane et al’s (2006) approach, two exploratory illustrative cases are presented, both developed from both short interviews and secondary sources, of new wave globals, that is SMEs who have global online reach and who have also availed of an open innovation process, more specifically in this case, those who have attempted rewards based crowdfunding campaigns. We selected cases with certain crowdfunding similarities, but which also allowed for contextual and structural diversity (Corbin and Strauss, 1990, Flick, 2009). Two cases ofrewards based crowdfunding were selected (Pebble Inc. and Caped Koala). Both campaigns were hosted on the Kickstarter platform. It was decided to restrict case examples to one funding platform, in order to limit extraneous variables. We investigate the how and why We conclude by reflecting on the implications of crowdfunding for both firm level strategy and public policy with regard to small firms who are undertaking rapid internationalisation, and propose an agenda for further research in this recently emerged but very much overlooked, yet potentially important area. The case approach facilitated our exploration of the phenomenon in context, utilising a variety of both primary and archival data sources (Yin, 2003). This approach is appropriate for addressing “how” and “why” questions (Meredith, 1998: Yin, 2003) and as Ordanini et al (2011: p 449) state, “…its usefulness is magnified when the research objective is to achieve deeper understanding of a novel phenomenon, the concepts and contexts pertaining to which are ill defined because of a lack of previous theory”

**Findings and Discussion**

In this enquiry we have investigated the “how” and “why” around crowdfunding from two differing cases perspectives: two rewards based efforts, one of which did not successfully raise the target finance. Undoubtedly the investigated firms wished to raise finance and sought small sums from a large number of backers in return for the future promise of particular products. This reflects the stage of sophistication for the offerings, both were at an early seed funding stage and both exhibited strong elements of peer to peer collaboration (Tapscott & Williams, 2006). Backer activity shows strong support for a blurring of separation between production and consumption (Xie et al, 2008. Furthermore, the backers of these companies may be considered as entrepreneurial and are evidence of “consumers as international financiers” after Chandra & Coveillo’s, (2010) classification. We argue that intangible benefits were also evident supporting Lambert and Schwienbacher (2010) who argue that, at times the use of crowdfunding may be seen as a means to generate a story or hype around a new product/service in order to create or support a marketing campaign in which consumers are able to participate. Crowdfunding allowed both companies to gain market validation and avoid giving up equity, or amassing debt before going all out and taking a product concept to market. most importantly with regard to crowdfunding the online social networks and viral marketing techniques were leveraged effectively in order to build the crowd. This finding is important as firms were using their social networks as a means to overcome resource deficiencies, and in a new economy manner, supporting the views of Young, Bell and Crick (1999), Kuivalainen (2003) and Arenius et al (2005). Therefore whilst the focal firms could be classified as INVs as per Mc Dougall & Oviatt (2004)on one level, they could be considered as new hybrid organisational forms on another level, as they also used the consumers, who were inherently international ( and entrepreneurial) as international financiers.

# Mlozi, Kock - International Entrepreneurship in Tourism Industry: Women Perspective in Tanzania

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**Introduction**

This article aims at exploring women entrepreneurs’ perceptions and interpretations of different aspects of doing business and expanding them in foreign markets. Specifically, the following objective is addressed to achieve the purpose of this article: To identify the push and pull motivation for expanding business to international markets; to study different marketing strategies implemented; to learn different ways of accessing capital/finances for business ventures; to learn business, and social networks formed during operating in foreign markets; and to identify challenges in doing business. The issues covered in this article address internationalization process of service businesses in which theoretical concepts of inward international activities are incorporated. This study focuses only on women entrepreneurs in Tourism industry in Tanzania. This is because tourism is one of the important industries for the country however, its people especially women have not recognized its full potential.

**Design/methodology/approach**

The paper capitalizes on open-ended interviews with nine women entrepreneurs in tourism industry. A purposeful sample was used for this research. Since the sample for this study was small, a qualitative method with focus on open-ended questions was appropriate. The questions were first sent through email to participants a day prior to interviews. All interviews were conducted by telephone. English was a major language of communication and each interview lasted on average 20-30 minutes. The analysis focused on identifying patterns of agreement in the statements provided, but areas of disagreement were equally noted. Measurements were considered most important when interviewees in the context of the discussions held repeatedly emphasized them. This is consistent with a grounded theory analytical approach as espoused by Glaser and Strauss (1967) with points that participants tended to repeat serving to augment or support particular theoretical insights.

**Findings**

With regard to participant profile, the women entrepreneurs were drawn from different age groups (e.g., 31 years old to 55 years old). The participants were from different tourism line of businesses (e.g., tour operator, travel agency, exporting traditional attire, arts and crafts, consulting) thus bringing a variety of vantage points and perspectives. Three women were married and had children, other three women were single parents in which both of these categories had caretaker responsibilities and the other three women were not married and had no children. Most of the women entrepreneurs in the sample also had relevant academic qualifications up to degree level and relevant prior work experience.

The analysis and discussion are based on motivations, access to capital/financing, networks, marketing, and challenges. All nine interviewees admitted to have started their business by internationalizing. However that did not stop them to operate in local market.

With regard to motives, the following push motives were stated; issue related to gender discrimination, follow customers (tourists), entrepreneurship flexibility, and poor domestic market. On the other hand, the pull motives mentioned included to become financial stable, to take in different challenges, become innovative and creative

Several women admitted that they used bootstrap financing or internal funding for their business. Bootstrap financing is using your own money to start and get the business going without the help of others. When asked why they preferred bootstrapping, several women argued that it is the most inexpensive method that an entrepreneur can consider when raising capital because it exploits untapped opportunities within your own business by managing the finances better. They also added that bootstrap technique helped them to become more creative in finding ways to increase profit for their businesses. Also helped them to be more confident as they did not have to worry about interest on the borrowed money as other business people do. Although there are few individuals who took loan from the bank for their businesses and these were considered as more risk takers than those who did not consider bank loan for their businesses.

With regarding to marketing, several women entrepreneurs market their business through websites, brochures, direct marketing by opening offices, blogs, and word of mouth. Few women entrepreneurs carry out their marketing by attending different tourism related trade fairs, and conferences. Also use different media such as radio, newspapers, magazines and TV. The later category applies more in domestic market while the former applies more in international markets.

Networking was a new phenomenon to interviewees although benefits of it were well known. Several women entrepreneurs mentioned the following benefits for networking: to become more familiar with other businesses, increase the ability to expand business in new markets, easy to obtain financing, increase profit through selling more, gain and share information and technology, and share risks on specific ventures. On the other hand, the study presents findings of the women entrepreneurs who their businesses were related to other companies. With regard to internationalization, women entrepreneurs argued that they needed both business and social networks for them to be able to go for international markets. More frequent communications with partners were made during tourists’ high season.

Challenges that were mentioned include long hours of work to ensure the business flourishes, marketing and access of information, lack of access to appropriate social/business networks, long government procedure (registration), gender issues, access of capital, business competition, and training.

**Implication, Conclusion and Recommendation**

The objective of this article was to; identify the push and pull motivation for expanding business to international markets; study different marketing strategies implemented; learn different ways of accessing capital/finances for business ventures; learn business and social networks formed during operating in foreign markets; and identify challenges in doing business. The data from interviews supports the born global theory of business venture. The findings provide some perceptions and interpretations of women entrepreneurs in service industry.

Policy makers and business developer to better understand the challenges facing women entrepreneurs when expanding and operating in foreign market could utilize this research. Likewise, the study would help practitioners to come up with better strategies and policies to support women in achieving their full potential of doing business. This in turn would encourage more women to be self-employed not only in tourism industry but in other industries in the country and elsewhere.

Overall, the paper consists of a compilation of different aspects of doing business in international markets with the aim of further contributing to the body of knowledge in Tanzania about women entrepreneurs. The paper has a specific focus on women entrepreneurs’ in tourism industry located in Dar es Salam, Arusha, and Kilimanjaro regions. These are only few regions in Tanzania however, the findings and lessons of the research are relevant to other regions and industries.

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# Motaghi, Etemad - The Internationalization of Creative Industries: The Experience of Cultural Festivals

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Cultural industries have a large socio-economic impact largely due to their international activities; but the nature, the extent and the impact of their internationalization neither is well-understood nor deeply explored. This paper aims to elucidate different facets of cultural industries’ internationalization and explore influential factors impacting their successful growth and internationalization.

Although the cultural impact of the creative industries, at times also called the artistic or cultural industries, is rather clear, their economic impact and the source of such impacts are not obvious or properly highlighted. According to Statistic Canada (different reports), their direct economic impact in 2001 amounted to more than $38 billion or approximately 3.8% of the Canadian GDP in that year. Except for recessionary periods, this impact has been growing steadily. However, these contributions are not the same in various cities and provinces. In Montreal Metropolitan Area, the cultural sector holds a prominent position. In 2008, it created 96,910 direct jobs, which represented 5.1% of overall employment in the Montreal Metropolis (the second largest in Canada after Toronto’s). The *direct incremental impact* of the creative and cultural industries has added value of about $12 billion per year, which is approximately 6% of GDP of the Montreal Metropolis.

In Quebec City, the Winter Carnival, another example of creative and cultural industries discussed in the paper in length, plays an important role in the city’s GDP growth. In 2011 alone, the Quebec Winter Carnival generated $31 million incremental GDP for the city and created more than 630 additional direct jobs. The number of visitors to this event was approximated at more than 75,000 tourists, coming from various locations within and outside of Canada. Although very significant, touristic visits and their expenditures are only one component of the industry’s internationalization as many components of the up-stream supply chain are also coming from international locations.

As another popular example of the cultural industry, is the Montreal’s International Jazz Festival, celebrating its 34th edition in June 2013 (<http://www.montrealjazzfest.com/default-en.aspx>), has become the *mecca of* *international Jazz musicians*. They come to the Festival from the far corners of the world to play and to entertain diverse audiences, which can be viewed as internationalization of production and supply chain. These international artists also increase their recognition and international brand value at the same time. This “inward” movement of international artists producing creative services points to radically different pattern of internationalization with a higher complexity of production processes in such industries. More importantly, the Montreal International Jazz Festival, similar to other such local festivals, attracts many national and mainly *international tourists* to its shows in the location, built specifically for such events, that generate much direct and indirect benefits for Montreal in this case. One can, therefore, suggest that the Montreal International Jazz Festival’s supply and value chains are internationalized at the both ends, which is similar to internationalization pattern of the industry elsewhere, regardless of the location. This pattern of internationalization in this industry is very different from others, even from those in other services outside of the creative and cultural industries, and radically different from internationalization firms with goods as their primary vehicle of value creation.

The paper goes on to introduce a brief discussion of cultural industries in terms of their particular characteristics that impact the pattern of its internationalization. The extent and the impact of creativity, knowledge and technological intensities of the creative and cultural industries are also discussed. A review of the literature pertinent to creative industry’s growth and internationalization processes is presented. A brief review of a few festivals and carnivals, as examples of cultural industries, are presented and analyzed to serve as the basis for the articulation the general pattern of Cultural Industry’s internationalization as well as proposing an early theory of internationalization in such industries. The conclusion and implications appear are also discussed.

# Naguib - Women Entrepreneurs in the Middle East: A Multi-Level Institutional Lens

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**Abstract**

This paper’s major contribution lies in articulating a theoretical framework combining a multi-level research design with an institutional lens, to enhance our understanding of the impact of multiple factors and alternative institutional and cultural contexts on female entrepreneurship. We use this framework to provide insights into multi-level factors enabling and constraining the experience of female entrepreneurship in the UAE and in the Middle East more broadly. Drawing on both semi-structured interviews and focus group discussions with female entrepreneurs in the UAE, our findings aptly highlight the salience of a complex set of entangled factors lying at multiple levels of analysis in shaping female entrepreneurship in the UAE. Our findings also accentuate the importance of the spatial, institutional and social contexts in scoping the situational opportunities and constraints that affect female entrepreneurship and its complex expressions in a particular society. We draw implications from our research pertaining to multi-level research design and cross-national patterns of female entrepreneurship.

**Keywords:**  Female Entrepreneurship, Institutional Theory, Multi-Level Analysis; UAE; Middle East; Development; Cross-Cultural Entrepreneurship Research

# Nduom - Migration and Social Capital: How do diaspora entrepreneurs succeed when they become “returnees“?

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The demographic composition of diaspora communities relative to the demographics in their respective home countries attests to both the impact of brain drain on home countries and the potential for “brain gain” and “brain circulation” in the future. There has been ample evidence of the ability that diasporans have to transfer knowhow through the exchange of information and investing in companies in their country of origin (Saxenian, 2002a, 2002b, 2005). Diasporan communities have also been seen to rotate individuals through the United States to obtain tacit knowledge (Piore, 2004). The knowledge developed abroad by skilled migrants can also have a positive impact via the importation of products with improved technology or lower cost (Kuhn and McAusland, 2006).

While migrants may succeed at influencing economic development in their COOs through formal organizations such as HTAs or individually by investing in a company back home, many migrants will choose to return to their COOs and attempt to make an impact as a “Returnee.” As entrepreneurs, returnees often possess unique market and operational knowledge that they have developed while abroad (Riddle, Brinkerhoff, and Nielsen, 2008). Returnees arrive back to their home countries with superior training skills, management experience, and ties to foreign institutions (Ostergaard-Neilson 2003). In an unpublished paper, Liu et al found that returnee firms were not only more innovative but that they also encouraged local innovation and generated local knowledge spillovers.

While returnees may develop significant skills and resources while abroad, they risk losing touch with the institutional and business environments that existed when they first left their COO, which can subject the returnee to a steep learning curve (Riddle & Marano, 2008). Gaps between the strength of the institutions in the country of residence and those in the COO can work to the disadvantage of the entrepreneurial returnee (Riddle, Hrivnak, & Nielsen, 2010). “Reverse culture shock” has been established as a common occurrence among repatriating expatriate managers, even though they return after comparatively short absences and do not have to deal with the challenges other returnees face, such as finding a new job.

Are the benefits of migrating overseas greater than the negative impact of not nurturing one’s local social capital? Do those effects change for migrants whose overseas destinations are located within ethnic enclaves? Wahba and Zenou (2012) find that, while returnees suffer reductions in social capital when they leave overseas, they experience increases in human capital and financial capital that, on balance, make them more likely to become entrepreneurs than their non-migrant counterparts. Among the positive effects of residing in an ethnic enclave can be an increase in social capital (Portes & Sensenbrenner, 1993). I hypothesize that migrating to an ethnic enclave will increase a migrant’s social capital such that they return to their home countries with an increase in human, financial and social capital. This subset of returnees should be more likely to become entrepreneurs than not only their non-migrant counterparts but also their fellow returnees.

Not only does returning to one’s home country involve the potential of experiencing “reverse culture shock” on the part of the diasporan making the move, it can also involve a number of major financial transactions, including the sale of real estate and the shipping and clearing of vehicles and personal property. Depending on the home country, securing a rental property may involve paying one or more years of rent in advance and mortgages (if available) contemplate repayment periods of as little as 5 years, prompting many returnees to either acquire homes using cash or to acquire land and build their homes over time before returning.

In addition to these one-time expenses, a returnee’s cost of living can easily exceed the monthly expenses incurred in the diaspora, especially if he or she is returning with a family and has school-aged children. In anticipation of this combination of one-time and recurring costs, diasporans planning to return to their home country without a job in hand are anecdotally counseled to have not only secured a home but also have saved up enough money to last over one year before moving.

Existing research on diasporas has addressed investment motivations (Gillespie, Riddle, Sayre, & Sturges, 1999a), repatriation challenges (Mitchell, 1998), and the potential role of governments in easing the transition of diasporans back to their home countries through, for example, the use of Investment promotion agencies (L. Riddle, Brinkerhoff, & Nielsen, 2008). There has not, however, been much research about how diasporans manage the repatriation process from a financial and logistical perspective.

Omata (2012) in a 2012 study of Liberians repatriating from Ghana, characterizes the repatriation process as one largely contingent on “the extent and quality of returnees’ individual resource networks in the country of origin.” I hypothesize, however, that the determinants of successful repatriation resemble what Wahba and Zenou (2012) determined to be the determinants of successful entrepreneurship, i.e., not only social capital but also financial capital and, to a lesser extent, human capital.

# Nguyen, Kock - Internationalization strategies of SMEs from Emerging countries: A study of market and entry strategies of Vietnamese SMEs.

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**Executive summary**

Traditional internationalization literatures have focused mainly on big multinational enterprises, and not until recently, research of SMEs internationalization has been received more attention from international business scholars (e.g. McDougall and Oviatt, 2000; Ruzzier et al., 2006; Musteen, Datta, and Butts, 2013). Moreover, most recent studies related of internationalization of SMEs based on developed economies. As SMEs have much limited in their capability and resources compared to those of MNCs, they face more challenges in their internationalization process (Anderson et al., 2001). These are even more challenging for SMEs from emerging economies (Sonia and Zoltan, 2012). Researchers (e.g. Gaur and Kumar, 2010; Gaur, Kumar, and Sarathy, 2011; Mihailovaa and Panibratov, 2012) argue that internationalization of firms from emerging economies differs from that of firms from developed economies, and existing internationalization theories are insufficient to fully explain this.

The purpose of this article is to investigate the internationalization process of SMEs from emerging economies with focus on market selection and entry strategies. More specifically, this paper aims to answer the research question: “How do SMEs from emerging countries select foreign markets to enter and what are their entry strategies?” The theoretical foundations of the paper are based on the institutional theory (e.g. Kostova, Roth and Dacin, 2008; Tihanyi, Devinney, Pedersen, 2012) and option theory (Li and Rugman, 2007, Li, Li, and Rugman, 2013). To validate our theoretical framework, we used qualitative approach with multiple case studies. We collected data from six SMEs from emerging country of Vietnam related to their internationalization process with focus on market selection and entry strategy.

The results supported our theoretical framework that institutional factors (e.g. economic development, industrialization level, competition level, local stakeholders’ behaviors) at their home and at foreign countries are the key determinants for SMEs from Vietnam to choose foreign markets to enter and entry strategies. In addition, as SMEs from emerging country are late in internationalization path, they prefer new or potential markets (e.g. Africa, Southeast Asia) rather than developed markets (e.g. EU, US, Japan). Interestingly, level of uncertainty and risks (weak legal institution, uncertainties of political regimes) at the host countries did not have much influence on the decision of market selections. Related to entry strategies, SMEs from Vietnam prefer more investment modes (both Greenfields and acquisition) rather than non-equity entry strategies (exporting, licensing, franchising, management contract). In addition they prefer alliance entry mode strategies (for both greenfield and acquisition) including both domestic alliances and foreign alliances. This paper contributes to internationalization theory by elaborating on the underlying factors for the differences in foreign market selection strategies and entry strategies between SMEs from developed and emerging economies because of 1) lacking support from institutional factors from home and host countries, 2) SMEs from emerging economies are familiar to and are comfortable with chaotic environments. Further contribution of the paper is that time factor also plays key role on the determinant of which market to enter and which entry strategy to use for which market. This is due to the fact that almost all SMEs from emerging economies are late in internationalization path compared to those from developed economies. The paper extends internationalization theory also by discussing how SMEs from emerging economies can overcome this weakness.

**Key words**

Internationalization strategy, SMEs, Emerging countries, market and entry strategies, Vietnam

# Oian, Kuiyalainen - How does a born global firm transfer and absorb knowledge in its internal nexus of relations?

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**SUMMARY**

Born global (BG) firms or global start-ups are a breed apart. Among the all types of international new ventures ([INVs, cf. e.g. Oviatt *et al.*, 1994](#_ENREF_14)) they are, by default, the most international, operating in a multiple countries, or even regions, and they need to possess skills and capabilities which make and enable them to follow this difficult internationalization strategy or approach ([Kuivalainen *et al.*, 2012](#_ENREF_10); [Kuivalainen *et al.*, 2007](#_ENREF_11)). There are several studies in which the factors or characteristics of the entrepreneurs in these firms, which enable them to internationalize early and rapidly after their foundation, have been studied (e.g. [Aspelund *et al.*, 2007](#_ENREF_1); [Harveston *et al.*, 2000](#_ENREF_6); [Knight *et al.*, 1996](#_ENREF_8); [Mathews *et al.*, 2007 to name a few](#_ENREF_12)).

Recently also the changes and developments among the born global firms have been taken under scrutiny and the questions, how do these firms evolve after the initial internationalization have been raised ([Kuivalainen *et al.*, 2007](#_ENREF_11); [Nummela *et al.*, 2006](#_ENREF_13); [Zahra *et al.*, 2002b](#_ENREF_17)). Jones and Coviello ([2005](#_ENREF_7)) point out that there may be several episodes of internationalization that eventually emerge as a long-term pathway of internationalization, for example. Hence, studies in which life-cycles or phases of INVs or born globals are being emphasized have emerged ([e.g. Gabrielsson *et al.*, 2008](#_ENREF_4)). Internal change in these organizations has been less studied in the extant literature, however.

Our focus in this paper is on knowledge transfer and absorptive capacity within a born global firm. Among the multinational enterprise (MNE) literature this topic has been of great interest over the years ([Kogut *et al.*, 1993](#_ENREF_9); [Subramaniam *et al.*, 2001](#_ENREF_15)) but in the context of born globals or global start-ups this issue has gained surprisingly little attention. We do know much more, for example, about the role of the external networks in the emergence and success of born globals ([Coviello *et al.*, 1997](#_ENREF_3); [Gillian Sullivan *et al.*, 2006](#_ENREF_5)). Consequently, in this paper we are interested in questions such as ‘how does a born global firm transfer and absorb knowledge in its internal nexus of relationships’ in the context when this rapidly internationalized, but young and resource-constrained firm has already subsidiaries around the globe. What does being new and global actually mean from the knowledge transfer perspective? Based on the single case study focusing on a young born global firm from a small open economy and having subsidiaries in several continents, we analyze antecedents/factors which increase and/or hinder absorptive capacity of the born global firm and discuss what kind of consequences ‘born globalness’ has for this, and eventually for the firm’s capability development in its quest for competitive advantage. We conceptualize absorptive capacity by using Zahra and George’s ([2002a](#_ENREF_16)) conceptualization and focus on acquisition, assimilation, transformation and exploitation of knowledge. The preliminary results show that a born global can overcome the resource constraints related to rapid and early internationalization and the problems this create for knowledge transfer mechanisms by utilizing ICT communication widely within a firm as well as by encouraging informal communication. Young age of the firms also create advantages and the earlier expertise of the workers seem to be relevant and of use for the current activities and inertia is not a big burden ([cf. also 'learning advantage of newness' in Autio et al. 2000](#_ENREF_2)). Furthermore, both real ownership and so-called illusionary ownership as special characteristics of the organizational culture enhance the absorptive capacity and especially exploitation of the possessed knowledge for the quest of competitive advantage.

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# Reuber, Fischer, Morgan-Thomas - An Integrated Framework for Understanding the Phenomenon of eINVs

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**Acknowledgements:** Financial support from the Social Sciences & Humanities Research Council of Canada and the Adam Smith Research Foundation at the University of Glasgow is acknowledged with thanks.

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 In this paper we examine the growing phenomenon of internet-based international new ventures, which we label “eINVS,” through the lens of previous research in the fields of entrepreneurship, international business and international entrepreneurship. Our purpose is to identify where these existing bodies of research help us to understand eINVs, and where there are gaps that constitute important questions for future research. We define an eINV by adapting a widely used definition of international new ventures (INV) (Oviatt and McDougall 2005: 5): an eINV is a venture whose business model is enabled by a digital platform and that, from inception, seek to derive significant competitive advantage from international growth. With a focus explicitly on how extant research helps us understand eINVs, this review differs from that of Reuber and Fischer (2011b), who focus on firm-level internet-related resources that are related to the internationalization of ventures in general, that of Pezderka and Sinkovics (2011), who focus on risk and the online foreign market entry decisions of small and medium-sized enterprises (SMEs), and that of Chandra and Coviello (2010) who focus on consumers using the internet to pursue international opportunities.

 There are both practical and theoretical reasons to study eINVs. From a practice perspective, eINVs are having a significant social and economic impact globally, and are attracting widespread interest from entrepreneurs, investors and policymakers. A recent report by the OECD highlights attractive market conditions for internet firms[[4]](#footnote-4): within OECD economies, they have constituted the fastest-growing sector for over a decade, and were among the most profitable and R&D-intensive sectors in 2011 (OECD 2012: 45-48). Internet usage is nearly ubiquitous, with roughly 90% of businesses and 67% of households in OECD economies having a broadband internet connection (OECD 2012: 135, 103), 90% of young people accessing the internet from home (OECD 2012: 108), and rapid adoption of internet-connected mobile devices (OECD 2012: 107).

 Literature reviews, summarizing the hundreds of studies investigating constructs and relationships relevant to INVs, indicate that technology-intensive organizations tend to become more international, earlier, than organizations in lower technology sectors (e.g. Aspelund, Madsen and Moen 2007; Coviello and Jones 2004; Dimitratos and Jones 2005; Fischer and Reuber 2008; Jones, Coviello and Tang 2011; Rialp, Rialp and Knight 2005), but little research has focused specifically on eINVs (cf. Reuber and Fischer 2011b). From a theoretical perspective, there is reason to believe that the internationalization of eINVs is enabled by somewhat different factors than those of INVs. INV-related theory and empirical research is based on the resource limitations of young firms and on how factors such as internationally experienced founders and partnerships help to overcome them (e.g. McDougall, Shane and Oviatt 1994; Oviatt and McDougall 1994). However, these factors seem to be insufficient to account for the trajectories of many successful eINVs. Those that survive tend not to be poor for long. For example, Airbnb was founded in 2008, received $7.8 million in outside financing within two years (Airbnb 2013a), and, by 2011, supported 16 languages and 17 currencies, operated in 192 countries, and attracted 75% of users from outside their domestic market (Airbnb 2013b). Skype was founded in 2003, received $18.8 million in outside financing in its first year (Index Ventures 2004), and by 2005 was operating in 225 countries (eBay Inc. 2005). In both cases, this early funding was explicitly aimed at international expansion. These anecdotal examples suggest that it is valuable to examine eINVs separately from INVs, rather than merely assuming they are a subset of INVs.

 In this paper we focus on capabilities rather than resources, and describe an integrated framework of three “S” capabilities that underlie successful eINVs: sensing, scaling and spreading. At the core is *sensing*, or the ability for firm managers to perceive how market-related external stimuli can be used to develop international opportunities. Once opportunities are sensed, eINVs need to be capable of exploiting them through *scaling*, which is the rapid expansion of operations in terms of volume, value or scope. Effective scaling is necessary for value creation because it enables economies of scale to be realized and network effect to be capitalized on. Scaling, in turn, creates the need for the capability of *spreading*, or developing awareness of the eINV’s existence and appreciation of its offerings across a geographically dispersed base of online stakeholders. This capability is critical because eINVs lack the physical drivers of demand that are sparked by material proximity, yet must develop awareness and attention among distant audiences (Kotha, Rindova and Rotheraermel 2001). The activities involved in spreading can provide feedback to the sensing function; for example, a firm can analyse the user-generated content of online communities to sense new international opportunities.

 We examine each of these capabilities in turn through the lens of existing theory and empirical research in the fields of entrepreneurship, international business (IB) and international entrepreneurship (IE). There is an extensive body of research on some topics and our aim is to provide a representative, rather than exhaustive, coverage of different perspectives. We highlight gaps in our knowledge of eINVs that constitute important questions for future research, and present conclusions for international entrepreneurship scholars.

# Da Rocha, Moraes, Cotta de Mello - History Matters: The International Expansion of Mature Entrepreneurial Firms in the Brazilian Software Industry

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This study investigates the international trajectories of leading entrepreneurial firms in the Brazilian software industry using the case study method. The relevance of the study derives from three aspects: (i) most studies on the internationalization of entrepreneurial firms in the software industry look at international new ventures or born globals, while few studies investigate the process by which entrepreneurial firms long established in the domestic market engage in international activities; (ii) the firms examined in this study are also leading firms in the domestic market, but remain entrepreneurial; (iii) the research locus is an emerging economy, Brazil.

Thus the contribution of the study relates to the theoretical and empirical gap in the field of International Entrepreneurship (IE) concerning mature entrepreneurial firms that internationalize in a more advanced phase of their lifecycle. Since its recognition as a separate field of research, IE has focused mainly on the process by which new ventures are created to operate in an international environment. In a review of the IE literature covering the period from 1989 to 2009, Jones, Coviello and Tang (2011) suggested that further efforts are needed to understand the differences between early- and late-internationalizing entrepreneurial firms. Also, Coviello, McDougall and Oviatt (2011:628) called the attention of researchers to the fact that “the entrepreneurial behavior of large firms is another important and under-developed aspect of IE research”. It seems therefore that an in‑depth look into leading Brazilian entrepreneurial software firms that internationalized later might provide insights as to the external and internal antecedents of the internationalization decision, as well as the characteristics and the results of the internationalization process.

The study adopts the case study method of investigation, which is deemed more appropriate to obtain a longitudinal and in-depth view of the firms’ internationalization processes. The use of a qualitative approach to investigate the internationalization of entrepreneurial firms is strongly supported by the IE literature (e.g. Nummela and Welch, 2006; Wright and Dana, 2003).The software industry was selected because of its dominance in the research on INVs and born globals, and its growing relevance in Brazil. Three cases were selected based on the following criteria: (i) firms should be large-sized; (ii) their CEOs should be the founding entrepreneurs; (iii) their inception should be prior to 1990; (iv) they should have reached a leading position in the Brazilian software industry. Case studies were based on personal interviews with top executives, questionnaires applied to managers and extensive secondary research, including print media (interviews, company news, articles), company websites, thesis and dissertations, and books on the history of two of the firms studied (authorized by the respective firms). Part of the material was obtained from a Brazilian university research center (including transcriptions of past interviews with firms’ executives); and part was new, being collected specifically for this study. The wealth of data available for this study permitted triangulation and assured reliability.

The results show that the trajectories of the late-internationalizing entrepreneurial firms studied diverge substantially from those expected for international new ventures and born global firms, according to the international entrepreneurship and born global literature. The characteristics of the respective entrepreneurs differ from those encountered in typical INVs: they had no previous significant international experience or education abroad, and they had no articulated international vision at the time of their firms’ inception. Despite operating in a high-technology industry, these entrepreneurs were typical of pre-globalization times. Firm characteristics also contrast with those of typical INVs: the firms studied did not demonstrate any outstanding degree of product innovativeness, despite belonging to a high-tech industry and being considered ‘innovative’. What the three firms did have in common, however, was reliance on the firm’s and the entrepreneur’s social capital. Social capital is key to success in Brazil’s business environment. Nevertheless, social capital was found to be a limitation to international expansion in two of the cases examined. The most salient aspect that emanates from the study, however, is the relationship between the domestic and the international strategies employed by the firms. The characteristics of the internationalization processes (timing, continuity, scope, and depth) of the three firms suggest path-dependent trajectories, which clearly contrast with the typical INV or born-global cases described in the extant literature.

The results of this study suggest that when mature firms internationalize, previous domestic experience may be at least as important as early international experience. The reason is that a large domestic firm has already amassed a substantial inventory of knowledge, which is incorporated and deployed in the various routines and structures. Accordingly, the firm attempts to replicate its domestic experience in foreign markets, a strategy that can be potentially successful when markets are similar, or when the same client base is served abroad.

# Sandhu, Ahokangas - International Joint Venturing as a Process of Integrating Business Model

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**SUMMARY**

Joint ventures with different theoretical backgrounds have been reviewed; however, in the present study we discuss the integration of new business model when two or more cross boarder parties shake hands. To discuss, we also highlight the role of trust in the performance of joint ventures and the formation of new business model. Researchers articulating this perspective measure IJV performance in terms of satisfaction with IJVs’ outcomes and the continuity of the relationships between the partners involved and see it as determined by trust between the IJVs’ partners (Boersma et al., 2003). For example, using social exchange theory (Cropanzano et al., 2005), researchers have found that the continuity of IJV relationships (e.g. Chen & Boggs 1998; Gill & Butler 2003; Muthusamy et al. 2007; Simiar 1983) and satisfaction with IJV outcomes (e.g. Jennings et al. 2000; Kwon 2008, Lane et al. 2001; Ng et al. 2007) are determined by trust between the IJV partners. Hence, from this perspective, IJV trust is considered to enhance satisfaction with IJV continuity and IJV longevity. Thus the role of trust appears important in joint ventures because such partnerships entail substantial risk (Das, 2005). Adobor (2005) argues that trust is often credited with lowering the transaction cost associated with economic exchange and serves the purpose of facilitating investment in long-term relationships (Dyer, 1996; Gulati, 1995) and reducing opportunism (Wathne and Heidi, 2000). Further, trust guarantees the quality of a relationship by allowing for the free exchange of useful information (Larson, 1992). However, Lee and Ding (2010) argue that the level of trust between partners depends on the extent to which partners invest resources. But, in spite of several studies, our understanding of the dynamics of the emergence of trust in strategic partnerships remains fairly rudimentary (Rousseau et al., 1998). We argue that trust help in technical migration and business know-how and plat a role in the development of new business model.

This paper, therefore, attempts to advance the understanding of the effect of trust by examining the factors which affect the prosperity of the IJV and a new business model is formed. More specifically, we examine the trust-performance relationship in a cross-cultural context. As some prior studies have scrutinized the relationship between trust and performance, vague findings in the literature suggest the need for more research especially in the formation or adoption of some elements of business model in the new venture. In consequence, while some studies find a positive relationship between trust and performance (Silva et al. 2011, Boersma, Buckley, & Ghauri, 2003), other studies find no significant direct link between these two variables (e.g. Aulakh et al., 1996; Inkpen & Currall, 1997) and another (Lyles, Sulaiman, Barden, & Kechik, 1999) even indicates that trust may have a detrimental effect on joint venture performance. Such conflicting findings suggest not only that the trust-performance linkage is complex and poorly understood but also that trust may not improve outcomes under all circumstances. However, it is interesting to study how a new business model is formed as no such data is available. In other words, this study opens a new field of research related to IJVs and forming a new business model in another country. More specifically, no data are available on Finnish, and UAE joint ventures. This paucity of research has prompted the authors to study the phenomenon in some depth. Thus, our study adds to the literature by examining the effect of trust on the performance of joint ventures in a cross-cultural context and the formation of new business model. In line with the streams of research; our question is:

 “How IJVs are emerging in terms of business model integration?”

Joint ventures help firms to strengthen their competitive position by enhancing market power (Kogut, 1991), increasing efficiencies (Ahuja, 2000), accessing new or critical resources or capabilities (Rothaermel and Boeker, 2008) and entering new markets (Llaneza et al., 2002). However, these benefits will accrue only if the venture is successful and performs satisfactorily. Nonetheless, studies have shown that between 30% and 70% of joint ventures fail; in other words, they neither meet the goals of their parent companies nor deliver the operational or strategic benefits which they were set up to provide (Robinson et al., 2004). Researchers argue that performance may be negatively affected by the risks associated with IJV. However, we incline to the view of Das and Teng (1998), who suggest that there are two distinctive and equally important types of risk which may influence the performance of SAs: relational risk and performance risk. Relational risk is concerned with cooperative relationships, or the probability that the partner does not comply with the spirit of cooperation. Opportunistic behaviour from the partners (Williamson, 1983, 1985) is a typical source of relational risk. Performance risk, in contrast, refers to the possibility that the intended strategic goals of a joint venture may not be achieved, even though the cooperation between the partners is satisfactory. The presence of these risks affects the outcome of the joint venture. The IJVs are normally formed to create the value.

Up to date, most business model research has focused on business model conceptualizations and ontology (Zott, Amit & Massa 2011; Zott & Amit 2010; Teece 2010; Osterwalder & Pigneur 2002). The current conceptualization of the business model has its origin in e-business research (Timmers 1998; Osterwalder 2004; Morris et al. 2005; Morris et al. 2006; McGrath 2010; Zott et al. 2011) as a new way of explaining value creation logic and competitive advantages around e-businesses (Teece 2010; Zott, Amit & Massa 2011). Business models in general have been referred to represent an “architecture” (e.g. Teece 2010; Timmers 1998), a “recipe” (e.g. Baden-Fuller & Morgan 2010; Sabatier, Mangemating & Rouselle 2010), or a “design” (Smith, Binns & Tushman 2010) for competitive advantage, hence revealing a consistent picture of the firm (Richardson 2008).

Osterwalder & Pigneur (2010) defined the business model as consisting of nine elements: Value proposition, Customer segments, Channels, Customer relationships, Key activities, Key resources, Key partners, Cost structure and Revenue streams. However, there is no commonly accepted definition for business model. Zott, Amit & Massa (2011) identified three partly overlapping BM conceptualization threads. First, business models explain a networked value creation mechanism. Second, they are connected to firm performance, and finally, business model is a potential source of competitive advantage (Markides & Charitou 2004).

From strategic alliances or International Joint Ventures (IJVs) a horizontal integration, one is able to identify a set of common successful business model transformations in various vertical industries as both parties add value in the new business venture. There are four general approaches to business model change being pursued by incumbents: competing on cost, improving supply chain, providing privileged solutions, and monetizing latent assets (Corporate Executive Board, 2007).

Bucklin, and Sengupta, (1993) discuss the effectiveness of business model in IJVs through reducing power and managerial imbalance for marketing alliances. Varadarajan et al. (1995) have discussed IJVs performance from intra-organizations and inter-organizational perspective as the two parties brought different competencies in the formation of new business model. Aulakh et al. (1996) highlight licensing relationships with firms from Asia, Europe and Central\South America and describe cross-border inter-organizational partnerships while Inkpen and Currall (1997), as well as Sako (1998) and Dyer and Chu (2003) discuss automotive industry joint ventures to form the new business model. Zaheer et al. (1998) focus on Dyadic exchange relationships in USA in the electrical equipment industry. Lane et al. (2001) point out foreign IJVs in Hungary, while Nielsen (2003) discusses trust in high-tech industry. We are also in line with Wittmann et al. (2009) who argue that trust is related positively to cooperation and lead to superior financial performance which is an important element of business model.

Increase in low-cost competition and commoditization of offering have forced many incumbents to modify their existing business models. Innovative incumbents have successfully deployed complementary high-low and premium low-cost strategies by utilizing existing legacy assets. In the former strategy, companies offer a low-cost brand for price-conscious customers and operates a full-service premium brand in parallel. Production capacity can be shared, reducing cost structure. In the latter strategy, companies outsource or offshore production of commodity elements in the offering, while retaining advantaged elements which are difficult to replicate.

Few case examples from Finnish and UAE Joint Ventures will be presented

# Sarfaraz, Mian, Karadeniz - Female Entrepreneurship, Internationalization, and Trade Liberalization: The Case of Iran, Pakistan, and Turkey

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**Summary**

This paper seeks to highlight two potentially important sources of wealth generation in developing countries: women entrepreneurship and free trade. The study conducts a macro-level cross-country comparison of female entrepreneurship and internationalization in Iran, Pakistan, and Turkey, the co-founders of the Economic Cooperation Organization (ECO). First, in order to give a better understanding of female entrepreneurship in the three economies, we study and compare the business environment and the socio-economic status of women in these countries. Then, we attempt to find a relationship between female entrepreneurship, internationalization and trade freedom. To that end, we compare the internationalization levels of female entrepreneurs in 54 countries, indexed by the Global Entrepreneurship Monitor (GEM), with the Free Trade Index of the same countries under study, calculated by The Heritage Foundation and The Wall Street Journal. We found that, as the countries move to a higher level of development, the average level of free trade increases. Also, the average level of female internationalization increases with the average level of free trade.

Women, constituting about half of the world population can play a crucial role in the economic growth and development as entrepreneurs. On the other hand, trade liberalization policies and openness to trade can facilitate internationalization and create new opportunities for both female and male business owners across their borders. So, the implementation of free trade policies together with a friendly environment for female entrepreneurship would encourage more women to seek international markets and hence increase the female contribution to the economic growth and development of their respective countries.

Considering the importance of women entrepreneurs as a valuable human capital and potential contributors to internationalization, and also the effect of trade liberalization on the economic growth, our attempt would be to shed some light on female entrepreneurship and the openness to trade in Iran, Pakistan, and Turkey. The three countries are the founding members of the Economic Cooperation Organization (ECO), established in 1985, to promote economic, technical, and cultural cooperation among the member states.

The article is structured as follow**.** In the first section of the paper, we use the following databases: “Ease of Doing Business” to compare the business environment in the three economies, the “Global Gender Report” as the basis for investigating the socio-economic status of women relative to men in the three countries, and the “Trade Freedom Index” to compare the degree of openness to trade in the Iran, Pakistan and Turkey mentioned economies. In the second part, we compare female internationalization indices of the Global Entrepreneurship Monitor (GEM) member countries with the free trade index of the same countries calculated by the Heritage Foundation and the Wall Street Journal. In our findings, it appears that as the countries move to a higher level of development, the average level of free trade increases, and also, the average level of female internationalization increases linearly with the average level of free trade.

A comparative study of women entrepreneurship, internationalization, and trade freedom in Iran, Pakistan, and Turkey may provide a better understanding of the strengths and weaknesses of the compared economies in terms of entrepreneurial environment for women, the extent of trade freedom, and internationality. This can also be a valuable resource for policy makers in each country to know the position of their economy in the related topics compared to the other two neighbor economies, their regional averages, and the world average.

Entrepreneurs in more free economies are in a better position in terms of having access to international markets than business owners in a relatively restricted economy. Although globalization has brought in new opportunities to numerous business owners across the world, the barriers to trade in more closed economies have prevented many domestic entrepreneurs from extending their business activities freely across borders.

In general, while Turkey holds an overall higher rank than the other two countries in the “ease of doing business”, it is less difficult for Iranian entrepreneurs to start a business than it is for their counterparts in the other two countries, and Pakistani entrepreneurs can get credit more easily than their counterparts in Iran and Turkey.

Our research shows that a gender gap exists and is significant in women entrepreneurial activities in Iran, Pakistan, and Turkey alike. This is however more significant in Pakistan where women are generally faced with numerous visible and invisible structural constraints and gender discrimination with respect to social as well as economic aspects is pronounced in some remote regions.

The rate of female entrepreneurial activity is Iran, Pakistan and Turkey is relatively low compared to both their male counterparts and the GEM average. According to GEM 2012 Report, the percentage of the adult female population (age 18-64) involved in Early Stage Entrepreneurial activity (TEA) is 6% in Iran, 1% in Pakistan, and 7% in Turkey.

To study the economic freedom condition in the three economies, we compare their Open Market scores including Trade Freedom, Investment Freedom, and Financial Freedom. In terms of trade liberalization, Iran has a lower economic freedom score than both Pakistan and Turkey indicating a restrictive trade policy in the country. Turkey, having a largely free-market economy, shows higher scores in terms of Trade Freedom, Investment Freedom and Financial Freedom than the compared economies. Pakistan earns higher score than Iran in all components of open markets.

Studying the average level of free trade and female internationalization in factor-driven, efficiency- driven, and innovative- driven economies shows that, as the countries move to a higher level of development, the level of free trade increases, and also, the level of female internationalization increases with the level of free trade.

# Solymossy, Gross - Taking the Engineering Path to Business Leadership and Entrepreneurial Success in Canada and USA

**Emeric Solymossy (Western Illinois University, USA)**

**Andrew Gross (Cleveland State University, USA)**

**Summary**

A cross-sectional longitudinal study of Canadian graduate engineers yielded unexpected percentages of engineers gravitating towards entrepreneurial opportunities. The classes of 1954, 1959, and 1964 demonstrate entrepreneurial / intrapreneurial outcomes at a rate that is 100 times higher than the rate demonstrated for the general population. The rate is well over double the rate cited previously for engineers who had a desire to pursue entrepreneurial outlets (Tremblay, 1998, 2007). This paper explores possible reasons for those findings.

In aggregate, 53% of the graduating engineers listed managerial functions as their principle duties. Within this, 21.4% of the class of 1954, 24.6% of the class of 1959, and 30.1% of the class of 1964 held a top level, leadership role in 2009 with one of the following titles: owner; managing director; chairman; executive vice-president or president. We stipulate that becoming the executive directing innovation, performing strategic planning, and assuming responsibility for envisioning the necessary product, market, and management strategies qualifies the individual as an intrapreneur (Pinchot, 1985.)

The 1965 surveys showed that many of the graduating engineers had the intention of working for others. The question of why so many engineers sought entrepreneurial outlets morphed into the question of why they were unable to achieve their objectives through traditional firms. Engineers are trained to be creative, yet deliberate in seeking to minimize risk. This may be why so many initially sought to work for another. Engineering is more than just a field of knowledge, or a set of task-specific skills. "*It is an approach to the world, a strategic sensibility different from a politician's. It favors innovative solutions over incremental fixes, calculations over consensus.*" (Keller, 2013, p A17)

Seeking to understand the high incidence of engineers gravitating to entrepreneurial opportunities, we reviewed the data from a separate study exploring potential knowledge; how knowledge is valued, and how the value of knowledge is shared between the organization and the employee (Solymossy, 2011). Related to the concept of kinetic and potential energy, potential knowledge is defined as the capacity, latent ability, and the adaptability to transfer knowledge from one context to another, to acquire any additional knowledge and skill to apply to emerging, new opportunities, and or to create new knowledge. Most of the organizations had difficulty recognizing the conceptual difference between applied and potential knowledge. The commonly held perspective was that “potential” meant the individual was suitable for promotion; they could handle more complex tasks. The few (6% or interviewees) firms recognizing the existence of potential knowledge in some employees recognized and captured the economic value. Instead of sharing the value generated by the knowledge, the firm increased the work load and added responsibilities to the individual. One respondent even commented that “*potential knowledge is a cost, not a benefit*” (PKV interview #3 – an SME transportation firm).

We advance a proposition that the selection and training of engineers emphasizes potential knowledge, which is a form of intellectual property; a valuable resource. The value-added nature of potential knowledge is embedded in the application and resulting competitive advantage that is produced for the organization. Most of the interviewed organizations have no way of determining the value of knowledge: they focus on and only value output.

Lee and Maurer (1997) argue that knowledge workers “do not add value to the firm because of their labor per se; they do not add value to the firm because of their work histories per se; but they do add value to the firm because of what they know.” (Emphasis in the original, p 248.) They further categorize voluntary turnover motivation of knowledge workers into four different typologies: 1) from good to better; 2) enough is enough; 3) time to move on; 4) changing aspirations.

We began exploring whether these high potential employees may be exiting firms that do not share the acquired value with the employees. Might they be leaving the firm to start their own, or seek an opportunity that rewards them more? One firm clearly understood the impact of value sharing, and stated that high-potential-knowledge personnel are “able to sell themselves to the highest bidder” (PKV interview #30).

The likelihood that value is not shared by the organization is already suggesting motivation for exiting. If the firm seeks to appropriate all of the returns to themselves, it is reasonable to expect an individual to seek to protect their intellectual property, and gravitate towards more satisfying or rewarding opportunities.

We propose that individuals possessing potential knowledge may seek to capture some of the value of their intellectual property by either becoming entrepreneurs (higher personal risk), or by aggressively pursuing intrapreneurial opportunities through executive positions (less personal risk). Both alternatives would be suitable for engineers seeing more autonomy, decision-making discretion, and personally capturing value for their knowledge. Engineers have a broader scope of knowledge, different ways of thinking, are specifically trained in creativity and innovation, and have distinctive problem-solving skills (Moti, 2006; Coleya et al., 2007). This implies that they have not only the likelihood of potential knowledge, but would also have the skills and ability to apply their knowledge in an innovative fashion for the creation of a competitive advantage. This is relevant whether they were working for themselves or for another.

This research generated new questions and opportunity for further research. Research should delve further into the reasons why so many engineers intended to work for others, yet ended up pursuing entrepreneurial opportunities. Research forecasts much higher employee turnover, especially among knowledge workers. We posit that engineers, as not only knowledge workers, but likely high potential knowledge workers, will continue to gravitate towards entrepreneurial outlets at an increasing rate. The moderator to this may be an organization’s ability to calculate the value of knowledge in a manner that allows for equitable compensation for potential knowledge.

*Please see full paper for references and research details.*

# Stanisauskaite, Kock - The Role of Business Incubators in International Entrepreneurship

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**Introduction**

Business incubator is organization that helps young entrepreneurs to establish their own business. The goal of business incubator is to produce the successful firms (Aernoudt 2004). In order to do that, business incubator has to provide some additional value that companies cannot get in the normal environment. The existing literature on business incubators emphasizes on the benefits and importance of business incubator for the entrepreneurs.

Networks and network connections are one the key elements for the entrepreneurs in creating new companies (Jack 2010). Networks provide access to resources and knowledge, they unease the development of the new start-up. Business incubator is the organization that can help entrepreneur to establish new relationships that can be vital for the company development. The access to networks is one of the benefits that can be gained from a relationship with business incubators. With the help of a business incubator the entrepreneur’s present network will probably change and expand. In addition, business incubator may provide access to global connections which would help young firms to internationalize.

However, in the international entrepreneurship literature the role of business incubators is not fully examined. There is a lack of empirical research which would reveal the real role of business incubators in the company creation and internationalization process. Also it is unclear how companies, which were established with the help of business incubators, differs from the companies which never get encountered with a business incubator. Little is known about process of incubation (Cooper et al 2012). There is also a lack of understanding about the dynamic nature of the business incubators (Phan et al 2005). The purpose of this paper to include a business incubator as a facilitator for creating international business.

 The effect that business incubators have on internationalization of companies is not fully revealed. This study aim to: (1) to find out what kind of benefits entrepreneur gains from the relationship with business incubators (2) to analyze how these benefits influence the internationalization of the firm. This paper will shed new light on the role of the business incubator by taking into account the benefits internationalizing companies can gain with the help of business incubators. In the article we analyze the main benefits and characteristics of the business incubators. Finally, we generate propositions from theoretical discussion concerning the role of business incubators in company creation and internationalization process.

**Results**

The connection between internationalization of the firm and business incubators is often neglected in the literature. In this paper, we assume that business incubators facilitate the internationalization of the firms because of the benefits the entrepreneur gets from the relationships with business incubator. That leads to following propositions:

**Proposition 1:** Business incubators facilitates internationalization of the firms, by providing access to international networks.

**Proposition 2:** The network of entrepreneurs changes from the time they interact with business incubator.

**Proposition 3:** Motivation that an entrepreneur gains from the relationship with business incubator facilitates internationalization of the firm.

**Proposition 4:** Knowledge that an entrepreneur gains from the relationship with business incubator facilitates internationalization of the firm.

**Proposition 5:** Financial benefits that an entrepreneur gains from the relationship with business incubator facilitate internationalization of the firm.

In conclusion, in order to find how business incubators and the benefits they provide are affecting the internationalizing firms and in order to test the propositions the empirical study needs to be conducted. The case studies need to be done, while interviewing managers of business incubators, and also interviewing the companies which were established with a help of business incubators and became international. The study findings are important from the theoretical perspective, while highlighting business incubators role in the international entrepreneurship literature. It is also an important implication for company managers to know what value business incubators can bring for their company success.

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# Sui, Baum - Internationalization Strategy, Firm Resources and the Survival of SMEs in the Export Market

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**Abstract**

Does “born-global” internationalization enhance or jeopardize a firm’s chances for survival in the export market? Despite the ongoing debate about born-global firms, we know little about what drives their survival in the export market. In particular, different theories yield conflicting predictions regarding whether born-global internationalization is superior or inferior to born-regional internationalization or gradual internationalization. Analyzing a longitudinal dataset (from 1997-2005) of 1,959 newly established Canadian small and medium-sized enterprises (SMEs), we show that no single strategy is superior *per se* and that internationalization is not a random choice; instead, a firm selects its strategy based on its resources and the environmental conditions it faces. Moreover, we show that internationalization strategy moderates the relative importance of resources to SMEs’ survival abroad. Although resources are important for the survival of all SMEs, the relative importance of slack resources and innovation resources are most important for born-global firms followed by born-regional firms and are the least important for gradual internationalizers.

**Summary**

In this study, we investigate the effect of different internationalization strategies (born-global, born-regional and gradual internationalization strategies) on the export market survival of SMEs. We show that, in addition to internationalization strategy, firm slack resources and innovation resources determine INVs viability in the international market. Firms that are better able to acquire adequate resources during internationalization are more likely to sustain their export market activities. Several studies highlight the importance of resources to the survival of INVs. Sapienza et al. (2006), for example, argue that the ability to shift resources is important to the survival of young firms because the uncertainty inherent in unknown foreign environments can generate unexpected requirements to adjust established routines and capabilities. Firms with more fungible resources are better able to adapt their routines, which allows them to better react to environmental changes and bolsters their survival chances abroad.

In a parallel vein, we propose that, although firm-specific resources are important for the export market survival of all SMEs *per se*, the relative importance of slack resources and innovation resources is contingent upon which internationalization strategy is employed. Compared to other more incremental internationalization approaches, a born-global firm will have greater demand for resources to prevail in international markets. Born-global firms require slack resources and innovation resources more urgently for their survival than other internationalizing SMEs because the twin liabilities of newness (Stinchcombe, 1965) and foreignness (Hymer, 1976) are particularly strong for born-global firms.

By contrast, the export market survival of gradually internationalizing firms will be the least dependent on slack resources and innovation resources compared to born-global and born-regional firms. The liabilities of newness and foreignness do not adhere that strongly to gradually internationalizing firms because these firms enter foreign markets sequentially and can more easily learn from their own operations and build experiential knowledge. Accordingly, their survival in the international environment will be less dependent on slack resources (Chang & Rhee, 2011) and technological leadership (Shrader et al., 2000). In this study, we further sharpen the understanding about the impact of resources on the survival of INVs and show that resources are an important boundary condition for the functionality of different internationalization strategies regarding international market survival.

Our study provides three important contributions to understanding SME survival abroad. First, by observing the effect of different internationalization strategies on the survival of SMEs in the export market, we underscore the strategic-choice rationale and find strong empirical support for the notion that firms self-select into a fitting strategy. Based on the foreign direct investment (FDI) activity of 275 UK firms, Mudambi and Zahra (2007) find that employing a born-global strategy has no direct impact on firm survival. Based on this finding, that study proposed that the firms in its sample were able to decide efficient strategies during the process of internationalization. In our study, based on the export activity of all Canadian SMEs, the results suggest that neither the born-global or born-regional strategy has a statistically significant effect on firm export market survival. Therefore, we further demonstrate that small, new ventures firms are as rational as large firms; they are able to pursue strategic choices and decide upon the optimal internationalization strategy that best fits their resource endowment and environmental conditions.

Second, we differentiate previous studies on internationalization strategies by introducing the born-regional strategy into our analysis. Previous studies either focused on a single strategy (Efrat & Shoham, 2012) or compared only born-globals and gradual internationalizers (Mudambi & Zahra, 2007). We turn to more recent notions that showing that born-regionals employ a distinct type of internationalization strategy (Lopez, Kundu, & Ciravegna, 2009), which might better balance the risks and benefits of early internationalization.

Our third contribution lies at the intersection of internationalization strategies and resources. Although no single internationalization strategy dominates other strategic approaches under every condition, we demonstrate that internationalization strategies are an important moderator for a firm’s survival and firm resources. Firm resources not only directly affect a firm’s survival and its strategic self-selection but also interact with a firm’s applied internationalization strategy. In contextualizing the firm resources–survival link through internationalization strategy, we add to previous studies on born-global firms and suggest how SMEs might better sustain their international activities with different internationalization strategies. This is an important advancement in the current understanding because it suggests that although small, new ventures are able to internationalize early with limited resources, it is particularly critical for born-global firms to acquire adequate resources during the internationalization process to survive abroad.

The dataset used to examine our research questions is taken from the administrative databases produced by Statistics Canada. The sample includes all Canadian small and medium-sized manufacturers that had at least one shipment to a foreign market between 1997 and 2005. Combining this unique dataset with empirical analyses that control for possible sample selection bias and endogeneity, we provide a valid andreliable examination of the survival of SMEs in the export market.

# Torkkeli, Kuivalainen, Saarenketo, Puumalainen - Learning Orientation and Network Competence in Growth of International SMEs

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Extant literature has found internationalization of small- and medium-sized enterprises (SMEs) to be driven by their business networks, as network relationships allow them access to the necessary resources they may lack themselves. Dynamic capabilities of firms to develop and manage their network relationships have received less attention however, and some ambiguity is abound whether internationally operating SMEs should prioritize developing specific capabilities such as network competence, or if becoming an organization geared towards learning in general is sufficient. Therefore, in this paper, we aim to illustrate how learning orientation and network competence of international SMEs are linked to their growth over a longer time period.

Research on international entrepreneurship has discussed a variety of strategic orientations, and they have been found to have a positive effect on the success of internationalizing SMEs. For instance, international entrepreneurial orientation, international entrepreneurial orientation, market orientation other strategic orientations have been found to have positive effects on the internationalization process of SMEs, including their strategic decisions and their performance. However, the role of learning orientation has mostly been absent from the discussion on strategic orientations and the internationalizing SME. We suggest that the more SMEs effort to be able to absorb knowledge of the markets residing outside their domestic borders -the more learning oriented they are- the better they are able to grow as firms, and thus hypothesize that higher levels of learning orientation are positively related to sales and asset growth of internationally operating SMEs. We also form hypotheses on a positive linkage between network competence of these SMEs and their growth, and examine if there are moderation or mediation effects in the relationship between learning orientation, network competence and international growth of the SMEs.

Our empirical data consists of a sample of 110 internationally operating Finnish SMEs across five industry sectors: metal, food, furniture and software industries, and knowledge-intensive business services. The data were collected through a web survey in 2008 and was later updated with financial sheet data up to 2010.

Through linear regression analysis, we find firstly, that cross-relational network competence explains the growth of sales in international SMEs during the six-year time period. However, neither the relationship-specific dimension of network competence, nor learning orientation exhibited statistically significant results. Furthermore, a distinction emerged between the types of growth that the SMEs experienced: when growth of the internationally operating sample firms was measured by growth in assets, neither of the two major explanatory variables were statistically significant. We suggest this to indicate how higher levels of network competence may enable internationally operating SMEs to achieve their strategic goals without controlling assets, as access to them via network relationships may be enough. This is further supported by the fact that, when growth was measured through the proxy of sales growth, we found that the cross-relational dimension of network competence explained a substantial part of the increase in sales. Thus, we also suggest that learning orientation may not be enough for these SMEs to achieve sales growth, if the relevant types of dynamic capabilities are not developed as a result. Namely, it seems that cross-relational network competence is required, as the relationship-specific dimension is not strongly related to longitudinal growth in internationalizing SMEs.

The significant interaction effect of relationship-specific network competence and learning orientation can be due to the fact that our measurement of relationship-specific network competence focused on exchange of information and coordination between a firm and its partner. However, learning orientation in a firm is much about learning new things by receiving new information to be able to gain competitive advantage and eventually survive in a competitive market place. The 'willingness to learn' from other firms, which naturally helps an SME to overcome liabilities related to internationalization should eventually increase the effect of network competence on sales growth. Consequently, it is a joint effect of the learning orientation and possessed network competence which enables firms to reap the benefits in the form of the significant sales growth. It is important to remember, however, that this is related to specific partnerships.

Finally, we found that a positive effect of learning orientation on the growth of internationally operating SMEs was limited to a somewhat constrained mediation, as it was found that only if growth is measured through increase in assets, do learning-oriented firms benefit growth-wise, and that this benefit only materializes in asset growth if the organizational learning is guided to develop cross-relational network competence.

We note several limitations in our study, ranging from the empirical context to the applied measures. For example, while the financial data were collected for a longer period (2004-2010), the fact remains that the survey was conducted at a specific point in time (2008), and thus provides a somewhat static view into the development of learning orientation and network competence in SMEs. Additionally, extant research often distinguishes between internationalization of SMEs in general and of international new ventures in particular. While the latter are usually considered a distinct type of SMEs and thus behave differently during their internationalization process, our analysis was conducted on a cross-sectional sample of SMEs across both manufacturing and service-oriented industries. While we did include an industry control variable in our analysis, further refinement and closer examination in specific industry sectors could provide an increasingly detailed view into the studied phenomena.

# Totskaya - Relational ties and SME internationalization: evidence from Russia

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**Abstract.** This paper examines the effects of relational ties of small and medium enterprises (SMEs) operating in emerging markets on SMEs choice of domestic or international development strategies. I look at the role of firm-external social capital exemplified in its relational connections in building contractual relations with SME partners. This study contributes to the existing literature by extending the knowledge of factors affecting SME growth in the specific context of emerging markets. It emphasizes the role of business environment in SME development. In addition, it provides support for existing studies on the importance of contextual factors for the process of growth, including internationalization. The implications of this study include practical recommendations for SMEs on building and using their relational capital to assist in SMEs’ development.

**Purpose of the paper**. This study aims to add to the less than extensive literature on small and medium size enterprises (SMEs) operating in emerging markets. My focus is on the relationship between the structure of relational ties and the choices of SME domestic vs. international growth. Research questions addressed in this study are: 1) What are the effects of relational ties on the choice of SME growth strategies? 2) Do contextual factors of external environment contribute to the relationship between SME relational capital and internationalization?

**Literature review.** Emerging economies bring into focus the importance of networking, raising the value of social capital as an indispensable asset for SMEs looking for opportunities to expand (De Clercq et al., 2009; Peng & Luo, 2000; Xin & Pearce, 1996). In addition, the nature of SMEs places more emphasis on social capital as a valuable firm resource. A number of studies have demonstrated that smaller firms have less slack resources than larger firms (Penrose, 1959, Lu & Beamish, 2001); and that SMEs use networks to compensate for their lack of resources (Julien, 1993). Hence, in rapidly changing emerging economies, the vulnerability of SMEs and their sensitivity to poor management decisions increases. Thus, social capital can leverage a firm’s position and increase its resistance to unfavorable external and internal changes.

Extant literature presents some evidence that relational connections help small businesses to go global. Several studies of Asian SMEs have attributed the discovery of international opportunities to relational ties with diasporas in foreign countries (Tung & Chung, 2010; Wu et al., 2007; Yiu et al, 2007; Zhao & Hsu, 2007). Thus, bridging networks had helped SMEs to develop business contacts that either led to exporting, or to establishing new ventures in foreign markets.

**Theory Development.** I would expect that SMEs with well-developed relational ties will develop cross-border relations with other parties. Having strong bridging networks to enhance their market opportunities, SMEs may establish a variety of contracts with domestic and foreign partners, and try internationalization as a long-term developmental option.

It is hard to estimate the multiple effects of external environment of firm growth (Davidson et al., 2007). However, environmental uncertainty is found to force firms to choose lower risk strategies (Palmer & Wiseman, 1999); and to retreat to more familiar environments and simpler organizational processes (Keats & Hitt, 1988). Thus, greater environmental uncertainty calls for cautious firm behavior; thus I expect that it uncertainty will impede the process of developing complex partnerships as a vehicle of internationalization.

**Methods.** The target sample includes SMEs (up to 500 employees) from Novosibirsk regions, Russia. The selection of firms was made using a combination of a snowball technique and convenience sampling. 300 questionnaires were distributed, 71 questionnaires were collected, and 65 comprised the working sample. The questionnaires were filled in either by the CEOs themselves, or by one of the top managers, who were well informed of the firm’s development. In addition to questionnaires, the data on domestic and international growth aspects was validated through firm WebPages, firm booklets and catalogues. All measures for this study were drawn from previously published research. Zero-order correlation analysis was used to assess the relationships between variables (variable means, standard deviations, and zero-order Pearson correlations). Hierarchical Logistic Regression Analyses was used to examine the main effects between dependent and independent variables.

**Findings and contributions.** This study has answered the question of whether relational connections have specific effects on the strategies of development pursued by SMEs in emerging markets. The results suggest that both the density and the strength of firm-external relational connections to its business environment predict the choice of international growth strategy. In addition, the results suggest that environmental uncertainty contributes to SME’s internationalization decision. These findings contribute to an improved understanding of the role of relational social capital for SME s across different institutional settings.

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# Vargas-Hernández - Resources and Capabilities in Rural Entrepreneurship: The Case of a Rural Microbusiness

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**ABSTRACT**

The aim of this paper is to analyze the case of a joint venture stage to determine the successes and failures to undertake this business, based on the theory of resources and skills of entrepreneurship and business. It is intended to answer the question, what were the successes and failures committed by entrepreneurs to run the business plan in this particular case? The answers were found relating the situations described in the case with the theories of resources and skills and entrepreneurship. The analysis concludes that the empirical knowledge of entrepreneurs, in this case were not sufficient to direct the business to success, and that the lack of structured knowledge and adequate scientific support for this project strongly directed towards the non-permanence on the market.

The Mexican government through the Ministry of Agrarian Reform supports rural entrepreneurship projects. One way is PROMUSAG (program for women in agriculture). This is a support program for rural women entrepreneurs, seeking their integration in the productive sector to earn income to help in the fight against poverty in this rural environment. The support consists of a sum of money to start up the business to undertake, which is repayable but it is considered at lost funds. In 2009, hundreds of projects have benefited from PROMUSAG, one of which has been analyzed for this report. This case is featuring nine women in the municipality of San Martin de Hidalgo, Jalisco. In that year, nine women was PROMUSAG order required for each project.

The team for this project consisted of women with little or no preparation in business, but the team had a leader with knowledge and skills acquired empirically that gave the project some routing to success. PROMUSAG central requirements requested to be eligible for funding to the various proposals were teams of nine members, all participants should be female, a project to undertake the business detailing emphasizing the distribution of grant money, it is sent to be developed by an engineer in the agricultural area and the last requirement was to have an area of land sufficient to carry out the purpose of the enterprise activity.
           The venture was marked by the fall in leader's illness, which conditioned the project to a resounding lack of profitability, this, coupled with the lack of scientific preparation and support scientists generated a mismanagement of resources and capabilities that had the project, bringing this to its final termination in six months.

The methods employed are the analytical and descriptive. The first aims to analyze the case and identify failures and successes which led the company for the ensuing year and the descriptive method to detail the situations experienced by the venture.

The history and details of the case were provided by one of the women who undertook this business which in turn is a daughter of the initial principal leader of the enterprise. To gather the information, a personal informal interview was conducted on May 2012. What more motivated the business venture was the fact that the main entrepreneur has a great taste an innate ability for this type of business, her personal qualities and characteristics mostly agree with those of a successful entrepreneur. The main obstacle for this business venture was the lack of funding, which it once existed, the project was launched.

In 2009 the entrepreneurial principal, was blessed with a support of $ 100,000.00 in cash, with the advantageous feature called "sunk" to the implementation of a rural business in the town of San Martin de Hidalgo, Jalisco, which consisted of raising and fattening cattle. Support was received from the government body called Agrarian Reform Secretariat by rural support program to women entrepreneurs "PROMUSAG". PROMUSAG central requirements requested to be eligible for funding to the various proposals were teams of nine members, all participants should be female, a project to undertake the business detailing emphasizing the distribution of grant money, it is sent to an agricultural engineer to develop the agricultural area and the last requirement was to have an area of land sufficient to carry out the purpose of the enterprise activity.

The selection criteria for the formation of the task force were: being female is the PROMUSAG prerequisite required and indispensable, belonging to the family, time available for the project and interest in it. The skills and / or abilities that have the formed team made are the leadership, expertise in law, some livestock knowledge and empirical knowledge of small business management. The way in which it was given the work distribution between women entrepreneurs was by making meeting arrangements, where they defined their roles. The "lady" was the project leader, his daughter is bachelor in law and has the role of administrator of financial resources, and the other members would act as support staff, i.e. performing operational tasks of supplies purchase, cleaning stalls, feeding cattle and attention to situations that may arise in the production area.

The business plan prepared was paid before the monetary benefit was granted, it just detail issues relating to investment in equipment and production inputs such as instruments, equipment, food, young livestock, among others. Therefore, only was useful to structure the production plant and neither for business organization or healthy finance to sustain within inside. The way to get to the end customer and more convenient for the type of business, existing resources and the region where they conducted the enterprise, was to sell the product at a much larger broker to sell the product it the final consumer. The project lasted only six months from commissioning to decommissioning, which corresponds to a period of fattening cattle.

It is necessary to analyze the internal aspects of the company to find the main successes and failures committed in undertaking this business, as the main reasons for the success of a company are brewing inside of it. A business venture begins with the idea and the desire of an individual undertaking, which must have certain qualities and characteristics. In this case, for the entrepreneur's main business was a success in life, as she is a person who has the characteristics and qualities of a successful entrepreneur, which are constancy, sense or business opportunity, knowledge, personal responsibility and leadership skills.

The monetary resource was, together with the decision of entrepreneurship, the main trigger of the business. This financial resource was needed for the purchase of instruments and appliances for conditioning the production plant. These acquired assets would be tangible resources with which the company would have to begin to build a road and build competitive advantage. Unfortunately these were not innovative or special characteristics that could lead the company to take advantage of some sort as cost leadership, differentiation or focus. It really was the most common for a company to take from this type of business.

The fact that there was no proper business plan to guide this enterprise in the formation of a solid organizational structure led to the existence of a variety of situations, which the organization was not in a proper way as there is no basis for internal coordination. That is, the organization did not developed intangible resources, neither knowledge nor skills, and also did not took advantage of the existing resources in good way, and there was no strategic plan to guide the company towards a goal through proper orientation of each of the actions to be undertaken. This due to the existing empirical knowledge and not theoretical basis exists. When it happened the disease of the entrepreneurship leader in the early stages, when the project did not even started to run was one of the situations for which the organization had no way to handle properly.

The lack of evidence document-based to guide the integration of the existent resources and capabilities propelled an unsuitable an inadequate knowledge management tied to hand and feet to the organization in terms of the creation and development of competitive advantages. There were three reasons why the venture was short-lived for only six months:
1. - Failures in the leadership capability, the main leader fell ill soon after received financing and abandoned the project, not permanently but did not have enough contact to conduct business to success, being at the head of the project the daughter of the main leader. Her daughter is Bachelor in Law as a profession, but without certainty in knowledge about business management and effective leadership skills. This created an atmosphere of des governance, which brought conflict among team members and discouragement to work and / or continue in the project.

2. - Lack of capacity in the area of ​​procurement, equipment and supplies were bought at high prices, which were not covered by the investment project. This situation created a debt in addition to the already acquired through funding from PROMUSAG, turn in a few days unviable the business that was being undertaken, as the rate of return on investment would hardly be necessary for the project to survive in the short term.

3. - Lack of marketing capacity to market the product, at the time it was possible to have a finished product, feedlot cattle in optimum conditions, the price at which it was sold was low. However, it was not possible to recover the investment in the production stage; the money raised was used to pay debts owed to suppliers and creditors, leaving the project without resources and women without encouragement to continue. This happens due to a lack of capacity in the area of negotiation and the lack of market intelligence to analyze the situation and to anticipate future price to implement the actions that were relevant.

Empirical knowledge of entrepreneurs, in this case, was not enough to route this business to success and the lack of structured knowledge and appropriate scientific support to this project strongly directed towards not stay in the market. The recommendation for PROMUSAG is that it needs to call for a strategic plan as a requirement to be eligible for financial support. To start a business the entrepreneurs should also count on empirical knowledge, a scientific basis, either by the project members, or by external consultants.

**Keywords:** Entrepreneurship, women entrepreneurs, PROMUSAG, resources and capabilities, competitive advantage.

# Wictor - Born Globals, Networks and Management

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**Abstract**

Many studies have been focusing the entrepreneur and the international market situation for the Born Global Company as parts of developing the company and its growth. Networks have also been studied over time but not so much value creating networks from an internal perspective in relation to the company’s management. Networks are important and can be used to “involve help in overcoming perceived barriers on cultural and regulatory issues, those associated with locating partners, plus other matters deemed important to specific management teams” (Crick, 2009, p. 466). Cooney (2009) found evidence of a positive relationship between entrepreneurial teams and high-growth firms.

This study will take its starting point in the conceptual framework of Andersson and Wictor (2003): The Entrepreneurs, Networks, Globalisation and Industry. The study will deepen especially the knowledge about networks and how the management works developing the company and making it profitable. The purpose of this paper is to investigate how value creating networks are used in Born Global companies and how management acts.

In this quality study data has been collected through a case study. For this a conceptual framework has been developed. How does the management work in Born Global Companies?

Results which were found, was that different networks were handled differently. Building a strong and profitable company is due to how you work with your core manufacturing, outsourcing and your strategic situations in the company, how you handle your suppliers and who is responsible in your management team. In this case they have built up strong and close relationships to the suppliers and have for strategic reasons taken over strategic equipment suppliers. The management has to be aware of and define what is core manufacturing and not. It may be the easiest way to outsource but is it the best in the long run? To compete you should build a strong local network and if possible automatize your core manufacturing. The CEO has to take his or her responsibility for strategic operative situations. To decide the different roles are important in the management team. The entrepreneur’s charismatic leadership is important for empowering the organisation and its acting and for creating interesting ‘value creating networks’. Theoretical implications may be to deepen this study even more in many more companies. To study the relation from the suppliers and the customers perspective would very interesting. Practical implications are for the management to be aware of how important the strategic questions are for the management to handle in an efficient way. The board members have to be aware of what they delegate of the core business so the CEO can work with distinct roles and to secure that networks are built for supporting a profitable development. This will be even more important in the future through the Chinese competition.

*This is an on-going study and will be presented in a final paper.*

# Ying - How Transnational Bioscience Entrepreneurs Create Born-Global Firms

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SUMMARY

Recruited for their explicit and tacit knowledge of business and bioscience, transnational bioscience entrepreneurs (TBEs) are leading Taiwan’s economic development beyond the achievements of the information and communications technology (ICT) industry. In biopharmaceuticals, a firm based on an island of only 23 million people must be born-global to survive. Born-global firms generate the bulk of total revenue from international sales from their founding (Rennie, 1993; Oviatt and McDougall, 1994). Whereas an ICT firm can choose any strategy between low-end supplier and high-end contract manufacturer to be born-global, in biopharmaceuticals, a firm cannot follow the same pathway. To be born-global in biopharmaceuticals, a firm must ensure that every data point in its New Drug Application is the result of studies whose design, protocol, and facilities have met American Food and Drug Administration regulations. Without American FDA certification a new drug cannot be sold in America, the largest market for pharmaceuticals. In this context, TBEs‘ ability to identify, analyze, and solve local problems and to create a spawning ground for bioscience born-global firms is critically important for national economic development.

After returning to their country of origin, TBEs identified several problems hampering the growth of the island’s bioscience capability, including haphazard research, inadequate quality control, insular attitudes, and outdated regulations. Employing their global networks and business and scientific knowledge, TBEs taught local workers and scientists how to 1) think independently, (2) ask for help, (3) gain a global perspective, (4) develop self confidence, (5) apply and receive American FDA certification, (6) license and transfer technology, and (7) design laboratory and clinical research.

Enderwick et al. (2011) called for reliable evidence to show how the presence of transnational migrants can signal “productivity, reliability, quality and new market opportunities” to relevant actors. By applying qualitative research methods, I have discovered “the importance of a hitherto neglected phenomenon” (Doz, 2011), that is, how transnational bioscience entrepreneurs create born-global firms. Applying the same methods, I have unearthed the important evidence Enderwick et al. (2011) described to be “scarce” in extant literature. That is, TBEs’ collective activity to create a world-class bioscience value chain on Taiwan sends strong signals of reliability and quality to international pharmaceutical regulators and businesses.

Theory developed from this kind of research is important to our understanding of how national economies can maximize the potential contributions of high-skilled migrants. This is especially important given how globalization now includes high-skilled migration. As such, qualitative methods is especially useful in understanding the contribution of culturally flexible transnational entrepreneurs in context (Doz, 2011; Thomas, Brannen, & Garcia, 2010; Tunstall & Breslin, 2012).

# Zárate - Regional gradualism on internationalization process of INV: A social Capital view

By: Luis Zárate Supervisor: Dr. Alex Rialp.

The original definition of an INV is a firm that pursuit to generate competitive advantages from the use of resources and revenue generation in multiple countries from inception (Oviatt and McDougall, 1994). International New Ventures theory distinguish firms which have a global focus and commit resources to international activities from, or near, founding (Oviatt and McDougall, 1994; Knight and Cavusgil, 1996). There is no consensus in the literature with respect to central definitions and operationalization of the INV, but many researchers propose different theories (strategy, international business, marketing, among others) as alternatives for further theorical work concerning to conceptualization of the phenomenon (Aspelund, 2005). Indeed empirical knowledge about INVs helps to contribute as the basis for inductive theorizing. Empirical data has differentiated different types of international ventures, born global one of them is born regional: relating to firms that generate the majority of their foreign sales in a nearby region (Lopez et al., 2009). Even the concept born regional is indistinct; it would be a step forward to explore the international process of these firms in order to develop a richer understanding of ventures firms.

It is important to include the dynamics of social capital to explain correctly the internationalization of high-tech firms (Agndal, Chetty & Wilson, 2008; Lindstrand, Melén, & Nordman, 2011). Networks and collaborative relationships are important facilitators of SMEs internationalization (Johanson and Mattsson, 1998, Coviello and Muro, 1995, Oviatt and McDougal, 2005, Coviello 2006, Zou et al., 2007 Crick y Spence 2005, Loane y Bell 2006, Prashantham, 2011). Through the use of networks INVs can decrease the slowing effect of resource scarcity, liability of newness and foreignness on rapid globalization (Sasi and Arenius, 2008) Social Capital is dynamic and its attach to network development, so the changes in the network will affect the development of the firm (Coviello, 2006) and the internationalization process (Chetty and Agnal, Prashantham, 2011). This study we focus only on the relational dimension of social capital (Nahapiet and Ghosal, 1998; Tsal and Ghosal, 1998).

For these reasons, the main purpose for this study is to determine how ventures firms accrue and develop their social capital during the international process in deferments regions across America. A qualitative, longitudinal, six multiple case study approach was used to study the effects of international social capital and domestic social capital on international process of Costa Rica (small open economy) software INV.

Findings:

\*Using geopolitical context as a proxy for business traits our definition of the regions in America are: North America, Mexico, Central America/ Caribbean and South America. Lopez et al. (2009) defined as *nearby country Central America or countries that can be said to have close proximity in terms of cultural and business traits (South America or Spanish-speaking Caribbean countries)*. Most of the cases studied have presence in at least two regions, Central America and South America/Mexico. For these firms it seems that exist a pace for their internationalization, they look for similar market in terms of size and sophistication. First they cover the closer market Central America/Caribbean (less sophisticated and similar size), and then continue with bigger markets Mexico/ South America (similar sophisticated and bigger size).

\*International country selection is a main issue, these knowledge-based ventures are proactive in chose the network in which they can accrue trust and credibility for domestic business. Later on when they reach a “bunch” of domestic social capital would be possible to generate both domestic and international social capital. But these firms act passively in term of market selection through some kind of networks, as described Coviello & Martin (1999) they (the firms) follow the opportunities rather than being the result of a controlled process. This is true for a specific type of network (with MNCs subsidiaries). Since Rugman & Girod, (2003), Rugman and Brain (2003) and Laursen, Masciarelli, and Prencipe, (2012) describe that MNC companies do business regionally; it seems possible the Costa Rican software firms follow a similar regional path.

\*Some of the firms do business in North America market (USA and Canada), out of the regional consideration in Lopez et al. (2009), but this is a key issue that must be explained. All case firms do or expect to do business in North America, particularly in USA, which they consider the leading target market. The firms which are not doing business at this time they`re expecting to do it in a near future. Before that case firms have established in other regional markets (South America or Mexico). For some of the firms doing business in North American, that market came after included Central American and South America or Mexico markets. We can possibly describe this path as regional gradualism, these firms leap on a region after another, until arrive to USA market which represent the end of the international diversification. At last, some of the firms doing business in North American markets go there as they first (and only) market. To cover this region a better explanation could be found in a study by Crick & Jones (2000), they describe the market selection decision was primarily based on the managers` experience of operating in international markets (previous employment and contacts they had develop). Back to our propose in explain regional venture considering above mentioned seems likes the amount of international social capital requested to reach North American MARKET is high enough and it take some time to some Costa Rican software firms, or not, if they already have the knowledge and local ties. As the Costa Rica ITC industry its relative new it seems probably Lopez et al. (2009) capture (at half way) a point in the industry life cycle.

\*To refine the analysis we explicit the source of social capital dived into domestic and international social capital in three levels. The individual (entrepreneur) level, the firm (venture) level and the environment (support institutions) level. The main sources of initial (domestic or international) social capital are the founder of the firms. Then we assume that personal and work relationship overlap as well as institutional relationship. Its usefulness at founding and later depends on dimension of the strength of their ties with individuals, firms and institutions. The characteristics of the source in terms of international social capital define the geographical scope. That’s means be regional ventures it is one possibility (very common) explained by the high amount of domestic (at the beginning) social capital and later international social capital coming from MNCs subsidiaries and the particularity of high-tech industry that not only makes embeddedness in local environment more likely, it also makes strong reliance on local partner less beneficial (Laursen et al., 2012).

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4. In this OECD report, the “internet firm” category is broader than our definition of eINVs, and includes firms that earn revenue from (a) internet-based activities; (b) internet intermediation; (c) providing services facilitating internet use; (d) providing internet-based software; (e) providing e-commerce platforms offline (OECD 2012: 43-44) [↑](#footnote-ref-4)