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Entrepreneurship in Emerging Economies: Where Are We Today and Where Should the Research Go in the Future

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Emerging economies are characterized by an increasing market orientation and an expanding economic foundation. The success of many of these economies is such that they are rapidly becoming major economic forces in the world. Entrepreneurship plays a key role in this economic development. Yet to date, little is known about entrepreneurship in emerging economies. This introductory article to the special issue on entrepreneurship in emerging economies examines the literature that exists to date in this important domain. It then reviews the research that was generated as part of this special issue on this topic. The article concludes with a discussion of the critical future research needs in this area.

Introduction

The quantity and quality of entrepreneurship research has increased dramatically over the last 15 years. Today, entrepreneurship research is some of the most widely cited in the management discipline, with leading journals dedicated to its study and well-recognized conferences supporting its development. The methods employed and the theory foundations used in entrepreneurship today are consistent with mainstream management research. However, entrepreneurship research can still be critiqued as almost exclusively focused on North American and European research sites. The exploration of domains outside of these two developed economic regions remains extremely limited. In particular, little is known of entrepreneurship in emerging economies: economies that are increasingly moving to market orientation and seeking to rapidly advance economically.

To illustrate, several East Asian economies with large ethnic Chinese populations are considered emerging. These populations are well-known for their excellence in entrepreneurship yet there have only recently been significant attempts to understand their

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organizational and entrepreneurial methods (Ahlstrom, Young, Chan, & Bruton, 2004; Chen, 2001; Yeung, 2002). Other parts of the developing world are experiencing similar growth spearheaded by entrepreneurship, but our understanding of them remains equally limited. It is predicted that by 2050, the economies of Brazil, Russia, India, and China (the “BRIC” economies) will be larger than that of the United States, Japan, Germany, U.K., France, and Italy (G6) (Wilson & Purushothaman, 2003). Yet there are extremely limited research efforts, particularly on Brazil, Russia, and India. It has been shown in other domains such as strategy that researchers should not assume that findings in a developed economy will be equally applicable in an emerging economy (Peng, 2000). As a result, the setting today can be summarized as what is known from the world’s developed economies may not readily apply to entrepreneurship in emerging economies plus there is only limited research directly on these environments. Thus, there is a strong need to develop an understanding of entrepreneurship in emerging economies.

This article introduces a special issue of *Entrepreneurship Theory and Practice* focused on entrepreneurship in the emerging economies. The special issue is very diverse, including both theory development and empirical research, which examines entrepreneurship in a number of geographic areas such as East Asia, Eastern Europe, and Latin America. The articles in the special issue have brought together leading scholars in the field of management and entrepreneurship who bring fresh new insights to this new and exciting domain.

The common thread to each article in this special issue is that they address entrepreneurship in an economy where the level of economic development is not as high as the developed economies of North America and Europe, and this, in turn, presents unique issues for research on entrepreneurs and entrepreneurship.¹ For example, as highlighted by West, Bamford, and Marsden (2008) in this issue, the assumptions from developed economies may need substantial alteration when examining underdeveloped economies in Latin America. As will be discussed in greater detail later, the research in this special issue will expand by approximately one-quarter of the number of articles published in the leading management journals on emerging economy entrepreneurship. The articles in this special issue, both individually and as a group, not only help to illuminate entrepreneurship in emerging economies but also will help to lay the foundation for the future investigation of this important domain.

This introductory article will initially review the existing literature on emerging economies. This review will include a brief discussion of the shortcomings in the existing literature. The authors will then quickly summarize the articles in this special issue. Finally, the authors will address the major issues that lie before researchers as they seek to expand the understanding of entrepreneurship in emerging economies.

Prior Literature on Entrepreneurship in Emerging Economies

The greatest impact on most academic specialties arguably comes from high-quality journals (Judge, Cable, Colbert, & Rynes, 2007). However, there are a number of different opinions about which journals should be on a list of high-quality journals. For example, the *Financial Times*, in its ranking of business schools, employs a list of 40 top business journals. Thirteen of these 40 journals are related to the domain of management, several of which are entrepreneurship and international business related. The University of Texas-Dallas has a widely cited system that ranks business schools and departments by research

1. This definition is consistent with that of the World Bank.

Table 1

Journals Included in Review and Views on Their Quality

	SSCI impact factors 2006	<i>Financial Times</i>	UTD research	Trieschmann, Dennis, Northcraft, and Nieme (2000)
<i>Academy of Management Journal</i>	3.35	X	X	X
<i>Academy of Management Review</i>	4.51	X	X	X
<i>Administrative Science Quarterly</i>	2.45	X	X	X
<i>Entrepreneurship Theory and Practice</i>	2.12	X		
<i>Journal of Applied Psychology</i>	2.85	X		
<i>Journal of Business Venturing</i>	1.60	X		
<i>Journal of International Business Studies</i>	2.25	X	X	X
<i>Organization Science</i>	2.81	X	X	
<i>Strategic Management Journal</i>	2.63	X	X	X

Note: Journals marked with an X were classified as a quality journal in this ranking. SSCI, Social Science Citation Index; UTD, University of Texas-Dallas.

productivity using 24 journals of which six are related to management. Trieschmann, Dennis, Northcraft, and Nieme (2000), in their research relying on the top journals in management, were even more conservative and utilized only five top journals related to management (see for a summary of journals Table 1).

Five top management journals reside on all of the lists: *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *Journal of International Business Studies*, and *Strategic Management Journal*. One other journal, *Organization Science*, is on two of these three lists. According to the Social Science Citation Index, these six journals have similar impact factors. Thus, these journals were selected as the foundation for the review of the literature. A seventh, the *Journal of Applied Psychology (JAP)*, is a leading journal in psychology and organizational behavior and was also included even though it only appears on the journal list of the *Financial Times*. In addition, the two most widely cited entrepreneurship journals were included in this review—*Entrepreneurship Theory and Practice (ETP)* and *Journal of Business Venturing (JBV)*. It should be noted that *JAP*, *ETP*, and *JBV* are all on the *Financial Times* list of top journals and only *JBV* has a citation impact factor below 2.0 (a level that indicates a very well-cited journal in the management domain). All journals were reviewed for articles on entrepreneurship in emerging economies for the years 1990–2006.² Each article in these journals was examined for their relevance to entrepreneurship and if their sample was drawn from an emerging economy or if the topic was specific to emerging economies in the case of theory development articles.

The review during this time found a total of 43 articles in these leading journals that addressed entrepreneurship in emerging economies. During this same time period there were 7,482 articles published in the nine journals reviewed. Thus, less than one-half of 1% of the articles in this time period addressed entrepreneurship in emerging economies

2. This number does not include cases that appear in journals such as *ETP*, which may focus on emerging economy firms.

despite its critical role in the future of the world economy. The vast majority of these 43 articles appeared in *ETP* or in *JBV*—35, approximately 75%, of research in this domain appeared in these two specialty journals. But even in the two journals, which focus on entrepreneurship, less than 3% of the total during 1990–2006 articles examined entrepreneurship in emerging economies. Thus, the topic remains woefully underexamined.

In examining the research, several issues are important to note. First, there are examples of research conducted in a variety of countries including Israel, Jamaica, Kazakhstan, Korea, Nigeria, and Pakistan. However, the majority of the 43 research articles are either concerned with nations from the former Soviet Union or its satellites (17) or the Peoples Republic of China (16).³ These two regions are clearly important, but to constitute 75% of the articles is disproportionate. As a result, countries such as India have a single study and there is a total absence of investigations focused in sub-Saharan Africa, Latin America, and the Middle East. It is interesting to note that seven articles involved samples from more than a single country.⁴ Such multinational samples are commendable and help to improve substantively the validity of that research.

The most widely used theories are similar to those used in most international business studies: institutional theory, resource-based theory, and transaction cost theory. It is important to note that in almost all cases the authors took established theory from developed economies and applied them with little regard to their respective emerging economy context. The assumption was in almost all cases that the setting from which a theory is derived has little impact. Thus, whether the research is set in a developed or emerging economy theory, it was treated essentially the same way. This is despite the fact that it is increasingly recognized that theory may need to be adapted in such settings (Young, Peng, Ahlstrom, & Bruton, 2002).

In terms of empirical research, the articles are few so the insights that can be drawn from them are limited. The examination of emerging economies has become more pronounced in recent years. Typical was an article of much of the early work by Wing and Yiu (1996), which looked at the nature of entrepreneurship in China. This article is illustrative of 15 other studies in the review that largely described either entrepreneurs or entrepreneurship in given areas. Beyond these overview articles the most common topic examined is market entry (three articles) and venture capital (four articles). The remaining articles are highly diverse. The market entry articles are focused on entrepreneurial firms from mature economies entering emerging economies. Thus, while focused on entrepreneurship and emerging economies, it was typically not focused on domestic firms in those economies. Instead, it was part of the broader examination of internationalization by entrepreneurial firms. The four venture capital articles do focus on emerging economies. The most surprising issue is that while venture capital represents a minority of the capital in mature economies, it plays an even smaller role in emerging economies. Therefore, that venture capital would represent approximately 10% of the articles in this domain is somewhat unexpected.

Another insight from reviewing the existing literature is that to date, a large majority of the literature on emerging economy entrepreneurship is from a strategic perspective. Entrepreneurship from the social psychological and organizational behavior perspectives occupies an increasingly important part of the research in developed economies. To

3. The article by Hitt, Ahlstrom, Levitas, Dacin, and Svobodina (2004) is the only article to directly contrast China and a former Soviet state (Russia). Its classification here is with China so as to limit double counting.

4. Five studies included large samples of countries that, drawn from a large number of countries, focused mainly on emerging economies. These studies include up to 96 countries and as a result were not included in either the China or Russia/Eastern Europe categorization.

date, this trend is yet to appear in the examination of emerging economies. There are a number of key issues that could impact when studying the behavior of entrepreneurs and their employees under conditions that exist in emerging economies. For example, how a high-trust or low-trust society (Fukuyama, 1995) impacts entrepreneurship and needs closer examination. This topic plays a significant role in financing the firm and in the sharing of control by entrepreneurs with those outside of the family such as top managers and venture capitalists in mature economies (Ahlstrom et al., 2004; Weidenbaum, 1996). What approaches to influence and personal selling are most effective in certain emerging economies, particularly those that emphasize hierarchical relations? Although there are several common influence approaches present in all societies (Cialdini, 2000; Gouldner, 1960), the emphasis placed on different influence approaches can vary considerably (Wosinska, Cialdini, Barrett, & Reykowski, 2000). Therefore, the understanding of cultural and institutional forces that moderate behavior within (and across) organizations is crucial to understanding entrepreneurship in emerging economies where institutional structures can vary greatly from those in mature economies (Ahlstrom & Bruton, 2006; Hitt, Holmes, Miller, & Salmador, 2006; Tsui & Lau, 2002).

Shortcomings in the Existing Literature

Given the importance and steady growth of emerging economies worldwide, it is somewhat surprising that over the last 17 years only 43 articles have been published on entrepreneurship in that domain. Entrepreneurship is the engine that will push the emerging economies forward as the states of the developing world quickly grow to be major economic forces. Yet it is particularly startling that there is virtually no research on the poor in the subsistence economies of the developing world. These economies hold a billion people—one-sixth of the world's population. This 1 billion experience less than \$530 per capita annual Gross National Income (GNI) compared to a GNI of \$60,000 in Norway and about \$44,000 in the United States. However to date, the potential impact of entrepreneurship on the subsistence economy has largely been ignored. The research by Honig (1998) is one of the few efforts to examine this important type of emerging economy.

Looking further at the 43 articles done previously, often, studies are still answering the “what” question either by testing established theories using emerging economy samples or by describing how an emerging economy entrepreneurship phenomenon differs from a mature economy. There are few studies that go beyond basic comparisons by asking the “why” and “how” questions to advance theory development. It would be insightful if the contextual nature of emerging economies is integrated so that insights on theory can be generated to expand the understanding of emerging economy entrepreneurship or to generate new theory (Zahra, 2007). Theoretically, it would be insightful if rather than conceptually uniformly applying a theory developed in a mature economy, it instead is adapted to reflect its application in emerging economy. Related to this discussion of theory, it is also useful to note that in terms of institutional theory the major application has been to examine only cultural institutions. In terms of Scott's (2002) model, regulatory and normative institutions have largely been ignored.

There is also an absence in the existing literature of a full recognition of the unique characteristics of emerging economies. For example, in terms of theory development and extension, researchers employing institutional theory have focused extensively on culture and have largely ignored the impact of other institutions. Typically, researchers have collected data, found differences in a country from what is expected in a mature economy, and then attributed those differences to some cultural dimensions without really understanding what was happening in the institutional environment or elsewhere in the

organizations under study. There is a need to contextualize the research in emerging economies. Many recent studies have utilized good theory extensions of existing theory, but the studies are still based on existing theories from the mature Western economies (such as institutional theory and the resource-based view). But there is a need to focus more on the context of emerging economies and develop new theories that will help to shift the management research paradigm.

Overview of the Special Issue

It is clear from the review earlier that many areas in entrepreneurship are in need of further research. Understanding these areas and what research is needed to fill these gaps, an open call for papers was generated in 2005 from which over 80 manuscripts were received. These papers were reviewed according to standard *ETP* editorial practices. The editors actively sought to ensure that researchers from emerging economies as reviewers were included in the review process. From these reviewed papers, the authors of 16 papers were invited to present their papers at the conference sponsored by Texas Christian University and The Chinese University of Hong Kong on March 29–30, 2007. This conference was also sponsored by the Hall Financial Group and Pegasus Solutions Corporation. There were over 60 people in attendance at the conference, including four journal editors and five associate editors of the leading management and entrepreneurship journals. There were special presentations by Professors Shaker Zahra and Mike Hitt at the conference that generated both a creative and an enthusiastic discussion.

From the conference, 10 papers were eventually accepted to this special issue. These papers address a wide range of issues, examine a wide variety of countries, and address many of the issues highlighted earlier. For example, the articles in the special issue address a range of countries, most of which were missing in the prior literature. West et al. (2008) study subsistence economies of Latin America, a domain in which no prior work on management and entrepreneurship has occurred. The research also brings a rich set of both theoretical and empirical work forward. In particular, the work of Ireland, Tihanyi, and Webb (2008) and of Yamakawa, Peng, and Deeds (2008) seeks to bring fresh theoretical insights forward that are grounded in the reality of emerging economies. A brief summary of each article follows:

- West et al. (2008) provide one of the first examinations of entrepreneurship in Latin America and also provide one of the first efforts to examine entrepreneurship among the poorest in a subsistence economy. The authors compare entrepreneurial efforts in Chiapas, Mexico and Atenas, Costa Rica. Employing a resource-based view of the firm, they examine and assess how a variety of *intangible* resources are a crucial part of successful entrepreneurial efforts in such subsistence economies in the developing world.

- Yiu and Lau's (2008) paper empirically examines the role of network-based resources and corporate entrepreneurship by firms in China. The authors show that the mediating effect of corporate entrepreneurship is of crucial importance in transforming network-generated resources into business results.

- Yamakawa et al.'s (2008) theoretical paper examines internationalization efforts by new ventures from emerging economies. Integrating the resource-based view and institutional theory, they formulate nine propositions regarding the internationalization of new ventures under varying conditions.

- Stewart, May, and Kalia's (2008) findings reinforce the importance of environmental scanning for entrepreneurs and further suggest that several important activities entrepreneurs perform can be quite similar in very different settings.

- Ireland, Tihanyi, and Webb (2008) theoretically integrate identity, institutional and social movement theories to understand the role and impact of entrepreneurship in Eastern and Central Europe in the post-Soviet era.
- Wright, Liu, Buck, and Filatotchev (2008) examine returnee entrepreneurs employing a complementary of resources perspective. They contrast the selection of university and nonuniversity science parks by these entrepreneurs and identify the complementary resources the returnee entrepreneurs seek as they choose where to locate.
- Marino, Lohrke, Hill, Weaver, and Tambunan (2008) analyze two samples of Indonesian firms, which faced both temporary and permanent shock, to examine the response to rapid environmental change. They found that firms react by following established routines. Firms that engaged in alliances before shocks follow this practice in the aftermath of shocks; firms that have limited or no experiences with alliances do not treat it as a viable solution.
- Bell, Moore, and Al-Shammari (2008) examine the listing of firms from emerging economies in mature equity markets. They find that firms that come from countries with higher economic freedom have lower underpricing, which generates more value for entrepreneurs. A firm can mitigate this negative impact by having higher levels of international operation prior to seeking to list.
- Manolova, Eunni, and Gyoshev (2008) explore the nature of the institutional environment and institutional classifications in Eastern Europe. Their findings proved consistent with past work on assessing institutional environments in developed economies.
- Tang, Tang, Marino, Zhang, and Li (2008) examine entrepreneurial orientation in China using a two-study approach.

Future Research

While the research in this special issue has expanded the understanding of emerging economies, there remain many important issues to explore.

Similarities and Differences among Emerging Economies

Emerging economies provide a unique, quasi-experimental setting for testing existing theories. However, too often, emerging economies are treated as a set uniform bloc. Emerging economies may share many similarities, but they also have distinctive characteristics. Each country's history, size, and munificence of their economies differ, as do their economic development paths. There is a need to develop an understanding of these differences and their impacts. However, where there are also similarities that various economies share, these too should be established. Thus, while there is a need for a more in-depth study of individual countries, there is also a need for greater use of multicountry samples that allow an in-depth understanding of issues that impact a wide range of emerging economies. If a researcher is to make composite statements about a region where nations share many similarities, such as Eastern or Central Europe, it seems critical to look at multiple countries in that region. It would be even more critical to look at multiple nations in order for researchers to be able to make statements about all emerging economies.

In building this greater understanding of emerging economies a greater understanding of their differences from mature economies needs to be developed further. The evidence

in this special issue is that there is a great difference in many respects between entrepreneurship in emerging and mature economies. But it has been argued by some that these aspects of entrepreneurs in emerging economies and mature economies are less than might be expected. For example, it has been found in examining British, Norwegian, and Polish entrepreneurs that British and Polish entrepreneurs share many characteristics in their values and views of the environment (Kolverid & Obloj, 1994). Therefore, there is a need to more fully develop an understanding of the nature and degree of difference between emerging economy entrepreneurship and mature economy entrepreneurship.

There is also the need to understand what the future looks like for such economies. It is argued by some (Friedman, 2006) that the differences between countries and between mature and emerging economies will decline over time as globalization, information technology, and other improved, lower end innovations become widely available to the developing world. Future research should explore this concept to a greater degree. One of the striking conclusions coming from the articles in this special issue is that there is a large variation in the level of economic and institutional development of emerging economies. If these differences are to decline significantly, it will require a major shift in entrepreneurial efforts. To explore whether there is such merging in the future, researchers need to conduct longitudinal studies examining multiple emerging economies in depth.

Finally, there is a need to explore a far richer set of countries than are now in the research. The vast majority of the research to date has focused on China and on states in the former Soviet Union or former communist nations in Eastern Europe. There are a number of other countries that demand examination. That there is in this special issue only a single article on India and Africa and that areas such as Latin America and the Middle East are ignored is not justifiable.

Entrepreneurship and Culture

Future research should also look more deeply into the issue of how culturally bounded entrepreneurial behavior is. Entrepreneurial theories today include assumptions such as profit maximization and self-interest maximization. However, this may not be universally true in all emerging economies. The values and motivations in some emerging economies include an emphasis on the welfare of others, maintaining the status quo, maintaining networks and relationships which may change the implications of assumptions an individual on profit maximization and self-interest maximization. Thus, there is a need to look deeper to see how theoretical assumptions made by researchers based on evidence in mature economies need to be altered or deleted as they examine emerging economies.

There is also the need to look deeper to see what the impact of culture is on entrepreneurship. It is known that cultural values and norms, religion, and educational systems shape individual and organizational behavior including entrepreneurship. Emerging economies provide a fascinating testing ground for studying the impact of these items over time. Yet as noted earlier, too often, researchers have argued that any differences found in an emerging economy is due to the culture of that economy. Thus, there is a great need to understand the actual role of culture. Issues such as how culture impacts transactions costs, resources, and cognitive maps of entrepreneurs should be explored.

In examining culture there is also a need to examine in greater depth the different dimensions of culture and their impact on entrepreneurship. The most widely used definition of culture is that by Hofstede. However, the GLOBE (Global Leadership and Organizational Behavior Effectiveness) study on culture and leadership has further codified and extended the Hofstedian formulation of culture and cultural values. Researchers

should use this information and seek to unpack the cultural differences that exist so that there can be a better specification of culture and in turn a better understanding of its impact (see House, Hanges, Javidan, Dorfman, & Gupta, 2004).

Emerging Economy Entrepreneurship and the International Domain

Entrepreneurship in emerging economies is not an isolated domain. Instead, it is part of the broader international business domain that helps to identify other relevant issues. For example, more and more emerging economy firms go international soon after their founding (Ahlstrom, Bruton, & Yeh, 2007; Zucchella, Palamara, & Denicolai, 2007). The nature of these entrepreneurial firms' local market that encourages them to seek out other markets should be explored. For example, these firms often internationalize to either gain market share or to gain knowledge; which of these two is the principal motivator for entrepreneurial firms or how the two motivations impact each other merits examination. There is also a need to understand the impact of cultural and institutional differences between the country of the entrepreneur and the country where the entrepreneur is doing business. For example, the cultural distance between countries and how that impacts the expansion of entrepreneurial firms should be explored.

It is important to not stop at the firm- and country-level effects in examining entrepreneurship in emerging economies. Country effects are important, yet often overlooked are the country–firm interaction effects. The interaction effects would include how firms uniquely benefit from going international in that type of country. For example, Middle Eastern entrepreneurs are experiencing some success with investment in the Moslem countries of Southeast Asia such as Malaysia and Indonesia. Similar religious and cultural orientation would appear to provide a variety of benefits apart from standard cost savings or new marketing opportunities that emerge.

A third aspect of examining international dimensions of entrepreneurship in emerging economies is seeking to better understand born global firms from the developing worlds. Born global firms are firms that are international from their very beginning. These firms are not unlike domestic only firms as they must consider all the difficult questions entrepreneurs have about financing, managing, and strategizing within the organization. But the born global firms face a far more complex analysis since the new firms are crossing national borders. By crossing boundaries, the entrepreneurial firm faces constraints but the firm also obtains opportunities to enhance market value based on the strategic deployment of firm resources and assets, as well as intangible assets gained by going international. For firms from emerging economies that are often facing constrained resources, the act of going international would appear to provide unique challenges that need greater understanding.

Better Theory Development and Institutional Theory

Similar institutions and resources can have different effects in different contexts. Thus, there is also a need for a more subtle way to analyze how contextual variables differ in emerging economies and to what degree they shape entrepreneurial goals, behaviors, and effectiveness of actions. A theory is more powerful if its applicability is established in different settings. The ability to connect established theories in new and rich manners offers the potential for significant new insights. Emerging economies are a unique environment that offers the ability to obtain fresh insights to expand theory and our understanding of it by incorporating more contextualized considerations.

To illustrate the need for a richer theoretical development, institutional theory has been recognized for its ability to provide insight to emerging economies (Hoskisson, Eden, Lau, & Wright, 2000). However, the exact nature of institutional forces in emerging economies is not yet well conceptualized. The most common model used by researchers is Scott's (2002) formulation of institutional theory. However, some applications of this model, even in leading journals, are somewhat unusual. In addition, in sociology this model is somewhat controversial. Other slightly different formulations exist in economics (e.g. North, 1990, 2005) and political science (Patriotta & Lanzara, 2006). Thus, there is a need to more fully develop a conceptualization of institutional theory. The richness of emerging economies has the potential to allow that to occur. It was noted earlier that too often, culture differences are given as the cause of any differences from mature economies that are found. But there is a rich set of institutions that could be causing any difference. Therefore, there is a strong need to better understand the impact of those different institutions on entrepreneurs and entrepreneurship in emerging economies. For example, the impact of legal institutions has been shown to have an impact in the finance domain (La Porta, Lopez-de Silanes, Shleifer, & Vishny, 1998, 2000). Entrepreneurship should explore if legal institutions play a similar role in the development and success of new ventures emerging economies.

A desired outcome of better theory development is better application of the theory. The better understanding of the role of institutions has the potential to not only shape the understanding of institutional theory in emerging economies but also in mature economies. It is surprising, but rarely has previous research examined the impact of institutions in shaping entrepreneurial actions in developed economies. If institutions have the explanatory power expected then it would imply that researchers in these developed economies should be including institutions in their research in a manner no different than if they were examining a topic in China or India. As a result, emerging economies can help researchers to develop theory in a way so that they can better understand how to incorporate the theory in mature economies.

The Bottom Billion

As noted before, there remain approximately one-sixth of the world's population whom the improving world economy are yet to largely touch. The economies of these nations have largely not benefited from the economic growth experienced from the rest of the world. The typically generated answers such as that these countries are in civil war or that they lack economic freedom have been argued to not be fully accurate (Collier, 2007). There is a need for a rich in-depth look at these economies and at the potential for entrepreneurship to provide the means for the citizens of these countries to finally join the world economic growth.

It is probable that entrepreneurship will play a critical role in the improvement in these individuals' lives. However, that entrepreneurship may take very different routes from those pursued in other regions of the world. The recent focus on microlending is a prime example. These lenders typically lending less than \$50 to individual borrowers have been able to make major improvements in the lives of countless people. As a result, the size and nature of the entrepreneurship will likely be very different from what has been studied to date in leading journals. However, the potential impact of what is found on the lives of individuals may be far more than any traditional management or entrepreneurship article.

Better Historical Perspective

The research on emerging economies would also benefit from greater use of historical context to provide reference points to researchers. To illustrate, consider that in the 1990s, overseas Chinese entrepreneurs were often held up as models of entrepreneurial development for all of East Asia (e.g., Kao, 1993). Today, however, the picture is a lot different to researchers and other commentators. Researchers have now looked more carefully at the success of these entrepreneurs and found that they have usually been successful in slow-changing, low-technology industries; often, a monopoly or an oligopoly was present (Ahlstrom et al., 2004; Studwell, 2007). Some of the largest firms' success can be traced to World War II and to monopolies conferred by local authorities such as the Japanese military or postwar commands (Seagrave, 1995; Studwell, 2007). This has led to questions about the long-term viability of the "overseas Chinese" model of entrepreneurship and if there was ever really a new network capitalism appearing that the East Asian tycoons had mastered (Studwell, 2007). Researchers rushed into stating that there were cultural elements that were creating special advantages for these entrepreneurs similar to Weber's Protestant work ethic, while recent work is investigating if there are significant limits to growth with this model, such as with the low-trust nature of many East Asian societies (Ahlstrom et al., 2004; Backman, 1999; Fukuyama, 1995; Studwell, 2007).

Conclusion

Many studies in entrepreneurship have tended to assume that entrepreneurs think and act similarly irrespective of where they are located. In this view, there is little significant diversity in the cultural and institutional contexts of different countries where entrepreneurs operate. As can be seen from the articles in this special issue of *ETP*, the authors and editors are in accord that entrepreneurs generally act differently depending on their institutional setting.

The entrepreneurs' actions are not only constrained by institutional and cultural forces in their environment (North, 1990), but they are also enabled, as opportunities are opened for those who can understand and make the most of the local institutional regime (Bruton & Ahlstrom, 2003). These institutional patterns of commercial interaction are readily grasped by successful entrepreneurs, which in turn leads them to form business systems that are distinctive. In this sense, entrepreneurs from emerging economies are embedded in ongoing institutional structures that have an effect on their activities. They can also act to shape their institutional environments.

While it is evident that certain institutional environments tend to give better access to resources needed for entrepreneurship, there are options for entrepreneurs in emerging economies with minimal access to these resources. In emerging economies with undeveloped legal systems, for example, although it takes extra effort, entrepreneurs have been able to work out substitutes for the weaker legal structures and insubstantial capital markets. The challenge for entrepreneurship in emerging economies is for entrepreneurs to continue to work within the system as it were, but also to act as institutional entrepreneurs to encourage financial systems, legal structures, and labor markets that generally facilitate entrepreneurial activities.

The benefits to academia in studying emerging economies are not only in the better understanding of these economies, but the inclusion of emerging economies into the mainstream of entrepreneurship research offers the potential to expand our theoretical understanding of entrepreneurship in general. The exploration of entrepreneurship in the context of emerging economies will allow for the extension and revision of theories

through the consideration of new contextual variables. This in turn enables researchers to fine-tune theories by developing context-specific conditions and operationalization of key constructs, which allows researchers to develop new theories and constructs that are generalizable to research in other contexts.

As researchers explore entrepreneurship in emerging economies it will allow us to understand better how culturally bounded entrepreneurial behavior is. The assumptions of profit maximization, self-interest, and opportunistic and individualistic behavior may not be universal. The understanding of the variation that theories need to incorporate to address these differences in emerging economies will help researchers to more thoroughly understand and develop their theoretical foundations.

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