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INTERNATIONAL ENTREPRENEURSHIP: THE INTERSECTION OF TWO RESEARCH PATHS

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Reflecting the internationalization of the marketplace and the increasing prominence of entrepreneurial firms in the global economy, the research paths of international business and entrepreneurship are intersecting with increasing frequency. International business researchers are broadening their traditional focus on large multinational companies to also include entrepreneurial firms in their research agendas. Cross-border business activity is of increasing interest to entrepreneurship researchers, and accelerated internationalization is being observed in even the smallest and newest organizations. This Special Research Forum on International Entrepreneurship reflects the fusion of these two areas and the developing worldwide academic interest in this topic.

Entrepreneurship is a topic of interest to academics, business people, and governments around the world. So, of course, is international business. Entrepreneurs do conduct business internationally. Yet the paths of research on the two topics have intersected too infrequently. Research in international business has focused most often on established, large multinational companies, and entrepreneurship researchers have focused primarily on venture creation and the management of small and medium-sized businesses within the domestic context.

In recent years, however, the demarcation segregating international business and entrepreneurship has begun to erode. Businesses in an increasing number of countries are seeking international competitive advantage through entrepreneurial innovation (Simon, 1996). Many national governments are striving for improved living standards among their people through the discovery or acquisition of new technologies and through attempts to replicate regional entrepreneurial aggregations, such as the industrial districts of northern Italy and California's Silicon Valley (Dunning, 1993). Academics are observing accelerated internationalization even among the smallest and newest organizations (Oviatt & McDougall, 1999). The use of efficient worldwide communications technology and transportation, the decrease in governments' protectionist policies, and the resulting decrease in the number of geographically protected market niches has made it possible, if not necessary, for many of today's entrepreneurial firms to view their operating domains as international. The upshot is that the intersection of international business and entrepreneurship is of increasing importance for all those interested in either topic. The

Special Research Forum on International Entrepreneurship is devoted to that intersection.

The meaning of the term "international entrepreneurship" has evolved over the last decade, during which academic interest in the topic has grown. An early definition focused on the international activities of new ventures to the exclusion of established firms (McDougall, 1989). A task force on international issues within the Entrepreneurship Division of the Academy of Management formed during the early 1990s urged that the domain of international entrepreneurship be broad, partly because the topics of relevant inquiry were perceived to be rapidly evolving at the time (Giamartino, McDougall, & Bird, 1993).

By the mid-1990s, the international part of international entrepreneurship was becoming more refined. Wright and Ricks (1994) said it is firm-level business activity that crosses national borders and that such activity focuses on the relation between businesses and the international environments in which they operate. Therefore, academic work in international business includes the study of business activity that crosses national borders and comparisons of domestic business activity in multiple countries. The definition excludes nonprofit and governmental organizations' international activities. Our "Call for Papers" for this special research forum used this definition.

Consensus on a definition of entrepreneurship remains elusive, however, and the "Call for Papers" used examples to demonstrate rather than to define what was meant by the word. Thus, it was up to the authors of the submitted work to show that they had data on entrepreneurial activity.

The difficulty is that the domain of entrepreneurship overlaps with the domains of other constructs, such as innovation, change management, and strate-

gic management. Also, the phenomenon can be usefully studied from a variety of perspectives: economics, sociology, and anthropology, to name a few (Low & MacMillan, 1988). Adding to the complexity is the fact that people value being associated with the term "entrepreneur." Thus, for example, although the term has historically been associated with for-profit businesses, what are sometimes called "social entrepreneurs" are emerging in nonprofit organizations and even government (Hisrich, Freeman, Standley, Yankey, & Young, 1997; Organisation for Economic Cooperation and Development [OECD], 1998).

At the conference "Globalization and Emerging Businesses" held at McGill University in September 1998, participants representing economics, marketing, management, international business, and other disciplines continued the attempt to define international entrepreneurship. They generally accepted Wright and Ricks's (1994) delineation of the international part but approached the entrepreneurship part from a variety of perspectives. Some saw entrepreneurship as stretching and leveraging firm resources (J. Tiessen, 1998 personal communication), which is a description that is largely coextensive with the term "strategy." Some saw the entrepreneur as a broker in an economic system, creating value through intermediation between economic actors who control resources (R. McNaughton, 1998 personal communication), which appears to be an integration of sociology and "Austrian" economics (Burt, 1992; Kirzner, 1997). Others believed scholars needed to expand their lexicon of available terms because entrepreneurship may have at least two parts: (1) an activity, such as brokering or gap filling, and (2) the attributes that set such activity in motion, for example, cognition, learning, and strategy (C. Rider, 1998 personal communication). Entrepreneurship was also defined as opportunity seeking with determination (J. Johnson, 1998 personal communication), which reminds us that "entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled" (Timmons, 1994: 7). Another conference attendee observed (G. Knight, 1998 personal communication) that a number of scholars seem to be coalescing around three dimensions of entrepreneurship: innovation, proactive behavior, and risk-seeking action (e.g., Covin & Slevin, 1989). An advantage of using these three constructs is that they seem to identify the key dimensions of what nearly everyone agrees is a multidimensional concept.

We have previously defined international entrepreneurship as "new and innovative activities that have the goal of value creation and growth in business organizations across national borders" (McDougall & Oviatt, 1997: 293). Building on prior efforts and what we have learned from the submissions to this forum, we believe the meaning of the term "international

entrepreneurship" can now be further specified: *International entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations.* The study of international entrepreneurship includes research on such behavior and research comparing domestic entrepreneurial behavior in multiple countries. Firm size and age are not defining characteristics here. Thus, international entrepreneurial behavior in large, established companies, often referred to as "corporate entrepreneurship," is included. Further, international entrepreneurial behavior may occur at the individual, group, or organizational levels.

CURRENT STREAMS OF RESEARCH IN INTERNATIONAL ENTREPRENEURSHIP

Definitions are abstract; published research shows specific ideas that are of current interest to scholars. We next note four sources that provide a primary focus on international entrepreneurship and demonstrate current topics of interest within the domain. (1) *The Journal of Business Venturing* has for several years published a periodic issue devoted to the topic. (2) *Entrepreneurship Theory and Practice* focused on international entrepreneurship in its summer 1996 issue, edited by Robert Hisrich, Sandra Honig-Haftel, and ourselves, which included four articles and two cases. (3) *Entrepreneurship 2000*, a 1997 book edited by Don Sexton and Ray Smilor of the Center for Entrepreneurial Leadership, Inc., at The Ewing Marion Kauffman Foundation in Kansas City, was based on the conference of the same name, which was organized by the coeditors. The book contains our review article, "International Entrepreneurship Literature in the 1990s and Directions for Future Research" (McDougall & Oviatt, 1997). Finally, (4) a 1998 conference, "Globalization and Emerging Business: Strategies for the 21st Century," held at McGill University, had 30 papers that addressed international entrepreneurship issues.

Our review of these and other diverse sources, as well as the 34 articles submitted to this special research forum, indicated that the groupings of published articles that appear in McDougall and Oviatt (1997) continue to identify major areas of interest within international entrepreneurship. The groupings are, in alphabetical order, cooperative alliances, corporate entrepreneurship, economic development initiatives, entrepreneur characteristics and motivations, exporting and other market entry modes, new ventures and initial public offerings (IPOs), transitioning economies, and venture financing. Each of the sources noted above differed in the frequency of papers or articles in each grouping, and some work could be categorized into more

than one grouping. Thus, any attempt to identify which subjects are most popular would be premature or misleading. Scholars interested in international entrepreneurship should follow their own interest and expertise. We do speculate that the naturally internationalizing and possibly entrepreneurial effects of electronic commerce will generate active scholarly inquiry soon and emerge as a key aspect of international entrepreneurship research.

All of the topics identified above would appear to be important theoretically and relevant for practice, but their disparate quality makes it clear that there is no unifying paradigm present within international entrepreneurship. Similarly, there is great variety in the theoretical and methodological approaches employed by authors. We believe that the articles appearing in this forum well represent some of the variety of topics worthy of investigation. More importantly, however, they demonstrate insight into theory development and innovative data collection and validation.

SUBMISSIONS AND EVALUATION PROCEDURES FOR THE SPECIAL RESEARCH FORUM ON INTERNATIONAL ENTREPRENEURSHIP

The number and the origins of the submissions we received make it clear that interest in international entrepreneurship extends beyond a small group of researchers in a few countries. Eighty-one authors from 21 different countries submitted a total of 34 articles to the forum. Although 35 of the 81 authors were from the United States, and 9 were from Canada, 37 authors represented countries as diverse as New Zealand, The Netherlands, Argentina, the Republic of Croatia, and Russia. Reviewers from 11 different countries guided us through the review process. The review team for a manuscript always included at least one entrepreneurship scholar and one international business scholar and typically included reviewers from multiple countries. Even so, only 2 of the 5 articles published include at least one non-U.S. author. This paucity of non-U.S. authors in the special research forum was our single disappointment in this endeavor. We made a concerted attempt to attract manuscripts from around the world, but few survived the review process. It is our hope that the efforts of the Academy of Management to further internationalize its membership and its activities, the increased number of international entrepreneurship conferences, such as the recent "Globalization and Emerging Businesses: Strategies for the 21st Century," and the growing number of multicountry research teams exploring international entrepreneurship issues will generate future publications that reflect the developing worldwide interest in the topic.

FORUM ARTICLES

Two major themes of international entrepreneurship research emerged in the articles that appear herein—the internationalization of entrepreneurial businesses and comparison of national cultures that are associated with entrepreneurial activities. The Autio, Sapienza, and Almeida article and the Zahra, Ireland, and Hitt article explore the former theme. Cross-national issues associated with entrepreneurial activities are explored in the three other works, by Steensma, Marino, Weaver, and Dickson; Mitchell, Smith, Seawright, and Morse; and Busenitz, Gómez, and Spencer.

In "Effects of Age at Entry, Knowledge Intensity, and Imitability on International Growth," Autio, Sapienza, and Almeida (2000) show that the age at which a firm internationalized had an effect on entrepreneurial firm growth among 57 privately held Finnish electronics firms during the mid-1990s. Learning and knowledge theory suggest that firms that internationalize after they are established domestically must overcome a domestic orientation, internal domestic political ties, and domestic decision-making inertia in order to enter foreign markets. However, firms that internationalize earlier must overcome fewer of these barriers to organizational learning about the international environment. Thus, the earlier in its existence that an innovative firm internationalizes, the faster it is likely to grow both overall and in foreign markets. The hypothesis is borne out, especially among firms with the most technological knowledge. Without discounting the "liability of newness" (Stinchcombe, 1965) of young firms, Autio and colleagues propose that their results suggest the existence of a previously unacknowledged "learning advantage of newness." Young firms without established routines that inhibit their learning opportunities in foreign environments may be able to use such learning to grow more quickly than counterparts who wait longer to internationalize. Given the increasing international integration of markets expected in the new millennium, the learning advantage of newness, if borne out in other studies, could be a potent competitive advantage for entrepreneurial firms in the international environment.

In "International Expansion by New Venture Firms: International Diversity, Mode of Market Entry, Technological Learning, and Performance," Zahra, Ireland, and Hitt (2000) show that deploying a technological learning advantage internationally is no simple process. They studied more than 300 private independent and corporate new ventures based in the United States. Building on past research about the advantages of large, established multinational enterprises, their results from 12 high-technology industries show that greater diversity of national environments is associated with increased technological

learning opportunities even for new ventures, whose internationalization is usually thought to be limited. Zahra and colleagues' theoretical development and results are complex. One of their most important findings is that the breadth, depth, and speed of technological learning from varied international environments is significantly enhanced by formal organizational efforts to integrate knowledge throughout a firm through a variety of means such as cross-functional teams and formal analysis of both successful and failed projects. Further, they show that venture performance (growth and ROE) is improved by technological learning gained from international environments. The study is also valuable from a methodological point of view. Both entrepreneurship and international business scholars will benefit from studying the data collection and validation efforts it represents. Data for this sort of research are not easily obtained, but Zahra and his coauthors showed considerable resourcefulness by using diverse data sources and multiple validation tests.

In recent years, an increasing number of entrepreneurial firms pursuing innovation have been able to leverage their limited resources by engaging in technology alliances and thereby increasing their international competitiveness. Studying technology alliances in 494 entrepreneurial firms in Australia, Indonesia, Mexico, Norway, and Sweden for "The Influence of National Culture on the Formation of Technology Alliances by Entrepreneurial Firms," Steensma, Marino, Weaver, and Dickson (2000) found that national culture directly and indirectly influences the formation of technology alliances. Drawing heavily on the resource dependence and transaction cost perspectives, the authors found that transaction costs arguments appear to be more applicable to individualistic societies and that resource dependence arguments appear to be more applicable to societies that maintain cooperative values and avoid uncertainty. Their work underscores the importance of considering cultural differences. This implication is particularly important for the increasing number of entrepreneurship researchers who have collected samples extending across national boundaries. Researchers should not only control for cultural factors in their research designs, but should also, in some instances, avoid applying contemporary management theories in all contexts.

The Busenitz et al. and Mitchell et al. studies both provide researchers with useful tools to enhance studies of entrepreneurs in multiple countries. Mitchell and his coauthors employ a methodology that will be novel to most international entrepreneurship researchers, and Busenitz and his colleagues introduce a country institutional profile measure for exploring cross-national differences within the domain of entrepreneurship.

The results of Mitchell, Smith, Seawright, and Morse (2000) for their exploratory study, "Cross-Cultural Cognitions and the Venture Creation Decision," indicate that a cross-cultural explanation for entrepreneurial activity may be within reach. Drawing on the general theories of social cognition, information processing, and expertise, they introduce and examine a cross-cultural cognitive model of venture creation. Analyzing use of expert scripts appropriate for venture creation, they sampled 753 respondents in seven Pacific Rim countries: Canada, the United States, Mexico, China, Japan, Australia, and Chile. Although their study is exploratory, it has potential value for clarifying the seemingly disparate results of previous studies. Mitchell and his coauthors were able both to distinguish between entrepreneurs and nonentrepreneurs and to explain similarities in venture decision making among entrepreneurs across cultures, thereby laying a foundation for a cross-cultural cognitive theory of entrepreneurship.

Finally, in "Country Institutional Profiles: Unlocking Entrepreneurial Phenomena," Busenitz, Gómez, and Spencer introduce and validate a country institutional profile measure for the domain of entrepreneurship. It is an excellent representation of the fusion of entrepreneurship and international business research. The authors use the international business research of Kostova (1997) as a foundation for exploring how and why levels of entrepreneurship vary by country. Their profile consists of regulatory, cognitive, and normative dimensions, as opposed to a single cultural dimension. We believe the Busenitz et al. measure can be a valuable tool to researchers exploring issues regarding cross-national differences in entrepreneurship. This study focuses on industrialized Western countries only; thus, there is a need for future researchers to apply the instrument to other countries.

CONCLUSIONS

Since Wright and Ricks (1994) highlighted international entrepreneurship as one of the three important emerging research thrusts in the field of international business, an increasing number of scholarly investigations into cross-cultural differences in entrepreneurial activity and into entrepreneurial firms that compete across national borders have enriched and broadened both international business and entrepreneurship research. As international business researchers broaden their traditional focus on established multinational corporations and begin to include entrepreneurial firms in their research agendas, and as entrepreneurship researchers begin to study cross-border activities and to form multicountry research teams to examine entrepreneurial issues across multiple cultures, it is obvious that each field can learn much from the

other. Just as the technological revolution and increasing globalization have defined a new competitive landscape for businesses (Hitt, Keats, & DeMarie, 1998), so have the realities of the research arena changed for academics. International business researchers cannot afford to ignore the growing power of entrepreneurial firms in international competition, nor can entrepreneurship researchers ignore the internationalization of the marketplace.

Although international entrepreneurship is still without a unifying and clear theoretical and methodological direction, the articles in this special research forum bode well for its future. It is imperative that future research demonstrate definitional rigor so that useful comparisons can be made between studies. Finally, we believe it is worth emphasizing that the most influential research in international entrepreneurship is likely to be a significant collaborative challenge. The work of scholars with experience in multiple countries must be combined with the work of scholars with expertise in multiple disciplines.

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