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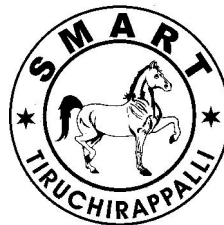
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INTERNATIONAL ISSUES IN ENTREPRENEURSHIP

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Abstract

The multi-disciplinary nature of both entrepreneurship and international business is the result of theories and frameworks drawn from anthropology, economics, psychology, finance, marketing, and sociology. It is clear that the domain of international entrepreneurship is rich in opportunity for many interesting research questions to be explored, and many existing theories may be beneficially employed. First, a reformulated definition of international entrepreneurship is presented. Second, the important role of network theory is highlighted. Then the learning theory and knowledge management is presented for the future development of an entrepreneur. In short, this article highlights some issues and new ideas for international entrepreneurship.

1.1 Definition of International Entrepreneurship

International business entrepreneurship is a newly emerging venture and it is related to

- (1) Comparisons of entrepreneurial behavior in multiple countries and cultures,
- (2) Organization behavior that extends across national borders, which is entrepreneurial.

The definition of “international entrepreneurship” has moved from a very broad one, which avoided in advance the important uprising interests (Giamartino, McDougall, & Bird, 1993), to excluding nonprofit and government organizations, to be consistent with the commonly accepted definition of “international business” (McDougall & Oviatt, 1997).

International entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and intended to create value in organizations. (McDougall & Oviatt, 2000). International entrepreneurship has evolved from a focus on

new ventures to include corporate entrepreneurship. The definition of entrepreneurship, however, is a matter of continued debate. As a result, the meaning of entrepreneurship continues to evolve the idea that entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior and finds its origins in strategic management literature but those are not the only entrepreneurial dimensions.

“Entrepreneurial orientation” is another dimension which is distinguished from the definition of entrepreneurship itself because it is equated with the new entry, or the act of launching a new venture. Opportunities may be sold to others. Eight new venture opportunities were created from different applications of a single technology known as three-dimensional printing which is a case of patented technology. The inventors of the technology did not discover any of the eight applications. While the entrepreneurs may have discovered the technology, it was their idiosyncratic interpretations of its capabilities that appeared to create the opportunity.

International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future products and services. The field of international entrepreneurship examines and compares across national borders how, by whom, and with what effects those opportunities are acted upon. As noted, the international entrepreneurship arena includes both the study of entrepreneurial activities and the comparison of domestic entrepreneurial activities in multiple countries.

1.2 Learning Theory and Knowledge Management

Learning was a primary element of original internationalization model. Organizational learning is defined as “the process of assimilating new knowledge into the organization’s knowledge base” and “an organization learns if any of its units acquires knowledge that it recognizes as potentially useful to the organization”. The management of knowledge is particularly challenging in cross-national settings where different cultures, corporate governance systems, time zones, and languages are involved. For entrepreneurial firms competing in international markets, the learning process is critical (i) In helping firms to overcome their liabilities which are related to the foreign firm’s lack of local market knowledge. (ii) In addition, learning is critical to the entrepreneurial firm competing internationally because knowledge is often the most critical asset of the firm and its primary basis of achieving competitive advantage. To compete successfully in the international arena, new ventures must effectively manage the learning process so as to build knowledge stocks and create new knowledge about the market.

One of the most compelling international entrepreneurship studies using learning theory is one in which they introduce the concept of “learning advantages of innovation.” “As firms get older, they develop learning impediments

that slow down their ability to successfully grow in new environments and that the relative flexibility of newer firms allows them to rapidly learn the competencies necessary to pursue continued growth in foreign markets”. It represents a counterpoint to the widely accepted concept that there is a “liability of newness” for young organizations. Thus, the learning advantages of innovation deserves intangible development

Another noteworthy point is how new ventures used the technological learning and gained through internationalization. Specifically, the effects of international expansion on a firm’s technological learning were measured by international diversity and mode of market entry on the firm’s financial performance. It results in a strong positive relationship between international diversity and the breadth, depth, and speed of a new venture’s technological learning. The mode of international entry also was related to technological learning, and learning, in turn, had a positive performance impact.

1.3 Network Theory

Networking is a powerful tool for the entrepreneur (Dubini & Aldrich, 1991). Firms use their networks to gain access to resources, to improve their strategic positions, to control transaction costs, to learn new skills, to gain legitimacy, and to cope positively with rapid technological changes. Networks emphasize reciprocity norms, personal relationships, reputation, and trust. The entrepreneur’s network represents social capital that is elusive and idiosyncratic. It appreciates through repeated interactions that help to build trust. Trust is the basic element that determines the solidarity of the network link.

When an entrepreneur draws upon a network contact in an exchange, thereby making use of his/her social capital, a debt is incurred for which there is expected reciprocity. They

posit that because international new ventures lack sufficient resources to control many assets through ownership, they must rely on alternative means of control. They point to the network structure as one of the new ventures' most powerful resource-conserving alternative to internalization. The network exchange structure offers the typically financially constrained entrepreneurial firm a critical leveraging opportunity whereby resources can be gained without incurring the capital investments of vertical integration. The entrepreneurial firm is, thereby, provided a way to maximize its adaptability to its environment. Networks are important to the majority of the entrepreneurs seeking opportunity. Finally, network theory is used to examine international market development and marketing-related activities within international markets. Understanding of the internationalization processes of entrepreneurial firms is enriched within a network of relationships. From this perspective, foreign market selection and entry initiatives emanate from opportunities created through network contacts, rather than solely from the strategic decisions of managers in the firm. It is not surprising that the observed patterns of international market growth for entrepreneurial high-technology firms differ from the processes of the larger manufacturing firms. The relatively rapid and dispersed involvement in foreign markets creates the impression of being random and somewhat irrational. In fact, the span of activities can be linked to opportunities emerging from a network of relationships. Viewing the multinational corporation as an inter-organizational network, corporate entrepreneurship study builds a conceptual framework for examining the initiatives of the subsidiaries of multinational corporations.

In the 1994 study of strategic alliances between a Japanese company and three Silicon Valley companies, the "network of networks mode" is highlighted as a process in which a key company or person has the role of creating

a global network of local networks. The role of government agencies and business associations in promoting networks for global marketing is crucial.

1.4 Strategic issues

Four strategic issues are of paramount importance to the entrepreneur planning to go international.

- § the allocation of responsibility
- § the nature of planning, reporting and control systems to be used throughout the international operations
- § the appropriate organizational structure for conducting international operations
- § the degree of standardization possible

Other than these four issues, the international entrepreneur can play in international business and market products internationally by exporting non equity arrangements (like licensing, turn-key projects and management contract) and direct foreign investments.

2. Conclusion

The field of international entrepreneurship is rich with varied possibilities and opportunities and the full extent of its scope is undefined. As the field moves from infancy to what appears will be a high level of growth, there is a rich opportunity for the use of learning theories concerning knowledge management, international diversification, international expansion, alliances, and networks. Each of these areas of study is important to the advancement of knowledge within international entrepreneurship. Networks help entrepreneurs to identify international opportunities, establish credibility, provide access to critical resources including knowledge and often lead to strategic alliances and other cooperative strategies. The increased growth of entrepreneurship and international business are evident for the international entrepreneurship.

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