
Entrepreneurial transformation in emerging economies: progress and challenges

Guest Editor: Justin Tan

I was honoured when Dr. Mohammed Dorgham, Editor-in-Chief of the *International Journal of Entrepreneurship and Innovation Management*, invited me to edit a special issue. As with many opportunities, the initial excitement was followed quickly by a sense of overwhelming challenge. As a strategy scholar, I wondered how to mobilise and deploy resources in order to add the most value for the journal and its readers. In the end I have decided to devote to a single topic of dramatic academic and practical importance, and provide a forum for in-depth knowledge consolidation and forward thinking by entrepreneurship scholars from around the world.

I chose entrepreneurship as the theme, I chose to address such a theme in a global frame, and I chose to focus on the issues arising from emerging economies. Such choice is grounded in a deep conviction that entrepreneurs are the agents of change in the emerging economies and have shaped the world around us. As the emerging economies gradually undergo fundamental reform and become increasingly integrated into global economy, and as firms in these economies start to play an important role as the customers, suppliers, competitors, and strategic alliance partners of multinational corporations, an improved understanding of entrepreneurship in these countries has gained added significance for theory and practice.

Given the importance of entrepreneurship to the emerging economies undergoing transition, and to organisations in the increasingly competitive global marketplace, it is natural for entrepreneurship to be a popular research topic. Therefore, it is my effort and those of all the scholars who have contributed to this special, whether or not their papers are eventually included in the special issue, to help narrow the gap between the importance of entrepreneurship and the research effort devoted to it.

Allow me to briefly preview what you will find in this issue. The first set of papers examines environmental factors, institutional changes and firm adaptations in emerging economies. Forces external to the entrepreneurial businesses is critical because they are capable of creating or destroying entrepreneurship by the nature of the climate they establish. In the paper by Ahmed, Majar and Alon ('Malay entrepreneurship: historical, governmental, and cultural antecedents'), the authors provide a review on the history of Malay entrepreneurs, both before and after independence and a conceptualisation of Malaysian entrepreneurship in the context of government incentives, cultural traits, management systems, and the dimensions of organisational culture as an element of entrepreneurship. The characteristics of Malaysian culture are covered with special reference to the value systems inherent within Malaysian and Malay management practices. The understanding of Malay entrepreneurship can help researchers form a generalised theory of entrepreneurship in developing countries, with particular emphasis on Asia.

Cetindamar ('Policy issues for Turkish entrepreneurs') assesses the problems and expectations of entrepreneurs in Turkey, and reports that

- Turkey underutilises youth and women entrepreneurial resources
- there exists a large informal economy that tends to support self-employment rather than entrepreneurship per se
- entrepreneurs do not have the kind of ties with organisations that might be helpful when they are first starting out
- entrepreneurs see as their main problems bureaucracy and unstable state policies.

Based on these findings, the paper concludes with a policy discussion regarding the development of entrepreneurship in Turkey.

Lloyd-Reason, Damyanov, Nicolescu and Wall ('Internationalisation process, SMEs and transitional economies: a four-country perspective') investigated how entrepreneurs in small and medium sized, domestically owned private enterprises are coping with the problem of internationalising their business operations within the changing business environment of central and eastern Europe, and the extent to which an infrastructure of formal and informal provision is developing to match such demand in four countries in central and eastern Europe. The countries chosen for empirical work are closely related and territorially contiguous, namely Bulgaria, Czech Republic, Hungary and Romania.

Nguyen, Dao and Pham ('The traditional ideology of senior management: obstacles to entrepreneurship and innovation in the reform of state-owned enterprises in Vietnam') report their based on interview data from seven SOEs' top managers and argue that SOEs' traditional management ideology needs to be changed if economic reforms are to be effective. They suggest that company privatisation and management re-education – the most common approaches in SOE reform – cannot of themselves create entrepreneurial and innovative managers. Instead, there is a need to create opportunities for a new generation of managers to be in position of corporate power, and lead the change.

Gordillo and Herrmann ('Adoption of new technologies in the face of economic crises: the case of Ecuador') investigate factors influencing adoption of new technologies in Ecuador. Based on a field survey of managers conducted in 1995 and in 2001, this study report variables that positively or negatively affect acceptance of technology.

A unique way of managing environmental uncertainty in emerging economies is maintaining and deploying social capital for structural protection. The importance of such research is highlighted by three papers in this special issue. First, Jiang's conceptual paper ('The impact of entrepreneur's social capital on knowledge transfer in Chinese high-tech firms: the mediating effects of absorptive capacity and guanxi development') explores the powerful effects of Chinese entrepreneurs' social capital, dimensioned as shared vision, social interaction ties, and trustworthiness, on the success of knowledge transfer by the mediating roles of guanxi development and absorptive capacity, which is most characteristic of the current status of Chinese high-tech firms.

Batjargal ('Entrepreneurial versatility, resources and firm performance in Russia: a panel study') examines effects of human-based resources of entrepreneurs, namely, entrepreneurial versatility, social capital, and human capital on firm performance in the Russian Federation, and reports that industry experience, and entrepreneurial versatility

defined as an ability to predict resource needs have positive impacts on firms' revenue growth.

Manev, Gyoshev, and Manolova ('The role of human and social capital and entrepreneurial orientation for small business performance in a transitional economy') proposed a model of small business performance in emerging economies in which owners' human and social capital are expected to be directly and positively related to the firm's entrepreneurial orientation, and all three are hypothesised to have a positive impact on performance. They tested the model with structural equations analysis of data from 160 owners of small businesses in Bulgaria and found that social capital was related to entrepreneurial orientation, and that they both were positively associated with business performance. Such findings suggest that social capital was an important initial resource endowment in transforming economies, and small business owners needed to establish and develop connections with partners, suppliers, customers, and institutions.

The last two papers examine the experience of growth and transition of individual Chinese firms. Tan ('Firm growth in an emerging market economy: the experience of a Chinese IT entrepreneur') examines firm growth in high-tech ventures in the People's Republic of China, and presents insights from the study of a Chinese high-tech startup. Challenging the conventional wisdom and departing from the previous generation of Chinese entrepreneurs who focused on short-term profit maximisation, the new generation of Chinese entrepreneur followed a different line of logic. The new strategic vision has focused on long-term strategies that may bring opportunities for future growth. Despite the turbulence and chaos during the profound transition, with sufficient time, firms have gradually transformed themselves and adopted a new set of strategies.

Finally, Oswald, Wang and Boulton ('From state-owned enterprises to world class competitors: China's competitive transformation') examine China's transformation of state-owned enterprises (SOEs) to competitive privatised entities. Drawing from Agency Theory and basing on Ramamurti's three-tiered model of privatisation as a theoretical framework, they chronicle the transformation of six Chinese SOEs that have used advanced management systems to make themselves viable market contenders and competitive enterprises.

Overall, the papers offered in this issue summarise past efforts, introduce new perspectives, provide new empirical insights, and define future research needs on entrepreneurship. Individually, each of the papers has only revealed the tip of a huge iceberg of complexities and challenges found in different emerging economies, but collectively, the special issue presents a set of compelling issues faced by scholars, policy makers and practising entrepreneurs around the world. One of the hallmarks of provocative research is that instead of attempting to answer all the questions, it raises more questions. The collection of papers provides ample fodder for future inquiry on a topic of major theoretical and practical importance. The variety of contexts and topics addressed was designed to ensure that readers from across the management (and most likely also related) disciplines find value in the issue.

Finally, on a personal note, I want to thank the anonymous reviewers who volunteered their time to offer constructive suggestions to make each paper in the issue better. I am of course very grateful to the contributing authors. Their hard work and diligence has provided a set of papers that I am proud to present to you.