
Introduction and Overview: International Entrepreneurship and SME Internationalisation

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1 Introduction

Entrepreneurship is increasingly viewed as a key determinant of firm, regional, and national economic performance. Small- and medium-sized enterprises (SMEs) represent 99% of the 23 million enterprises in the EU (Nyman et al., 2006) and provide approximately 75 million jobs, therefore understanding of the key determinants of their success is essential. Successful international entrepreneurship (IE) focuses on identifying and managing market opportunities by building a unique set of resources and competences through which these opportunities can be exploited (Ireland et al., 2001; Davidsson et al., 2002). Increasing competition in saturated markets has encouraged many SMEs to engage in the international or even global economy, thereby focusing on international rather than domestic markets. Traditionally, the predominant focus of international business management research has been on larger enterprises, but this has now been complemented with the comparatively new scholarly field of research on newly established SMEs and international business, that is, IE.

Research focusing on IE and the internationalisation of SMEs has grown phenomenally since the turn of the century (Acs et al., 2003). IE can be understood to be “a combination of innovative, proactive and risk-seeking behavior that crosses national borders and is intended to create value in organizations” [McDougall and Oviatt, (2000), p.903] and is increasingly taking centre stage in Entrepreneurship research (Jones et al., 2011). Seminal work in the field has drawn attention to the management of the early stages of internationalisation and the phenomenon of ‘born global firms’, ‘international new ventures’ or ‘rapidly internationalising SMEs’ (Oviatt and McDougall, 1994; Knight and Cavusgil, 1996; Madsen and Servais, 1997).

Indeed, the importance of such activity is now well recognised in entrepreneurship, but less in general management journals. However, whilst a body of literature has emerged which identifies the phenomenon and defines its characteristics and influencing factors, understanding IE is still at an early stage. We believe the development of IE as a field of study is likely to be particularly challenging both theoretically and methodologically due to its inherent complexity. This field demands an integration of perspectives from at least three highly multidisciplinary schools of thought – general management, international business and entrepreneurship. As in other young fields of research, numerous topics in IE remain to be explored. Further research is required on the management of new venture internationalisation, SMEs, family-led SMEs, as well as the antecedents and performance consequences of specific functional, business, and corporate strategies.

This special issue of the *International Journal of Entrepreneurship and Small Business (IJESB)* presents a broad range of contributions that add to our knowledge of these issues. In the ensuing sections we briefly introduce the special issue, first presenting an overview of articles focusing on born global firms/international new ventures, followed by contributions that incorporate the SME topic more explicitly, and finally articles that discuss more general issues.

2 The articles in this special issue

2.1 *Born global firms/international new ventures*

Oviatt and McDougall (1994) noted that the classical internationalisation models that describe internationalisation as an incremental, step-by-step process do not sufficiently explain the internationalisation behaviour of companies now defined as international new ventures. They propose that an international new venture is “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources from and the sale of outputs to multiple countries” [Oviatt and McDougall, (1994), p.31]. These new ventures are influenced by management experience, the company’s founder, the purpose of internationalisation and the type and form of international activities (Oviatt and McDougall, 1994). A bibliometrical citation analysis on the field of IE performed by Kraus (2011) identified born globals/international new ventures as one of the main topic clusters building one of the main theoretical foundations of the research field.

Paper one by Ghannad and Andersson entitled ‘The influence of the entrepreneur’s background on the behaviour and development of born globals’ internationalisation processes’ examines the process and conditions under which the entrepreneur identifies and exploits an opportunity. The study explores the relationship between the entrepreneurs’ prior life story and the development and behaviour of their born global firm. Based on qualitative field research with three entrepreneurial ‘born global’ firms gathered over a six year period the empirical evidence suggests that a person’s childhood and prior life story directly influences the behaviour of the entrepreneur. Depending on their background the entrepreneurs developed preferences and skills that affect the behaviour of their organisation.

The second paper by Solberg and Bretteville entitled ‘Inside the boardroom of born globals’ addresses the roles of the board of directors and explores the relationships between the founder(s) and investors over the life cycle of the born global. The paper suggests that the differing interests of the founder and professional investors make the born global particularly vulnerable to faulty processes within the board. These issues are explored in three Norwegian born globals with different risk and ownership profiles. The study found that conflicts are much more common in fast growing born globals with external investors and that agency problems are less prevalent than in ‘ordinary firms’. The findings also demonstrate that family and friends of the founder represent ‘patient capital’ and that board members *without* concrete knowledge of the business of the BG firm are prone to play a lesser role in the strategic decision making process.

Paper three by Cesinger, Danko and Bouncken entitled ‘Born globals: (almost) 20 years of research and still not ‘grown up’?’ reviews 53 empirical studies exploring how born globals, international new ventures and firms have been operationalised. The results illustrate that the wide variety of definitions used – theoretically and methodologically – and the lack of a coherent conceptualisation results in a lack of comparability between studies. The study suggests that the internationalisation of born globals should be interpreted as a complex function of domestic market and industry, timing, entry mode, and choice of location. In order to further explore this complex function, the research suggests that a composite single-item measure (structural indicators vs. performance indicators vs. attitudinal indicators) would allow systematic control for measurement errors and contingent influences across such firms.

2.2 *SME internationalisation*

The fourth paper, 'The internationalisation process of small- and medium-sized firms and the liability of complexity' by Zuchella and Servais, focuses on the small firm decision making process in entering a complex market. The paper explores market complexity in the context of psychic, institutional and cultural distance while addressing foreign market heterogeneity and volatility, competitive conditions and channels to access market opportunities (distribution channels, business networks). Empirical research based on six case studies highlights the different dimensions of complexity liability, its subjective and objective nature, the influence on entry mode selection and the impact on the firms' knowledge base after entry into a complex market.

The fifth paper by Stoian, Rialp and Rialp entitled 'International marketing strategy and export performance in Spanish SMEs: a contingency approach' investigates whether the degree of standardisation/adaptation of the overall international marketing strategy influences the export performance in SMEs, taking into account the moderating effect of internal and external variables. Drawing on a contingency approach of international marketing strategy standardisation/adaptation, a conceptual model is proposed and tested with a sample of Spanish exporting SMEs using structural equation modelling (SEM). Based on the findings, a more standardised international marketing strategy benefits larger SMEs and those firms which perceive the environmental differences between the home-host markets as important barriers for the export activity; whereas a more adapted international marketing strategy appears to be preferable for smaller SMEs as well as for companies which belong to low-technology industries or do not see the environmental differences as high export barriers.

2.3 *Broadening the perspective*

Paper six by Acs, Brooksbank, O'Gorman, Pickernell and Terjesen entitled 'The knowledge spillover theory of entrepreneurship: an application to foreign direct investment' provides an explanation for the emergence of knowledge-based entrepreneurship in Ireland and Wales. It examines the reasons for different levels of knowledge-based entrepreneurship in these two regions exploring FDI and entrepreneurship policy. The paper outlines key measures of knowledge creation, evaluating the extent and nature of FDI activity and its relationship with entrepreneurship in general and knowledge-based entrepreneurship in particular. Policy implications include the need for more integrated policy directions for countries that are characterised by weak knowledge creating institutions yet wish to encourage knowledge-based entrepreneurship.

Paper seven by Turcan entitled 'External legitimation in international new ventures: toward the typology of captivity' explores new venture legitimation as to how and why international new ventures acquire external legitimacy and strive for survival in the face of critical events. A longitudinal multiple-case study methodology was adopted for the purpose of theory building; the paper introduces the typology of captivity; and the four types that have emerged: captive industry supplier, captive dyadic partner, captive market leader, and free market leader. The effects of captivity types on the acquisition of external legitimacy and its survival, on reaching legitimacy threshold, and on the valuation of the venture are discussed and respective propositions are put forward to guide future research.

These papers demonstrate that newly established firms as well as SMEs in later stages of their life cycle have become more active in internationalised markets recognising their impact on long-term survival, job creation and growth. SMEs which adopt an effective international strategy can benefit from maximised returns, and strengthened long-term market competitiveness provided they have developed distinctive competences to effectively exploit international markets. The papers in this special issue highlight the variety of competences required for success in international or global markets and illustrate the rich rewards that may be attained for both the SMEs and international economies.

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