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**ATTEMPT TO STRUCTURE  
ENTREPRENEURIAL-BASED  
INTERNATIONALIZATION CONCEPTS**

## Introduction

Entrepreneurial-based internationalization concepts raised the interest of various scholars around the world with different scientific background. Since the introduction of the theoretical model, different research aspects from diversified fields such as business, management, organization, and social studies tried to complement the entrepreneurial concept of internationalization. The complex and dynamic nature of the approach reflects the current environments on the liberalized worldwide markets. Nevertheless, the large number of contributions rather complicates understanding. Moreover, the concept also evolved from a quite single focus called ‘International New Ventures (INV)’ and ‘Born Global Firms’ towards a model that involves behavioral and entrepreneurial aspects of firms regardless of their size and age. These issues further increase the complexity.

The article on hand targets a review of recent contributions in order to present updated research findings in a comparative analysis. First of all, the authors concentrate on the main literature regarding the ‘INV/Born Global’ phenomenon. In addition to this, newly upcoming research contributions concerning the entrepreneurial concept are introduced, namely the ‘Corporate Entrepreneurship/Intrapreneurship’ and the ‘Born Again Global’ phenomenon. Besides this, studies towards a broader definition of the entrepreneurial concept are discussed. Finally, it is concluded how these studies contribute to the development of entrepreneurial-based internationalization concepts.

## 1. Methodology

This article is based on a conceptional literature review added by electronic research means through the Internet. As a fundamental literature basis regarding the phenomenon of ‘International New Ventures’ served the article by A. Rialp-Criado, J. Rialp-Criado and G.A. Knight<sup>1</sup>. This work analyses 27 studies during the time between 1992 and 2002 about the ‘International New Venture and Global Start-Up/Born Global’ phenomenon<sup>2</sup>. Strengths and weaknesses are analyzed as well as recommendations for future research are proposed<sup>3</sup>. Further-

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<sup>1</sup> A. Rialp-Criado, J. Rialp-Criado and G.A. Knight: *The Phenomenon of International New Ventures, Global Start-Ups, and Born Globals: What Do We Know After a Decade (1992-2002) of Exhaustive Scientific Inquiry?* Document de treball núm. 2002/11, Universitat Autònoma de Barcelona, Departament d’ economia de l’ empresa, Barcelona 2002.

<sup>2</sup> Ibid., p. 4.

<sup>3</sup> Ibid.

more, the authors studied articles published after 2002, in order to verify whether other research outcomes could eliminate the limitations detected by A. Rialp-Criado, J. Rialp-Criado and G.A. Knight.

International New Ventures concepts evolved over time to accommodate a wide range of firms and their entrepreneurs<sup>4</sup>. For this reason, particular attention has been paid as well on N.E. Coviello and M.V. Jones in this article<sup>5</sup>. The authors examined 55 empirical studies published between 1989 and 2002 within the subject of ‘International Entrepreneurship’ (IE) in order to outline the strengths and weaknesses of current IE methodological methods<sup>6</sup>.

## 2. The phenomenon of ‘International New Venture’, ‘Born Global’, and ‘Global Start Up’

McDougall defines ‘International New Ventures’ as firms “[...] which from inception, engage in international business, thus viewing their operating domain as international”<sup>7</sup> or as “[...] business organizations that, from the interception, seek to derive significant competitive advantage from the use of resources and sales of outputs in multiple countries”<sup>8</sup>. This view is in contrast to the traditional internationalization theories such as the ‘Uppsala model’ which view internationalization as a gradual process<sup>9</sup>.

Rialp-Criado et al. critically mention diversified denominations (e.g. INV, Born Global, Instant International, etc.) which deal with the same phenomenon<sup>10</sup> and increase the confusion and complexity of the concept. Moreover, Rialp-Criado et al. criticize the term ‘global’ as being too ‘optimistic’ to be suitable for most part of the firms and their degree of international scope<sup>11</sup>. Therefore, the authors recommend the term ‘International New Venture’ (INV)<sup>12</sup>. Another

<sup>4</sup> Ibid., p. 7.

<sup>5</sup> N.E. Coviello and M.V. Jones: *Methodological Issues in International Entrepreneurship Research*. “Journal of Business Venturing” 2004, No. 19, p. 485-508.

<sup>6</sup> Ibid., p. 490.

<sup>7</sup> P.P. McDougall: *International versus Domestic Entrepreneurship: A New Venture Strategic Behavior and Industry Structure*. “Journal of Business Venturing” 1989, No. 4, p. 387-400.

<sup>8</sup> B.M. Oviatt and P.P. McDougall: *Toward a Theory of International New Ventures*. “Journal of International Business Studies” 1994, First Quarter, No. 45-64, p. 49.

<sup>9</sup> J. Johanson and J.E. Vahlne: *The Internationalization Process of the Firm – A Model of Knowledge*. “Development and Increasing Foreign Market Commitments” 1977, No. 23-32, p. 23.

<sup>10</sup> A. Rialp-Criado, J. Rialp-Criado and G.A. Knight: Op. cit., p. 10.

<sup>11</sup> M.W. Hordes, J.A. Clancy and J. Baddaley: *A Primer for Global Start-Up*. “Academy of Management Executive” 1995, No. 9, p. 10.

<sup>12</sup> A. Rialp-Criado, J. Rialp-Criado and G.A. Knight: Op. cit., p. 10.

drawback are the variations in the definitions regarding the time span until an INV records the first international sales after its establishment and how much this contributes to the total sales<sup>13</sup>. Knight defines INVs as firms that reach an export sales level of at least 25% within three years<sup>14</sup>, Oviatt and McDougall define a period of 6 years as a standard time span<sup>15</sup>, whereas Rennie claims that they “[...] begin to export only after two years of foundation and reach 75% of their revenues from exports [...]”<sup>16</sup>. Furthermore Rialp-Criado et al. criticize fact that the research usually focuses on the high technology sector and corresponding research finding does not represent other fields such as traditional industries or the service sector<sup>17</sup>.

Rialp-Criado et al. therefore recommend a multidimensional and unified definition<sup>18</sup> which serves a general understanding<sup>19</sup>. There is an upcoming trend recognizable in the corresponding literature which uses multiple and combined theories to explain INVs which allow a more holistic understanding of the topic, since a single theoretical framework might not be able to explain the complex issue and limits the development of the theory<sup>20</sup>. The aim for the future – as result of intensive research – should be to formulate a highly integrated, generally accepted and fully explanatory model<sup>21</sup>. Furthermore, it seems recommendable to expand research activities including geographically unfamiliar regions in the world, especially less developed countries, in order to see whether the Born Global phenomenon arises there as well<sup>22</sup>.

An attempt towards an integrative model of small firm internationalization processes was made by Bell, McNaughton, Young, and Crick in 2003<sup>23</sup>. The authors claim that each firm can follow different pathways of internationalization; they include the traditional, the Born Global as well as the Born Again Global

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<sup>13</sup> Ibid., p. 11.

<sup>14</sup> G.A. Knight and S.T. Cavusgil: *The Born Global Firm: A Challenge to Traditional Internationalization Theory*. “Advances in International Marketing” 1996, No. 11-26, p. 12.

<sup>15</sup> B.M. Oviatt and P.P. MacDougall: *Challenges for Internationalization Process Theory: The Case of International New Ventures*. “Academy of Management Executive” 1997, No. 9, p. 2.

<sup>16</sup> M. Rennie: *Global Competitiveness: Born Global? McKinsey Quarterly*. In: *International Entrepreneurship – Theoretical Foundations and Practices*. Eds. A. Zucchella and P. Scabini. Palgrave Macmillan, New York 2007, p. 110.

<sup>17</sup> A. Rialp-Criado, J. Rialp-Criado and G.A. Knight: Op. cit., p. 13.

<sup>18</sup> Ibid., p. 12.

<sup>19</sup> Ibid., p. 27.

<sup>20</sup> Ibid., p. 18.

<sup>21</sup> Ibid., p. 27.

<sup>22</sup> Ibid., p. 20.

<sup>23</sup> J. Bell, R. McNaughton, S. Young and D. Crick: *Towards an Integrative Model of Small Firm Internationalization*. “Journal of International Entrepreneurship” 2003, No. 1, p. 339-362.

pathways<sup>24</sup>. The latter is analyzed in details later on (compare section 3.1). The aim of the model developed by Bell et al. is formulated like this: “[...] explore and seek to explain any variations in the patterns, pace and process of internationalization [...]”<sup>25</sup>. Bell et al. illustrate that these contrasting internationalization patterns include also different motivations, aims, strategies, and methods of market entry<sup>26</sup>.

The three main ways indicated in the model should reveal rather stereotyped behavior than fixed ‘pathways’. In reality internationalization pattern are rather “[...] highly individualistic, situation specific and unique”<sup>27</sup>. Moreover, the knowledge base as a source of competitive advantage affects both, pace and pattern of internationalization, e.g. firms with very advanced knowledge tend to internationalize faster<sup>28</sup>. The model incorporates the view that knowledge is the most important part of competitive advantage<sup>29</sup>. The internationalization path of small and medium-sized enterprises (SME) is mostly “[...] neither linear nor unidirectional”<sup>30</sup>. There is also room for forward and backward movement<sup>31</sup>.

In addition, the state of internationalization is significantly dependent on external environmental conditions as well as firm’s internal circumstances including the resource availability, the behavioral characteristics and a global vision of the key personnel<sup>32</sup>. Companies may pass periods of rapid internationalization and draw backs in international business<sup>33</sup>. These periods are influenced by political-legal impacts, the firm’s customers or network partners<sup>34</sup>.

The focus of the model by Bell et al. is rather on strategic issues which delivers a basis for the evolution of prescriptive models for operational issues. Additionally, it provides recommendations for strategy formulation and implementation in order to assist the internationalization process of SMEs as figure q below illustrates<sup>35</sup>.

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<sup>24</sup> Ibid., p. 340.

<sup>25</sup> Ibid., p. 343.

<sup>26</sup> Ibid., p. 346-347.

<sup>27</sup> Ibid., p. 349.

<sup>28</sup> Ibid., p. 351.

<sup>29</sup> Ibid.

<sup>30</sup> R.W. Turnbull: *A Challenge to the Stages Theory of the Internationalization Process*. In: *Managing Export Entry and Expansion*. Eds. P.J. Rosson and S.D. Reids. Praeger, New York, 1987, p. 21-40.

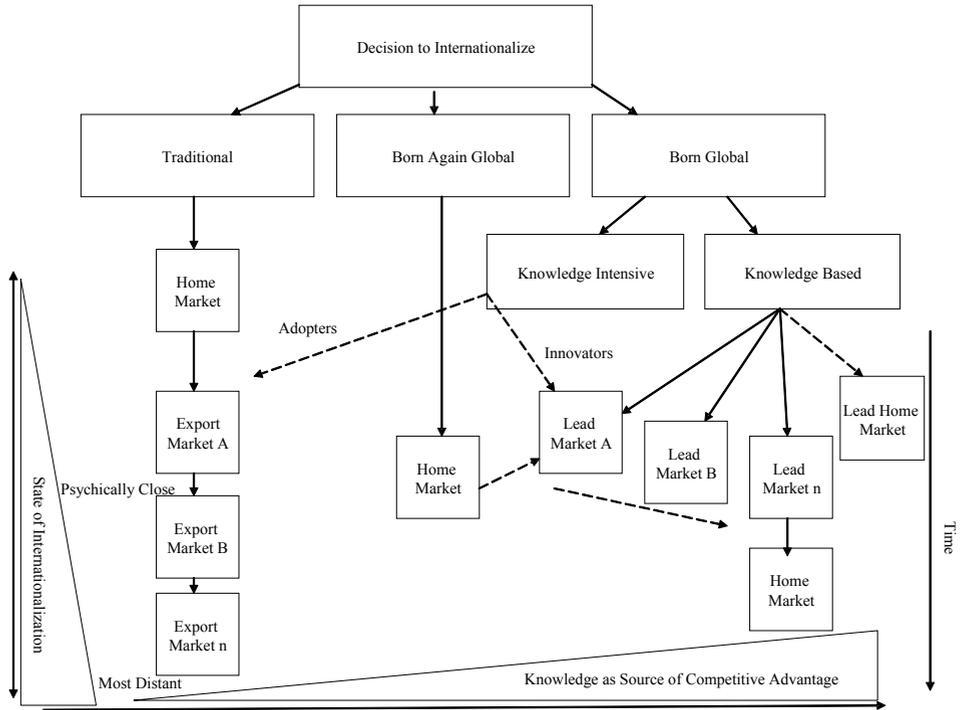
<sup>31</sup> J. Bell, R. McNaughton, S. Young and D. Crick: Op. cit., p. 351.

<sup>32</sup> M. Berry: *Strategic Planning in Small High Tech Firms’ Long Range Planning*. In: J. Bell, R. McNaughton, S. Young and D. Crick: *Towards an Integrative Model of Small Firm Internationalization*. “Journal of International Entrepreneurship” 2003, No. 1, p. 351.

<sup>33</sup> J. Bell, R. McNaughton, S. Young and D. Crick: Op. cit., p. 351.

<sup>34</sup> Ibid., p. 352.

<sup>35</sup> Ibid., p. 351.



**Figure 1.** Integrative model of small firm internationalization

Source: Based on J. Bell, R. McNaughton, S. Young, and D. Crick: *Towards an Integrative Model of Small Firm Internationalization*. “Journal of International Entrepreneurship” 2003, No. 1, p. 351.

D. Di Gregorio, M. Musteen, and D.E. Thomas introduced a new characterization of INVs in their article<sup>36</sup>. They claim that the current one-sided focus is on international sales of INVs. Corresponding research results have focused on downstream activities therefore a more holistic view which includes international upstream elements should be considered<sup>37</sup>. The authors propose to integrate particularly international sourcing activities (e.g. material, human resources, patents)<sup>38</sup>. The authors shift the attention from the limited perspective of international sales and distribution to the “[...] discovery, evaluation, and exploitation of international entrepreneurial opportunities”<sup>39</sup>. INVs, from their perspec-

<sup>36</sup> D. Di Gregorio, M. Musteen and D.E. Thomas: *International New Ventures: The Cross-Boarder Nexus of Individuals and Opportunities*. “Journal of World Business” 2008, 43, p. 186-196.

<sup>37</sup> *Ibid.*, p. 188.

<sup>38</sup> *Ibid.*, p. 187.

<sup>39</sup> *Ibid.*

tive, should be regarded as international when “[...] combining tangible or intangible resources across borders, even if sales remain exclusively limited in a single, domestic market”<sup>40</sup>. New resource combinations by joining internationally scattered resources can create new opportunities and values. This can include assets that are bounded to country specific characteristics such as manufacturing cost, qualification, motivation, quality consciousness of staff, and the potentials of ‘pooling entrepreneurial talents’<sup>41</sup>.

The different types of INV arise due to the specific links of resources and/or markets across countries (as Figure 2 below illustrates). Quadrant I describes a new venture without international sales and resources, therefore it is a purely domestic venture. Quadrant II (accelerated internationalization of sales) characterizes firms that have international sales from the early beginning, but “[...] do not combine resources and individuals across borders”<sup>42</sup>. These firms were established as a result of local opportunities. Consequently they focus on local resources, but tend to internationalize quickly. Enterprises segmented in quadrant II utilize domestic resources to capitalize costs or quality differences in different markets. This type of INV was mostly discussed in earlier studies<sup>43</sup>.

Extensive Cross Border Combination of Resources and Individuals	III. Cross Border Resource Integration	IV. International Resource and Market Combination
Domestic Combination of Resources and Individuals	I. Domestic New Venture	II. Accelerated International Sales
	Domestic Market Opportunities Pursued	Extensive Cross Border Market Combination Opportunities Pursued

**Figure 2.** Different types of INV according to resources and/or markets across countries  
Source: D. Di Gregorio, M. Musteen and D.E. Thomas: *International New Ventures: The Cross-Border Nexus of Individuals and Opportunities*. “Journal of World Business” 2008, 43, p. 191.

<sup>40</sup> Ibid., p. 187.

<sup>41</sup> Ibid., p. 190.

<sup>42</sup> Ibid., p. 191.

<sup>43</sup> Ibid.

Quadrant III (cross-border combinations of resources and individuals) specifies firms that utilize geographically dispersed resources and individuals as well as the knowledge that these possess. Nevertheless, the business is focused on the domestic market. The main aspect is to assemble the different resources across borders which create competitive advantage. The knowledge enables them to recognize more opportunities and to develop innovations in the domestic market<sup>44</sup>. Quadrant IV (International resource and market combinations) depicts companies that show both cross border activities which results in the acquisition of tangible and intangible resources and the consequent use of market opportunities. The competitive advantage derives from multiple market entry and the exploitation of the resources and market potential abroad<sup>45</sup>.

Di Gregorio et al. claim that this typology of INV's has to be seen in addition to the model, developed by Oviatt and McDougall in 1994<sup>46</sup>. A firm can be categorized as an INV when it combines resources across borders. The concept of Di Gregorio et al. rather describes why and how INVs emerge and is not limited on the internationalization process which follows the firm's foundation as Oviatt and McDougall focused in their approach<sup>47</sup>. INVs may arise from leveraging domestic resources into foreign markets or in order to exploit new foreign resource combinations. The importance concerning external opportunities of foreign resources (e.g. material procurement, know-how and technology transfer) which help to improve the firm's performance, on domestic and foreign markets has been ignored. Di Gregorio et al. recommend that entrepreneurs should intensively search for foreign resource opportunities too<sup>48</sup>.

Due to a conceptualization weakness of the Born Global phenomenon, M. Gabrielsson, V.H.M. Kirpalani, P. Dimitratos, A. Solberg, and A. Zuchella tried to develop a concept which includes the Born Global and its behavior over time<sup>49</sup>. They describe the development of Born Globals in different stages and the reasons why they proceed<sup>50</sup>. Gabrielsson et al. differentiate three phases; firstly, introduction and initial launch phase; secondly, growth and resource accumulation and thirdly; the break out phase<sup>51</sup>. Nevertheless the authors claim

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<sup>44</sup> Ibid., p. 192.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid., p. 194

<sup>49</sup> M. Gabrielsson, V.H.M. Kirpalani, P. Dimitratos, A. Solberg, and A. Zuchella: *Born Globals: Propositions to Help to Advance the Theory*. "International Business Review" 2008, No. 17, p. 385-386.

<sup>50</sup> Ibid., p. 386.

<sup>51</sup> Ibid.

that the original definition of a ‘Born Global’ is based on the achievement of 25% of export sales within three years. This approach probably fits to an US-American perspective, but rather not to the European view, where this quantitative requirement is not demanded<sup>52</sup>. Gabrielsson et al. propose a definition which includes various aspects. A firm should have a global market potential and entrepreneurial competence which enables a rapid internationalization. Furthermore, a distinct differentiation strategy and “[...] products with either have a unique technology and/or superior design and/or unique service, know how or other highly specialized competence”<sup>53</sup>. Born Globals see foreign markets as a chance to “[...] explore and create new knowledge” which have products with global market potentials<sup>54</sup>. The establishment of a successful start up firm needs a global vision linked with reasonable risk awareness. The time period, granted for internationalization should be flexible accounted around three years. Additionally, the time factor should be regarded along with two dimensions: precocity (early internationalization) and speed (effectiveness). Born Globals show a “[...] broad entrepreneurial scope [...], high intensity of focus and rapid growth”<sup>55</sup>. Born Globals pass several phases of development:

1. The first phase, the introduction, describes the period where Born Globals have limited resources and an undeveloped organizational structure. They rely on unique and mostly tacit knowledge to achieve competitive advantage. The most important resources are the founders and other human resource capabilities and inimitable skills. Combined with entrepreneurship, it may lead to the development of products with global market potential<sup>56</sup>. They attempt to establish channels and networks to bridge the gap between incoming sales revenues and financial needs. Growth mostly depends on the channel strategy and the network approach chosen, e.g. a Multi National Enterprise (MNE) as a partner or other networks, created through alliances or partnerships. The channel strategy is chosen according to the characteristics of the firm and its founder as well as it depends on the product and the network environment<sup>57</sup>. Financing is acquired mostly from venture capitalists, domestically and/or abroad. The greater the resources, the faster are internationalization. There is also a relation between early financing, selected op-

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<sup>52</sup> Ibid., p. 387

<sup>53</sup> Ibid., p. 388.

<sup>54</sup> W. Kuemmerle: *Home Base and Knowledge Management in International New Ventures*. “Journal of International Venturing” 2002, No. 17, p. 99-122.

<sup>55</sup> M. Gabrielsson, V.H.M. Kirpalani, P. Dimitratos, A. Solberg and A. Zuchella: Op. cit., p. 387.

<sup>56</sup> Ibid., p. 388.

<sup>57</sup> Ibid., p. 391.

<sup>58</sup> Ibid.

erations and market strategies for fast expansion. Inspirational leadership encompasses all these by motivating the employees<sup>58</sup>. Organizational learning is important for the success of the Born Global, especially knowledge about foreign markets<sup>59</sup>.

2. Phase two describes growth and resource accumulation. The time spent during this phase depends on two factors, whether and when the current business field becomes a global industry and the preparedness for globalization. The readiness depends on learning and firm's resources. Moreover, business success depends on the product itself and the capability to place it in the market. The pace of growth will be accommodated and embedded to that of the main network. Learning rests on the ability to learn from partners, suppliers, customers as well as collected success and failure experiences. Furthermore, accumulation of financial resources, mostly because of product uniqueness and niche markets allow a firm to gain higher margins; therefore they do not rely anymore on investors or banks which finance the firm's growth. During the period Born Globals accumulate learning and resources through their own growth activities<sup>60</sup>. Additionally, they have to determine how to use resources in connection with the speed of internationalization and how long respectively to what extent the enterprise should be a member of a particular network<sup>61</sup>.
3. Phase three: the break out, describes the period where the Born Global decide a strategy based on their learning and experience in order to arrange their own position on the markets and the network. The strategic reorientation is influenced by the desire of independence from global players and the control of own actions. A fundamental global vision and devotion are necessarily needed as well as the availability of a client portfolio and additional resources (taken from phase two) which allow continuing the development of international success<sup>62</sup>. Alternatively, a Born Global may develop and grow to become a 'normal' MNE in the future<sup>63</sup>.

Gabrielsson et al. emphasize that other researchers could "[...] adopt a common platform for studying important Born Global phenomena across country, product and market settings"<sup>64</sup>.

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<sup>58</sup> Ibid., p. 395.

<sup>59</sup> Ibid.

<sup>60</sup> Ibid., p. 396.

<sup>61</sup> Ibid.

<sup>62</sup> Ibid., p. 397.

<sup>63</sup> Ibid., p. 400.

<sup>64</sup> Ibid.

### 3. Towards a broader, integrated approach of International Entrepreneurship

The limited focus on the international start up phase of the Born Global phenomenon can be criticized, thus a wider and more comprehensive definition of IE is needed. The Born Global phenomenon might be better described as “[...] the process of creatively discovering and exploiting opportunities that lie outside a firm’s domestic market in the pursuit of competitive advantage”<sup>65</sup>, or with regard to IE as “[...] the discovery, enactment, evaluation, and exploitation of opportunities – across borders – to create future goods and services”<sup>66</sup>. Here the entrepreneurial behavior is highlighted relative to age or size of the firm. Corporate entrepreneurship, entrepreneurship in MNEs<sup>67</sup> and the ‘Born Again Global Firm’ phenomenon are covered by above definitions. Entrepreneurial behavior includes for example “[...] attributes of proactiveness, innovativeness and risk taking [... moreover...] the capacity to identify and select opportunities and to assume risks on an international scale [...]”<sup>68</sup>. Several established firms had to response to competitive and performance problems by implementing changes and restructuring activities in order to become more entrepreneurial<sup>69</sup>.

#### 3.1. The category of ‘Born Again Global Firms’

‘Born Again Global Firms’ tend to be small and medium sized, already established in the market, with traditional values created by entrepreneurial behavior and a corresponding firm culture. However, these firms can be categorized neither as ‘Born Globals’ as a ‘Corporate Entrepreneurship’ phenomenon. They have operated until a certain time exclusively on their domestic market and showed no intention to internationalize, but suddenly demonstrate fast internationalization activities<sup>70</sup>.

‘Born Again Global Firms’ shall be defined as firms that “[...] have been well established in their domestic market with apparently no great motivation to

<sup>65</sup> S.A. Zahra and G. George: *International Entrepreneurship: The Current Status of the Field and Future Research Agenda*. In: A. Rialp-Criado, J. Rialp-Criado and G.A. Knight: Op. cit., p. 7.

<sup>66</sup> B.M. Oviatt and P.P. McDougall: *Some Fundamental Issues in International Entrepreneurship*. [Http://www.usabe.org/knowledge/whitepages/index](http://www.usabe.org/knowledge/whitepages/index), 2003, p. 7.

<sup>67</sup> A. Zucchella and P. Scabini: *International Entrepreneurship – Theoretical Foundations and Practices*. Palgrave Macmillan, New York 2007, p. 2.

<sup>68</sup> Ibid., p. 4.

<sup>69</sup> Ibid., p. 112.

<sup>70</sup> Ibid, p. 18.

internationalize, but which have suddenly embraced rapid and dedicated internationalization". These firms also "[...] fail to conform to conventional stage theories of small firm internationalization"<sup>71</sup>.

This radical change in behavior may be triggered by a critical incident or several events happening at the same time. These incidents may include the change of ownership or management, the decision to follow a main customer to foreign markets or the introduction of Internet based distribution channels. Especially the change of ownership or management has significant influence on the internationalization path of Born Again Global Firms. Not only top management representatives with an international vision, but also other human resources with special international expertise embedded for example in the sales or purchasing department shall influence the company's internationalization re-launch. Furthermore, additional financial resources and new opportunities may come up due to access to new international networks or wider knowledge. All these factors may stimulate rapid internationalization. The motivation of Born Again Global Firms is in comparison to Born Globals rather reactive, they only response to the critical event. Business goals of Born Again Global Firms contain the utilization of the new networks and resources obtained. Concerning entry modes, they usually use new networks or existing distribution channels of the new parent or partner firm. Bell states that Born Again Global Firms show, after the reactive initial event, a more systematic/structured approach to internationalization. They also tend to originate from traditional industries rather than from high technology sectors<sup>72</sup>. It might be assumed that Born Again Global Firms have a better position to finance rapid internationalization because they have secure revenues from their home market and already established resources. Moreover additional human and financial resources, know-how and knowledge from the 'critical incident' is also available. However international business success shall not become true if the firm faces difficulties on the domestic market<sup>73</sup>.

The Born Again Global concept may also apply well to service intensive organizations because these firms will remain on the domestic market until their business idea and the service quality has been verified as successful and able to be culturally adapted abroad<sup>74</sup>. Assuming before mentioned, these firms internationalize at a rapid pace<sup>75</sup>. Another explanation of the Born Again Global Firm

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<sup>71</sup> J. Bell, R. McNaughton, S. Young and D. Crick: Op. cit., p. 340.

<sup>72</sup> Ibid., p. 351.

<sup>73</sup> Ibid., p. 353.

<sup>74</sup> C. Grönross: *Internationalization Strategies for Services*. "Journal for Services Marketing" 1999, No. 13, p. 290-297.

<sup>75</sup> J. Bell, R. McNaughton, S. Young and D. Crick: Op. cit., p. 351.

phenomenon is that these firms initially tried to internationalize, but failed. Thus, they decided to build up a supporting domestic infrastructure which allows later to internationalize fast and successfully<sup>76</sup>.

### 3.2. 'Intrapreneurship and Corporate Entrepreneurship'

Following a definition of corporate entrepreneurship which is "[...] a process whereby an individual or a group of individuals, in association with an existing organization create a new organization or instigate renewal or innovation within that organization"<sup>77</sup>. An entrepreneurial person is able to bring change and innovation to large and established companies<sup>78</sup>. These changes in strategies and knowledge may enable the corporation to form new capabilities and sources of innovation and creativity<sup>79</sup>.

There are two different approaches, 'focused corporate entrepreneurship' and dispersed corporate entrepreneurship also known as 'intrapreneurship'<sup>80</sup>. Focused corporate entrepreneurship is characterized by a new division in an established company that identifies and develops new business opportunities for the firm. The department or division acts autonomous, has a flat hierarchical structure, but strong internal integrations with high availability of financial resources and permanent support from management<sup>81</sup>. In contrast to this, 'dispersed corporate entrepreneurship (intrapreneurship)' assumes that every employee has the potential to behave entrepreneurial. Thus, entrepreneurial groups are formed and deal with normal managerial tasks. This entrepreneurial culture within the company culture serves as a basis for any activity<sup>82</sup>. The challenge for management is to make sure that every person is involved and committed to the entrepreneurial orientation<sup>83</sup>.

There are also several ways how entrepreneurial activities can take place in a MNE, either inside or outside the firm. Developing it inside the firm would in-

<sup>76</sup> J. Bell, R. McNaughton, S. Young: *Born Again Global Firms: Extension to the Born Global Phenomenon*. "Journal of International Management" 2001, No. 7, p. 173-189.

<sup>77</sup> P. Sharma and J. Chrisman: *Toward a Reconciliation of the Definitional Issues in the Field of Corporate Entrepreneurship*. "Entrepreneurship, Theory and Practise" 1999, No. 23, p. 11-27.

<sup>78</sup> A. Zucchella and P. Scabini: *International Entrepreneurship – Theoretical Foundations and Practices*. Palgrave Macmillan, New York 2007, p. 69.

<sup>79</sup> *Ibid.*, p. 70.

<sup>80</sup> *Ibid.*, p. 113.

<sup>80</sup> *Ibid.*

<sup>81</sup> *Ibid.*

<sup>82</sup> *Ibid.*

<sup>83</sup> C.A. Barlett and S. Ghoshal: *Changing the Role of Top Management: Beyond Strategy to Purpose*. "Harvard Business Review" November-December 2007, p. 79-88.

volve organizational structures and certain capabilities. Outside development would include another firm, e.g. through strategic alliances or acquisitions<sup>84</sup>.

Entrepreneurial activities increasingly move into the focus of international subsidiaries of MNEs. These subsidiaries are controlled by the MNE, but act proactive and find new resources and opportunities for the MNE<sup>85</sup>. They have their own unique capabilities and networks. The local environment makes local managers alert to new opportunities and create an entrepreneurial orientation within the subsidiary. They act mostly independent in pursuing opportunities and develop an own organizational culture which set particular international goals and strategic directions. This development of entrepreneurial subsidiaries can be seen in connection with the need of local responsiveness. It seems to be important, to what extent the subsidiary can determine independent actions, roles, and objectives or whether these issues have to be strictly in accordance with the parent's goals. The self determined and autonomous approach seems to facilitate entrepreneurship. It ensures the exposure to different resources, local knowledge and close contact with markets and its customers. Entrepreneurial subsidiaries allow further development of adapted solutions and more effective management<sup>86</sup>.

If the role of the subsidiary is more independent and innovative; they develop and implement better performing strategies because they are closer to the local markets. Moreover it supports the employee's motivation to behave innovative and entrepreneurial in the future. It can be assumed that turbulent, complex, and dynamic environments better foster entrepreneurship due to the pressure for the firm to be competitive through permanent innovation and improvement. Nevertheless, there is still a need for coordination and group of companies' integration in order to avoid duplication of efforts. The MNE needs to monitor and evaluate the subsidiary in strategic and financial terms<sup>87</sup>.

### **3.3. Integrated IE approach**

Concerning the phenomenon of the entrepreneurial concept it can be concluded, that there is a trend that entrepreneurial internationalization behavior might be experienced by any firm, any industry in different situations<sup>88</sup>. This is also expressed by the following definition: "IE has the potential to distinguish activities of all private and public organizations transcending national borders,

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<sup>84</sup> A. Zucchella and P. Scabini: Op. cit., p. 113.

<sup>85</sup> Ibid.

<sup>86</sup> Ibid., p. 117.

<sup>87</sup> Ibid., p. 118.

<sup>88</sup> Ibid., p. 116.

regardless of age, size or industrial sector”<sup>89</sup>. This seems worthwhile because of the turbulent, complex, and dynamic nature of the competitive environment of today’s business. Environmental circumstances make the entrepreneurial perspective more and more important<sup>90</sup>.

Even a broader IE approach “[...] lacks a solid and accepted theoretical basis [...] and a] unique and comprehensive approach [...]”<sup>91</sup> is needed. This includes also a shift from age and/or governance to entrepreneurial orientation and capabilities of the firm seen in perspective of time<sup>92</sup>.

Based on the definition by McDougall and Oviatt, IE is “[...] a combination of innovative, proactive and risk seeking behavior that crosses national borders and is intended to create value in organizations [...]”<sup>93</sup>. Jones and Coviello performed a critical review on the current state of research. On the one hand they verify research finding, but on the other hand they also draw attention to points that need further improvement<sup>94</sup>. Positive aspects include the strong international perspective and collaboration in IE research<sup>95</sup>.

Methodological weaknesses were detected regarding the time frame of studies, only few longitudinal studies were conducted, therefore the current status is rather static and does not include the important dimension of time. Thus, the studies could not reveal processes over time, but only behavior at certain moment of time<sup>96</sup>. Another drawback is the limited industry scope; studies are mostly focused on manufacturing and high technology firms. Therefore, the authors propose that researchers should integrate studies from the service sector and/or comparative industry studies<sup>97</sup>. The attention to the micro level unit analysis is also an issue<sup>98</sup>. Jones and Coviello observe that scholars assemble readily obtainable data and disregard ‘hard to obtain data’; research on complex matters is scarce<sup>99</sup>. The key informant is mostly the president or founder, there-

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<sup>89</sup> P. Dimitratos and M.V. Jones: *Future Directions for International Entrepreneurship Research*. “International Business Review” 2005, p. 14, p. 119-128.

<sup>90</sup> A. Zucchella and P. Scabini: Op. cit., p. 120.

<sup>91</sup> Ibid., p. 170.

<sup>92</sup> Ibid.

<sup>93</sup> P.P. McDougall and B.M. Oviatt: *International Entrepreneurship: The Intersection of Two Research Paths*. “Academy of Management Journal” 2000, Vol. 43, No. 5, p. 903.

<sup>94</sup> N.E. Coviello and M.V. Jones: *Methodological Issues in International Entrepreneurship Research*. “Journal of Business Venturing” 2004, No. 19, p. 486.

<sup>95</sup> Ibid.

<sup>96</sup> Ibid., p. 491.

<sup>97</sup> Ibid., p. 492.

<sup>98</sup> Ibid.

<sup>99</sup> Ibid., p. 493.

fore studies lack a view originated by multiple informants<sup>100</sup>. In general, available empirical studies do not provide equivalence of survey methods across countries<sup>101</sup>. Moreover they state that the focus is either on the international or entrepreneurship side of the theory<sup>102</sup>. Furthermore Jones and Coviello report the inconsistent use of measures and definitions, especially in terms of age and size<sup>103</sup>. Research results are mostly difficult to generalize because they are based on judgment or purposive sampling<sup>104</sup>. Besides that, complex processes are mostly not covered because scholars concentrate on aggregate level survey data or sector specific qualitative data<sup>105</sup>.

According to the authors, it is questionable whether a single methodological direction is useful to understand the complex and dynamic approach of IE. They conclude that it is rather recommendable to create a unique and unifying vocabulary to compare studies. A multidisciplinary approach between international business and entrepreneurship is also reasonable. They also recommend combining quantitative and qualitative methods within a dynamic research design. As a further advice Jones and Coviello claim to harmonize static and longitudinal methodologies for better understanding of the dimension of time. Additionally, complementary studies would also enrich IE studies<sup>106</sup>.

As a result, Jones and Coviello made the attempt to formulate a three stage model to include all these different aspects, especially time. To accommodate both general/broad and precise models, they tried to develop a balanced process by identifying the basic concept, first to “[...] provide parameters for the phenomenon under study”. Second, to use these insights in a general model to analyze antecedents and consequence variables, and the results again would be included into the more precise models<sup>107</sup>.

At the first level, two simple models provide the core concepts of innovation, change, cyclical process of behavior, a value adding event and the concept of time. These also form the basis for the development of the general model<sup>108</sup>. The authors consider time and behavior as the primary dimensions for the general model. These two primary dimensions are combined with the core concepts

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<sup>100</sup> Ibid., p. 494.

<sup>101</sup> Ibid., p. 495.

<sup>102</sup> Ibid., p. 496.

<sup>103</sup> Ibid., p. 497.

<sup>104</sup> Ibid.

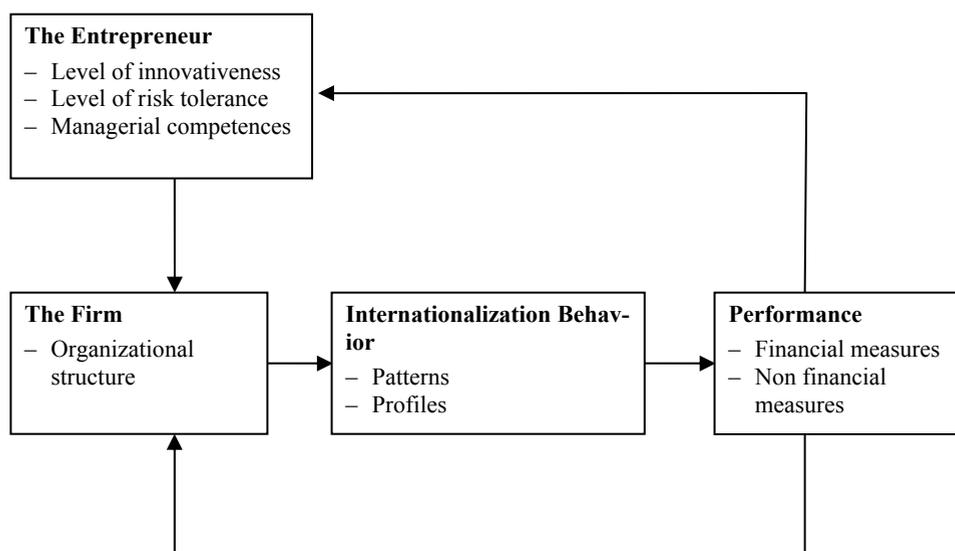
<sup>105</sup> Ibid.

<sup>106</sup> Ibid., p. 486.

<sup>107</sup> Ibid.

<sup>108</sup> M.V. Jones and N.E. Coviello: *Internationalization: Conceptualizing an Entrepreneurial Process of Behaviour in Time*. “Journal of International Business Studies” 2005, No. 36, p. 289.

from the simple models; out of it, six basic components emerge: internationalization behavior, the entrepreneur, the firm, the environment, the performance, and time. In order to explain internationalization behavior, Jones and Coviello use cross border business modes, countries, and time. This general model shows “[...] entrepreneurial internationalization as it might be experienced by any firm, in any industry, under any circumstance [...]”. ‘Fingerprint patterns’ give a static impression at a specific point in time, whereas ‘profiles’ identify changes in the structure over a period of time. The general model is used to describe firms “[...] according to their unique patterns and profiles of internationalization”. These patterns and profiles are also compared to the time aspects and enable researchers to group and compare firms<sup>109</sup>.



**Figure 3.** General model of entrepreneurial internationalization

Source: Based on M.V. Jones and N.E. Coviello: *Internationalization: Conceptualizing an Entrepreneurial Process of Behaviour in Time*. “Journal of International Business Studies” 2005, No. 36, p. 297.

The above model is more specific and can be used as a framework for further empirical research. The elements are chosen according to the specific context, e.g. INVs and can be varied depending on the focus of research<sup>110</sup>. Jones

<sup>109</sup> Ibid., p. 297.

<sup>110</sup> Ibid., p. 298.

and Coviello claim that this multi-theoretical approach is useful to grasp such a complex and dynamic topic which deals with entrepreneurial internationalization behavior<sup>111</sup>.

## Conclusion

As discussed above, there are several attempts to improve the theoretical concepts of INV, Born Global, and the more comprehensive IE approach.

Regarding the INV, Bell et al. created an integrative, flexible, and holistic model that also incorporates knowledge and time, but it does not solve definition deficiencies. It rather gives a general overview regarding behavioral aspects. Di Gregorio et al. introduce the aspect of international sourcing and procurement in the INV concept which has been neglected so far. However, the question still remains if a firm that just uses international sources can be included into the broader view of the Born Global concepts. Gabrielsson et al. developed a more holistic definition including development stages of the Born Global. The stage model provides a better understanding of the Born Global life cycle.

Further efforts for the creation of a single definition may result in even more fragmented and detailed definitions which could lead to even higher complexity. Some aspects, as criticized by Rialp et al., have been evaluated and improved, e.g. attempts to find a common definition or efforts towards the development of a general model, but several issues have not been solved yet. Neither there are comprehensive studies available that deal with other industries such as for example the service sector, nor is attention paid concerning the circumstances in other geographical regions around the globe.

The concept of Born Again Global is particularly focused on SMEs. It is questionable whether large firms show similar behavior and whether these organizations match to the segment of corporate entrepreneurship. Additionally, some of the empirical studies tend to be rather theoretical than practically applicable. Newly upcoming research outcomes have not improved pending issues (e.g. inconsistent methods and a representative interview pool) as criticized by Jones and Coviello. The authors themselves tried to develop a flexible model in order to incorporate a wide range of IE without losing an appropriate research structure. However, the results tend to be complex too and the derived model is rather vague, particularly at its third level. Difficulties emerge for those who want to apply the model in a pragmatic business environment.

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<sup>111</sup> Ibid., p. 299.

Finally it can be concluded that further research is necessary and of vital importance for further theory evolution. The more empirical research outcomes are available – which in best case have their origin in various industries and geographical locations – the higher the probability to generate a widely accepted model which covers the INV and IE concepts. These issues can not be solved within a short period of time since the international born global and entrepreneurship phenomenon is still relatively new, and neither static, nor one-dimensional. The international entrepreneurship and born global concepts are rather dynamic, complex, and still evolving as the environments on the globalized markets are daily changing too.

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