

## International Entrepreneurship: Definitions and Evolution of a New Field of Research

Amina Ben Mahrouche <sup>1</sup>

<sup>1</sup> Ecole des Hautes Etudes Commerciales (HEC, Koléa), PERMANAN, (Algeria), a.benmahrouche@hec.dz

### ARTICLE INFO

Article history:

Received:22/06/2021

Accepted:05/10/2022

Online:07/01/2023

Keywords:

International

Entrepreneurship

Born global

International new

Venture

Globalisation

Entrepreneurship

JEL Code: M13, M16,

F44

### ABSTRACT

International entrepreneurship is an emerging field, at the intersection between entrepreneurship and international entrepreneurship. Through this paper, we will present, in the first place, the evolution of the latter from its emergence in 1987 until 2020. Next, we will develop the different concepts and definitions concerning international entrepreneurship, and finally, we conclude with future research tracks.

We have noticed a significant evolution of publications since 2004, in 2020 one hundred and thirty-four articles have been published on the database "Scopus", we have used holes concepts as keywords when researching, which are: "international entrepreneurship" or "Born global" or "international new venture".

About the definition of international entrepreneurship, we found that there is no consensus. There is a multitude of definitions proposed by various researchers specialized in the field such as Oviatt and McDougall.

Despite the growing amount of research in the field of international entrepreneurship, there are still many avenues for future research. Fields such as sociology can bring a lot of understanding to the phenomena related to international entrepreneurship.

### 1. Introduction

Because of the globalization of the economy and the removal of tariff and non-tariff barriers with free trade agreements between countries, trade has become more internationalized. The attention paid by academic researchers to the internationalization of firms in general and international entrepreneurship, in particular, is very apparent through the publication of articles in databases such as "Science Direct". Our critical analysis focuses on the field of international entrepreneurship, from its emergence in 1989 (McDougall) and its evolution, until 2020. The latter is at the intersection between entrepreneurship and international trade.

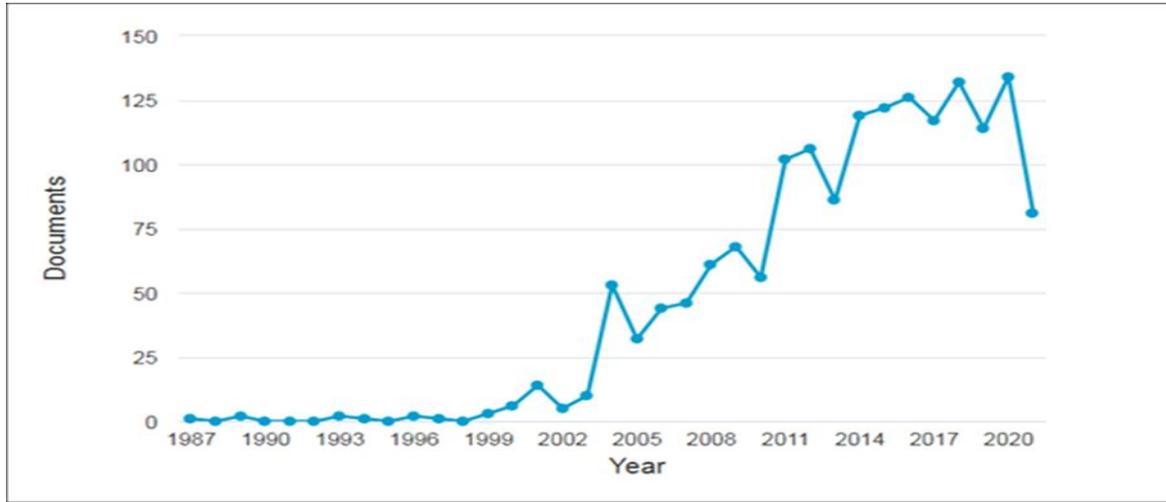
### 2. Evolution of international entrepreneurship research

International entrepreneurship is a three-decade-old young research discipline. International entrepreneurship research is interdisciplinary, it is the combination of two areas of research, international e-commerce, and entrepreneurship.

Research in this discipline began with the paper by McDougall (1989) which distinguished new international companies from national ones. The aim was to understand the role of entrepreneurs in these new international ventures, and how their previous experiences and knowledge were transformed into competitive advantages in international markets (Reuber and Fischer, 1997).

The following figure shows the evolution of the number of scientific articles published in the Scopus database from 1987 to 2020.

Figure 1: Evolution of the number of articles on international entrepreneurship in time (1987-2020)



Source: Carried out by us

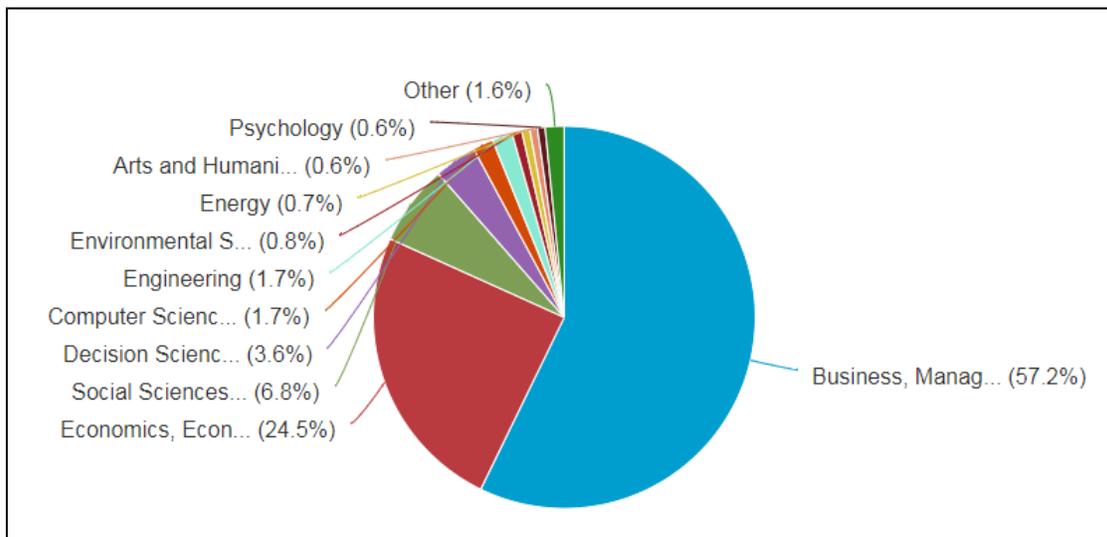
From 2004 and following the prize of the decade awarded by the JIBS to the 1994 article by Oviatt and McDougall, the field of international entrepreneurship has gained legitimacy, especially among researchers in international management. Since then, research on international entrepreneurship has developed dramatically and exponentially and has benefited from several literature review works that have given it more theoretical and methodological rigor. The contributions of Jones & al. (2011), Keupp & Gassmann (2009), and Servantie & al. (2016) have made it possible to have a precise inventory of the themes, the research objects, and the different problems studied.

The year 2020 recorded the large number of publications with 134 articles. The interdisciplinarity of publications represents a strength for the development of fields of international entrepreneurship.

Figure 2 shows the distribution of articles published by specialty. It emerges that the field of international entrepreneurship arouses a lot of interest in different disciplines. The largest percentage is that of commercial sciences with 57.2% followed by economics with 24.5% and in third place we find social sciences with a percentage of 6.8%. This result makes sense because, at its core, research on entrepreneurship and international trade is mainly conducted within these three fields. Since international entrepreneurship is positioned at the intersection of these two fields, it is logical that research on the latter should be conducted mainly within the same disciplines.

On the other hand, the surprise was marked by the fields of computer science, engineering and energy.

Figure 2: The distribution of published articles by specialty



Source: Developed by our care

### 3. Definition of international entrepreneurship

The phenomenon of rapid and early internationalization enterprises has led to the emergence of a new field of research: international entrepreneurship (McDougall & Oviatt, 2003). The importance of this field of research is reflected in the growing number of academic productions, the birth of international networks of researchers studying its themes, and the public funding of research programs around international start-ups.

McDougall (1989) presents the first empirical study for the study of new international enterprises. This study provides important contributions on the difference in strategy between this type of company and companies that are not international. The author defines international entrepreneurship as "... the development of new international companies or startups which, from the moment they are created, engage in international activities; international operations develop among the early stages of their development" (McDougall, 1989, p. 389). In a broader view, Zahra (1993) shows that the study of international entrepreneurship must include the study of newly created enterprises as well as already established enterprises. In this context, the author defines international entrepreneurship as the study of the nature and consequences (Zucchella & Scabini, 2007) of a company's risk-taking behavior when it ventures into international markets. To this concept of risk-taking, McDougall and Oviatt (2000) add the concepts of innovation, proactivity, and value creation. The two authors propose a broader definition of the phenomenon of entrepreneurship, the study of already established companies, and the recognition of international comparative analyses. The authors define international entrepreneurship as: "A combination of innovative, proactive and risky behaviors that transcend national boundaries, and don't intend to create value in organizations." (McDougall & Oviatt, 2000, p. 903). The definition of McDougall and Oviatt (2000) is not specific to new international firms, but it broadens the research to study the international activities of all firms regardless of age, size, sector, or industry. Zahra and George (2002, p.261) note that this definition takes up Miller's (1983) definition of entrepreneurship, which is conceived as an organizational phenomenon that focuses on innovation, risk-taking, and proactivity. They define international entrepreneurship as: "The process of discovering and creatively exploiting opportunities that lie outside the company's domestic market to achieve a competitive advantage". This definition takes up the notion of opportunity, a key component of entrepreneurship research. This notion will be taken up in the definition of Oviatt and McDougall (2005, p. 540): "International entrepreneurship is the discovery, commitment, evaluation and exploitation of opportunities – outside national borders – to create future goods and services".

The definition of Oviatt and McDougall (2005a) emphasizes the importance of the process of identifying and exploiting opportunities but does not require the study of new enterprises created. International entrepreneurship concerns the study of both newly created companies and large, well-established companies with an emphasis on proactive strategies for identifying international opportunities.

International entrepreneurial behavior can occur in both new and old companies as well as in small and large structures (Knight and Liesch, 2016). In addition, international entrepreneurial behavior can occur at the individual (entrepreneur), group (entrepreneurial and/or managerial team), or organizational level (McDougall & Oviatt, 2000).

### 4. Companies with rapid and early internationalization: a diversity of concepts for the phenomenon of internationalization

At the beginning of the 90s, many companies showed a marked international orientation. Newly created small businesses, often in technology-intensive sectors where already established competitors are global, have distinguished themselves by their strong international development. The emergence of this phenomenon has been repeatedly reported in the business press in the United States (Rennie, 1993). These start-ups, described as "Global start-ups", showed rapid growth in their exports to different countries (McKinsey & co., 1993). Today, the phenomenon of global-born enterprises is perceived in different industries and both advanced and emerging economies.

The academic literature on the phenomenon of global enterprises is multidisciplinary. Academic and professional studies of these companies have been published in several academic journals of strategy and entrepreneurship (Oviatt & McDougall, 1994) as well as in the American business press. The importance of this type of firm in the new economy is also reflected in the interest it has received from large strategy consulting firms (McKinsey & co., 1993) and government institutions (OECD, 1997). Similarly, several networks of researchers have been set up in different countries, in the United States, Australia, and in the northern countries of Europe to study the emerging phenomenon of global companies. The scientific community's attempts to define the contours of international entrepreneurship have generated confusion between the concepts, definitions, and perimeters around which the new field of research is analyzed (Servais, 2007). Terms such as "leapfrogging" (Hedlund & Kverneland, 1985), International New Venture (McDougall & al., 1994), Global start-up (Oviatt & McDougall, 1994) have been used to describe companies with rapid and early internationalization.

Table 1 summarizes the different concepts related to international entrepreneurship. Over the years several authors have proposed definitions.

**Table 1:** Key concepts studied in the international entrepreneurship literature

<b>Authors Year</b>	<b>denomination</b>	<b>Definitions and characteristics</b>
Hedlund and Kverneland (1985)	Leap forward	« Companies that skip steps in the internationalization process
Rennie (1993, pp. 45-50)	Born Global	"SMEs that compete successfully – virtually from the moment they are created – with large, well-established companies on the world stage. These firms have not slowly built their way to international trade. Contrary to popular thought, they were born worldwide. [...] Typically, they are present in niche markets, are very flexible, and move quickly. Global firms can meet in any industry, even in sectors considered to be in decline."
Oviatt and Mcdougall (1994, p. 49)	New international companies	"Commercial organizations which, from their creation, seek to derive a significant competitive advantage from the use of resources (material, human, financial, time, ...) and the sale of products in multiple countries, as soon as they are legal. Unlike traditional organizations that are gradually developing, from domestic firms to multinational companies, the new international company starts with a proactive international strategy, even if it starts with only one or a few employees/entrepreneurs."
Oviatt and Mcdougall (1994, p. 59)	Global start-ups	"The expression 'Global Start-up' is the most radical manifestation of new international firms that derives a significant competitive advantage from extensive coordination among multiple organizational activities whose location is geographically unlimited. Such companies not only cater to global markets but also proactively address opportunities to acquire resources and sell products anywhere in the world where their value is highest."
Knight and Cavusgil (1996, p. 11)	Born global companies	"Small, usually technology-oriented companies that operate in international markets from the earliest days of establishment."
Preece, Miles, and Baetz (1998, p. 259)	Early stage Technology companies	"Instantly international companies that face the complexity of foreign markets and global competition from the earliest stages of their development. [...] The 'ESTBF' are likely to encounter international pressure much earlier in their lives."
Knight and Cavusgil(2004, p. 15)	Born Global	"Companies that, from the moment they are created, obtain a significant part of their revenue from sales on international markets"

Source: (Mejri, 2017, p.38)

The concept of "Born Global" first appeared in 1993 in a report by Rennie (1993) which looked at 310 "New exports" among Australian high-value-added manufacturing SMEs. He classified exporting enterprises into two types: First, domestic exporting enterprises and enterprises named Born global. Domestic companies have developed business in foreign markets through export after having established a solid foundation in the local market. The average age of these enterprises at first export was 27 years and the average value of exports is 20% of total sales. Secondly, the second type is the "Born global": "companies that have started exporting, *on average, only two years after their creation and realize 76% of their turnover from exports*" (Rennie, 1993, p.50). These Australian companies were more internationally oriented from an early age and could succeed in global markets without adopting stadium theory:

"... these companies see the world market as their market from the outset and see the internal market as a support for their international activities." (McKinsey and Co., 1993, p. 9). The majority of the global Born identified in the Australian report is in most cases high-tech or advanced technology companies (Rasmussen and Madsen, 2002).

As a rule, research in this topic relates to companies that have internationalized rapidly since their creation. Some researchers have examined the global Born phenomenon in high-tech sectors (Madsen and Servais 1997), others have subsequently validated the existence of these enterprises in traditional sectors such as clothing (Kang et al., 2007), crafts, and arts (Fillis, 2002) and aquaculture (Evers, 2010).

Knight and Cavusgil (1996) consider born global as "*firms that have managed more than 25% of sales in overseas markets through their export activities 3 years after their birth*". Born global is "small technology-based companies that operate in international markets from the earliest days of their creation" (Knight and Cavusgil, 1996, p. 11). The time between the time of the first international sale and the date of the creation of the company is often used as the main variable to determine whether the company is qualified as Born global. It is unclear when it comes to defining this period, for Madsen and Servais (1997) born global is "companies that have adopted an international or global approach just at the time of their creation or after a short time of *creation*" (Madsen and Servais, 1997, p. 561). Most researchers consider that this period varies between two and six years. The second variable is the percentage of international turnover, several researchers consider this variable as decisive in the characterization of global Born, the level of international sales is generally higher than a rate of 25% of turnover in three years (Madsen et al, 2000). In addition, it is essential to note that international activities are the result of proactive behavior on the part of the company and not simply the result of an unsolicited order from abroad. Today many researchers are interested in studying the internationalization of all activities in the value chain. Anderson and Wictor (2003) analyze this evolution by defining born global as "a company that achieves at least 25% of its volume of international sales within 3 years of its creation and that seeks to develop a significant competitive advantage in the use of resources and sales in several countries".

Similarly, Oviatt and McDougall (1994, p. 49) define the concept of an international new venture (INV). The latter is defined as "new international companies or startups that, from their creation, engage in international activities; these international operations are developing in the early stages of their development." In addition, the authors have proposed a theoretical framework that defines the perimeters, paradigms, and theories necessary for the operationalization of the International new venture. They use concepts from the theory of the multinational firm (internalization, advantage of foreign localization), entrepreneurship (newly created company.), and strategy (resource-based and knowledge-based approach: unique resources, specific knowledge, etc.).

Based on a review of Anglo-Saxon literature (Rialp-Criado & al., 2003), rapidly internationalizing enterprises depend on the following characteristics:

- A global managerial vision and international orientation of entrepreneurs from the early stages of the creation of the company.
- Significant international experience of the management team.
- A high capacity for product innovation with an ability to introduce new generations of products with high added value quickly and continuously.
- A standardized product offer with a strong customer orientation with rapid success in several foreign markets.
- A high degree of knowledge and commitment in foreign markets.
- An ability to create a global partner network/ international networking.
- An ability to attract external funding.

##### **5. Conclusion and future research leads**

We have noted, through our literature review, a growing interest on the part of researchers in the field of international entrepreneurship. Several themes have been addressed but there are still many avenues for future research. The mobilization of theories and concepts belonging to other disciplines such as sociology or psychology can be enriching. Examples include the theory of the network actor or the psychological capital of the entrepreneur.

##### **Acknowledgment**

This work is carried out as part of research on the field of international entrepreneurship. The author is a Ph.D. student at HEC Algiers and affiliated with the research laboratory "PERMANAN".

## References

- [1] McDougall, P.P. (1989) 'International versus domestic entrepreneurship: new venture strategic behavior and industry structure', *Journal of Business Venturing*, Vol. 4, No. 6, pp.387–400.
- [2] Reuber, A. R., & Fischer, E. (1997). The influence of the management team's international experience on the internationalization behaviors of SMEs. *Journal of International Business Studies*, 28(4), 807–825.
- [3] Oviatt, B.M. & McDougall, P.P. (1994). Towards a Theory of International New Ventures. *Journal of International Business Studies*, 25(1), pp. 45–64.
- [4] Jones, M.V., Coviello, N.E. and Tang, Y.K. (2011), "International entrepreneurship research (1989-2009):a domain ontology and thematic analysis", *Journal of Business Venturing*, Vol. 26 No. 6, pp. 632-659.
- [5] Keupp, M.M., Gassmann, O., 2009. The past and the future of international entrepreneurship: a review and suggestions for developing the field. *J. Manag.* 35 (3), 600–633.
- [6] Servantie, V., Cabrol, M., Guieu, G., & Boissin, J. P. 2016. Is International Entrepreneurship a Field? A Bibliometric Analysis of the Literature (1989–2015). *Journal of International Entrepreneurship*, 14(2): 168–212.
- [7] McDougall, P.P., Oviatt, B.M., 2003. Some fundamental issues in international entrepreneurship. *Entrep. Theory Pract.* 18, 27.
- [8] Zahra, S.A. (1993) 'A conceptual model of entrepreneurship as firm behavior: a critique and extension', *Entrepreneurship: Theory and Practice*, Vol. 17, No. 4, pp.5–21.
- [9] Zucchella, A., & Scabini, P. (2007). A theoretical model for international entrepreneurship. In *International Entrepreneurship* (pp. 99-136). Palgrave Macmillan, London.
- [10] Zahra, S.A. and George, G. (2002) 'International entrepreneurship: the current status of the field and future research agenda', in Hitt, M.A., Ireland, R.D., Sexton, D.L. and Camp, M. (Eds): *Strategic Entrepreneurship: Creating an Integrated Mindset*. Strategic Management Series, Blackwell Publishers, Oxford, UK, pp.255–288.
- [11] McDougall, P.P. and Oviatt, B.M. (2000) 'International entrepreneurship: the intersection of two research paths', *Academy of Management Journal*, Vol. 43, No. 5, pp.902–906.
- [12] Oviatt, B.M. and McDougall, P.P. (2005a) 'Defining international entrepreneurship and modeling the speed of internationalization', *Entrepreneurship Theory and Practice*, Vol. 29, No. 5, pp.537–554.
- [13] Knight, G. A., & Liesch, P. W. 2016. Internationalization: From Incremental to Born Global. *Journal of World Business*, 51(1): 93–102.
- [14] Rennie, M. W. (1993). Born global. *The McKinsey Quarterly*, 4, 45-52.
- [15] OCDE, (2004) 2<sup>ème</sup> conférence des ministres en charge des PME : « Promouvoir l'entreprenariat et les PME innovantes dans une économie mondiale », Istanbul-Turquie 3- 5 Juin.
- [16] Hedlund, G., & Kverneland, A. (1985). Are strategies for foreign markets changing? The case of Swedish investment in Japan. *International Studies of Management and Organization*, 41–59.
- [17] Preece, S.B., Miles, G. & Baetz, M.C. (1998), « Explaining the international intensity and global diversity of early-stage technology-based firms ». *Journal of Business Venturing*, 14: 259-281.
- [18] Knight, G. A., & Cavusgil, S. T. (2004), « Innovation, organizational capabilities and the bornglobal firm ». *Journal of International Business Studies*, 35(2), 1241-41.
- [19] Rasmussen, E. S. & Madsen T.K. (2002), « The Born Global Concept », in The 28th EIBA conference 2002 Athens.
- [20] Madsen, T. K., Servais, P. (1997), « The internationalization of born globals: An evolutionary process? ». *International Business Review*, 6(6), 561-583.
- [21] Fillis, I. (2002), « The internationalization process of the craft microenterprise ». *Journal of Developmental Entrepreneurship* 7 (1), 25–43.
- [22] Evers, N. (2010), « Factors Influencing the Internationalization of New Ventures in the Irish Aquacultural Industry: An Exploratory Study ». *Journal of International Entrepreneurship*, 8, 392-416.
- [23] Evers N. (2011), « Why do New Ventures Internationalise? A Review of the Literature of Factors that Influence New Venture Internationalisation ». *Irish Journal of Management*, 30(2), p.17-46.
- [24] Cavusgil, S. T., & Knight, G. (2009) *Born Global Firms: A New International Enterprise*. Business Expert Press, 125p.
- [25] Cavusgil, S. T., & Knight, G. (2015), « The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization ». *Journal of International Business Studies*, 46, 3–16.
- [26] Andersson, S. & Wictor I. (2003), « Innovative internationalisation in new firms: born globals – the Swedish case », *Journal of International Entrepreneurship*, 1 (3), p. 249-76.