International Entrepreneurship Theory: Past, Present and Way Forward

Ikemefuna Allen

Objective: This paper recounts the historical development of International Entrepreneurship as a study field, and demonstrates how concepts brought forth contribute to a broader understanding of fundamental international business and entrepreneurship theories.

Research Design & Methods: The analytical work makes reference to the existing literature on International Entrepreneurship. Based on the categorisation of themes and sub-themes, the historical development of international entrepreneurship theory is recounted, creating a foundation for the assessment of its relationships and linkages with international business and entrepreneurship theories.

Findings: The findings indicate that International Entrepreneurship is still in a developmental stage. However, the field is rich with novel ideas and concepts that can give an impetus to researchers as they strive to explore themes such as international entrepreneurial orientation and entrepreneurial internationalization.

Implications & Recommendations: The lack of theoretical foundation presents challenges to researchers. Research must be directed at answering the fundamental questions that distinguish International Entrepreneurship from the two related, but more established fields; international business and entrepreneurship.

Contribution & Value Added: The paper provides a point of reference for scholars that want to attain a comprehensive insight into the state of international entrepreneurial research, and distinctions from, and relevance to the fields of international business and entrepreneurship.

Article type: conceptual article
Keywords: entrepreneurship; international entrepreneurship; international business; entrepreneurial internationalization; entrepreneurial orientation
JEL codes: L26, F23, M16

Received: 18 January 2016 Revised: 4 April 2016 Accepted: 28 May 2016

Suggested citation:
INTRODUCTION

International entrepreneurship (IE) encompasses a new body of literature positioned at the interface of international business and entrepreneurship. Marked by novel and innovative activities that have the aim of creating value and growth in business organizations, IE is distinguished through elements of behavioural traits that drive entrepreneurial actions across-borders. Research in this new field has gained increased importance over the years, as unique ideas and concepts give an impetus to aspiring scholars.

To date, IE research examines the extent of entrepreneurship across national borders, evaluates national level patterns and cultural distinctions related to entrepreneurship, and compares entrepreneurial internationalization with focus on international venture types. When looking at entrepreneurial behaviour with a cross-border orientation, and international business distinguished by innovativeness, key questions arise for which answers can be derived through IE research.

This paper recounts the historical development of IE as a field of study, and demonstrates how its concepts help in answering fundamental questions of international business and entrepreneurship. Moreover, insight is provided for aspiring researchers interested in IE, as thematic areas for future exploratory research are discussed. The analytical work in this paper makes reference to the existing literature on IE, and uses Jones, Coviello and Tang (2011) categorization of themes and sub-themes to depict the historical development of IE, which creates a foundation for the analysis of how IE concepts relate to and link with fundamental international business and entrepreneurship theories.

The rest of the paper is structured as followings: The first section presents various definitions of the term international entrepreneurship with an analysis of the key aspects under consideration. The second section depicts the historical development of research conducted in the field and noteworthy results generated in the various thematic areas. Subsequently, concepts indicative of the IE framework are discussed with reference to their relationships and linkages with fundamental international business and entrepreneurship theories. The fourth section comprises of a summary of thought provoking areas for future research, after which the paper concludes.

MATERIAL AND METHODS

The goal of this paper was to recount the historical development of international entrepreneurship as a field of study, and demonstrates how concepts contribute to a broader understanding of international business and entrepreneurship theories. To this end, the analytical work makes reference to the existing literature on IE.

With the goal of providing a comprehensive overview on the past and present of IE research, the author strived to identify all relevant scientific journal on the subject, as well as pinpoint the articles most important for this research project. The literature search comprised thorough screening of two major academic databases, namely JSTOR and EBSCO Host. The search was limited to journal articles from peer review journals. With the exception of Schumpeter’s work (1976), books, reports and conference papers were exempted from the literature search. In doing so, the author strived to ensure reli-
ability and currentness of the literature selected. In order to capture the entire score of IE research, key words used were derived from both the IE domain and the three other related areas; International Business, Entrepreneurship, and Strategic Management. Primary key words included (i) International Entrepreneurship, (ii) International Entrepreneurship Theory, (iii) International Entrepreneurial Orientation, (iv) Entrepreneurship, (v) Internationalization Strategy, (vi) International business. Recurrence of key words created the basis upon which available sources were included or omitted. In a second step, the author screened the abstracts of the selected journal articles and derived a pool of titles that were reviewed, validated, and if applicable used for this work. The method applied is derived from the approach established by Jones, Coviello and Tang (2011) of:

– creating a protocol for the comprehensive literature search,
– creating a protocol for thematic analysis,
– conducting further screening of the selected articles to determine whether their content fall into the scope of the study.

Thorough screening of the current literature created the foundation, upon which suggested topics for future IE research were critiqued and additional focal points presented for further exploratory work. Jones, Coviello and Tang (2011) categorisation of themes and sub-themes created the basis upon which the historical development of IE is depicting, creating a foundation for the analysis of how IE concepts relate to and link with fundamental international business and entrepreneurship theories.

LITERATURE REVIEW AND THEORY DEVELOPMENT

Defining International Entrepreneurship

The term international entrepreneurship found its roots when Morrow (1988) suggested that technological advances and cultural awareness allowed new ventures to access untapped foreign markets (quoted in McDougall & Oviatt, 2003, p. 3). Although a generally accepted definition remains elusive, the current literature affords well-founded descriptions that provide valuable insight on the key areas of focus. McDougall and Oviatt (1997) offer a definition covering the aspect of comparative entrepreneurship, and the impacts of entrepreneurial actions on business. According to the scholars, IE comprise novel and innovative activities that crosses or is compared across national borders with the aim of creating value and growth in business organizations. This definition was later extended to incorporate elements of behavioural traits, which drive entrepreneurial actions, as well as put emphasis on the cross-border orientation of entrepreneurial business activities (McDougall & Oviatt, 2000, p. 903). More comprehensively, IE refers to innovative activities pursued by a firm across-borders. In this definition the term ‘innovative’ encompasses the value-seeking component, as firms leave their home country to seek out new opportunities in unknown or unexplored markets.

Oviatt and McDougall (2005) refined their definition to include the acts of discovering, enacting, evaluating, and exploiting opportunity abroad. With this, a process centric view on international entrepreneurship is given as the scholars present the core activities executed when value-seeking behaviour is geared towards foreign markets. Discovering in this sense implies obtaining insight or knowledge of a business opportunity for the first
time; while enacting refers to the practice of performing or acting out business activities across-borders. Entrepreneurs have the instinct to spot promising opportunity abroad and with a distinct skill, initiate entry into foreign markets. Evaluation comprises weighing, estimating, gauging, and valuing opportunity, which leads the entrepreneur to exploit it in the international sphere.

Some scholars believe that international entrepreneurship is at the crossroads of three academic disciplines, namely entrepreneurship, international business and strategic management (Wach & Whermann, 2014; Wach, 2015a). Although related to IE, international business differs in that the focus lies on internationalization theory, transaction cost theory, and economic factors leading to internationalization. The contrast between IE and entrepreneurship become evident when considering that the latter focuses on the entrepreneur’s role as an economic agent, who recognises and exploits opportunity. Strategic management covers assets, capabilities, and business strategy employed when doing business abroad, and in this regard, deviates from the scope of IE (Wach, 2015a, p. 12).

IE is said to be based on four concepts, namely (i) international new ventures; (ii) born globals (iii) rapid internationalization, and (iv) general models of international entrepreneurship. This grouping distinguishes the degree and form of a firm’s IE activities. Global firms are those that conduct business in at least three regions of the world with an intent to expand further. In contrast, international new ventures refer to those firms that internationalized quickly as a means capitalising on opportunity (Crick, 2009, p. 457). The illustration below (Figure 1) presents a comprehensive view on three generic concepts of IE, considering the speed of internationalization (sequentially vs. rapidly), and the initial geographic market orientation (domestic vs. international) of firms.

![Figure 1. Basic typology of IE concepts](Source: Wach (2014, p. 68).)

Note: Areas of international entrepreneurship studies are marked in grey colour.
Defining international entrepreneurship represents the first step in comprehending this new field of study. Doing so provides researchers a vital tool when attempting to distinguish IE from other well-established areas such as entrepreneurship and international business. When looking at entrepreneurial behaviour with a cross-border orientation, and international business distinguished by innovativeness, key questions arise for which answers can be derived through IE research.

**Historical Development of International Entrepreneurship Research**

The past two decades (1990s and 2000s) have witnessed substantial development in IE research. Jones *et al.* (2011) provide a well-founded categorisation by mapping out three major types of research, namely: (i) entrepreneurial internationalization, (ii) international comparisons of entrepreneurship, and (iii) comparative internationalization. These streams represent the central elements from which exploratory research has been conducted to investigate various thematic areas of entrepreneurship within the international sphere. The ensuing illustration (Figure 2) depicts the main themes and sub-themes of international entrepreneurship research.

![Figure 2. Thematic areas of international entrepreneurship research](source: adapted from (Jones, Coviello & Tang, 2011, p. 636)).

From 1989 to 1996 the research area labelled entrepreneurial internationalization emerged. It deals with entrepreneurship that crosses national borders; incorporating aspects of venture type, internationalization, networks and social capital, organizational issues, and entrepreneurship (Jones *et al.*, 2011, p. 635). A vital element in this sense is explaining why, how, and through what means (capabilities) organizations become engaged in cross-border business. Venture type explores the characteristics of an organization that enables it to compete internationally (Jones *et al.*, 2011, p. 636), while internationalization examines the patterns and processes of international expansion, and diversity of firm’s mode of entry, as well as the influences and outcomes of internationalization (Jones *et al.*, 2011, p. 638). Networks and social capital focus on how the firm’s network ties influence foreign market entry and entry modes, while research covering organizational issues and entrepreneurship incorporate studies on organizational performance, orientation, knowledge and capabilities from an entrepreneurial internationalization perspective, and international corporate entrepreneurship (Jones *et al.*, 2011, p. 640).

Research on entrepreneurial internationalization have shown positive relationships between international entrepreneurial orientation and several indicators of international performance, such as the extent to which a business organization actively seeks oppor-
tunity, and sells its products or services, in foreign markets (Covin & Miller, 2014, p. 19). This can imply that the zeal to engage in cross-border business is driven by the international entrepreneurial spirit.

Between 1990 and 2002 another research area dubbed international comparisons of entrepreneurship developed, which involves comparing data collected from different countries, with the goal of evaluating national level patterns and related cultural distinctions (Jones et al., 2011, p. 644). Against this backdrop, researchers base their work on the thematic areas; cross-country research, cross-cultural research, and combined cross-country & cross-culture research. As can be derived from the terms, research conducted focus on behavioural differences of entrepreneurs across countries, and the assessment of cultural values to determine the impact culture has on entrepreneurial behaviour (Jones et al., 2011, p. 645). Results generated in this stream have established the influential effect national culture has on individual entrepreneurial behaviour (Hayton, George & Zahra, 2002, p. 43).

Comparative internationalization is the most recent research area of international entrepreneurship. Since 2001, scholars have used cross-national data in comparing entrepreneurial internationalization. Related topics include international venture types, internationalization patterns, internationalization influences, and organization issues (Jones et al., 2011, p. 646). In this vein, internationalization patterns at a firm’s inception can be influenced by the global vision of the founder, the entrepreneur (Gabrielsson & Pelkonen, 2008, p. 56). Depending on the country of origin and related national culture distinctions, the entrepreneur who is the driving force of the organization at its inception, gravitates more towards the discovery, enactment, evaluation, and exploitation of business opportunity abroad. Clearly stated: internationalization patterns may depend on country of origin and national culture of the founding entrepreneur. Further findings derived from comparative internationalization research suggest that the entrepreneurial team, along with the entrepreneur, are relevant in fostering the cross-border orientation of business organizations (Andersson & Evangelista, 2006, p. 650). Reports have indicated that international entrepreneurial orientation (IEO) is a vital cultural attribute of so-called born global firms (Knight & Cavusgil, 2004, p. 129), however other researchers believe that IEO is an immanent element of international entrepreneurship theory in general (Wach, 2015b). Taken together, international entrepreneurial orientation is considered a behavioural trait shared by business entities that start out seeking to attain a competitive advantage by carrying out operations in various countries.

The historical development of IE research was presented in brief. The existing literature can be sorted in three categories namely, entrepreneurial internationalization, international comparisons of entrepreneurship, and comparative internationalization. The major aspects considered include examining the extent of entrepreneurship across national borders, evaluating national level patterns and cultural distinctions related to entrepreneurship, and comparing entrepreneurial internationalization with focus on international venture types. Research conducted to date provides evidence of positive relationships between international entrepreneurial orientation and international performance. Scholars have also argued that international entrepreneurial orientation is an essential cultural attribute of born global companies. Within business organizations, the
entrepreneurial team, along with the entrepreneur, have been cited as crucial parties in fostering international entrepreneurial activities.

**Entrepreneurship as New Approach Towards International Business**

IE is an intriguing field at the intersection of entrepreneurship and international business theories (Keupp & Gassmann, 2009, p. 600), and some scholars also add international management (Wach & Whermann, 2014). To demonstrate this, I revert to fundamental theories from two of the fields. Cantillon’s theory of entrepreneurship positions the entrepreneur as an individual, who drives the manufacturing, circulation, and exchange of products within an economy, in an effort to satisfy consumer demands. Against this backdrop, entrepreneurial actions are based on perceived arbitrage opportunities; the hope for profit generation (Cantillon, 1931, p. 151; Brown & Thornton, 2013, p. 406). Bear in mind that perception of opportunity can differ depending on the knowledge of markets and/or the zeal to consider unknown or unexplored markets. Any theoretical assertion on the role of entrepreneurs, and the basis for entrepreneurial action, must implicate the cross-border element of perceiving opportunity. Nowinski and Bakinowska (2012) provided evidence as they identified arbitrage price opportunities as a vital driver of early internationalization of Small and Medium-sized Enterprises. Entrepreneurs may act on their knowledge of markets, and/or is driven by the willingness to explore unknown or unexplored markets. Such considerations are clearly in the realm on international entrepreneurship. In this context, IE research has shown that entrepreneurs in CEE economies can experience social and human capital constraints, since they lack international experience (Nowinski & Rialp, 2013, p. 221).

Assertions made by Schumpeter (1976) in his theory of economic growth offer another avenue to associate IE with traditional entrepreneurship theory. In his work, Schumpeter credits the growth of an economy to entrepreneurial innovations, as competition between market participants foster the desire to derive new means of improving technology and business operations. Note here that competition between market forces is stated as the trigger of entrepreneurial innovation. In today’s global economy, market forces, and related impacts, extend beyond national borders. The trigger of entrepreneurial action therefore can result from foreign market developments and opportunities. Given this, an attempt to explain why entrepreneurial action is taken must implicate the cross-border element of business. This again falls under the umbrella of IE.

In an effort to depict the relationship and linkage between international business theories and concepts from IE, the author draws upon assertions rooted in ‘the theory of the firm’. With the goal of maximising profits for their business organization, decision-makers assess opportunity costs of engaging in business across-borders (Grosse & Behrman, 1992, p. 99). The rationale for taking a decision on whether or not to enter a foreign market may be founded on behavioural traits of decision makers. When such actions involve discovering, enacting, evaluating, and exploiting business opportunity abroad; the international entrepreneurial orientation of the decision maker merits consideration. Knight (2001) suggests that three-dimensional international entrepreneurship is a vital success factor impacting international performance of firms, while Wach (2015a) stresses that the entrepreneurial decision making process is the most important factor in the entrepreneurial process.
Future Direction of International Entrepreneurship Research

Research on international entrepreneurial behaviour has gained increased importance over the years. In spite of the growing interest, IE as a field of study is still in a developmental stage, without solid theoretical foundation. Researchers have identified theoretical inconsistencies, opposing predictions and knowledge gaps (Keupp & Gassmann, 2009, p. 600), which hinder further development. Be it as it may, the field is rich with novel ideas and concepts that can give an impetus to researchers as they strive to investigate the drivers of entrepreneurial behaviour with a cross-border orientation, and other related interdependencies.

A thought provoking area for future research deals with new international market entry, as this is inherent and vital to the exhibition of international entrepreneurial behaviour (Covin & Miller, 2014, p. 27). In this sense, the key question to be posed here is whether behavioural traits exhibited for new international market entry correspond with those shown for new product entry. The challenge of such research lies in trying to characterise and capture the entrepreneurial process elements within the context of new international entry, and in this way demonstrate the distinctive nature of ‘being entrepreneurial’ in the international new entry frame of reference (Covin & Miller, 2014, p. 28). Another promising area for future work pertains to the previously discussed stream of research called international comparisons of entrepreneurship. Covin and Miller (2014) suggest exploring the drivers of new entry as culture specific phenomena. This can incorporate exploratory research that aims at distinguishing the act of being entrepreneurial in different cultural contexts, through examining the beliefs, preferences, and behaviours leading to new entry (Covin & Miller, 2014, p. 28).

Jones and Coviello (2005) recommend exploring how cognitive approaches may distinguish entrepreneurial internationalization from other traditional forms of internationalization patterns. In this regard, heuristic and analogical reasoning are two key cognitive approaches under consideration. Heuristic reasoning refers to a mental shortcut allowing decision making quickly and efficiently (Gigerenzer & Gaissmaier, 2011, p. 454), while analogical reasoning implies decision-making based on experiences from a similar situation (Gentner, 2003, p. 106). The premise for such research is that heuristic reasoning and analogical reasoning can serve as theoretical basis upon which innovative, proactive, and risk-seeking behaviour distinguishes entrepreneurial internationalization from other forms of internationalization (Jones & Casulli, 2013, p. 62). The process of analysing a business opportunity can uncover key differences and similarities that alert entrepreneurs to opportunities and challenges; requiring consideration in new international undertakings (Jones & Casulli, 2013, p. 62). Taken together, heuristic reasoning will drive entries into countries that are perceived as similar to those where business activities have been conducted, and analogical reasoning will fuel entrepreneurial internationalization based on familiarity and extensive experience of an industry or market (Jones & Casulli, 2013, p. 60).

Aspects to be considered when applying a cognitive approaches to IE include; the decision making process leading to entry into a foreign market, and the mode of entry employed. Relevant considerations are factors that influence the decision maker, such as behavioural traits. Taking this further, researchers can evaluate potential cultural associ-
CONCLUSIONS

This paper was prepared with the goal of recounting the historical development of IE as a field of study, and demonstrating how concepts brought forth contribute to a broader understanding of fundamental international business and entrepreneurship theories. The analytical work makes reference to the existing IE literature, as Jones, Coviello and Tang (2011) categorisation of themes and sub-themes provided the foundation for depicting the historical development. On this basis, an assessment of how concepts from IE associate with fundamental international business and entrepreneurship theories was conducted.

The main themes of IE research include Entrepreneurial Internationalization, International comparisons of Entrepreneurship, and Comparative Internationalization. Key aspects considered are; examining the extent of entrepreneurship across national borders, evaluating national level patterns of entrepreneurship and their relationships with cultural and institutional differences, and comparing entrepreneurial internationalization with focus on international venture types. IE research provides evidence of positive relationships between international entrepreneurial orientation and international performance, and establishes the influential effect national culture has on individual entrepreneurial behaviour. Entrepreneurship theory stresses that entrepreneurial actions are based on perceived opportunities. Since perception of opportunity can differ depending on the knowledge of markets and/or the zeal to consider unknown or unexplored markets. Any theoretical assertion on the role of the entrepreneur, and the basis for entrepreneurial action, must implicate the cross-border element of perceiving opportunity. Moreover, the trigger of entrepreneurial action can result from foreign market developments and opportunities. These considerations are in the realm on IE.

There are several limitations to the results of this study. First, the analytical work is based on the categorization provided by Based on Jones, Coviello and Tang (2011). Using categorisations from other scholars may offer a different view on how IE has developed over the years. Second, the study is based on a literature review with no field research or data analysis conducted. More comprehensive research and analysis are required that take into account entrepreneurial behaviour of firm overtime.

Future research should be directed at distinguishing the act of ‘being entrepreneurial’ in different cultural contexts, through examining the beliefs, preferences, and behaviours leading to new entry. Studies applying cognitive approaches into IE research can include the decision making process, through which a selected foreign market is entered, and the mode of entry employed. Researchers may evaluate potential cultural associations impacting reasoning, and in doing so, manifest the interplay between culture, decision-making, and entrepreneurial internationalization.

The literature review in this study points to the fact that IE is still in a developmental stage. However, the field is rich with novel ideas and concepts. The lack of theoretical foundation presents challenges to researchers. Research must be directed at answering the fundamental questions that distinguish IE from the two related, but more established fields; international business and entrepreneurship. In this way, theories distinc-
tive to IE can be developed that highlight the influencers, motives, and impacts of entrepreneurial behaviour across borders.

REFERENCES


### Author

**Ikemefuna Allen**

Senior Consultant at Business Process Experts GmbH (Germany). Previously worked for Boehringer Ingelheim Pharma (Germany) at GBS Process Management Accounting to Reporting. Educational qualifications include Bachelor in International Business from Accadis International Business School (Germany) and Master in International Business from the University of Applied Sciences Mainz (Germany). Currently, PhD Student at the Faculty of Economics and International Relations at the Cracow University of Economics (Poland).

**Correspondence to:** Ikemefuna Allen, M.A.; Cracow University of Economics; PhD Student at the Inter-Faculty PhD Study Programme in English; ul. Rakowicka 27, 31-510 Kraków, Poland; e-mail: iallenbrownell@gmail.com

### Copyright and License

This article is published under the terms of the Creative Commons Attribution – NonCommercial – NoDerivs (CC BY-NC-ND 3.0) License http://creativecommons.org/licenses/by-nc-nd/3.0/

Published by the Centre for Strategic and International Entrepreneurship – Krakow, Poland