



**北京师范大学经济与工商管理学院
工作论文（working paper）系列
管理类 No. 12**

**焦豪：Is the entrepreneurship capital
theory useful for international
entrepreneurship? A Research Note**

2011年10月

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ABSTRACT

Based on the entrepreneurship capital theory, the paper constructs the building mechanism of the international entrepreneurship in the context of different business environments. Specifically, the paper divides the entrepreneurship capital at the individual level into entrepreneurial proclivity of the entrepreneur, human capital of the entrepreneur, and social capital of the entrepreneur, and then explores the relationship with international entrepreneurship, with the moderating effect of the business environment. Moreover, the paper also finds that entrepreneurship capital at the individual level will be an important predictor of survival rates of international entrepreneurship in benign and hostile targeting business environments when business firms explore the internationalization strategy. Finally, managerial implications and future research directions are discussed.

Keywords:

International entrepreneurship; entrepreneurship capital; entrepreneurial proclivity; human capital; social capital

Introduction

The international entrepreneurship has become one trend of the business firms (B. M. Oviatt & McDougall, 2005). In this process, entrepreneurs play the important role in the internationalization process (Alvarez & Busenitz, 2001).. The entrepreneurship capital theory gives us the new perspective to consider this phenomenon (Audretsch, Bönte, & Keilbach, 2008) . Meanwhile, business firms must concern the environmental dimension with the hostile and benign characteristics such as the local and targeting international business environments (Covin & Slevin, 1989). Therefore, business firms should adapt the different entrepreneurship strategy in the context of the specific business environment.

The purpose of this paper is to demonstrate the usefulness of connecting international entrepreneurship with entrepreneurship capital theory at the individual level. Specifically, the paper presents our conceptual framework for entrepreneurship capital at the individual level into three dimensions, including entrepreneurial proclivity of the entrepreneur, human capital of the entrepreneur, and social capital of the entrepreneur. In view of the growing recognition that the strategic value of individual capabilities of the entrepreneur depends upon different external environments (Eisenhardt & Martin, 2000; Miller & Shamsie, 1996), this paper explores an important environmental context (environmental dynamism, economic conditions, and regulatory structure) in which the strengths of the association between entrepreneurship capital and international entrepreneurship were likely to vary across different business firms. Discerning the moderating effects of external environment on

the relationship between entrepreneurship capital and international entrepreneurship is important for our understanding of the conditions under which firms are more likely to reap the benefits from investments in entrepreneurship capital for the particular entrepreneur.

The rest of the paper proceeds as follows. The next section presents a literature review of the emerging resource-based view of the strategic roles of entrepreneur to provide the conceptual foundation for linking entrepreneurship capital and international entrepreneurship. This is to be followed by a discussion of the concept of entrepreneurship capital at the individual level (entrepreneurial proclivity, human capital and social capital). The relationship between entrepreneurship capital and international entrepreneurship, and the moderating effects of business environment are then examined. Moreover, we also discuss the role of the entrepreneurship capital in predicting the survival rates of international entrepreneurship in benign and hostile targeting business environments in international markets. The following section discusses the theoretical contributions and practical implications of the research findings. Finally, the paper presents the conclusion and some suggestions for future research and practice.

Literature Review

International Entrepreneurship

According to Zahra and George (2002), international entrepreneurship was first mentioned by Morrow (1988) in his article which highlighted recent technological

advances and cultural awareness for new ventures to exploit foreign markets. McDougall (1989) studied it by comparing domestic and international new ventures in order to explore the essence of the international entrepreneurship. Building on popular business interest in rapid internationalization, Oviatt and McDougall (1994) provided a theoretical base for the study of international new ventures, which they defined as business organizations that, from the start, seek to derive significant competitive advantages from the use of resources and the sale of outputs in multiple countries. Thus, international entrepreneurship began with an interest in new ventures. Wright and Ricks (1994) focus on international business to study international entrepreneurship, which was very important for cross-cultural scholarly investigations in entrepreneurial activity.

Many scholars study international entrepreneurship using a variety of theories and models. Cox (2004) wrote a literature review on the topic of international entrepreneurship based on 51 international entrepreneurship articles. His study divided the articles into four segments: (a) individual entrepreneurs and their traits, (b) entrepreneurial processes, (c) environmental factors, and (d) small and entrepreneurial ventures. Oviatt and McDougall (2005) studied international entrepreneurship with two branches focusing on cross-national-border behavior of entrepreneurial actors and cross-national border comparison of entrepreneurs. They also stated the model should explain the traditional cross-border behavior, not for accelerated internationalization or entrepreneurial behavior. Muzychenko (2007) studied international entrepreneurship through developing a global mindset emphasizing entrepreneurship

education, who found a new way to contribute to facilitating international entrepreneurship and considered education as an effective vehicle for stimulate entrepreneurial activity should based on advancements in international entrepreneurship research.

More recently, scholars studying international entrepreneurship have focused on the process of international entrepreneurship (Giamartino, McDougall, & Bird, 1993), and the role of the entrepreneur's education and global mindset in the internationalization (Ruzzier, Antoncic, Hisrich, & Konecnik, 2007). These are important for the paper because we focus on the entrepreneur as the unit of analysis. And we also consider the international entrepreneurship strategy in the context of the particular strategy. Here we propose a specific relationship between entrepreneurship capital and international entrepreneurship, with moderating effects of the business environment.

Entrepreneurship Capital as a Resource

Resource-based theory has been central to the strategic management literature (Barney, 1991, , 1997), particularly in explaining competitive advantage. According to this theory, competitive advantage comes from assets and capabilities that are valuable, rare, imperfectly inimitable, and non-substitutable. Peteraf (1993) suggested that competitive advantage needs to meet four conditions for sustainability: (1) superior resources (heterogeneity within an industry); (2) ex post limits to competition; (3) imperfect resource mobility; and (4) ex ante limits to competition. Using the rationale of resource-based theory, Knight and Cavusgil (2004) suggested that born

global firms leverage a collection of fundamental, intangible, knowledge-based capabilities in the cultivation of foreign markets early in their evolution. We argue that the entrepreneur as the focal actor draws upon important resources and capability in international entrepreneurship.

The Important Role of Entrepreneur in the Internationalization Process

The entrepreneur is regarded as crucial for a firm's international strategies and the central factor explaining a firm's international behaviour (Andersson, 2000). Studies about the internationalization of small and medium-sized enterprises have emphasized the role of entrepreneur-related elements that impact export performance, for example: strategy (Baird, Lyles, & Orris, 1994), attitudes and perceptions (Jaffe & Pasternak, 1994) and the international experience of managers (Andersson, 2000).

Entrepreneurs have individual assets that help them recognize new opportunities and assemble resources for new ventures. The entrepreneur of small and medium-sized enterprises is one key and unique resource that can become especially influential on the organization as this person acquires new knowledge (Alvarez & Busenitz, 2001).

In small and medium-sized enterprises, the personal resources of an entrepreneur become crucial since the internationalization process often centers around one such key person and their knowledge, experience, and network of relationships (Ruzzier, Antoncic, Hisrich, & Konecnik, 2007). Once engaged in exploiting the opportunity, or in the process of internationalization, entrepreneurs are responsible for many

internationalization-related tasks such as: evaluation of the opportunities, gathering information of the new market, availability of resources, and implementing internationalization strategies. The degree of export aggressiveness to some extent reflects the desire, willingness, and determination of the decision-maker to promote the export side of business in the organization and this can, in turn, be attributed to certain entrepreneurial characteristics (Leonidou, Katsikeas, & Piercy, 1998). The personal factors of entrepreneurs can be strong influences on the internationalization of small and medium-sized enterprises.

Entrepreneurship Capital Theory

Audretsch, Bönte and Keilbach (2008) believed that entrepreneurship capital can be built on the basic typology and defined at the economic (region and industry), organizational, and personal (team and individual) levels of analysis. We have summarized the various definitions of entrepreneurship capital in Table 1. Florin, Lubatkin and Schulze (2003) believe that the human capital and social capital are important to the new ventures. In the paper, we focus on the individual level of analysis because we believe that this is extremely important for international entrepreneurship, in which entrepreneurship capital is comprised of entrepreneurial proclivity, human capital and social capital. And we use proactiveness, innovation and risk taking to analyze the entrepreneurial proclivity of the entrepreneur. Moreover, we consider the human capital as the range of valuable skills and knowledge the entrepreneur has accumulated over time. Oviatt and McDougall (1994) considered networking as powerful tool for the entrepreneur and they thought that networks

analysis was a powerful framework for international entrepreneurship researchers. Therefore, we also consider the social capital as the important part of the entrepreneurship capital at the individual level.

Insert Table 1 here

Entrepreneurial Proclivity of the Entrepreneur

Entrepreneurial proclivity is defined by the individual's predisposition to engage in entrepreneurial processes, practices, and decision making, with the characteristics of proactiveness, innovativeness and risk taking. Here, we employ the term entrepreneurial proclivity to describe the equivalent generalized concept for the entrepreneurs when they pursue the international entrepreneurship.

According Zhou (2007), previously validated scales were adopted for the three dimensions of entrepreneurial proclivity such as proactiveness, innovativeness and risk taking, which represent several commonly used items for the construct of entrepreneurial proclivity as previously used by Covin and Slevin (1989) and Lumpkin and Dess (1996) and developed from such sources were eight items scale created by Knight and Cavusgil (2004). Following these efforts, further items were added and refined which reach a total of fourteen items to derive a more comprehensive measurement to operationalize the three dimensional domains of entrepreneurial proclivity in the internationalization process. We place these items in appendix A.

Human Capital of the Entrepreneur

Human capital refers to the range of valuable skills and knowledge a person has accumulated over time (Burt, 1992). The most important characteristic of human capital is its embodiment in people (Becker, 1993). Entrepreneurs draw upon their human capital (knowledge, skills, and values) to advance the interests of their organizations. The knowledge entrepreneurs accumulate has two complementary dimensions: tacit and explicit. The former cannot be clearly articulated and gives meaning to its complementary explicit dimensions, which represent a broader concept or skill that can be articulated. Such an example of the tacit dimension could be knowledge of a foreign market, while the explicit dimension could be exemplified by the ability to do business in that market. Tacit knowledge and its corresponding explicit dimensions are acquired over time and are inherently nontransferable and associated with increases in productivity and efficiency (Becker, 1993).

Human capital relates to the human resources people bring to the firm (P. M. Wright, Dunford, & Snell, 2001). In the study, human capital refers to the range of valuable skills and knowledge a person has accumulated over time that help the firm start the international entrepreneurship (Burt, 1992). The most important characteristic of human capital is its embodiment in people (Becker, 1993). Entrepreneurs draw upon their human capital such as knowledge, skills, and values to boost the performance of their organizations when they enter the international markets. To be honest, the international experience of entrepreneurs is an inimitable and irreplaceable resource for their firms, which will bring the competitive advantage in

international entrepreneurship, compared with their competitors.

Social Capital of the Entrepreneur

Granovetter (1985) argues that social capital has been taken to mean either the structure of network ties, the quality of exchange relationships, or both. In most cases, social capital offers some potential for integrating the proliferation of network. Therefore, an entrepreneur's network can in turn provide a significant source of social capital, which increases a new venture's likelihood of the business success. According to Woolcock (1998), Social capital can be considered as encompassing the norms and networks facilitating collective action for mutual benefit. Adler and Kwon (2002) think social capital is a resource for individual and collective actors located in the network of their more or less durable social relations. According to Aldrich (1999), social networks make social capital available to help newcomers start businesses. Therefore, Social capital means the interpersonal resources people have that help them achieve their goals (Coleman, 1988). The importance of inter-personal relationships has increasingly been acknowledged in entrepreneurship and international business research.

We have long realized that people draw on their social relations to support business start ups (Aldrich, 1999). Focusing on social networks turns attention to relationships between entrepreneurs and others that deliver important resources in establishing a business. According to the research by Carayannis (1998), there is no doubt that entrepreneur is a key agent or gatekeeper of building a network to start his business. And most importantly, they do this only because they enjoyed meeting and

talking to new people, in that time he established many connections which he still has today. When these relationships occur across national boundaries this will strengthen the ability for the entrepreneur to discover and exploit business opportunities.

Researchers of industrial marketing relationships have not only seen that inter-personal relationships help the internationalization process, they have also examined how they do this (Harris & Wheeler, 2005). Relationships enable the parties to link their activities, tie together their resources, and to develop bonds between people. This enables the accumulation of knowledge, the creation of new resources, and the development of new activities. There is no doubt that by these kinds of inter-personal relationships, entrepreneurs accumulated their knowledge and created new sources. Therefore, the functions of inter-personal relationships in the internationalization process are much more profound than previous research would indicate.

Relationships between the elements of entrepreneurship capital

We argue that the components of the entrepreneurship capital (human capital, entrepreneurial proclivity, and social capital) are correlated with each other and have a reinforcing effect to each other.

First, entrepreneurial proclivity is fundamental to human capital and social capital. Being proactive, innovative and risk taking means that the entrepreneur will have the motivation and intention to go forward to learn knowledge and enlarge the social network.

Second, human capital can support the creation of social capital. Usually, the entrepreneur with high-valued human capital can achieve better performance, which will help to enhance their reputation in the industry. These can help the entrepreneur to enlarge the social network. Moreover, human capital can help the entrepreneur to improve the interpersonal and communication skills and improve the value of the social capital.

Third, high quality social capital can improve human capital. The entrepreneur will acquire the useful information from the social network in order to learn the new knowledge, which will increase the human capital (Florin, Lubatkin, & Schulze, 2003).

We, therefore, we argue that entrepreneurship capital at the individual level is comprised of entrepreneurial proclivity of the entrepreneur, human capital of the entrepreneur, and social capital of the entrepreneur and they have a positive and reinforcing effect on each other.

Entrepreneurship capital and International Entrepreneurship: A Conceptual Framework

According to Zahra and George (2002), international entrepreneurship can be defined with three dimension: internationalization (measurement by how many new international market enter or how much profit depend on the foreign profits income), speed (period from company found to first international business income) and area (not only means internationalization on geographical area but also on products area).

Based on the following conceptual framework in Figure 1, we analyze the influencing mechanism of the entrepreneurship capital, including entrepreneurial proclivity, human capital of the entrepreneur and social capital of the entrepreneur, to international entrepreneurship. And also, we consider the moderating effect of different business environments. In the following, we will discuss the relationship between entrepreneurship capital and international entrepreneurship.

The Direct Relationship between Entrepreneurship capital and International Entrepreneurship

First, it is known to all that international markets, in general, have been described as hostile. One reason is that the external environments firms face in competing internationally are much different in that companies must address diverse and inconsistent laws, national cultures, and industry forces (Rosenzweig & Singh, 1991). In other words, the risk of exporting was greater than the risk of operating in domestic markets. A firm, therefore, needs to invest heavily in understanding local conditions in the targeting international market, often for years without any guarantees of success. Government policies in protecting national markets can also increase perceived environmental hostility. Therefore, an entrepreneurs' propensity to internationalize is positively related to the level of entrepreneurial proclivity such as risk tolerance and proactiveness inclination. When entrepreneurs are willing to assume risk and act ahead of time, the degree of risk that they attach to export situations is reduced. Consequently, risk-taking and proactive entrepreneurs are more likely to respond favorably to internationalization opportunities and carry out the international

entrepreneurship with the innovative products/services.

Furthermore, many scholars believe that human capital of the entrepreneur will have the positive effect to international entrepreneurship. In the national level, Novak and Bojnec (2005) conducted the research and found that human capital of the entrepreneur is an important factor for economic development and firm growth. Similarly, at the individual level, the acquisition of human capital improves the conditions for an entrepreneur to act in innovative ways to give the solution in the organization (Coleman, 1990). When profitable opportunities for new economic activities exist, entrepreneurs with a higher level of human capital should be better in identifying and exploring them. Once engaged in the internationalization process, such individuals should also have a superior ability to exploit these opportunities (Davidsson & Honig, 2003).

Finally, let us analyze the effect of social capital of the entrepreneur to the international entrepreneurship. Carpenter, Sander and Gregersen (2000) found an international network of professional colleagues outside the firm is likely to bring a deeper understanding of international trade policies, exchange rate risks, and an appreciation for other national cultures, all of which will yield skills and capabilities with broad international applicability. Moreover, entrepreneurs' personal networks and relationships in international markets are also important for the internationalization of the small and medium-sized enterprises (SMEs) (O'Farrell & Wood, 1998). SMEs need to appreciate the importance of the client-supplier interaction because a variety of demand-side factors influence the reason for foreign

market entry; while supply-side factors can influence a business firm's ability to internationalize. Such observations underscore the role of social capital nurtured through supporting relationships with other economic actors, especially potential clients (Pennings, Lee, & Witteloostuijn, 1998) .

To sum up, we can conclude that the entrepreneurship capital (entrepreneurial proclivity, human capital, and the social capital) is positively associated with international entrepreneurship. We thus suggest:

Proposition 1: Entrepreneurship capital at the individual level will have a positive relationship with international entrepreneurship.

Insert Figures 1 here

The moderating effect of the business environment between entrepreneurship capital and international entrepreneurship

Generally speaking, the business environment can be defined as the composite of the environmental dynamism, economic conditions and the regulatory environment. Environmental dynamism describes the rate and unpredictability of changes in a firm's external environment (Dess & Beard, 1984). For firms within industries exhibiting greater environmental dynamism such as rapid changes in technologies especially in international market, entrepreneurs must employ the innovative solution to deal with the international changing business climate (D'Aveni, 1994).

Research in the resource-based view of competitive advantage has increasingly recognized that the strategic value of a entrepreneur's resources or capabilities depends on specific market contexts (Eisenhardt & Martin, 2000; Miller & Shamsie,

1996). For example, Ruzzier et al. (2007) used a structural equation modeling technique to predict the internationalization of small and medium-sized enterprises from the perspective of entrepreneur's human capital and really found that international orientation and environmental risk perception predicted internationalization in a changing and unpredictable environment. Through influencing the strategic values of fast response and mental model building capabilities of the entrepreneur, environmental dynamism, in particular, may affect the process of the internationalization.

Facing rapid changes in technologies, markets, and competition, entrepreneurs rely more on the fast response capabilities to cope with the changing external conditions and thereby survive and/or prosper in the new environment. Hence, the greater demands that the dynamic external environment places on entrepreneurs' fast response capability and the ability to test, correct and revise mental models suggest that firm's internationalization would benefit more from entrepreneurship capital for fast response in a dynamic environment than in a stable environment.

When we reflected upon our previous proposition, we were reminded by our field work. More specifically, we can make it more clearly in the Figure 2 and Figure 3. When entrepreneurship capital at the individual level is low, the business firms will be apt to adapt the local entrepreneurship strategy, no matter the local business environment or international targeting business environment are benign or hostile. Because when entrepreneurship capital is in the low degree, the entrepreneur dares not to participate to the competition in the international entrepreneurship.

On the contrary, when the entrepreneurship capital at the individual level is in the high degree, the business firms will follow the local entrepreneurship strategy first, and then go to the international strategy when the local business environment is benign. In this circumstance, because the local business environment is benign, the business firms will get the above the average benefit, if the entrepreneur has the high entrepreneurship capital. As the business grows, the entrepreneur will become more confident and want to open the new market for the product, pushed by internal motivation or outside pressure such as government. Therefore, international entrepreneurship is the later choice. Meanwhile, when the local business environment is hostile, the competition in the local market will be intense. The entrepreneur, with the high degree of entrepreneurship capital, will consider to adapt the blue ocean strategy to go abroad and broaden the operating market so that to get more customers in the international market.

Now we consider the international targeting business environment. In this circumstance, when the entrepreneurship capital at the individual level is in the high degree, the business firms will follow the local entrepreneurship strategy first, and then go to the international strategy when the international targeting business environment is hostile. When the international targeting business environment is benign, the business firms will adapt to the international entrepreneurship strategy with the high entrepreneurship capital.

All in all, Figure 2 elaborates on each of the combinations of entrepreneurship capital and types of the local business environments. And Figure 3 elaborates on each

of the combinations of entrepreneurship capital and types of the international business environments. Through the discussion above, we predict that the type of business environment will moderate the relationship between the entrepreneurship capital and international entrepreneurship.

Proposition 2: The relationship between entrepreneurship capital at the individual level and international entrepreneurship will be moderated by the local and target business environments.

Insert Figures 2 and 3 here

The effect of entrepreneurship capital on survival rates in international entrepreneurship

Figure 4 elaborates on each of the combinations of entrepreneurship capital in the international target business environment. The target business environment can be benign or hostile when entrepreneurs conduct international entrepreneurship activities. For similar reasons we described above, we predict that the entrepreneur with a high degree of entrepreneurship capital will have higher survival rates, no matter the targeting business environment is benign or hostile. On the contrary, when entrepreneurship capital is low, the new venture will have the lowest survival rate when targeting a business environment that is hostile. Moreover, when targeting a business environment that is benign, there will also be a low survival rate. We, therefore, propose

Proposition 3: Entrepreneurship capital will be an important predictor of survival rates of international entrepreneurship in benign and hostile business

environments.

Insert Figure 4 here

Discussion and Conclusion

This study is one of the first steps in developing and testing the entrepreneurship capital perspective for business firms in different business environments. In this regard, we developed and tested a conceptual framework of entrepreneurship capital at the individual level and their association with international entrepreneurship. We also modeled and tested the role of business environment in which the business firms emerge. Through our analysis, we have determined that the entrepreneur play the important role in the internationalization process of the firm. The education, the familial and social situations, the different personal experiences such as successes and defeats, etc, are many factors which directly influence the entrepreneurship capital they have achieved, and will be reflected in the international entrepreneurship.

In the paper, we develop three aspects of the theories of entrepreneurship capital and international entrepreneurship. First, one central contribution of our paper is the identification and conceptualization of entrepreneurship capital at the individual level. Specifically, based on the literature review and deep interview, we divide the entrepreneurship capital at the individual level into entrepreneurial proclivity of the entrepreneur, human capital of the entrepreneur, and social capital of the entrepreneur, which contribute greatly towards enhanced success of international entrepreneurship. These findings are supportive of earlier assertions that business firms with excellent entrepreneurs will have the distinctive capabilities to create, define, discover, and

exploit opportunities ahead of their rivals (Andersson, 2000).

Secondly, another central contribution of our paper is that we elucidate the entrepreneurship capital and international entrepreneurship in the local and target business environments, especially with an attribute of being benign and hostile. Although the evidence supports the entrepreneurship capital has the positive impact on the organization (Audretsch & Keilbach, 2007), it is rare that verify the relationship between the entrepreneurship capital and international entrepreneurship, focusing on the different markets. The paper provides a better understanding of under what circumstances and how business firms should allocate their resources and capabilities in search of sustainable competitive advantage.

The last central contribution of our paper is that we divide the entrepreneurship capital at the individual level with the high or low level. Through in this way, can the international business firms find the good match between their achieved capital with the outside targeting business environment so that they can get the maximum survival rate, which is very useful for the business firms to make the decision whether they should enter the new targeting market through the international entrepreneurship. In China, we found when the entrepreneurs make the decision to be international, adhere to our theory.

Implications for practitioners

Our analysis suggest that entrepreneurs need to follow a logic and sequenced pattern to enter international markets effectively and efficiently, based on the

entrepreneurship capital what they have and the business environment where they emerge. Business firms should be more ambitious and self-confident when they have the high entrepreneurship capital in the international activities. Entrepreneurs with more international experience, a positive perception of the international competition and a bigger social capital in international market realize and adapt the international entrepreneurship strategy more readily than entrepreneurs without these attributes, no matter that the business environment is benign or hostile.

In addition, our results provide policy-makers such as the government with additional insights into the key successful factors associated with the international entrepreneurship strategy for business firms. For example, the government should make the policy to encourage the entrepreneurs to go abroad in order to understand the competitive strategy in the international context, which will reduce the perceived risks and increase the entrepreneurial proclivity with greater confidence in succeeding in international markets. Moreover, the government also should to encourage the local universities to hold the lectures about the competitive strategy in the internationalization to the local entrepreneurs so that they know the relevant knowledge to increase their human capital. Finally, the government should encourage the business firms in the same industry to build the association so that they know each other and share the resources and knowledge about the international entrepreneurship.

Appendix A: Entrepreneurial Proclivity

Sources: (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Knight & Cavusgil, 2004; Zhou, 2007)

Proactiveness

- (1) Our top managers have regularly attended local/foreign trade fairs.
- (2) Our top managers have usually spent some time abroad to visit.
- (3) Our top management actively seeks contact with suppliers or clients in international markets.
- (4) Our top management regularly monitors the trend of export markets.
- (5) Our top management actively explores business opportunities abroad.

Innovativeness

- (1) Our top management always encourages new product ideas for international markets.
- (2) Our top management is very receptive to innovative ways of exploiting international market opportunities.
- (3) Our top management believes the opportunity of international markets greater than that of the domestic market.
- (4) Our top management continuously searches for new export markets.
- (5) Our top management is willing to consider new suppliers/clients abroad.

Risk taking

- (1) Our top management focuses more on opportunities than risks abroad.
- (2) When confronted with decisions about exporting or other international operations, our top management is always tolerant to potential risks.
- (3) Our top managers have shared vision towards the risks of foreign markets.
- (4) Our top management values risk-taking opportunities abroad.

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Table 1 Definition of the Entrepreneurship Capital

| Authors | Year | Definition |
|--------------------------------|-------|--|
| (Erikson) | 2002 | Entrepreneurial capital has been defined as the multiplicative function of perceived entrepreneurial competence and commitment, which reflects the potential for future entrepreneurial behavior of an individual or a team. |
| (Audretsch & Keilbach) | 2004a | By entrepreneurship capital of an economy or a society we mean a regional milieu of agents that is conducive to the creation of new firms. This involves a number of aspects such as social acceptance of entrepreneurial behavior but of course also individuals who are willing to deal with the risk of creating new firms and the activity of bankers and venture capital agents that are willing to share risks and benefits involved. Hence entrepreneurship capital reflects a number of different legal, institutional, and social factors and forces. |
| (Audretsch & Keilbach) | 2004b | Entrepreneurship capital can be defined as a region's endowment with factors conducive to the creation of new businesses, which involves aspects such as a high endowment with individuals willing to take the risk of starting up a new business. |
| (Audretsch & Keilbach) | 2005 | The notion of entrepreneurship capital of an economy, a region or a society can be defined as being a regional milieu of agents and institutions that is conducive to the creation of new firms. This involves a number of aspects such as social acceptance of entrepreneurial behavior but of course also individuals who are willing to deal with the risk of creating new firms and the activity of bankers and venture capital agents that are willing to share risks and benefits involved. |
| Audretsch and Keilbach | 2005 | Entrepreneurship capital is a specific type of social capital and refers to the capacity of a society to generate entrepreneurial activity. |
| (Audretsch & Keilbach) | 2007 | The notion of the entrepreneurship capital of a region can be defined as its capacity to generate entrepreneurial behaviour in general and the start-up of new firms in particular. It includes not only the set of economic opportunities and human capital that is conducive to entrepreneurship but also institutions, sets of values, cultural traditions and the habits that do so. |
| Audretsch and Monsen | 2007 | Entrepreneurship capital can be built on the basic typology and defined at the economic (region and industry), organizational, and personal (team and individual) levels of analysis. |
| (Audretsch, Bönte, & Keilbach) | 2008 | Regional entrepreneurship capital is the capacity of a region, city or state to not just encourage entrepreneurs, but actually support entrepreneurs as they navigate the bureaucracy to start new businesses, seek money to start their firms, and provide moral support when the entrepreneur has problems. |

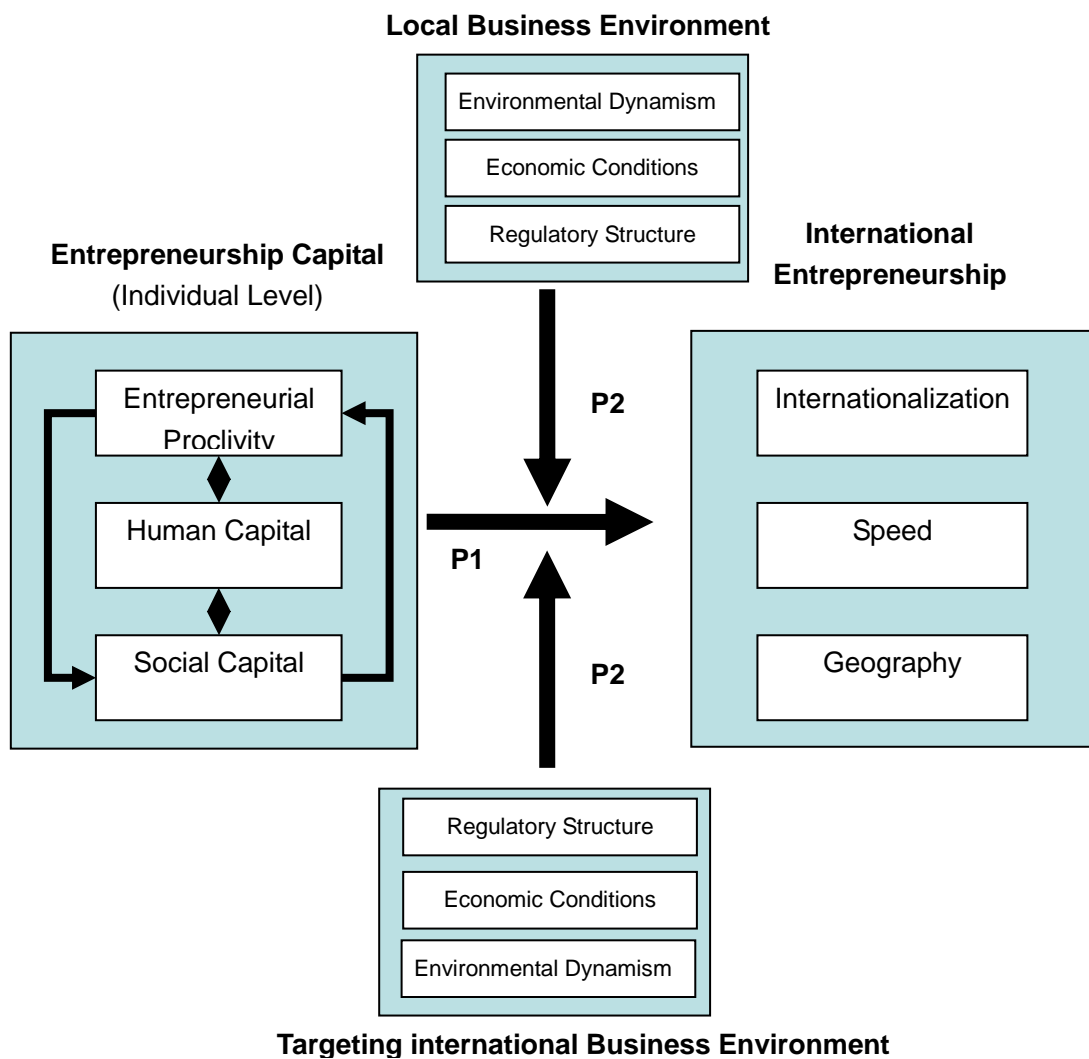


Figure 1 A Conceptual Model

Proposition 2

| | | | |
|-------------------------------------|-------------|---|---|
| Entrepreneurship Capital | High | <i>First Local, Then International Entrepreneurship</i> | <i>International Entrepreneurship</i> |
| | Low | <i>Local Entrepreneurship</i> | <i>Local Entrepreneurship</i> |
| | | Benign | Hostile |
| | | Local Business Environment | |

Figure 2 Possible Outcomes

Proposition 2

| | | | |
|-------------------------------------|-------------|---|---|
| Entrepreneurship Capital | High | <i>International Entrepreneurship</i> | <i>First Local, Then International Entrepreneurship</i> |
| | Low | <i>Local Entrepreneurship</i> | <i>Local Entrepreneurship</i> |
| | | Benign | Hostile |
| | | Targeting International Business Environment | |

Figure 3 Possible Outcomes

Proposition 3

| | | | |
|-------------------------------------|-------------|------------------------------|-----------------------------|
| Entrepreneurship Capital | High | <i>Highest Survival Rate</i> | <i>High Survival Rate</i> |
| | Low | <i>Low Survival Rate</i> | <i>Lowest Survival Rate</i> |
| | | Benign | Hostile |

Targeting International Business Environment

This assumes international entrepreneurship – We predict success/survival

Figure 4 Possible Outcomes