

Chapter 21

Exploring the Roles of Entrepreneurship and Internationalization in Global Business

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ABSTRACT

This chapter aims to explore the roles of entrepreneurship and internationalization in global business, thus illustrating the theoretical and practical overviews of entrepreneurship, corporate entrepreneurship, and internationalization; the relationship between entrepreneurship and internationalization and their impact on the global economy; and the importance of entrepreneurship and internationalization in global business. The accomplishment of entrepreneurship and internationalization is vital for modern organizations that seek to serve suppliers and customers, increase business performance, and attain regular success in global business. Thus, it is necessary for modern organizations to investigate their entrepreneurship and internationalization applications, create a strategic plan to explore their functional advancements, and immediately respond to the entrepreneurship and internationalization needs of customers. Applying entrepreneurship and internationalization has the potential to increase organizational performance and achieve strategic goals in global business.

INTRODUCTION

Entrepreneurship contributes to the quality and future hopes of a sector, economy or even a country (Huarng & Ribeiro-Soriano, 2014). A growing body of literature attests to the crucial role institutions play in shaping the scope and direction of entrepreneurship (Wyrwich, 2013).

Entrepreneurship is a multifaceted phenomenon, being analyzed as a process and a resource (Toma, Grigore, & Marinescu, 2014). Entrepreneurship is recognized as an originator of economic growth (Şahin & Asunakutlu, 2014). Colino et al. (2014) stated that there is a long-standing tradition of belief in the value of entrepreneurship as a factor in economic growth. Entrepreneurial opportuni-

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ties exist in a broader social and cultural context and are articulated through the interaction of an entrepreneur's creative perceptions and the demands of the global marketplace (Suddaby, Bruton, & Si, 2015).

An internationalization process deals with global markets where diversity is often a reality (Rivas, 2012). Cansino et al. (2013) stated that internationalization can be considered as a gradual and evolutionary process in which companies progressively increase their involvement in international business. The speed of international growth refers to how rapidly a new venture grows from its foreign operations, which is typically the pace and intensity of international expansion (Zhou & Wu, 2014). Emerging economy companies that initiate internationalization are motivated primarily by market and resource seeking behavior, whereas efficiency or strategic asset seeking motivates companies from developed economies (Kowalewski & Radlo, 2014).

BACKGROUND

Cantillon (1755) considered entrepreneurship as self-employment of any sort involved in a process of bearing the risk to organize factors of production to deliver a product or service demanded by the market. Marshall (1890) defined entrepreneurship as an important factor of production together with land, capital and labor. Knight (1921) who underlined the risk-bearing dimension of entrepreneurship. Drucker (1985) developed the innovation dimension of the entrepreneurship which implies the exploitation of existing resources through its ability to produce something new. The term entrepreneurship appears to be hard to define in a precise and unambiguous manner (Sorenson & Stuart, 2008).

Internationalization theory was built concerning the intellectual foundations of transaction cost established by Coase (1960) and first applied to multinational enterprises (MNEs) by Buckley and

Casson (1976) and Hennart (1982). These latter two works suggest that firm-specific advantages determine a firm's domestic and international success, with the environment acting as a constraining or facilitating force. MNEs increasingly need top managers who understand global markets and diverse business practices and who are aware of opportunities to compete on an international level (Finkelstein, Hambrick, & Cannella, 2009; Luo, 2005). Regarding transaction cost arguments, more reports in the literature of internationalization have considered the role of firms' capabilities (Madhok, 1998), the effects of foreign exchange rate and the volatility of the corporate choice of foreign entry mode (Baek & Kwok, 2002), the impact of uncertainty on the timing and dimensioning of investment (Fisch, 2008), and the impact of corporate and national cultures on decentralization decisions (Williams & van Triest, 2009).

EXPLORING THE ROLES OF ENTREPRENEURSHIP AND INTERNATIONALIZATION IN GLOBAL BUSINESS

This section illustrates the theoretical and practical overviews of entrepreneurship, corporate entrepreneurship, and internationalization; the relationship between entrepreneurship and internationalization and their impact on the global economy; and the importance of entrepreneurship and internationalization in global business.

Overview of Entrepreneurship

Entrepreneurship is considered as an important mechanism for national economic development through its contribution to the generation of employment and innovation (Baumol, 2002). Theories about entrepreneurship highlight the important role of certain factors such as business size, market share, management and ownership, data relating to the survival and competitiveness

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