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# ENTREPRENEURSHIP AND STRATEGY IN EMERGING ECONOMIES

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## **ENTREPRENEURSHIP AND STRATEGY IN EMERGING ECONOMIES**

### **Abstract**

The goals of the special issue are to publish work that (1) builds knowledge about the nature of strategic and entrepreneurial activities in emerging economies, as well as their antecedents and consequences, and (2) to develop a theoretical foundation for future research. In this introduction to the special issue, we initially review the existing literature and the major definitions used to date for emerging economies. We then develop a framework for the analysis of where strategic entrepreneurship in emerging economies now stands that in turn allows us to develop an understanding of where the field needs to move in the future. We subsequently identify how each paper in this special issue informs our research questions as we develop an agenda for future research.

The world is undergoing a rapid economic shift as firms in the long dominant economies of Europe and North America are increasingly being challenged by firms from emerging economies, firms from low-income, high-growth nations principally are principally reliant on economic liberalization for their growth (Hoskisson, et al., 2000; Wright et al., 2005; Bruton, Ahlstrom, & Li, 2008). The growth of emerging economies is such that the World Bank's chief economist predicts that six emerging economies (Brazil, China, India, Indonesia, South Korea, and Russia) will account for half of the world's economic growth by 2025 (Lin, 2011). Yet, despite the importance of emerging economies to the world's economy, scholars too often fail to recognize that emerging economies challenge theories developed to explain phenomena in mature economies, which are relatively stable and efficient (Bruton, Ahlstrom, Obloj, 2008; Xu & Meyer, 2013). As a result, scholarship on emerging economies remains limited. This special issue, and this introductory article, will help to fill this gap in the literature as scholars consider entrepreneurship in emerging economies.

The limited research on emerging economies in strategic entrepreneurship is in many ways not surprising since strategic entrepreneurship research in general remains context free. Scholars are beginning to fill out strategic entrepreneurship's boundary conditions, especially in relation to family firms (i.e., Lumpkin, Steier and Wright, 2011). Yet, emerging economies remain outside of the typical focus of entrepreneurship scholars who still concentrate disproportionately on firms in the mature economies of Europe and North America. Indeed, we know from the existing pool of research on strategic and entrepreneurial activities in emerging economies that firms in emerging economies have unique differences (Ahlstrom & Bruton, 2006). Thus, scholars need to study entrepreneurship in its varied

contexts as the insights gathered from developed economies may be inappropriate for emerging economies (Zahra and Wright, 2011).

In this introductory article, we initially build a model to understand strategic entrepreneurship in emerging economies. This framework draws from both the entrepreneurship and strategy processes that occur in this specific context (e.g., Hitt et al., 2011). We then use this framework to develop a future research agenda for strategic entrepreneurship in emerging economies. Finally, we review the articles in this special issue and how they help to address the future research questions we raise. We selected the papers in this special issue from 82 initial submissions to the call for scholarly work that (1) would build knowledge about the about the nature, antecedents, and consequences of strategic and entrepreneurial activities in emerging economies and that (2) would help to develop a theoretical foundation for future research. To develop the papers submitted for the issues, we held a conference at Tongji University in Shanghai, China, in May 2012 to discuss and move the papers toward publication. The papers appearing in this special issue underwent at least four rounds of revision, and some papers more, in addition to the special conference feedback.

## **Strategic Entrepreneurship in Emerging Economies**

### Defining an Emergent Economy

In laying the foundation for understanding strategic entrepreneurship in an emerging economy, one must first define the term emerging economy. Past scholars have defined the term in multiple ways. In the 1980s, the World Bank economist Antoine van Agtmael first used the term “emerging economies” to describe less developed countries. From these early efforts to examine emerging economies, scholars recognize that emerging economies are characterized by underdeveloped market-supporting institutions that include weak laws and poor enforcement capacity of the formal legal institutions referred to as institutional voids

(Khanna and Palepu, 2000). Yet, others also recognized that to separate emerging economies from economies of those nations that are just poor, scholars need to incorporate both the rapid pace of economic development and government policies favoring economic liberalization through the adoption of a free-market system into the definition (Arnold and Quelch, 1998).

Integrating these different definitions, Hoskisson and colleagues (2000) defined emerging economies as low-income, rapid-growth countries using economic liberalization as their primary engine of growth. These scholars went further to recognize that 13 former centrally planned economies evolving into market economies are a unique subset of emerging economies, which they called transitional economies. Scholars have now built on the work by Hoskisson et al. (2000) to try to provide greater context for the definitions of emerging economies. One of these definitional streams argues that factor endowments, such as natural resources, found in classical economics are an important element in defining emerging economies. For example, Wan and Hoskisson (2003) argue that endowed factors “used to produce goods or services (that is, used for transformational activities) are critical in defining emerging economies since such endowments impact the ability of firms to capture any value created (p. 28). More recent scholarship (e.g., Wright et al., 2005; Hermelo and Vassolo, 2010; Hoskisson et al., 2013) builds on the recognition of the impact of endowed factors to emphasize that both institutions and factor endowments impact emerging economies. The result is that factors markets form a basis for production activities in a specific country, and one needs to consider institutions that facilitate both production and distribution of generated rents through better contractual assurance in classifying economies as emerging.

The definitions developed to date for an emerging economy share the feature that they recognize that the environmental setting of a nation is critical to determining whether a nation is emerging or not. Too often scholars have tended to view the concept of which nations are emerging as static. But the dominant concept in the definition of an emerging economy is

evolution and change. It should not be assumed that nations that were emerging 20 years ago are still emerging today, as many are now well developed economies.

### **Framework of Strategic Entrepreneurship in Emerging Economies**

We build on the definitions established above to argue that strategic and entrepreneurial actions of emerging economy firms are not uniform but flow instead uniquely from the specific setting in which they occur. Thus, one must examine the contextual setting of the nation. However, variables beyond the context of the nation also impact what occurs in emerging economies. The entrepreneurial actions of firms in emerging economies are critical, yet scholars can view these actions along multiple dimensions. Drawing upon the discussion of Hitt et al., (2011) there would appear to be two broad dimensions to entrepreneurial strategic actions. The first involves the micro-level processes that flow from the individual. These micro-level individual processes include concerns both about the individual, such as cognition (Abell, Felin, & Foss, 2008), and learning, which shape the entrepreneurial and strategic actions of the firm. Second, there are also the macro-level concerns, including the gathering and structuring of resources. The micro/macro concerns then lead to a variety of entrepreneurial activities, which in turn produce unique sets of performance outcomes in emerging economies. Figure 1 summarizes our framework for this view of emerging-economy firms. We shall look briefly at each of these variables in our framework (context, micro processes, macro processes, entrepreneurial activities, outcomes) next.

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Insert Figure 1 About Here

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Context

A central element in understanding strategic entrepreneurship research in emerging economies is recognizing that different contexts in which scholars examine firms can cause/lead to heterogeneity among entrepreneurial firms (Shane & Venkataraman, 2000). Thus, rather than thinking of emerging economies as a uniform whole, scholars need to differentiate entrepreneurship into various contextual settings. Zahra and Wright (2011) identify four dimensions: temporal, institutional, social, and spatial. These four contextual settings each provide different perspectives on strategy in emerging economies. The temporal aspect recognizes the changes in context in terms of the particular phases of a firm's life-cycle (Zahra, Filatotchev & Wright, 2009). The institutional contextual setting concerns the effect of different institutional contexts. This context includes the characteristics of the external environment and institutional contexts in which ventures emerge. The social contextual setting concerns the relationships among the various parties, such as sectorial configurations, alliance and trading partners, universities, investors and parent corporations that influence the emergence and development of ventures founded by entrepreneurs. The spatial contextual setting (Welter, 2011) denotes the geographical concentration of ventures and the dispersion of institutions that support these ventures.

#### Micro Impacts on Strategy

The micro-level concerns of the firm impact the strategy, and ultimately the entrepreneurship, that result. Although many entrepreneurial activities are resource constrained, emerging economies may pose particular challenges in this respect. Bricolage and effectuation approaches to entrepreneurship may be especially relevant in the development of emerging economies as resources are scarce and markets underdeveloped (Sarasvathy, 2008; Baker & Nelson, 2005). The scarce resources of entrepreneurial firms in emerging economies lead to different forms of networking between entrepreneurs and others, including suppliers and government officials, to obtain the needed resources in emerging



economies (Le & Nguyen, 2009). The way in which entrepreneurs build these networks also differs from that of mature economies, with individuals in emerging economies focusing on different key considerations (Bruton, Khavul, & Chavez, 2011). Thus, financial constraints lead to differences in how firms in emerging economies gather resources. However, one would expect that a rich set of other micro-process differences exist in emerging economies. Overall, the examinations of how micro-processes in emerging economies impact on strategy remain limited to date (Kiss, Danis, & Cavusgil, 2012).

### Macro Impacts on Strategy

The macro nature of the given environment and the entrepreneurial actions of a firm impact each other. As noted in the discussion of micro-processes above, resources are a key element that shapes entrepreneurship in emerging economies (Bruton, Ahlstrom, & Puky, 2009). Entrepreneurs must address at a macro level not only the location of resources, but the selection of resources to utilize and ultimately the capabilities to develop in order to use those resources (Lu, Zhou, Bruton, & Li, 2010). Resources are difficult to obtain in emerging economies, but which packages of resources to utilize and how to build those packages of resources in order to develop a competitive advantage through some capability becomes central to the entrepreneurial firm's success. For example, Hoskisson et al. (2013) argue that traditional emerging economies suffer from both the lack of institutional development and the lack of infrastructure and factor market development. However, much has changed as nations have modernized their infrastructure and institutions. Increasingly, there is significant variance in infrastructure and institutional development of nations. Hoskisson et al. (2013) argue that as a result some nations are neither emerging economies nor developed economies. Such macro-level diversity can lead in turn to substantial differences in strategic entrepreneurship since macro-level factors set up boundary conditions for the firm-level decision making process.

## Variety of Entrepreneurship

The context in which a firm operates, in combination with the micro and macro aspects of the firm, leads to a variety of potential entrepreneurial activities. Zahra and Wright (2011) distinguish among the rate, magnitude of novelty, and type of entrepreneurial activities as a key to understanding the variety of resulting entrepreneurship types in an emerging economy.

Rate. Rate refers to the number of ventures being created (or added to existing businesses or generated through the spin-off or management buyout of existing activities) by entrepreneurs and entrepreneurial corporations either individually or within a sector or economy. The rate of entrepreneurship can differ in emerging economies. The difference in rate may occur, in part, because of the difference in the nature of entrepreneurship. In emerging economies, entrepreneurship is often informal since the entrepreneurs do not register with the government (Webb, Bruton, Tihanyi, Ireland, 2012). For example, the GDP estimates of informal economies unsurprisingly translate to approximately 65% of all employment in Asia, 51% of employment in Latin America, and 72% of employment in North/Sub-Saharan Africa (ILO, 2002).

In emerging economies, activities that may not exist in mature economies, privatization of (or parts of) state-owned entities, impact the rate of entrepreneurship. Such privatization can be the basis for the creation of corporate entrepreneurial activities as managers become released from the constraints of state bureaucracies. While attention often focuses on privatization through IPO of central government-owned activities, privatization may also occur at local government levels and involve smaller activities (Wang et al., 2012). The generation of entrepreneurial ventures involving different levels of government raises interesting questions concerning the nature of continuing interference of government officials in the running of the businesses, including the role of political networks and the division of

gains from future performance (Sun, Wright and Mellahi, 2010). In some emerging economies, family firms may be an important source of entrepreneurial activity. In others, notably former communist countries, family firms may become a significant feature of the entrepreneurial landscape as a market economy becomes more established. In a general context of entrepreneurial deficits among the domestic population, nationals who return to their home country after gaining experience in developed commercial environments may develop entrepreneurial activities in emerging economies (Wright et al., 2008).

**Magnitude of Novelty.** Magnitude of novelty refers to the extent to which an entrepreneurial venture is new to the market in terms of new or existing knowledge. In emerging economies, the magnitude of novelty may vary considerably. On one hand, new ventures may not be particularly novel in terms of knowledge that exists in developed economies but they provide low-cost opportunities. These ventures can then be sold into the emerging economies through transnational entrepreneurs. Alternatively, novelty may be evident in the development of new forms of low-cost products for sale within emerging economies, notably to lower income groups. A further element of novelty, often overlooked in the focus on low-cost production, is the development of high-tech products as some emerging economies develop highly educated workforces. These more novel forms of entrepreneurial activity may become more important as emerging economies develop.

**Type of Entrepreneurial Activities.** Type of entrepreneurial activities refers to the multitude of potential differences in knowledge sources through which to identify opportunities, the diversity of organizational forms in a market, and the number and diversity of proprietary processes in a market. For example, returning entrepreneurs (e.g., individuals who return to their home countries after education and/or employment in developed economies) may bring knowledge and capabilities from developed economies that can both fill gaps in emerging

economies and provide spillover knowledge benefits to domestic entrepreneurs (Liu et al.,2010).

Different Dimensions of Variety of Entrepreneurship. Thus, the rate of entrepreneurial activities in a given nation, the novelty of the entrepreneurial opportunities that the firm can take advantage of, and the type of entrepreneurship in the given location can impact the entrepreneurship in the firm in a rich range of ways. Although we illustrate these key concepts here, scholars should recognize that what we have presented is not an exhaustive list of the activities that impact the types of resulting entrepreneurship in emerging economies. Further, scholars should note that while we present the micro- or macro-level variables separately, these variables do not act in isolation. The micro- and macro-variables impact each other and ultimately generate the performance outcomes that the firm experiences.

#### Performance Outcomes

The last variable in our framework is performance outcomes. The performance outcomes that scholars consider in their research can vary. The variables examined can range from financial to social impacts. Much attention has focused upon the challenges in developing entrepreneurial activities in emerging economies as drivers of macroeconomic growth, but socially oriented entrepreneurship may also be of special relevance in the context of some of the poorer emerging economies. Although supposedly highly resource constrained, entrepreneurial firms from emerging economies are increasing their internationalization activities. Interesting interactions arise among the role of home country governments in facilitating internationalization, the lack of resources and capabilities available to domestic entrepreneurs, and the availability of returning and transnational entrepreneurs with overseas networks.

#### Overview of the Model

The model presented in Figure 1 integrates the recognition that context is central to understanding not only the nature of an emerging economy but also the resulting entrepreneurship and outcomes. However, context alone does not generate differences in the entrepreneurship and strategy of emerging economies. The macro variables noted above are also central in generating these differences. The result is that the model generated here provides a means to organize the differences in firms as we consider forces that impact the development of entrepreneurship and strategy in a firm. But it also allows scholars to understand the elements that generate the specific differences we see in emerging economy entrepreneurship and strategy.

### **Future Research**

Recognizing the issues highlighted in the discussion above led us to make two key points about future research on strategic entrepreneurship in emerging economies. The first point is the nature of the definition of emerging economies adopted by scholars and how it is evolving over time. The second point concerns a set of research questions that build on the contextual issues identified and specific questions that arise in four dominant types of entrepreneurship - informal entrepreneurs, global entrepreneurs, family entrepreneurs, and corporate entrepreneurs. While these four types of entrepreneurship are not inclusive of all types of entrepreneurship, they are the dominant forms. Looking at each of these types will allow us to better discuss, in specific terms, the direction of future research. We will look at these two concerns for future research in greater depth next.

#### Evolution of What is an Emerging Economy

One of the key issues for scholars is recognizing that emerging economies do not stand still. As we noted before, the definition of an emerging economy includes low-income, high-growth nations that rely principally on economic liberalization for their growth (Hoskisson et al., 2000). Today, however, many nations that were poor as economic

liberalization swept the world in the 1990's are no longer poor (Hoskisson et al., 2013). For example, scholars could easily have classified Poland in the 1990s as an emergent economy. But today, Poland is a member of the European Union (EU) and has one of the highest growth rates and highest incomes in the EU. Thus, it would be a mistake to classify Poland, or former Soviet Bloc countries such as the Czech Republic or Hungary, as emergent. In contrast, some of the nations that scholars would not have classified as emergent 20 years ago, since they were not fast growing or too underdeveloped, today are emergent. These fast-growing nations include Mongolia and Kazakhstan in Asia and Angola and Ethiopia in Africa, to just name a few, which to date scholars have not examined. By contrast, some economies that appeared once to be emergent have stagnated if not gone backwards as market and political reforms have stalled.

Thus, scholars need to recognize that an emergent economy is an evolving concept and that scholars cannot uniformly consider nations as emerging over time. Scholars and editors must be particularly diligent in their research that they do not use outdated classifications of nations as emerging. Scholars must recognize the dynamic aspect of emerging economies for the term to be meaningful. Recognizing the need for care in categorizing countries as emerging economies opens up possibilities for a research agenda that examines the determinants of the state of evolution of different emerging economies and the implications and challenges for strategic entrepreneurship in these countries. From a policy perspective, such heterogeneity also implies the need for the introduction of more fine-grained approaches to support for entrepreneurship that recognizes contextual idiosyncrasies.

#### Topics to Examine

Scholars can develop a potential future research agenda by using the concepts discussed in Figure 1. Specifically, we focus on the four contextual settings identified above (temporal, institutional, social, and spatial) and four major types of entrepreneurship

(informal entrepreneurs, global entrepreneurs, family entrepreneurs, and corporate entrepreneurs), which scholars in the past have examined extensively. Table 1 summarizes these research topics in terms of specific questions that impact emerging economy research.

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### Temporal

Temporal factors have implications for the life-cycle of all four types (informal entrepreneurs, global entrepreneurs, family entrepreneurs, and corporate entrepreneurs) of entrepreneurship in emerging economies. Yet, the specific implications for each type may differ, perhaps influenced by the rate of evolution of the emerging economy and interaction with institutional developments. At present, we lack insights into these temporal processes. We will discuss this lack of insights in greater detail below.

### Spatial

Spatial dimensions of context include both cross-national and regional dimensions within an emerging economy. With respect to the cross-national dimension, scholars have recognized the role of returning entrepreneurs, yet scholars still do not understand well the entrepreneurs location decisions within their home countries. For example, do they seek to locate in the city where they grew up or do they make decisions based primarily on economic factors relating to the location of customers and suppliers? Family entrepreneurs may also have important cross-national dimensions. Family businesses in the emerging economy may have links with family members who have emigrated to developed economies or provide the local networks for returning entrepreneurs. In large, former-centrally planned emerging economies, where large corporations may be geographically widespread, the evolution of a market economy

may have implications for the extent to which corporations continue to be so widely spread or retrench to more commercially attractive areas.

A further spatial dimension concerns the implications of entry by foreign entrepreneurs or corporations, such entry generating domestic entrepreneurship within a particular locality within an emerging economy. On one hand, such entry might threaten fragile nascent domestic entrepreneurs. On the other hand, competition from foreign entrepreneurial firms brings new modes of delivery that may stimulate more innovative entrepreneurial behaviour. Besides the pressure from such product market competition, there may also be learning spill overs for domestic entrepreneurs. As emerging economies evolve, the creation of a significant middle class, with aspirations informed by exposure to Western culture, emphasizes that demand side conditions are changing that open up new opportunities for entrepreneurs if they can adapt. These spatial changes may also call forth a need for traditional domestic entrepreneurs to change their temporal mind-set to become more attuned to a changing environment. Interesting research opportunities include the prospect for studies of local industry dynamics in such contexts, which could include consideration of the exit of traditional entrepreneurs alongside entry of new ones.

### Institutions

Institutional regulations likely influence both the legal form of entrepreneurship and the rules of the game by which each operates. Further, as the institutional context evolves, different forms of entrepreneurship may become more or less viable. For example, informal entrepreneurship may prevail in the context of weak institutional frameworks in the early stages of emerging economies. The interaction between the environmental context and entrepreneurial behavior may lead to performance outcomes that do not necessarily benefit the society in an emerging economy context. In particular, corruption and weak legal institutions may result in an unproductive dark side of entrepreneurship that crowds out



productive entrepreneurship and hinders economic development. Scholars need to conduct further analysis of the extent, impact, and processes involved in productive versus unproductive entrepreneurship in emerging economies.

The specific constellation of institutions available to the firm suggests shape the resulting strategies firms' build in emerging economies. However, these factors represent a necessary but not sufficient condition for a successful business strategy. The firm's strategic outcomes are also shaped by its entrepreneurial orientation and resource orchestration capabilities. Strategic entrepreneurship represents an attempt to synthesize the resource-based perspective from the strategy literature with opportunity recognition from entrepreneurship. This approach emphasizes the need to select and structure requisite resources and capabilities while simultaneously accumulating, bundling, and leveraging these resources to generate competitive advantage. The entrepreneur's resource selection and configuration process hinges on the contexts in which firms operate.

What is not clear is how firms develop the requisite entrepreneurial skills for internationalization. Liu et al. (2010) have shown how entrepreneurs with educational and work experience in developed economies can return to their home economy (in this case China) to create enterprises better placed to internationalize than those new ventures where this expertise is absent. There is a need to extend this analysis to the cases from other emerging economies, such as India and Russia. To what extent are these firms able to recruit returning executives with experience in developed economies? How is this phenomenon related to enhancing entrepreneurship?

Social

Social capital is important to various types of entrepreneurship in all economies. While social capital may be especially important in the context of uncertain markets and legal frameworks, we know little about the different roles of social capital in emerging economies. Social

capital may have downsides as well as upsides. Political social capital may be especially important in facilitating entrepreneurial activity in the early stages of emerging economies but may also be restrictive in later stages. We know little about the complementarity or substitutability of different forms of social capital in emerging economies and how these interactions change for different types of entrepreneurship as these economies evolve.

### **Special Issue Articles**

The five papers in this special issue each investigate a specific aspect of entrepreneurship and strategy in emerging economies. The papers are notable in that their authors develop them in a wide variety of ways. For example, the papers all draw from different theoretical perspectives, including institutional theory, the knowledge based view (KBV), strategic planning theory, the transactive memory system perspective, and signaling theory. The papers also adopt a wide range of empirical approaches, generating rich data sets, including historical case study narrative (Jain), cross-sectional face-to-face interviews with CEO/founders (Yamakawa et al.), mail surveys of multiple key founding members (Zheng and Mai), content analysis of IPO prospectuses (Moore et al.), and longitudinal large-scale surveys of nascent entrepreneurs (Chinese PSED) (Zhang et al.). Finally, the researchers also adopt very different analytical techniques such as theory building from cases, OLS regression, hierarchical logistic regression and skewed logistic (scobit) regression, probit estimation and Generalized Linear Modeling.

The resulting papers address a number of the questions we raise earlier in Table 1. The questions the papers answer appear in the figure's column on corporate entrepreneurship questions. For example, Jain helps to answer the question from an institutional contextual setting as to how intellectual property protection develops in an emerging economy setting over time. Moore et al. also provide insight into this question as this team looks at the issue of how corruption impacts the ultimate listing of entrepreneurial firms from emerging

economies. Yamakawa et al. help to answer the question for corporate entrepreneurs of spatial distribution as firms internationalize. Specifically, they look at the impact of international expansion by emerging market corporations. Looking at the more micro-level variables, Zheng and Mai and Zhang et al. both help to broadly address the role of social concerns for corporate entrepreneurship.

## **CONCLUSION**

The main objective of this special issue is to develop insights into the distinctive nature of strategic entrepreneurship in emerging economies. The papers present a range of topics and methods that help to highlight the breadth and depth of potential research opportunities. Further, in this article we have developed an analytical framework that synthesizes the central elements underpinning strategic entrepreneurship, opportunities, and resources, with the dimensions of context that relate to the diversity of emerging economies. We use this framework to structure a set of research questions for future research that we encourage others to pursue.

Yet, it is notable that these articles address only a relatively narrow part of the questions we raised in Figure 1. That all of the papers published in this special issue answer questions in the corporate column is somewhat disappointing to the editors. Examinations of informal firms, global entrepreneurs, and family firms are absent from these articles. The research here moved from the initial 82 submissions to this small set of 5 papers published. However, the editors acknowledge that the high level of development expected also in part creates a barrier to answering some of the questions raised in Figure 1. The ability to develop extensive databases to answer, for example, questions around informality it is exceptionally difficult, for example to develop databases to answer questions around informality. We hope that as scholarship expands in the future on strategic entrepreneurship in emerging economies a far richer set of articles and topics can develop. Such scholarly developments will require

exceptionally high levels of commitment to develop the data necessary to answer such questions. However, we hope that the foundation laid here will make such development possible.

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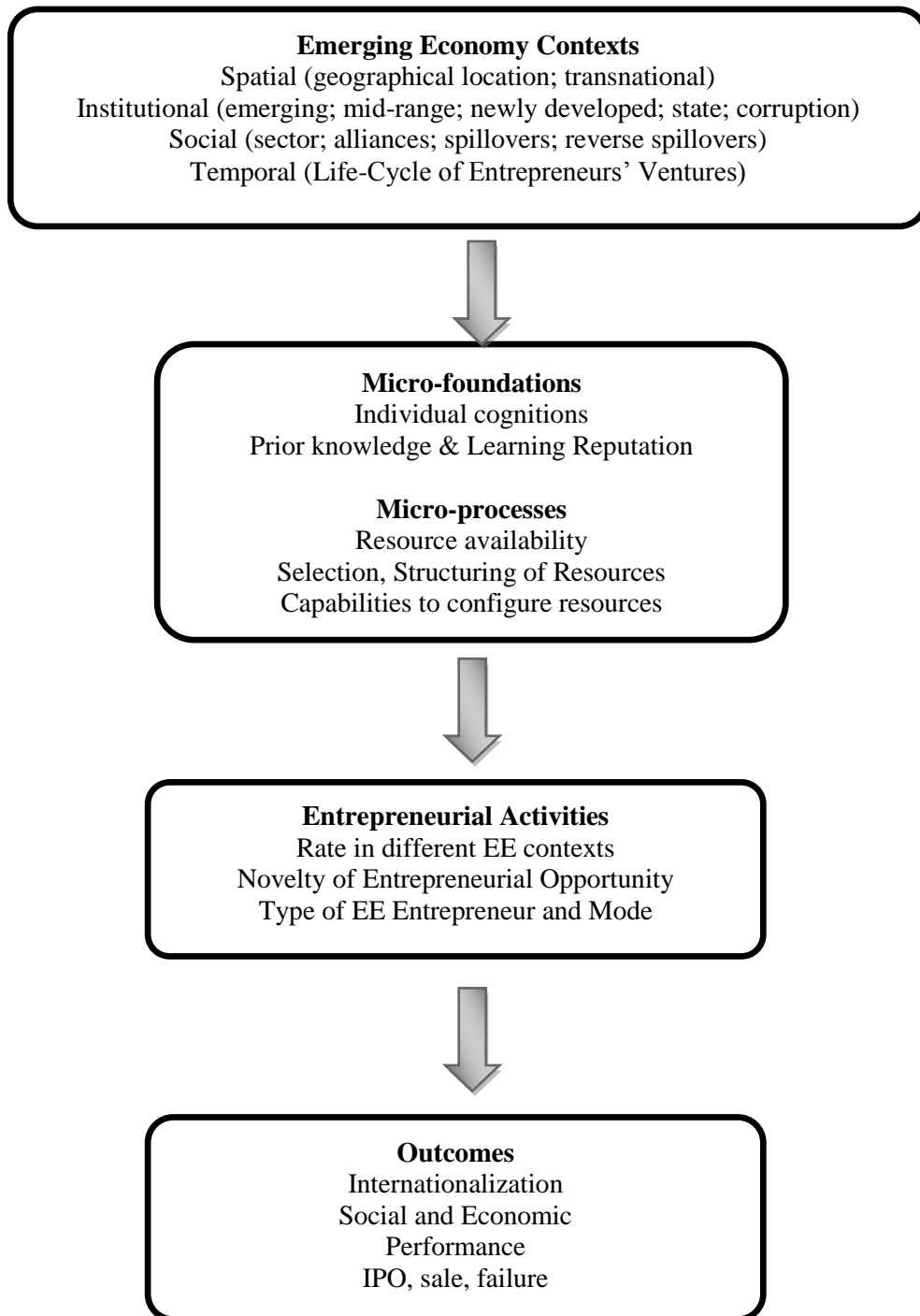
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**Figure 1: Emerging Economy Strategic Entrepreneurship**



**Table 1: Some Research Themes for Entrepreneurs in Emerging Economy Contexts**

|                                     | <b>Informal Entrepreneurs</b>  | <b>Global Entrepreneurs</b>   | <b>Family Entrepreneurs</b>   | <b>Corporate Entrepreneurship</b>  |
|-------------------------------------|--|---|---|--|
| <b>Temporal</b>                     | <ol style="list-style-type: none"> <li>1. How do different notions of time influence the nature of formal/informal entrepreneurial activities?</li> <li>2. As firms evolve from informal to formal how long is this process and what influences this evolution?</li> </ol> | <ol style="list-style-type: none"> <li>1. For how long over the venture development phase is experience from working abroad useful?</li> <li>2. Emerging economy global entrepreneurial firms often return to enter their home markets. How long is this process and what factors impact this spring board type of internationalization?</li> </ol> | <ol style="list-style-type: none"> <li>1. What distinctive challenges are faced in maintaining family entrepreneurs over time?</li> <li>2. To what extent does the role of extended families mean that multi-generational networks of family entrepreneurs develop over time, how do these facilitate resource orchestration and how sustainable are they?</li> </ol> | <ol style="list-style-type: none"> <li>1. How and to what extent does corporate entrepreneurship develop in emerging economies over time?</li> <li>2. Due to greater resource constraints and greater uncertainty is the timing of the corporate entrepreneurial process different?</li> </ol>   |
| <b>Economic geography (Spatial)</b> | <ol style="list-style-type: none"> <li>1. To what extent is there a mismatch between the need to stimulate such mobility and entrepreneurs' ability to do so?</li> <li>2. Why do firms in emerging economies, both formal and informal, cluster together?</li> </ol>       | <ol style="list-style-type: none"> <li>1. How do experiences gained abroad and global networks developed by returning entrepreneurs affect their location decision within emerging economies?</li> <li>2. When global entrepreneurs return to enter their home economies which part of their home market do they seek to enter?</li> </ol>          | <ol style="list-style-type: none"> <li>1. To what extent do family entrepreneurs operate across different geographical areas?</li> <li>2. How do family connections facilitate transnational and international entrepreneurship?</li> </ol>   | <ol style="list-style-type: none"> <li>1. How does corporate entrepreneurship differ in corporations located in different regions in different types of emerging economies with different relationships with distant parents?</li> <li>2. As corporations expand abroad what is the impact of such internationalization on emerging economy firms and is such impact geographically impacted?</li> </ol> |
| <b>Institutions –</b>               | <ol style="list-style-type: none"> <li>1. How does the balance between formal and informal</li> </ol>  | <ol style="list-style-type: none"> <li>1. What is the influence of institutional source of returnee's experience</li> </ol>   | <ol style="list-style-type: none"> <li>1. How do institutional frameworks affect the</li> </ol>   | <ol style="list-style-type: none"> <li>1. To what extent do different levels of institutional</li> </ol>   |

|               |   |   |   |  |
|---------------|---|---|---|--|
|               | <p>entrepreneurship differ between institutional contexts and when these contexts change? How does the institutional context shape positive vs negative dimensions of informal entrepreneurship?</p> <p>2. If rather than institutional development it is a normative value that firms of a certain size or started by certain class are to be informal how does that impact entrepreneurship analysis?</p> | <p>abroad on the nature of their ventures and resource orchestration?</p> <p>2. How do global entrepreneurs overcome voids of institutional supports and restrictions on foreign entry into emerging economies?</p>   | <p>structure of entrepreneurial family firms?</p> <p>2. To what extent do different levels of institutional development facilitate or frustrate the prevalence and goals of family entrepreneurship?</p>                                      | <p>development within a particular emerging economy facilitate or frustrate corporate entrepreneurship?</p> <p>2How does intellectual protection impact corporate entrepreneurship in different economies?</p> |
| <b>Social</b> | <p>1. To what extent do informal entrepreneurs utilize family, political and commercial networks?</p> <p>2. How does the use of these networks change as economies develop?</p>   | <p>1. How does the social capital from experience in the host country provide access to diverse sources of knowledge and how is this utilized when individuals become returnees?</p> <p>2. What is the nature of the networks global entrepreneurs develop?</p> | <p>1. To what extent is the social capital of family entrepreneurs more or less effective in emerging economies than in developed economies?</p> <p>2. To what extent does family social capital substitute for political social capital?</p> | <p>1. What is the impact of learning on corporate entrepreneurship? 2. Does corporate entrepreneurship in emerging economies have broader impact in emerging economies than in mature economies?</p>           |

**Table 2: Summary of Papers in the Special Issue**

| Authors                         | Research questions   | Theoretical perspective | Data and methods  | Key findings   |
|---------------------------------|--|-------------------------|---|--|
| Belitski, and Korosteleva       | How does the rate of entrepreneurial activity vary across cities of the Commonwealth of Independent States (CIS)? How do institutional factors contribute to such variation? | Institutional theory    | 1995-2008 data for 98 cities from the Offices of National Statistics in Russia, Ukraine, Belarus, Moldova, Georgia, Armenia and Azerbaijan; urban audit indicators across various domains specific to our study, including at a city; merged with institutional country-level data, derived from the Polity IV dataset, Heritage Foundation, and EBRD transition indicators; System Generalised Method of Moments | Banking reform and stronger property rights protection facilitate entrepreneurship, whereas extensive government activity, associated with larger size of the state, discourages it; Cities with stronger presence of higher education establishments and greater availability of business-oriented education programmes (MBA) likely have a higher level of entrepreneurial activity; the effect of higher education as an institution is reinforced through university-industry collaboration that emphasizes the importance of knowledge spillovers |
| Yamakawa, Khavul, Peng and Deed | What drives new ventures to internationalize from emerging economies to developed economies?   | Knowledge based view    | 170 new ventures from China and India; face-to-face interviews with CEOs/founders; hierarchical skewed logistic (scobit) regression   | International expansions of new ventures from emerging economies to developed economies are driven by their stock of prior knowledge, expected benefits of incoming flow of knowledge, and their desire to enhance domestic reputation; a firm's domestic reputation strongly influences decision of whether to enter EE or DE - a one unit decrease in a new venture's assessment of its domestic reputation results in a 68% increase in the probability that it will enter a DE as opposed to an EE.  |
| Zheng and                       | How do founding teams in   | Transactive Memory      | Mail survey of at least two key   | Founding teams with strong TMSs are more   |

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|--------------------------------|---|--|--|--|
| Mai                            | emerging economies respond to surprises that impact their ventures?   | System Perspective                                       | founding members in 137 start-ups in four provinces of China during 2006-8; probit regression  | likely to improvise but are less inclined to acquire external knowledge in response to surprises than founding teams with weak TMSs; Negative surprises seem to strengthen these relationships.  |
| Zhang, Yang, Au and Xie        | To what extent and under what conditions are formal and informal business planning helpful to new ventures in the Chinese market?   | Institutional theory; strategic planning theory          | Longitudinal study - two waves of interviews with 321 founders of new ventures in China from the Chinese Panel Study of Entrepreneurial Dynamics (CPSED); hierarchical logistical regression.  | The relative value of the two types of planning depends in part on the prior business experience and social class of the entrepreneur formal planning works best for those with prior business experience and those with lower class status.   |
| Moore, Payne, Bell and Zachary | Does the organizational virtue rhetoric used by foreign initial public offerings (IPOs) in their prospectuses influences IPO performance? Does the level of corruption in the IPO issuer home country influence the organizational virtue rhetoric to performance relationship? | Signaling theory   | 284 foreign IPOs on US equity markets from 40 countries between 1996 and 2007; Content analysis of IPO prospectuses, Corruption Perception Indices, Underpricing measures, foreign VC backing, auditor reputation, corporate governance and other control variables; Generalized Linear Modeling | Foreign IPOs that signal virtuousness tend to outperform other foreign IPOs both in the short- and long-term.<br><br>Home country corruption levels have a stronger moderating effect on this relationship for short-term performance.   |
| Jain                           | How do actors configure the institutional regime of a nascent sector in an emerging economy?  | Institutions based view of strategy and entrepreneurship | Process based historical qualitative study; all the major events in the mobile telephony sector during 1980-2010; publicly available information from several printed and online sources.  | Regime constitution is contested, capricious and convoluted involving processes of subverting, maneuvering and bolstering; these institutional dynamics directly impact the formation of the nascent industry and can have the (counterintuitive) effect of making it highly competitive and vibrant; the state plays a role |

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|  |  |  |  | as a constrained institutional entrepreneur. |
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