

## The Impact of Resources on International Entrepreneurship: An Exploratory Study

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### Abstract

We study how resources affect the entrepreneurial process in an international business context. In doing so, we offer current and prospective entrepreneurs with science or technology backgrounds aspiring to international careers insights into the global marketplace so they can effectively internationalize their venture(s). Due to the transformation of many start-ups into multinational enterprises, it is important to understand how such internationalization transpires. Accordingly, our study focuses on the impact of resources on entrepreneurs' ability to identify, appraise, and take advantage of opportunities that lead to internationalization. This is accomplished by drawing on and synthesizing the resource-based view with opportunity-based theory. Furthermore, the under-researched international entrepreneurship literature provides a clear knowledge gap. Hence the study is exploratory. Through interviewing eight international entrepreneurs operating in diverse technological and scientific industries, we gain comprehensive insights and experiences *vis-à-vis* resource impact on internationalization. This includes global, ethical, political, organizational, economic, and legal dimensions. Our empirical findings show that resources influence each stage of the international entrepreneurial action process in different ways. An important conclusion is that social capital in the form of networks and partnerships are critical to entrepreneurs pursuing internationalization. In line with international business and entrepreneurship literature, such third party resources aid in the discovery of opportunities and provision of information. Furthermore, they alleviate resource constraints and provide entrepreneurs with better understanding of foreign markets. Given these findings, we suggest that entrepreneurs who are pursuing internationalization and trying to maximize their potential should actively increase their networking capabilities and enter apposite global partnerships.

## 1.0 Introduction

Steve Jobs may be recognized as this era's quintessential international entrepreneur (Dyer *et al.*, 2009). His iterations have enabled Apple to capitalize on countless opportunities, transforming the company from a small, Silicon Valley start-up to the world's highest valued multinational enterprise. With increasing globalization and international trade, understanding how entrepreneurs form multinational ventures is of vital importance. Since entrepreneurs are defined as people who coordinate resources (Hébert and Link, 1989), it is expedient to appreciate the impact of such resources on their decisions. Furthermore, this global subject is very pertinent owing to the prominence of small and medium-sized enterprises (SMEs) across the world rapidly transforming into multinational enterprises (MNEs)—from Google and Uber, to Xiaomi and Jingdong. Our study is therefore valuable, as its research outcomes will have practical implications for entrepreneurs concerning discovering, assessing, and commercializing international opportunities (IOs). As shown in the next chapter, various resources influence entrepreneurs' activities. Consequently, a better understanding of the relationship between international entrepreneurship (IE) and resources is indispensable to cultivating entrepreneurial action that leads to SME internationalization.

## 1.1 International Entrepreneurship Background

IE involves phenomena associated with discovering, evaluating, and exploiting IOs to produce future goods or services (Shane and Venkataraman, 2000). Unfortunately, although research on IE has grown rapidly (Zahra *et al.*, 2005), the field remains relatively young and has been depicted as exhibiting academic paucity (Jones *et al.*, 2011). Consequently, there is no single agreed-upon characterization of IE (Coviello and Jones, 2004). In the existing literature it is commonly defined as “the discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and services” (McDougall and Oviatt, 2005, p.7). IOs represent the formation of novel international exchange (between consumers or partners), along with the creation of new markets (Ellis, 2011). This notion has grown in importance regarding IE and its root principles (Mainela *et al.*, 2014). For instance, while entrepreneurial elements are captured by the concept of “opportunity,” the national border-crossing (international) aspects must also be incorporated (Mainela *et al.*, 2014). Given that scholars have largely ignored “international” opportunities, this thesis attempts to narrow the research gap by drawing on and synthesizing the resource-based view (RBV) in combination with opportunity-based theory (OBT) and entrepreneurial action vis-à-vis SME internationalization.

Many academics have deemed opportunity recognition as the most distinct entrepreneurial behavior (Gaglio and Katz, 2001; Stevenson and Jarillo, 1990). Nonetheless, while its significance is well known (Ozgen and Baron, 2007), more research is needed because the identification of

opportunities remains under-explored (Dimitratos and Jones, 2005; Styles and Seymour, 2006). Likewise, although opportunity evaluation is a precondition for entrepreneurial action, there is little empirical research on how international entrepreneurs assess IOs and when this will lead to trade (Autio *et al.*, 2013). Having acknowledged an opportunity, the entrepreneur commences viability screening and must decide whether to exploit it (McMullen and Shepherd, 2006). While early entrepreneurship literature characterized entrepreneurs as those who are alert to opportunities (Kirzner, 1973), opportunities are irrelevant if untapped (Alrich and Zimmer, 1986). Thus, IOs are only meaningful providing they lead to international exchange (Ellis, 2011).

Notwithstanding its prominence in entrepreneurial action, theoretical and empirical development concerning IO exploitation remains limited (Choi and Shepherd, 2004). Yet there are many important activities that provide entrepreneurs with resources needed for it. These include research into prospective consumer demand (Chrisman and McMullan, 2000), supplementary testing of technologies (Manning *et al.*, 1989), developing a management team, and stakeholder support (from government to investors) (Rice, 2002).

## 1.2 Research Objectives and Questions

Through following a conceptual framework that combines the RBV with OBT, we investigate the under-researched IE paradigm and obtain insights into the effect that resources have on entrepreneurs' ability to recognize, evaluate and exploit IOs. Hence, our study is centered on the following three research questions:

1. How do the resources that entrepreneurs possess affect their recognition of IOs?
2. How do the resources that entrepreneurs possess affect their evaluation of IOs?
3. How do the resources that entrepreneurs possess affect their exploitation of IOs?

Interviews were used to ascertain answers to these questions whilst auxiliary, germane insights exposed themselves through the respondents' diverse circumstances and experience. Fundamentally, this study contributes to the international business (IB) and IE field through practical implications vis-à-vis more effective entrepreneurial action and succeeding SME internationalization.

## 1. Key Findings

We find that personal, organizational, and social capital are all conducive to IO recognition, evaluation, and exploitation. External and internal resources from dependable partner firms to advanced educational backgrounds have positive impacts on such entrepreneurial action.

Therefore, we instruct international entrepreneurs to pursue suitable global partnerships and augmented cultural intelligence to achieve fruitful internationalization.

## 2.0 Conceptual Framework

The RBV holds resources as central to superior firm performance. Such resources include (intangible) human capital—ranging from prior knowledge to international experience—to tangible reserves such as financial capital and production facilities (Greene and Brown, 1997). The entrepreneurial action literature and OBT assert that before ventures are formed, entrepreneurs must initially believe that “there exists an opportunity for someone (third-person opportunity belief) and then determine that the opportunity is one they want to pursue (first-person opportunity belief)” (Patzelt and Shepherd, 2011, p.631). Yet such literature mainly provides a general framework on the entrepreneurial process and overlooks IOs. Again, internationalization does not have a single agreed definition but can be inferred as the increasing immersion of enterprises in international markets (Daniels *et al.*, 2011). From an IE standpoint, firm internationalization is fast and opportunity-focused (Zahra *et al.*, 2005). Due to their lesser resource endowments, small businesses usually internationalize by means of exporting (externalization) as opposed to hierarchical modes like establishing wholly-owned subsidiaries (WOSs) (Hollensen, 2011).

Competitive advantages can be generated, as long as companies possess a valuable new product with substantial customer demand and have the resources needed for exploitation, including stakeholder support, enabling technologies, or a capable management team (Choi and Shepherd, 2004). Yet this advantage will only be sustainable providing the product is inimitable (Barney, 1991). Such inimitableness extends a pioneer’s lead time, enabling it to exploit first-mover advantages through expanding its product line (Robinson and Fornell, 1985), thereby establishing an exclusive market position (Huff and Robinson, 1994). Furthermore, in line with RBV literature, superior resource bases are linked to higher growth (Bradley *et al.*, 2011b). Resembling Penrose’s (1959) view on firm expansion in addition to McDougall and Oviatt’s (2005) categorization of IE, internationalization prospects are therefore constrained by entrepreneurs’ identification of opportunities, disposition to tackle them, and ability to capitalize on them through the use of their own resources. Accordingly, the conceptual framework below will be followed—whereby resources moderate the value creation process:

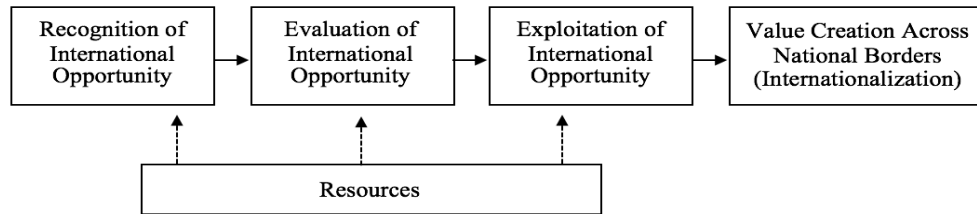


FIGURE 1: International Entrepreneurship Value Creation Process. Adapted from: McMullen and Shepherd's (2006) Model of Entrepreneurial Action and Shepherd and Patzelt's (2013) Operational Entrepreneurship Research Model.

## 2.1 International Opportunity Recognition

The first phase of OBT denotes when entrepreneurs believe that there may exist demand from others concerning a specific (third-person) opportunity. If firms are to survive and prosper in a competitive global market, they must incessantly recognize new opportunities beyond current capabilities (McGrath *et al.*, 1996). Auxiliary RBV research embraces opportunity identification as a resource that, via exploitation, may lead to competitive advantage (Alvarez and Busenitz, 2001). Ellis's (2011) study on the internationalization of 665 entrepreneurial exchange ventures found that blind luck was absent in the recognition process, with 87% of opportunities being discovered by international entrepreneurs. Moreover, resources such as prior knowledge, product differentiation (organizational capital), international network size (social capital), and international experience are conducive to the awareness of opportunities and subsequent internationalization of small firms (Baum *et al.*, 2015). Prior knowledge of customer problems (Shepherd and DeTienne, 2005) or a specific industry (McKelvie and Wicklund, 2004) leads to the identification of more, innovative opportunities. Similarly, preceding general knowledge attained via education enables the amalgamation of new insights, generating superior opportunity sets for individuals (Gimeno *et al.*, 1997). There is a positive correlation between years of education and opportunity detection ability (Davidsson and Honig, 2003).

Shane and Venkataraman (2000) pose the question: how and why do some individuals (and not others) identify opportunities? The general response is that recognition is influenced by entrepreneurs' involvement in social and business networks (Loane and Bell, 2006). Subsequently, IO recognition is an idiosyncratic process, molded by individuals' distinctive exposure to information corridors (Venkataraman, 1997). For example, networks contribute to the success of Born Globals (BGs), organizations that, from their outset, globalize quickly without any previous long-term domestic or internationalization period through recognizing and building knowledge of new international markets (Chetty and Holm, 2000). Valuable information can therefore be attained; however, access to it is selective (Brass *et al.*, 2004). As knowledge of opportunities disseminates

erratically through society (and even more so across national borders) those amid the first to identify them benefit most, a process governed by one's prevailing ties with others (Shane, 2003). Correspondingly, 'alertness', "a unique preparedness to recognize opportunities when they exist" (Kaish and Gilad, 1991, p.48), impacts opportunity recognition. This is influenced by intellectual aptitudes such as creativity and astuteness (Krueger, 2003) and assists in the recognition of new solutions to market needs (Baron and Ensley, 2006).

## 2.2 International Opportunity Evaluation

The second phase of OBT represents how entrepreneurs perceive whether (third-person) opportunities are a good fit for themselves. Individuals may casually scrutinize recognized market needs or resources against their own reserves before deciding whether to drop or conduct a formal pursuit of such opportunities (Ardichvili *et al.*, 2003). If such appraisal proposes a robust composite of desirability and feasibility, value-creation will be triggered (Steel and König, 2006). Keh *et al.* (2002) found that opportunity evaluation is impacted by entrepreneurs' illusion of control and belief in the law of small numbers, with risk perception mediating the process. Systematic research on behalf of the international entrepreneur is thus advised to improve such evaluation (Keh *et al.*, 2002). This aligns with international marketing literature wherein superior value-creating activities result from formal market research and the methodical assessment of opportunities vis-à-vis predetermined benchmarks (Root, 1994). Conversely, this research process may be irrelevant to BGs as they lack procedures of gathering and construing data associated with foreign markets and clients (Sharma and Blomstermo, 2003). Likewise, during economic downturns, less bureaucracy and shorter evaluation cycles give entrepreneurial firms the autonomy to redirect resources toward novel opportunities (Bradley *et al.*, 2011a).

Through conducting a study on 73 entrepreneurs and 2300 opportunity evaluation decisions, Haynie *et al.* (2009) displayed that entrepreneurs' appraisal on the value of prospects—as a function of their know-how and aptitudes—is dependent on the age of their business. Subsequently, this relates to the expertise and resources enjoyed by entrepreneurs (Baum *et al.*, 2015). Comparable to IO recognition, an entrepreneur's level of education may shape subsequent evaluation (Autio *et al.*, 2013) when gauging a learning environment's hostility (Lévesque *et al.*, 2009). This is imperative for reducing uncertainty before an entrepreneur releases a new product into the market. Unlike for established goods and services, companies that launch products while still uncertain over their value face greater likelihoods of failure, along with considerable demand uncertainty (Olson *et al.*, 1995). Consumer demand for novel products partly depends on whether customers are aware of them and perceive them as valuable (Aldrich and Fiol, 1994). Insufficient knowledge surrounding market offerings, in turn, increases customer

uncertainty surrounding purchase decisions (Choi and Shepherd, 2004); hence, decreasing the uncertainty embedded in the new product before its international introduction through iterative evaluation is indispensable (Urban and Hauser, 1980).

### 2.3 International Opportunity Exploitation

The third phase of OBT corresponds to how entrepreneurs pursue opportunities (entrepreneurial action). Essentially, this refers to forming proficient, complete processes for products or services produced by, or developed from, a business opportunity (Choi *et al.*, 2008). Meyer and Utterback (1995) propose that suspending exploitation and gathering further information allows for efficient exploitation via an enhanced understanding of the market, lowered production costs, and product improvement. Conversely, by hurrying exploitation, entrepreneurs could achieve first-mover recompenses (Lieberman and Montgomery, 1988). Lévesque *et al.* (2009) conclude that suspending entry is appropriate when a market is less hostile. For BGs, the entrepreneur must cultivate networking proficiencies that facilitate IO exploitation (Mort and Weerawardena, 2006). Trust between international entrepreneurs and exchange partners is essential in this process as it can lessen the requirement for contractual safeguards, permitting faster exploitation (Uzzi, 1996). Communication is thus a precondition for internationalization and is affected by psychic, cultural, geographic, and linguistic distance to foreign markets (Hutchinson, 2005).

Some BGs and international entrepreneurs establish robust links with globally active organizations through domestic operations whereby they follow clients and commence internationalization despite extensive cultural distance (Majkgård and Sharma, 1998). Such partners provide insights on foreign markets, facilitating more effective adaptation on behalf of the entrepreneur, thereby reducing the risk of internationalization (Slater and Narver, 1995). As BGs lack prior techniques in penetrating markets, they experiment with IOs and are innovative in combining their own capital with third parties' resources via entry modes like partnerships (Sharma and Blomstermo, 2003). These global partnerships somewhat compensate for the resource constraints of such entrepreneurial firms (March, 1991). Initially, companies tend to internationalize by entering countries that are culturally similar to their domestic market (Erramilli and Rao, 1993) and ensure resource commitment is gradual (Johanson and Vahlne, 1977). International entrepreneurs must therefore possess cultural intelligence (Thomas and Inkson, 2009) as national barriers disrupt the learning process in global markets (Barkema *et al.*, 1996). Opportunities with low degrees of novelty (due to better matching entrepreneurial resources and skillsets) enable faster exploitation in contrast to opportunities with high levels of uncertainty, owing to a mismatch of resources (Choi *et al.*, 2008). Newness can intensify entrepreneurs' doubt over a product, placing higher strain on the resources needed for

prosperous exploitation (Sapienza and Gupta, 1994). Thus, global entrepreneurs must gauge whether complementary international resources are available, if they can be used strategically, and how best to time such internationalization.

### 3.0 Data Collection

Given the limited nature of work on IE, this study is exploratory and thus adopts a qualitative interview methodology. Since we focus on inadequately researched phenomena pertaining to entrepreneurs' experience and behavior, these are apposite preconditions for qualitative research (Ghuri and Grønhaug, 2005). With less than 25% of studies employing qualitative techniques, the IE literature is dominated by quantitative approaches (surveys in particular), comparable to SME internationalization research (Coviello and Jones, 2004). However, many academics, including Doz (2011), state that qualitative work is indispensable to the IB field. Using quantitative questionnaires or similar approaches would restrict the investigation to the scholar's disposition and limit imperative, unanticipated responses. While quantitative techniques offer controlled measurement and scope, qualitative approaches provide the 'why' aspect: elucidations and depth of understanding (Cook and Reichardt, 1979). Correspondingly, as opposed to other qualitative approaches like focus groups, interviews were chosen due to their greater efficacy in mining such rich insights (Creswell, 2013). An interpretative, qualitative interview method therefore provides a more accurate understanding of the sample participants' viewpoints (Miles and Huberman, 1994; Roulston, 2010).

In-depth, semi-structured interviews were conducted to gain a more profound understanding of IO recognition, evaluation, and exploitation from the perspective of those experiencing it (Shah and Corley, 2006). The interview guide was given to each respondent in advance so they could familiarize themselves with the material, facilitating more meaningful discussions. Moreover, the interview structure addressed the research questions while allowing further themes and ideas to emerge. Some interviewees' responses also made later questions redundant. Concerning researcher bias (Kvale, 2008), the semi-structured interviews nurtured inconsistencies. However, had structured or unstructured interviews been used, relevant enquiries may not have been explored or supplementary central notions not captured, respectively (Drever, 1995). Accordingly, questions developed centered on the participants' distinctive responses. The interviews were performed over Skype due to geographical constraints. Although this occasionally presented connectivity problems and restricted the ability to identify cues, it made the participants feel more comfortable while speaking in their own environment (Kalinic and Forza, 2012). The interviews were on average, 45 minutes, conducted in English, tape-recorded, and verbatim transcribed.



### 3.1 Sample

The study interviewed eight entrepreneurs, determined by their businesses having value-creating activities outside of their domestic market. Such internationalization ranged from international sales to established operations abroad, including partnerships and WOSs. This enabled the collection of rich data, which tapped into the phenomena being investigated. Consistent with grounded theory (Glaser and Strauss, 1967), the respondents were non-randomly selected. Furthermore, in line with much qualitative research (Patton, 2002), a purposeful strategy (Lincoln and Guba, 1985) was used to compile the sample to gain access to entrepreneurs with internationalized ventures. For instance, four participants were contacted through the Leeds Network platform using career-related searches. Moreover, another respondent was approached during “Global Entrepreneurship Week” at the University of Leeds, while the remaining three participants were selected through a Professor of Enterprise providing introductions. Six individuals were Leeds University Alumni; being scholars of the same institution was instrumental in establishing rapport and instilling trust between the interviewer and respondents.

Given the different industries that the interviewees operated in (*Table 2*), they would most likely “view the focal phenomena from diverse perspectives” (Eisenhardt and Graebner, 2007, p.28). Thus, biases by the interviewees’ impressions and memories were minimized and validity of the information was checked (Ghauri, 2004). Via comprehensive ethical practices, respondents’ anonymity was ensured and they were able to withdraw from participating at any time. Such safeguards ensure honest and open responses (Collis and Hussey, 2013). According to Guest *et al.* (2006) “guidelines for determining nonprobabilistic sample sizes are virtually nonexistent” (p.198). Conversely, owing to this study’s interview length, the optimal sample size was determined as six or seven respondents by the thesis supervisor. Glaser and Strauss (1967), like many scholars, endorse sampling pertinent cases until saturation transpires (where no novel, speculative understanding is being extracted from the data). Indeed, theoretical saturation occurred on various levels within the sample. *Table 1* and *Table 2* display the sample information:

<b>Respondent Number</b>	<b>Age</b>	<b>Gender</b>	<b>Ethnicity</b>	<b>Education</b>
R1	54	M	British	BSc
R2	36	M	Swedish-African	MSc
R3	47	M	British	MBA
R4	36	M	Indian	MSc
R5	48	M	Canadian	MSc
R6	32	F	Brazilian	MBA
R7	39	F	Middle Eastern	BSc
R8	54	M	Mediterranean	MSc
<b>Averages</b>	43.25	75% M, 25% F		

TABLE 1: Sample Characteristics

<b>Respondent Number</b>	<b>Years as an International Entrepreneur</b>	<b>Industry</b>	<b>Years of Industry Experience</b>	<b>Company Headquarters Location</b>
R1	23	Mechanical and Industrial Engineering	30	England
R2	7	Digital Innovation and Customer Engagement	10	England
R3	8	Pharmaceuticals	21	England
R4	6	Digital Marketing and Advertising	12	India
R5	7	Leisure, Travel and Tourism	7	Canada
R6	2	Professional Training and Coaching	2	Brazil
R7	9	Online Retail	9	England
R8	21	Airlines and Aviation	21	England
<b>Averages</b>	10.375		14	

TABLE 2: Sample Characteristics Continued

### 3.2 Data Analysis

The interviews were transcribed instantaneously, thus enabling analysis to ensue alongside further interviews. Consequently, such analysis was a continuing process throughout the data collection and later interviews could explore ideas formed hitherto. Both the approaches of Spiggle (1994)—categorization, abstraction, comparison, and integration—and Miles *et al.* (2013)—data condensation, data display and conclusion drawing—were followed to analyze the collected data. Owing to its autonomy and subsequent appropriateness for novice qualitative researchers, the interview transcripts were coded by means of the eclectic method (Saldaña, 2015). Moreover, in spite of accessibility to expert software programs, a manual technique was used as advocated for inexperienced qualitative researchers (Saldaña, 2015). In-vivo, descriptive, and structured codes were the most frequent, generating a preliminary list of 290 codes. These were then exposed to second cycle coding procedures to categorize and crystallize the outcomes (Saldaña, 2015). In line with the focused coding approach (Charmaz, 2006; Saldaña, 2015), categories were developed from the codes and underpinned the study's findings. As shown in the next chapter, coding for resources and IOs enabled recognition, evaluation, and exploitation actions to appear. Comparisons were made across incidents within the data, leading to the process of theorizing over such results' integration with relevant literature.

### 3.3 Validity

Clear justifications have been presented for the research method used, thus reinforcing trustworthiness and validity across our study (Brewer, 2001; Parkhe, 1997). First, it is commonly accepted in the IE literature that opportunities are identified by individuals, not businesses (Singh, 2000); hence data was collected and analyzed at the individual-level. Likewise, while IOs are ubiquitous and exogenous, information about them disseminates disproportionately across societal boundaries (Ellis, 2011). It therefore follows that wide-ranging means of identification, evaluation, and exploitation are used by entrepreneurs in diverse settings (Ellis, 2011); the sample's industry variation helped capture this. Moreover, separate questions were asked concerning IO recognition, evaluation, and exploitation since they are documented as distinct milestones in the value-creation process (Mathews and Zander, 2007). As proposed by Saldaña (2015), further corroborations included re-reading unannotated interview transcripts accompanied by reanalyzing and re-coding the data in order to offer superior understanding. This certified the codes' internal reliability. Moreover, an attitude of self-skepticism (Kvale, 1989) was adopted for the duration of the study to prevent palpable intuitive anticipations of the researcher being translated into detected themes and ideas. Accordingly, this self-questioning aided in capturing accurate insights regarding IO recognition, evaluation, and exploitation.

#### 4.0 Results and Discussion

Our study contributes to the literature by exploring how resources impact each stage of the entrepreneurial action process leading to internationalization. We show that personal, organizational, and social capital are all-conducive to the IE value creation process.

##### 4.1 Resource Impact on International Opportunity Recognition

In line with Loane and Bell (2006), we find that opportunities are discovered through social and business networks. For instance, having domestic customers with overseas operations facilitated R1 to recognize IOs. This made a large contribution to the succeeding 53 countries in which his firm operates, primarily supplying and installing fire protection systems in mobile machinery. Such client-followers thus identify IOs via their customer case (Majkgård and Sharma, 1998). R2's first IO resulted from Goldman Sachs and Santander sponsoring his firm on a trade mission in New York. The key resources were personal connections enabling high-level meetings and hence contracts with prestigious organizations such as The World Trade Centre, for whom R2 provides customer engagement services. Likewise, R3 stated the importance of networking, adding that access to pharmaceutical companies' asset databases, his educational background in medicine, and over 20 years of industry experience empowered him to identify the value his core product (a replacement for hospital employees who administer intravenous medications) could deliver. Notably, R3 had the most years of education and founded the highest valued company (worth £160 million on the London Stock Exchange). Consequently, third party information channels (Venkataraman, 1997) and industry-specific knowledge (McKelvie and Wicklund, 2004) shape recognition abilities. This also ties into greater human capital facilitating superior opportunity discovery (Gimeno *et al.*, 1997). Besides networking obsessively, R6 indicated that an entrepreneur must be alert (and open) to IOs: "This storytelling guy [TEDx speaker coach] saw that I was delivering a course in Berlin, he wrote [emailed] me...and the partnership started...it's about being alert, being open to what makes sense to the business." Following this, R7 identified IOs through the online marketplace Amazon informing her about selling retail products across international markets. Having stated that networks were the least important resource concerning IO recognition, her definition of the term "networking" may have been limited to in-person exchange. Similarly, R4's venture started as an IO since the product—personalized digital marketing solutions—has a very inclusive demand owing to internet accessibility. R4 also had prior knowledge of consumer problems from his core business in India which facilitated innovative IO identification: "We ended up creating a solution and, by knowing the problems of specific industries, we said OK how can we actually change and personalize it, improve it along with the customer base." Thus, we highlight that prior knowledge of customer problems leads to IO

recognition (Shepherd and DeTienne, 2005). Correspondingly, analogous resources influenced R8 in the founding of his airline, having recognized that the previous operator did not meet particular segment needs. For example, elderly customers (accounting for 20-25% of the market) were not given resources such as wheelchairs at airports and international hubs were not serviced well; hence market leakage was prevalent. Awareness of such problems thus led to the recognition of the overall IO.

In contrast, R5 discovered his travel discount card venture purely through “happenstance, on vacation in Orlando” (consistent with R6’s view that financial capital to travel is the most important resource inducing IO identification). In fact, all respondents said that luck plays some kind of role during the entrepreneurial process. Therefore, our results contradict Ellis’s (2011) finding that blind luck plays virtually no role in opportunity recognition. This contributes to the enduring discussion regarding luck affecting opportunity discovery (Demsetz, 1988), which has been shown as conceivable and influenced by one’s circumstances and surroundings (Kantor, 1988).

Organizational capital was key to the sample’s IO recognition. Resembling R4 above; R2, R3, R5, and R8 were essentially coerced into identifying IOs from the outset of their businesses since digital, pharmaceutical, tourism, and aviation all represent worldwide product-types and industry-types, respectively. As R3 put it: “Diseases are global.” Such BG characteristics also stem from an entrepreneur’s individual motivation and ambition. For example, R2 sought to operate globally at the beginning; hence his organization creates “timeless products that can’t be limited by borders.” Together with personal capital, R1 detailed the prominence of his firm’s systems: “You’ve got to be diligent, you’ve got to be methodical...we have an app that our engineers have...if they are on a site and see an opportunity...all they have to do is press two buttons and that whizzes into the sales team.” Furthermore, concerning organizational culture, he claimed to have instilled an attitude of constantly searching for new opportunities in his employees.

Respondents also used governmental resources to identify further opportunities: R1, R7, and R8 sought help from the U.K. Department of Trade and Industry, Department of Trade and Investment, and Civil Aviation Authority (CAA), respectively. Equally, networks in the form of “travel trade shows for travel industry professionals” enabled R5 to identify additional IOs. This supports Chetty and Holm’s (2000) findings that networks help entrepreneurs’ IO recognition through building knowledge of international markets. R5 and R1 owned the leading firms within their niche markets; therefore, regardless of how opportunities are recognized, such unremitting IO identification (Alvarez and Busenitz, 2001) may have culminated in the firms’ competitive advantages. Generating competitive advantage and subsequent dominant firm positions reinforce the notion that firms must continually identify opportunities beyond present competences (McGrath *et al.*, 1996).

Possibly the most contemporary finding concerning IO recognition related to R1's and R6's alertness (Kaish and Gilad, 1991) to opportunities being governed by diverse methods of thought or ingenuity (Krueger, 2003). First, R6 claimed her "upside-down thinking" emerged from her personal life experience through working and living in such a way. Since R6 operated in a creative industry and produced a master's thesis on the imaginative subject of upside-down thinking, alertness is clearly moderated by one's originality and intelligence. Second, R1 spoke about viewing different markets and opportunities "sideways." For instance, his firm operates in mining. Yet, due to changing economic conditions, it is exploring renewable energy, importing millions of tons of biomass from Canada: "It's sort of looking a bit sideways and thinking we're in this sector but actually we're not." As postulated by Baron and Ensley (2006), such alertness thus assists in the recognition of new solutions during economic downturns.

Resources in the form of valuable information and knowledge clearly moderated all the interviewees' IO recognition and those amid the first to identify IOs benefited significantly. In agreement with Shane (2003), we find that recognizing IOs before others provides high monetary recompense. For example, early recognition allowed R3 to patent his product, making competition irrelevant and generating greater returns than the remaining interviewees. This access to information was, however, shown to be very selective (Brass *et al.*, 2004) across the sample. R3, for instance, only discovered his IO because of granted admittance to pharmaceutical databases, and R5 was allowed to attend specific trade shows as a professional in that industry.

#### 4.2 Resource Impact on International Opportunity Evaluation

Our study shows that desirability and feasibility are important preconditions for exploitation (Steel and König, 2006). As posited by Keh *et al.* (2002), we find that finance and risk are the key moderators of evaluation with all the interviewees assessing IOs against their own capabilities, corresponding to Ardichvili *et al.* (2003). For example, R1 stated that he had recently overlooked a lucrative opportunity in Mali due to high political risk. Again, through the use of governmental resources, he chooses not to exploit IOs in regions considered red or orange (hazardous) zones by the U.K. Foreign and Commonwealth Office. Likewise, R2 disregarded opportunities in Pakistan and Ghana owing to a lack of host country-specific resources including infrastructure. R8 alternatively looked favorably upon a high-risk environment, starting flights to the Lebanon as former competitor (and later acquirer) British Airways were not operating there due to the loss of an aircraft in the Middle East. Experience setting up the "European operations of a U.S. biotech company" was the domineering factor during R3's IO evaluation, enabling him to appraise the significant amount of value his product could provide to different types of stakeholders. As previously mentioned, R1, R3, and R8

held the most industry experience (each over 20 years) and held the highest valued companies across the sample. Hence, this study confirms Lévesque *et al.*'s (2009) findings that greater know-how translates into superior evaluation. The more experienced such entrepreneurs are, the more capable they feel in evaluating IOs (Haynie *et al.*, 2009). This translates into greater resource commitment; thus R1, R3, and R8 pursued hierarchical entry modes in the form of WOSs.

R4's main desirability feature concerning IO evaluation was discovering a gap in the market, while R5's linked back to financial risk. The latter had no dependents at the time and his idea was a moderately "low-tech, low-risk product." R5 assessed two IOs against his own resources, deciding to pursue his existing venture because it was more within the realm of his capabilities versus a higher risk IO that was beyond his skillsets and financial state. Again, R6 approached IO evaluation in a more abstract way, affirming in her thesis: "It was...an upside-down process...I wanted my research to flourish in a broader way than just a master's thesis; I wanted it to become a business, a movement, a service." She thus approached IO evaluation as a recognition process of what she did not want, favoring IOs that enabled her to "channel this newly acquired knowledge."

For R7, the EU single market was the driving force for her internationalization: "What motivated me was actually seeing that there's access to 28 other European countries." The legislative resources allowing her to expand her market base by over 600%, lowered freight costs, and high perceived value in her retail products made the IO very attractive. Corresponding to Olson *et al.* (1995), high perceived value in products make internationalization attractive and such product differentiation encourages this through hierarchical entry modes like WOS's (internalization) (Hollensen, 2011). However, R7 pursued her venture through export modes (externalization) owing to her small firm size and low international experience. We therefore find that the greater strength of such internal factors offset former internalization reasons (external factors like increased market size and reduced trade barriers).

Interestingly, contrary to Sharma and Blomstermo's (2003) interpretation that BGs ignore formal research processes, we find that international entrepreneurs rationally conduct comprehensive research during the evaluation stage. A plausible explanation is lack of academic research on BGs (Jantunen *et al.*, 2008) and, more specifically, on how they evaluate IOs. Indeed, there have been calls to reconsider how the recent BG concept is studied (Coviello, 2015). Once the respondents discovered IOs, they all researched and systematically assessed them in relation to appointed standards. For instance, R1 stated the need for IOs to fit a "matrix" and cover "three bases" (manufacturers, suppliers, and end users). Thus, our study supports international marketing literature (Root, 1994) whereby entrepreneurs embrace predetermined criteria, shaped by their knowledge bases, to evaluate IOs (Autio *et al.*, 2013). Equally, R3

explained the importance of an asset or IO having to pass through “relative filters” to gauge its potential. Such benchmarks evidently had to be determined by some kind of knowledge base, again in the form of education and industry experience. R3, in fact, stress tested his instinctive thinking through employing models he learnt whilst completing an MBA. Likewise, R2 utilized skillsets developed from his master’s degree, along with industry-specific understanding to ensure IOs were “revenue-generating.” R4 and R7 intriguingly pursued educational paths not directly linked to their businesses, offering synergies that improved their IO evaluation. The former gained a master’s in bioinformatics, providing convergence of skills between databases and digital marketing through more effective writing of algorithms. The latter had studied undergraduate chemistry and previously worked as an analytical chemist, which intrinsically gave her methodical skills suitable for IO evaluation: “It is being highly analytical whether that’s for your product market research to doing your finances...skillsets that you have to have inherently as a chemist can be transferred over to business.”

Evaluation approaches differed among the sample. Logically, the eldest entrepreneurs with the most experience felt more capable when appraising later IOs. Evaluation processes were also found to change depending on external circumstances. For instance, 70% of R1’s revenue derived from international sales (he won a Queen’s award for Export in 2012) before the global mining industry collapse caused this to drastically change to 70% domestic. Although R1 had not foreseen a commodities crash, he had anticipated an economic downturn; hence internal adjustments within the organization were made to keep facilitating profitable growth. IE literature conclusions that entrepreneurial firms can adapt quickly due to shorter evaluation cycles (Bradley *et al.*, 2011a) are thus underpinned by our findings. For instance, R1 modified his strategies to remain profitable during such economic turmoil. SMEs and entrepreneurial firms allow faster decision-making due to flatter corporate structures and negligible bureaucracy.

Another important resource affecting IO evaluation was one’s linguistic skills. R1 and R3 claimed that enterprises from English-speaking countries had a distinct advantage, as the international language of business is English. However, R6 opposed this and stated that people from countries such as Finland, Germany and Japan wish to conduct business in their own language with everyone having their “own flavor” of English. Along with the geographic and financial restraint of money to travel, she said language was a predominant barrier when appraising IOs. R7 shared the same thoughts regarding the latter problem, thus she employed translators for different country markets such as Italy and Spain. Hence, augmented knowledge bases evidently decrease uncertainty during IO evaluation and such ambiguity reduction is key before selling a product abroad (Urban and Hauser, 1980).



Conceivably, the most important resource found to influence IO evaluation was cultural intelligence. When assessing IOs in psychically distant markets including Brazil and China, R5 said he encountered “literal cultural differences” as no one was aware of his product. Accordingly, educating the customer base was his main challenge, thus reinforcing Aldrich and Fiol’s (1994) verdict that inadequate understanding vis-à-vis new products increases consumption hesitancy. Contrariwise, the “international” aspect of opportunities motivated R6 as she enjoyed bringing her “Brazilian-ness” to foreign partners as well as building synergies through absorbing their cultural differences, which provided “a sense of constant learning.” This also resonated with R8: “I’m always observing how others do business...and particularly how they behave with other nationalities, with other cultures.” Such cultural intelligence enabled R8 to identify sales demand, as he understood the Lebanon region very well: “I knew the market is big and I knew that they [Lebanese passengers] would prefer to transit via London because it is easier geographically.” Congruently, it helped R7 identify a lack of sales demand for her retail products in specific countries: “Our cooker hoods would never sell in Italy...the answer is excellent market research, so you’re not offering a product that doesn’t suit that particular market.” She also noted that the U.S. had a very different culture in terms of online retail; the high return rate made it unviable for a resource-constrained business like hers. Access to factual knowledge, through external or internal resources, was therefore key to IO evaluation. For example, R8 concluded that an international entrepreneur needed good judgment to gain “real information” from “real sources,” in his case, not just information published by the CAA, but also from British Airways, who he would contact and ask questions.

#### 4.3 Resource Impact on International Opportunity Exploitation

Internationalization efforts were fast and opportunity-focused (Zahra *et al.*, 2005) across the sample, thus opposing customary, incremental expansion models impeded by uncertainty (Johanson and Vahlne, 1977). For example, R3 contrasted his growth against large pharmaceutical businesses: “A small company that is resource-constrained... would identify the things that are actually critical to achieve and just do those things.” This applied to R8 who pursued prompt IO exploitation and launched his airline company as quickly as possible due to fierce competition; thus verifying Lévesque *et al.*’s (2009) assumption that hurrying entry is appropriate in a hostile market. In fact, the airline business is the most unprofitable industry in the world (Porter, 2008).

As all the entrepreneurs were previously employed, they initially self-funded their enterprises. R3 and R8 also sought substantial investment in the form of venture capital due to their high input requirements. For instance, R3 raised £32 million to fund the development and commercialization of secondary care-focused pharmaceuticals; whilst R8

had to purchase aircraft, flying rights, and a training center for his salespeople and cabin crew. Additionally, with the long-term strategy of being acquired by British Airways he thus needed high net-worth investors: “So the strategy...was geared towards pushing British Airways to the corner and within two years we’d become an attractive proposition for franchising and one resource I needed which was key to ensuring that British Airways...would be interested is to show them our investors are very successful international, high net-worth individuals with... unwavering commitment.” He also needed to persuade the British government to designate his company as its national carrier to Lebanon under the bilateral agreement, which he successfully did through partnering with business angels worth over £500 million each. Subsequently, IO exploitation categorically requires stakeholder support (Rice, 2002) and a capable management team (Choi and Shepherd, 2004), displayed by R8’s competitive advantage-generating resources being proficient investors and employees, respectively.

Human capital resources therefore proved to be important for effective exploitation. The majority of respondents who had employees claimed that this formed their competitive advantage. Consequently, R3 based part of his business in Southern England near pharmaceutical MNEs in order to access a larger talent pool. R1, R2, and R8 valued their salespeople in particular; hence, they invested significantly in the training of such employees. This seems logical, as sales teams are essentially responsible for closing deals on prospects. Additionally, host country-specific resources were key: R4 is currently establishing a WOS in the U.K. due to the generally higher skillsets of marketing personnel than in India. R7 reinforced this: “I need someone to coordinate the entire process of making that product...international...it is purely down to people power.”

As previously mentioned, across the sample there was a constant theme of the need for networks and partners, with all the respondents entering partnerships of some kind to exploit IOs. Such partnerships helped compensate for their initial bootstrapped ventures and lesser knowledge bases. Through partnering with local companies, R1 was able to identify specific tooling required to service each market. For example, in Africa his company operates Toyota Land Cruiser vehicles as opposed to Volkswagen Transporters in Europe owing to the general lack of infrastructure in the former region. Concerning an IO in India, R2 altered his strategy through entering a joint venture with a local firm due to intense bureaucracy and formalities *vis-à-vis* exportation (customs and duties of 40%). Furthermore, since his product in India is physical hardware, he could produce locally for 40% cheaper. R2 also indicated that acquiring complimentary third party resources abroad enabled easier exploitation of further IOs: “We have gained...a faster route to market in that part of the world, which makes it more straightforward to launch a product in India or the U.S. We now have the resources in terms of contacts.”

Such foreign partners, in turn, provide cultural intelligence through their superior insights. For instance, R5 emphasized the pursuit of local input where possible: “We never would have identified these cultural differences had we not had channel partners... seek third party help... find partners in those countries who can help you not just penetrate but identify opportunities and challenges.” He initially focused on English-speaking countries, using the U.K. as a beachhead for Europe. This reinforces Erramilli and Rao’s (1993) findings whereby SMEs initially enter countries culturally similar to their domestic market. Correspondingly, this also aligns with gaining insights into foreign markets (via partners) to reduce internationalization risk, facilitating superior IO exploitation (Slater and Narver, 1995). Again, R2’s Indian operations are an example. Networks and partners thus offer intangible and tangible assets that an entrepreneur could not cultivate by themselves.

Following this, high levels of trust between the entrepreneur and partner are vital for effective IO exploitation (Uzzi, 1996), which we found to be reflected by the whole sample. Trust nurtures partnerships and critically determines whether they are successful. Rapport building was thus essential to all the respondents in order to form successful partnerships. R1 exaggerated the need for international entrepreneurs to build lasting relationships; a long-term view that R8 mirrored in his strategy, tripling his number of aircraft and increasing his number of staff from 65 to 250 within two years, thus receiving a Queen’s Award for Enterprise. Therefore, the act of networking is also vital to IO exploitation to form partnerships in the first place. R4 used online platforms such as LinkedIn, networking forums, and trade and investment portals. However, most interviewees stated that face-to-face interaction with partners was better; hence R4 also chose one month each year where he travelled abroad to gain a better understanding of foreign markets and meet potential partners. In R5’s case, his product was a function of approaching over 100 different industry professionals abroad and pitching them his idea.

We find that without social and human capital, an entrepreneur will struggle to solidify positions in foreign markets and achieve successful internationalization. This supports findings that networks and partners are instrumental for exploiting IOs (Mort and Weerawardena, 2006). Partnerships are shown to mitigate initial resource constraints (March, 1991) and boost cultural intelligence (Thomas and Inkson, 2009). Owing to a lack of prior market entry practices (Sharma and Blomstermo, 2003), many respondents experimented with IOs by testing markets and combined their resources with third parties. For example, R6 stated that most of her learning came through testing IOs and making mistakes, whereas R2 learned by implementing a pilot product in India. Through experimentation, R6 worked out the optimum times to work in Germany and Brazil, thereby gaining augmented cultural intelligence. She raised an interesting point that for effective IO exploitation to transpire, one must

not reproduce their local mind-set or way of thinking: “It’s getting rid of where you come from and understanding where you are going to...knowing who you should talk to and how...usually people don’t adjust...having this cultural intelligence...it’s the main asset in my opinion when you want to internationalize.” R8 carried out testing through focus groups to identify sales demand and experimented relentlessly (“every week”) so as to find a way to gain airport slots at London Heathrow. Eventually, he attained slots free of charge due to EU law encouraging the breakdown of monopoly operations in the airline industry along with governmental resources (including the Lebanese CAA) facilitating the grants of licenses and permission of flying rights.

Innately, personal capital was found as being instrumental to IO exploitation, with all the interviewees clearly displaying astuteness, tenacity, and determination. R3 stated that one needs to be able to prove integrity at the outset: “A VC [venture capitalist] invested about £20 million...that literally came from the first phone call...you’ve got to be able very quickly to prove your credibility.” Through internationalization, the respondents were able to augment their resources and such credibility. For instance, R6 gained intellectual as well as social capital: “It’s learning, it’s connecting, it’s expanding my horizons, and building something unique...it’s an intangible asset but it’s very valuable.”

Organizational capital was also of paramount importance across the sample. For example, R7 invested in superior automation software so as to increase her exporting and sales volume through effective back-end handling. R1 agreed with this; hence he continually updates his company’s software, having spent “half a million dollars” on such assets over the past two years. Organizational capital too had a profound effect on the timing of IO exploitation. Since R3 had a patented product, this made it inimitable for a period of 20 years thus encouraging faster exploitation. Essentially, he stated that when operating an intellectual property based business, the quicker business develops a product while the longer one has to commercialize it and procure peak sales. Our study thus validates conclusions that such hurried exploitation creates first-mover advantages (Lieberman and Montgomery, 1988). Since he had a patent, this supports the fact that inimitableness makes a competitive advantage sustainable (Barney, 1991), extends a product’s lead time (Robinson and Fornell, 1985), and provides first-mover advantages through an exclusive market position (Huff and Robinson, 1994). Conversely, the exploitation time frame for R5 was irrelevant, as more time would not have translated into a superior product given its low-tech nature and minimal intellectual property. Nonetheless, there must be sales demand for the patented asset in the first place.

Lastly, consistent with novelty intensifying an entrepreneur’s doubt over a good or service (Sapienza and Gupta, 1994), we find that newness makes it challenging to form partnerships and generate interest among investment communities. For example, R4 was a first-mover and early-

mover in India and the U.K., respectively, making it difficult to strike partnerships and generate interest amongst investors owing to his products' novelty. In contrast, R3 stated that newness did not affect the speed of entry, which was, in his opinion, determined by how fast one can develop a product inclined by the amount of financing available. This opposes Sapienza and Gupta's (1994) notion that opportunities with low degrees of novelty enable faster exploitation, which may be due to R3 being the only respondent with a patented (and therefore wholly inimitable) product. As patents construct a legal position, only the proprietor can exploit the patented discovery for a limited period of time (Choi *et al.*, 2009). Consequently, this encourages faster exploitation to benefit from being a monopoly provider throughout that period.

## 5.0 Conclusion

Our study draws on and synthesizes the research-based view (RBV) with opportunity-based theory (OBT) to examine the impact of resources on IE. Through exploratory study, we empirically show that resources impact and shape IO recognition, evaluation, and exploitation—albeit in different ways. Individual, organizational, and social resources benefit IO recognition (Baum *et al.*, 2015) with one's access to information regulating the process. Moreover, superior knowledge bases and networks increase entrepreneurs' chances of recognizing lucrative IOs. Indisputably, IO evaluation is predominantly governed by entrepreneurs' personal capital as they make judgment decisions on the fit between their resources and recognized opportunities. Yet, providing networks and partners are effectively utilized, social capital will markedly influence such evaluation owing to superior resource recombination. If trust is present, social capital is the domineering resource that enhances IO exploitation, owing to the greater reserves and stakeholder support it offers. Our findings therefore provide valuable insights for international entrepreneurs by highlighting the critical importance of reliable partnerships and networks on top of their personal capital. At present, increasing globalization and access to information empowers one to indulge in global interaction processes, augment their cultural intelligence and pursue successful IO recognition, evaluation, and exploitation.

## 5.1 Implications

Consistent with IE literature, we suggest that entrepreneurs pursuing internationalization should aim to expand their networks as gaining pivotal third party resources offer broader opportunity sets. Engaging in networking activities increases exposure to information channels, leading to successful IO recognition and evaluation. Furthermore, it can also lead to effective IO exploitation by igniting the formation of partnerships. This study verifies the importance of international entrepreneurs entering partnerships for many reasons, namely risk mitigation via third party capital and knowledge of foreign markets. Thus, resource-constrained

firms are advised to enter global partnerships, providing they are reliable, suitable, and generate synergies. However, to recognize such IOs in the first place, one must possess a certain level of general human capital. Advanced education and experience have been demonstrated as translating into superior IO recognition, evaluation, and exploitation. Accordingly, entrepreneurs are encouraged to augment their cultural intelligence—along with their employees—through pertinent teaching and experimentation. This is vital given the recent shift of firms deriving competitive advantage from the effective management of employees rather than technology and strategic positioning (Pfeffer, 1994). Moreover, cultural astuteness and linguistic skills have been deemed as instrumental in evaluating and exploiting IOs. National culture dimensions (Hofstede *et al.*, 2010) and distance measures (Kogut and Singh, 1988) provide a general conceptual base to help determine foreign market entry and management modes. Yet, as shown, entrepreneurs learn most by doing, adapting strategies accordingly. Throughout the entire internationalization process, methodical research is recommended. Understanding of international markets and intercultural competence reduce novelty and uncertainty of IOs, facilitating faster exploitation. Ultimately, building a sufficient knowledge base is essential for one to identify opportunities, assess them against apposite measures, and realize their commercialization across national borders.

## 5.2 Limitations and Future Research

As previously mentioned, this study's qualitative methodology may inherently be seen as lacking empiricism and rigor (Krefting, 1991; Morse *et al.*, 2002); hence, quantitative aspects could be introduced. Furthermore, time restrictions meant that it was only possible to interview a relatively small sample size composed of 75% men; therefore the sample may not be as representative as one would wish. Thus, future research should replicate this study on a larger scale and include more female respondents. Since individuals' education can shape entrepreneurial action (Davidsson and Honig, 2003), interviewing respondents predominantly from the same university may have reduced such representativeness, further owing to analogous human capital. Prospective research efforts could accordingly focus on individuals with vastly different educational backgrounds. Likewise, interviewing entrepreneurs operating in the same industry would prove beneficial, allowing better comparisons vis-à-vis IO recognition, evaluation, and exploitation. Within our study, directly comparing the respondents' actions, behaviors, and internationalization methods was difficult as they all operated in diverse industries with products differing in nature. Lastly, given that entrepreneurial behaviors differ among cultures (Jones *et al.*, 2011), future studies should investigate the connection between international entrepreneurship and the two practical facets of cultural intelligence and language. While education levels have been shown to play a significant role in IE, no research has

solely focused on language, a practical aspect of national curriculums. This can be achieved through studying entrepreneurs of specific cultures and linguistic abilities.

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