Extending definitions on international entrepreneurs: the case of cross-cultural capital

Valerie J. Lindsay
*University of Wollongong*, valerielindsay@uow.edu.au

Kathy Ning Shen
*University of Wollongong*, kathys@uow.edu.au

Follow this and additional works at: https://ro.uow.edu.au/dubaipapers

**Recommended Citation**
https://ro.uow.edu.au/dubaipapers/668

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au
This study is motivated by two important research questions in the overlapping fields of entrepreneurship and international entrepreneurship. The first question relates to our lack of knowledge of how entrepreneurial firms evolve to become international, and then sustain international growth (Zettinig & Benson-Rea, 2008; Jones et al. 2011). The second, related, point concerns the question of how cultural and cross-cultural studies contribute to the various domains identified within the international entrepreneurship field (Coviello et al., 2011; Jones et al., 2011). We approach these questions by focusing on the role of cross-cultural capital in developing entrepreneurial capital as redefining the venture on the basis of cross-cultural (and international) resource endowment, may provide insights into both questions and extend the boundary of existing understanding of international entrepreneurship. Particularly, in this study, we address the following three research questions: First, how do entrepreneurs develop and draw on their entrepreneurial capital for new venture creation? Second, what is the role of an entrepreneur’s cross-cultural capital in this process? Third, given that a domestic entrepreneurial venture can have embedded in it substantial and tangible cross-cultural elements attained from the entrepreneur’s experience in a foreign country, and draw value from these elements, at what point, theoretically, does the transition from domestic to international venture take place? And, from a closely related perspective, where does this position the boundary between entrepreneurship and international entrepreneurship?

Entrepreneurial capital (EC) (also referred to as entrepreneurship capital) has been used to examine entrepreneurship, particularly with respect to its contribution to national or local economies. Originally applied at the national or regional level, EC has been also applied at the individual level (Jiao & Robinson, 2010; Erikson, 2002), encompassing the closely related and interacting dimensions of human capital, social capital, and entrepreneurial proclivity (or entrepreneurial orientation) (Jiao & Robinson, 2011). Existing evidence also confirm the positive impact of EC at the individual level on creativity, venture formation, venture performance, and innovation. When exposed to an international environment, an entrepreneur will acquire cross-cultural capital from the social and human capital developed in the foreign country concerned.
EC provides a relatively comprehensive lens to examine the cross-cultural capital's impact and indication.

Given the limited research on cultural influences on entrepreneurship, we conducted an exploratory research using in-depth interviews to investigate the research questions. The geographic context of our study is the United Arab Emirates (UAE). The UAE is interesting in that it is a country which hosts many cultures, because of its exceptionally high expatriate population. However, there is a strong desire among Emirate nationals to retain and build the indigenous culture, particularly in their young people. At the same time, there exists a drive to facilitate knowledge and understanding of the UAE and broader Arab culture among the non-Arab population in the country. This study explores how two Emirati national entrepreneurs in the UAE sought, on the one hand, to strengthen their culture within the Emirati population, and, on the other hand, to build cultural understanding among the non-Arab expatriates. Both entrepreneurs achieved their aims by drawing on their own international and cross-cultural experiences, and acting as ‘cross-cultural bridges’ within their home country. The kind of ‘cultural bridging entrepreneur’ that we have described in our case studies not only succeeds by incorporating international and cross cultural capital into the entrepreneurial process, but also creates new ventures that make different cultures accessible to different audiences. These ventures succeed because the entrepreneur is able to speak from the voices of each culture, so that each is understood in the relevant cultural contexts.

Drawing on two case studies on entrepreneurship, we begin our study by using an entrepreneurial capital approach to explore how each of the case entrepreneurs developed their ventures, also highlighting the individual characteristics they displayed. In our initial review of the cases, the role of cross-cultural capital (CC) (which we define as cross-cultural knowledge and experience, resulting from the entrepreneurs’ human capital and social capital gained largely in a foreign market) emerged as a key element in the opportunity recognition and venture formation process, as well as in the nature of the ventures created. Given this observation, we then explored the cross-cultural dimension in more depth, in order to ascertain its influence on the venture development process. The findings lead to a discussion of the theoretical implications of cross-cultural capital in the context of entrepreneurship, considering both the entrepreneurship
and international entrepreneurship literatures. While authors call for greater attention to be paid to the entrepreneurship side of international entrepreneurship (Keupp & Gassmann, 2009; Jones et al, 2011), our study brings to light the issue of the domestic/international venture interface. In other words, what kind of international involvement is necessary for an entrepreneurial new venture to be an international new venture, or, indeed, for entrepreneurship to become international entrepreneurship?

Our study contributes to the literature in four main ways. First, we add to the limited number of studies that apply the EC construct at the level of the individual entrepreneur (Jiao and Robinson, 2010). We specifically explore the role of cross-cultural capital (deriving from social and human capital) in the process of opportunity recognition and venture creation. Second, our study contributes to the call for further research on cross-cultural studies in the international entrepreneurship field (Coviello et al, 2011). In so doing, we cast light on how entrepreneurial ventures may transition to become international ventures, and thus highlight the theoretical and definitional issues at the interface between domestic and international entrepreneurship - a territory, as yet, little explored (Jones and Coviello, 2011, Rasmussen et al, 2012). Third, in a similar vein to the typology presented by Rasmussen et al (2012), we offer a conceptual framework that provides additional perspectives in defining the boundaries between and within the domestic and international entrepreneurship fields. Fourth, we contribute to the relatively small, but increasing, body of research on entrepreneurship in developing markets, following calls for more work in this context (e.g. Kshetri and Dholakia, 2011; Rauch, Wiklund, Lumpkin and Frese, 2009).

PAPER 4
Entrepreneurs and their networks in MENA: 14 country comparison on gender effects


Wright, M., Clarysse, B. & Mosey, S. 2012: Strategic entrepreneurship, resource orchestration and growing spin-offs from universities, Technology Analysis & Strategic Management, 24:9, 911-927


