VENTURING FROM EMERGING ECONOMIES TO DEVELOPED ECONOMIES: THE OTHER WAY AROUND (SUMMARY)

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SUMMARY

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Principal Topic

The internationalization of entrepreneurial start-ups from emerging economies (EE) to developed economies (DE) remains an unfilled gap at the intersection of the literature between International Entrepreneurship and strategy research in EE. International Entrepreneurship research (McDougall and Oviatt, 2000) to date has largely focused on start-ups based in DE. Strategy research on EE has mostly dealt with foreign entrants entering EE as well as domestic competition within EE (Hoskisson et al., 2000). There is relatively little research on the internationalization of firms based in EE (Wright et al., 2005), and to the extent that such limited research exists, the focus has been on the large firms (Child and Rodrigues, 2005; Mathews, 2006; Tung, 2005). Clearly, there is a gap in our understanding of how small, entrepreneurial firms based in EE internationalize to DE. This route of internationalization is risky and challenging (Jones and Coviello, 2005; Luo and Mezias, 2002); yet precisely because of that, it presents potential room for “the identification and exploitation of previously unexplored opportunities,” which is a widely accepted definition of entrepreneurship (Hitt et al., 2001; Shane and Venkataraman, 2000).

The level of internationalization examined here is beyond exporting. We focus on EE-based start-ups which engage in foreign direct investment (FDI) in DE. Some evidence suggests that in the long run, FDI may be “potentially a more competitive way than exporting for operating in international markets” (Lu and Beamish, 2001). Why and under what conditions do start-ups from EE seek and derive significant advantage from internationalizing into DE? Are particular industries likely to foster certain start-ups to enter DE? What are the key resources and capabilities behind such overseas venturing? How does the institutional environment at home and abroad shape such internationalization? We address these questions by developing a comprehensive framework based on the three leading perspectives on strategy – industry-based, resource-based, and institution-based views. A series of propositions are generated to explore the underlying logic behind start-ups’ entrepreneurial venturing from EE to DE, the other way around. By identifying a previously unexplored gap and by developing a comprehensive framework to advance research on EE-based start-ups’ venturing into DE, this article distinguishes itself by its timeliness and comprehensiveness.

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