

СЕКЦИЯ «ИННОВАЦИОННАЯ ЭКОНОМИКА И ЭКОНОМЕТРИКА»

Internationalization and International New Ventures: How to Internationalize a Small Business

Тимофеева Людмила Юрьевна

Студент

Сибирский Федеральный Университет, Институт Экономики, Управления и

Природопользования, экономический, Красноярск, Россия

E-mail: tmilya@mail.ru

With globalization taking place and the borders gradually diminishing, there is the whole new scope of opportunities for entrepreneurs to go, or even start, global. Now companies do not have to stay local and then go global; they, on the contrary, can simply “from their inception, engage in international business, thus viewing their operating domain as international from the initial stages of the firm’s operation” (Mc Dougall, 1989, p. 387-399). Entrepreneurs’ desire to start global right away is thus in line with the trend for international entrepreneurship. Modern entrepreneurs can be risk-seeking and proactive, however, they also need to adopt innovative behavior and develop the above characteristics combined in their organizations (McDougal & Oviatt, 2000).

To have what it takes to become an international entrepreneur, one, has to have such necessary entrepreneurial traits as understanding the importance of individuals, desire to achieve, ability to embrace change, high tolerance for ambiguity, ability to establish a vision, high level of integrity (Hisrich, 2010). It is considered that the ability to exploit and identify international business opportunities by an entrepreneur is one of the major factors for success of an international new venture (Dimitratos and Jones, 2005). One needs to combine home country values with cross-cultural competence and apply these to international business opportunity identification (Muzychenko, 2008). There are such important elements as understanding differences in networking behaviour across cultures, awareness of cultural differences in the behaviour of investors, ability to exert global vision by detaching oneself from business thinking delineated by a single country or culture (Muzychenko, 2008). People exhibiting such traits, in line with Olga Muzychenko’s research, have a potential to “build and develop a cross-border network of experts and entrepreneurs internationally; use foreign investors in order to gain access to new networks and in this way develop international vision, being open to global opportunities; have creativity and be in favor of trial-and-error learning, “create wealth by reconciling conflicting cultural values” (Muzychenko, 2008). Nowadays individuals can also discover opportunities due to “intellectual internationalisation” by embracing local cultural and market structures and seeing new combinations as a result” (Geursen & Dana, 2001). An entrepreneur should keep encouraging developing such traits as proactiveness, commitment and international vision not only in his or her personality, but also in the organization as a whole (Nummela et al., 2004).

Theories concerning traits and management characteristics cannot explain how one can actually internationalize as entrepreneurs still often lack resources and experience sufficient to reach the world markets. Traditional companies have invested time and money in subsidiaries and marketing channels, which new entrepreneurs do not have in sufficient amounts.

What are the pre-requisites of a born-global company? “The born globals should have either unique technology and/or superior design or innovative product/service, or know-

how, systems or other highly specialized competence.” (Gabrielsson, 2004, p. 557) It might be thought that mostly high-technology companies can be born-globals; this is not the case, however, as empirical evidence shows that there are fast-growing born-globals in all industries (Rennie, 1993). What can help one have a sustainable international new venture are 4 elements: internationalization of some transactions, alternative governance structures, foreign location advantage and unique resources (Oviatt, 1994). One needs to utilize alternative governance structures and such distribution channels hybrid structures as close relationships, network partners, etc. (Gabrielsson, 2004) To make a company grow and flourish fast, one needs to find the channels for the goods that have global reach and deliver large enough revenues and cash flow rapidly (Gabrielsson, 2004).

As one’s company is ready to be a born-global, it can have two steps of internationalization: early internationalization and international growth. At first, one should gain access to global business and can rely on dyadic relationships to internationalize quickly, then, however, one needs to move to multilateral network relationships to take a step to international growth (Sasi & Arenius, 2008). One can attempt to internationalize more effectively by using such channels as MNCs as systems integrators and distributing products/services, one can also use networks and internet, or a combination of these. (Gabrielsson, 2004). Marketing alliances with MNCs can help in providing marketing resources. One should pay close attention not to become way too dependent on the MNC relationship and, rather than being unknown to customers, one should keep developing the brand through the MNC, in order to, over time, gain bargaining power and create boosting revenues using the brand.

Should one find it too difficult to engage in a long-term relationship with an MNC right away, say, due to conflicts with MNCs or non-sufficient revenues due to low bargaining power, and considering that most new entrepreneurs do not have sufficient exporting expertise, one might find it useful to choose to first premise the company on virtually-instant global entrepreneurship (Katz, et al., 2003). This way one, even when starting to produce only in the home country, can instantly sell internationally. Virtual Global Instant Entrepreneurship (VIGE) can create a setting (VIGE Supportive Marketplace, or VSM) (Katz, et al., 2003) that can instantly, at a low cost and with low risk, without any external expert, or financial commitments, or licensing limitations, or formal government registration requirements, help a company access global marketplace, assessing in marketing, contacting clients, contracting. VSMs can help one in initial steps of becoming international as they support sales by listing, contracting, workplace, payment and dispute resolution. It might be efficient to become virtually global instantly and then get in contact with MNCs, for example, to gain customer trust and market through them, an advantage being that the already established small business can have some bargaining power. Combining VIGE with using the MNC channel as either system integrators or distributors can also help a company gain expertise and prosper.

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