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Transnationalizing entrepreneurship: a critical agenda for economic geography

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Abstract: This paper is concerned with entrepreneurship that takes place across borders, known as transnationalizing entrepreneurship, and its implication for economic-geographical research. It seeks to introduce geographers to a spatially informed synthesis and critique of two otherwise disparate strands of literature: entrepreneurship studies and international business studies. The silence about entrepreneurship studies in transnationalizing entrepreneurial activities and the relative lack of attention to entrepreneurship in international business studies are the key impetus for this paper. The 'flat surface' assumption of spatial ontology in these studies also points to a very fertile ground for economic geographers to develop new theoretical insights into the spatialities of entrepreneurship. The paper proposes a relational conceptualization of spaces of entrepreneurship and applies this relational perspective to the emerging research topic of transnationalizing entrepreneurship. Theoretical insights for cutting-edge economic-geographical research are developed in order to arrive at a critical agenda for future research.

Key words: economic geography, entrepreneurship studies, international business studies, relational perspective, theory, transnationalizing entrepreneurship.

I Introduction

We still cannot agree on a precise definition of who (or what) an entrepreneur is. We still do not have *the* theory of entrepreneurship, and perhaps we never will. But the lack of these has not prevented some truly insightful work and it need not deter creative and enthusiastic academic entrepreneurs from pursuing a critically important field of inquiry. (Thomas and Willard, 1995: 173; original emphasis)

Anyone working in the field of entrepreneurship will invariably notice the lack of precision in defining the entrepreneur and

entrepreneurship. Put in a globalizing context, it is even more difficult to define precisely who is the entrepreneur operating across borders and what is transnationalizing entrepreneurship. Dery and Toulouse (1996) and Shane and Venkataraman (2000) have described the field of entrepreneurship research as a largely fragmented space fraught with traps inherent to disciplinary introversion. This epistemological problem, however, does not necessarily prevent geographers from investigating into the topic. Over 10 years ago, Thomas and

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Willard (1995) were quite right that the pursuit of entrepreneurship studies was an 'entrepreneurial act' precisely because of the inherent problems of researching into the topic. Entrepreneurs are people who tackle problems with new combinations of methods and resources in different geographical contexts. Entrepreneurship refers therefore to the ability of actors, whether individuals or firms, to create and capitalize on different economic spaces. While some entrepreneurs work creatively within specific spatial contexts, others develop and (re)shape these contexts in which their entrepreneurial action takes place. The inherently spatial nature and significance of entrepreneurship matters in the theory of entrepreneurship.

This paper attempts to offer an economic-geographical reading of *transnationalizing entrepreneurship*, a particular form of entrepreneurship embodied in specific actors who transcend multiple spaces, territories, and scales. This emerging form of entrepreneurship is arguably different from international entrepreneurship, a field of study that tends to focus on entrepreneurial activity in different countries and pays much less attention to those entrepreneurs moving *across* spaces and territories. While this reading necessarily draws upon the very diverse literature in entrepreneurship studies and international business studies, it is firmly grounded in the recent 'relational turn' in economic geography (Bathelt and Glückler, 2003; Yeung, 2005a; 2008; Bathelt, 2006; Jones, 2008a; Sunley, 2008). The paper thus aims to make two key contributions. First, it introduces geographers to a spatially informed synthesis and critique of these two otherwise disparate strands of literature related to entrepreneurship across the border. Concluding a recent critical review of the field of international entrepreneurship, Oviatt and McDougall (2005a: 548–49) noted that 'the authors of the majority of the multiauthored articles were either exclusively international business scholars or entrepreneurship scholars. Articles that have authors from both disciplines

are unusual ... Too often, international entrepreneurship articles appearing in entrepreneurship journals demonstrate a lack of knowledge of international business theories and research. Likewise, international entrepreneurship articles appearing in international business journals demonstrate a need for greater understanding of the scholarly work in entrepreneurship' (see also Yeung, 2002a; Young *et al.*, 2003). The silence of entrepreneurship studies in entrepreneurial activities that take place across borders and the relative lack of attention to entrepreneurship in international business studies are a key impetus for an economic-geographical research agenda focusing particularly on transnationalizing entrepreneurship.

Second, this paper proposes a relational conceptualization of spaces of entrepreneurship and applies this relational perspective to the emerging topic of transnationalizing entrepreneurship. While theory development is not the overarching goal of this paper, I hope to stimulate more spatially informed understandings of entrepreneurial activity and entrepreneurship. Indeed, I argue that transnationalizing entrepreneurship is particularly important in today's globalizing world economy in which entrepreneurs are no longer bounded in their local and domestic economies. Indeed, many of them are increasingly mobile 'carriers' of globalization and their cross-border activities have become a very space-integrating and yet space-transverse force. In their innovative analysis of international entrepreneurial dynamics, Mathews and Zander (2007: 388) argued that 'in the 21st century, a case can be made that the impact of globalization is being felt as many new kinds of international new venture are emerging, and as the possibilities for networking and expanding through partnerships as well as mergers and acquisitions are growing'. Put in a geographical perspective, these transnationalizing entrepreneurs can no longer be viewed as merely *localized agents* of economic change, for they embody different spatialities of economic action and processes.

Transnationalizing entrepreneurship can be defined simply as *the exceptional qualities required in the processes of creating and sustaining particular business ventures across national boundaries by social actors*. These social actors are, of course, *transnationalizing entrepreneurs* who operate simultaneously in their home and different host countries. Some of them are 'born globals' as their business activity has a worldwide orientation and global reach upon its establishment (eg, internet companies and high-tech firms). This paper thus adopts a process definition of transnationalizing entrepreneurship and an agency definition of transnationalizing entrepreneurs.

In order to elaborate further these ideas of transnationalizing entrepreneurship, this paper is organized into four sections. The next section identifies different spatialities of entrepreneurship from a relational perspective. The focus is on all forms of entrepreneurship. This discussion is an important precursor to section III, which offers a critical review of contributions from entrepreneurship studies and international business studies to the study of transnationalizing entrepreneurship. The focus here is on recent approaches in both fields of studies that have direct relevance to transnationalizing entrepreneurship. The penultimate section offers some theoretical insights into this peculiar form of entrepreneurship across borders. My focus here will be placed on the relational creation and exploitation of transnational spaces of entrepreneurship and their potential impact on research in economic geography. The concluding section points to a critical agenda for future economic-geographical research.

II Spaces of entrepreneurship: a relational perspective

While economic geography has addressed entrepreneurship and entrepreneurial firms, earlier studies mostly focused on the local and domestic foundation of entrepreneurial activities and their impact on (small) firm formation, technological innovation, and

industrial clustering (Malecki, 1994; 1997; Appold, 2000; Nijkamp, 2003; Kenny and Patton, 2005; Kalantaridis and Bika, 2006; Parthasarathy and Aoyama, 2006; Stam, 2007). Even now, there is only limited research into and understanding of the spatial organization of entrepreneurship and entrepreneurial activity in economic geography, particularly in a transnationalizing context. As Stam (2007: 28) recently noted, 'there is no well-developed theory on the development of the spatial organization of entrepreneurial firms'. After an extensive review of the entrepreneurship literature in regional studies, Nijkamp (2003: 403) concluded that 'modern entrepreneurship in a spatial network constellation offers fascinating new research challenges'. Similarly, Kenny and Patton (2005: 225) observed that 'The economic geography of entrepreneurship and support networks for entrepreneurship is a fertile area of research for economic geography. Unfortunately, the preponderance of research in this area is being conducted outside economic geography'. Most existing geographical studies still tend to investigate entrepreneurship in relation to the local and regional environment in which founders and entrepreneurs reside. Meanwhile, an increasingly sophisticated body of geographical literature has been devoted to the study of transnational elites ranging from business executives to professionals and technologists who move constantly across borders in today's globalizing world economy (Beaverstock, 1991; Beaverstock *et al.*, 1999; Hsu and Saxenian, 2000; Zhou and Tseng, 2001; Saxenian, 2002; 2006; Ley, 2003; Faulconbridge and Muzio, 2007; Jones, 2007; 2008b; Faulconbridge, 2008; Hall, 2008). Few of these geographical studies, however, have focused on the entrepreneurial orientation and dynamics of these transnationalizing actors. Even fewer have analysed transnationalizing entrepreneurs as owners of capital and means of production. Finally, some geographers have examined the role of

specific entrepreneurs and businesspersons in international business from a historical perspective (eg, Winder, 2006). These studies, however, have not yet developed a coherent and spatially informed analytical framework for our understanding of entrepreneurship.

As the literature on *international entrepreneurship*, an emerging field bringing together multidisciplinary contributions from entrepreneurship studies and international business studies, is gathering momentum, economic geography can make a great deal of innovative theoretical and empirical contributions to this burgeoning field of study. More specifically, this new dialogue on spaces of entrepreneurship can be well situated in recent theoretical developments in economic geography towards what might be termed the 'relational turn' and the 'practice turn' (see Gertler, 2001; 2004; Yeung, 2005a; Murphy, 2006; Jones, 2008a). Despite Sunley's (2008) critique of relational economic geography as a partial understanding of the spatial economy and its tendency towards 'micro-level social processes and interactions between individual agents', the twin analytical foci on relationality and actor-specific practices in these theoretical 'turns' can shed useful light on the much-neglected topic of geographies of entrepreneurship. In particular, geographical studies of entrepreneurship can analyse entrepreneurs as actors embedded in spatialized network relations and examine how these entrepreneurial relations are set within an evolutionary and historical institutionalism as advocated by Sunley (2008). This economic-geographical approach enables us to understand not only the relational processes underscoring entrepreneurial activity, but also how these processes are shaped by different forms of institutional rules and practices described collectively by Stam (2007: 42) as the 'spatial selection environment'. It can potentially solve a major puzzle in the existing and decade-long studies of international new ventures (INVs), defined by a leading proponent Zahra (2005: 24), as 'the role of

the institutional environment and economic geography in building and sustaining INVs' competitive advantage'.

To unpack this economic-geographical approach to entrepreneurship, a more nuanced understanding of different spatialities of entrepreneurship is needed (see also Yeung, 1998; 2005b; Steyaert and Katz, 2004). Spaces of entrepreneurship can be defined as *different spatial configurations or areas constituted by ongoing relations and transactions spearheaded by entrepreneurs*. In an entrepreneurial space, there are no fixed locations manifesting themselves in physically measurable forms. Instead, locations and distances are relational and thus discursively constructed through entrepreneur-specific strategies and practice. This conception of entrepreneurial spaces therefore moves away from theorizing how entrepreneurs fill up gaps or areas in physical space (eg, locations of new ventures) to theorizing how entrepreneurs actively create and produce entrepreneurial spaces in their own images. Moreover, space and locations should not be viewed as a passive source of entrepreneurial resources 'out there' to be exploited by budding entrepreneurs. Instead, an entrepreneurial space should be conceived as an active and integral element in structuring activity formation, management, and performance. Entrepreneurial spaces map out relations within a particular set of entrepreneurs and institutions (eg, markets and states). This relational conception of an entrepreneurial space refers to the ways in which its geometry varies with specific local and translocal relations constituted by different entrepreneurs. This relational perspective, however, differs from the resource-based view of entrepreneurship in which physical space is conceived as a resource input into entrepreneurial activities and performance (Jarillo, 1989; Mosakowski, 1998; Obrecht, 2004). Entrepreneurial space is also different from the concept of entrepreneurial fields or entrepreneurial environments that define the *structural* or population

characteristics of entrepreneurs (Zahra and Garvis, 2000; Young *et al.*, 2003; Baker and Nelson, 2005). The concept of entrepreneurial field tends to suffer from the problem of boundary definition. This boundary problem is better overcome through a relational conception because there are not only locational coordinates within an entrepreneurial space (eg, actors, networks, and information repertoires) but more importantly also relational configurations (eg, spatial divisions of markets, human resources, emergent power, and decision-making capabilities). These specific attributes of entrepreneurial spaces intersect and couple with physical space to create spatially differentiated patterns of entrepreneurs and their entrepreneurial activities. This explicitly relational theorization of entrepreneurial spaces, in lieu of merely focusing on the spatial aspects of entrepreneurs in physical space, can potentially redress the bias towards location as the single most important dimension of physical space in the existing theories of entrepreneurship.

More specifically, the nature and properties of an entrepreneurial space are different from those of physical space in at least three aspects (see also Yeung, 2005b). First, unlike physical space that has definite territorial boundaries within specific countries or regions, an entrepreneurial space is only bound by the organizational capabilities and global reach of specific entrepreneurs. An entrepreneur can have a much wider and integrated entrepreneurial space than other entrepreneurs and competitors, potentially allowing him/her to tap into wider markets/resources/knowledge, to exploit significant cost differentials, and to enhance competitive performance. In this sense, territoriality in entrepreneurial spaces is highly 'stretchable' because its geographical boundary is never fixed and immobile (see also Dicken and Malmberg, 2001; Amin and Cohendet, 2004; Jones, 2008a). Several factors account for this greater 'stretchability' of entrepreneurial spaces: information, capabilities, resources, legitimacy, and so on. Entrepreneurs

with greater repertoire of information can venture beyond the physical confines of a particular regions or countries. This venturing and stretching of entrepreneurial space is supported by greater entrepreneurial capabilities in strategic planning, management structures, and operational activities. These greater entrepreneurial capabilities, to a certain extent, are an outcome of existing resource endowment controlled by the entrepreneur (eg, financial and technological assets). But they can also be an outcome of innovations that drastically transform existing market practices and, in the Schumpeterian tradition, create 'new combinations' of resources for production and marketing activities. Moreover, the stretching of an entrepreneurial space requires overcoming the problem of legitimation that refers to both the legitimacy of physical location in multiple sites *and* the legitimacy of new entrepreneurial units in relation to existing units elsewhere and other stakeholders (eg, competitors, customers, and suppliers) within the same entrepreneurial space.

Second, location plays itself out differently in an entrepreneurial space. Instead of a specific point in physical space, location in an entrepreneurial space is a *relational* concept in that it depends on ongoing entrepreneurial relations. These entrepreneurial relations can exist in different forms too: competitive, cooperative, legitimate, hostile, and so on. Locational attributes within an entrepreneurial space such as proximity and distance are highly relational, and subject to social and cognitive constructions and power relations among different entrepreneurial actors (Amin, 2002; Gertler, 2003). These relational geometries, described further in Yeung (2005a), constitute critical spaces of entrepreneurship.

Third, the concept of geographical agglomeration in entrepreneurship studies needs to be re-examined in light of these entrepreneurial spaces. Previous studies of the locational dynamics of entrepreneurship point to the significance of agglomeration

economies and geographical concentration in specific localities such as entrepreneurial spin-offs in spatial clusters (cf. Martin and Sunley, 2003). The sheer geographical co-presence of entrepreneurial actors in one physical location, however, does not necessarily mean that they have something in common or they engage in some forms of traded interdependencies in economic terms. In fact, a relational perspective on entrepreneurial spaces reveals that entrepreneurs may have divergent strategic objectives and heterogeneous resource repertoires. While entrepreneurs are co-located in the same local cluster, their linkages and transactional networks may rest with other entrepreneurs and actors outside the cluster. The geographical co-presence of entrepreneurs in one cluster may thus be explained by 'untraded interdependencies' (Storper, 1997; Storper and Salais, 1997) that refer to a variety of such non-economic reasons as local rules, conventions, and contexts that bind entrepreneurial locations. Other recent geographical studies of clusters also show the non-local nature of inter-actor linkages (see Bunnell and Coe, 2001; Coe *et al.*, 2004; Yeung *et al.*, 2006) and knowledge creation (see Bathelt *et al.*, 2004; Aces, 2008). Recognizing these spatialities of entrepreneurship therefore allows us to appreciate better the relational complexity of entrepreneurial activities across borders.

III Revisiting entrepreneurship and/in international business studies

Before we develop further theoretical insights into the emergent topic of transnationalizing entrepreneurship, it is necessary to revisit critically contributions from entrepreneurship studies and international business studies in this section. Due to space constraint and my analytical focus on the economic geography of transnationalizing entrepreneurship, this critical review is necessarily brief and concise. While both strands of literature are indeed enormous, the focus here is on their relevance for understanding the spatialities of entrepreneurship in general and

transnationalizing entrepreneurship in particular. Where applicable, a spatial critique is offered in order to expose the ontological (mis)conception of space as an unproblematic 'flat surface' for entrepreneurial activity in these studies. To begin, entrepreneurship studies have a very long tradition that stretches all the way back to Richard Cantillon in the mid-eighteenth century (see Hébert and Link, 1988; Casson, 1990a; Chell *et al.*, 1991; Livesay, 1995; Swedberg, 2000; Westhead and Wright, 2000; Aces and Audretsch, 2003; Steyaert and Hjorth, 2003; Jones and Wadhwani, 2007). Since then, the field has received continuous attention from scholars and the like, particularly economists, for the next 250 years. Apart from entrepreneurship and economic development, there are at least two other subfields in entrepreneurship studies that deserve some attention for the purpose of this paper: entrepreneurship and business venturing and, more recently, international entrepreneurship. Table 1 provides a summary of the main research themes and analytical foci in entrepreneurship studies (see also Yeung, 2002a; Busenitz *et al.*, 2003).

In one of the most significant treatises on entrepreneurship, Schumpeter (1934: 66) famously argued that a person can only qualify as an entrepreneur through one or more of the following activities: (1) introduction of a new good; (2) introduction of a new method of production; (3) opening of a new market (local or foreign); (4) conquest of a new source of supply of raw materials or half-manufactured goods (local or foreign); and (5) carrying out a new organization of any industry. To him, the function of the entrepreneur is to serve as a disruptive and dynamic force in an economy that has reached a static equilibrium. Through carrying out 'new combinations', the entrepreneur disturbs the existing static equilibrium of an economy and forces it into disequilibrium. This process, widely known as 'creative destruction', is central to the Schumpeterian entrepreneur who brings about economic change and development. Baumol (1990: 897; see also Baumol, 1993)

Table 1 Research themes in entrepreneurship studies and new insights from studies of transnationalizing entrepreneurship

Research themes	Key authors	Analytical focus	New insights from the study of transnationalizing entrepreneurship
Entrepreneurship and economic development	- Joseph Schumpeter - William Baumol - Israel Kirzner - Nathaniel Leff - Harvey Leibenstein	- Entrepreneurship as a process of creative destruction - The entrepreneur as a disruptive force to create market disequilibrium - The entrepreneur as a gap-filler to create X-efficiency and market equilibrium - Unproductive entrepreneurship	- Transnationalizing entrepreneurship in global competition - Transnationalizing entrepreneurs and the development of external economies - Institutional structures and entrepreneurial resources in home and host countries - Impact of transnationalizing entrepreneurship in host countries
Entrepreneurship and (international) business venturing	- Patricia McDougall - Benjamin Oviatt - Zoltan Acs - Pavlos Dimitratos - Robert Hisrich - Marian Jones - Benyamin Lichtenstein - Chang Moon - Newman Peery - Shane Scott - Chris Styles - Paul Westhead - Mike Wright - Shaker Zahra	- Formation and growth of small businesses in localities and regions - Technological innovations and international expansion of small firms - Strategic change and the performance of international new ventures - Entrepreneurial values and the implementation of international new ventures	- Formation and growth of transnational businesses, small or large - Transnational innovations and acquisitions of technologies, expertise, and strategic assets - Promotion of entrepreneurship in foreign subsidiaries and actor networks - Differentiating entrepreneurial culture in parent companies and foreign subsidiaries
Comparative entrepreneurship	- Sue Birley - Leo Dana - Ian MacMillan - Patricia McDougall - Stephen Mueller - Benjamin Oviatt - Vincenzo Pisano - Anisya Thomas	- Entrepreneurs in a comparative and international context - Entrepreneurship across international boundaries	- Entrepreneurship in international business activity - Institutional influence on entrepreneurship across borders

further extended Schumpeter's analysis and added several conditions that may contribute to what he called 'unproductive entrepreneurship': (1) innovations in rent-seeking procedures; (2) bad corporate manoeuvres: corporate litigation or leveraged takeovers that do not divert entrepreneurial talents into more productive channels.

A second and related subfield in entrepreneurship studies is concerned with the role of entrepreneurship in business formation and venturing by focusing on the emergence of small and large entrepreneurial firms, the international expansion of these firms, and the performance and implementation of new venture internationalization (see Table I). In the entrepreneurship and business venturing literature, the entrepreneurial firm is often referred to as a small business (see Wright *et al.*, 2007).¹ This bias towards small firms can be dated back to Schumpeter (1942) who argued that as business organizations get bureaucratized and larger over time the functions of entrepreneurs in these organizations will cease to be important in their growth and expansion (see also Rothwell and Zegveld, 1982). Studies in business venturing therefore concentrate largely on the formation and growth of small firms, often in their *home countries*. Another strand in studies of entrepreneurship and business venturing attempts to link the international expansion of firms to the Schumpeterian entrepreneur. The key explanatory variable is the ability of entrepreneurs in recognizing market and technological potential and distributional possibilities through *international* expansion (see Table I). This evolving and relatively recent strand of literature thus examines the performance and implementation of new venture internationalization (McDougall, 1989; McDougall *et al.*, 1994; McDougall and Oviatt, 1996; 2000; Rialp *et al.*, 2005; Mort and Weerawardena, 2006; Styles and Seymour, 2006). A basic hypothesis is that new venture firms with management strategies and structures tailored for the international market are more likely to benefit

from internationalization than those catered to the domestic market. As this area of entrepreneurship studies is still relatively young,² no doubt a reflection of the early internationalization of many new ventures, there are other unexplored factors and variables that can influence the performance of these new international ventures (Zahra, 2005). The spatialities of entrepreneurship in an international context are clearly important here.

A third and more recent addition to entrepreneurship studies is the comparative analysis of entrepreneurship in different national and regional contexts (eg, Birley and MacMillan, 1995; 1997; Hisrich *et al.*, 1997; McDougall and Oviatt, 2000; Thomas and Mueller, 2000; Dana, 2004; 2008; Oviatt and McDougall, 2007; Pisano *et al.*, 2007). This group of studies brings together diverse range of theoretical and empirical studies conducted in specific countries and/or regions. Examining how entrepreneurial actions and resource endowments vary across countries, these studies are different from studies of international entrepreneurship reviewed earlier. The latter group of studies addresses specifically the formation and performance of new international business ventures or the internationalization of small and medium enterprises. Although they aim explicitly to be comparative, many studies of entrepreneurship in an international context remain essentially sector- or country-specific studies and offer few lessons for comparative purposes (eg, chapters in Dana, 2004; 2008; Lafuente *et al.*, 2007). Two leading scholars of international entrepreneurship thus recognized that 'there are two branches to the study of international entrepreneurship, one focusing on the cross-national-border *behavior* of entrepreneurial actors, and another focusing on the cross-national-border *comparison* of entrepreneurs, their behavior, and the circumstances in which they are imbedded' (Oviatt and McDougall, 2005a: 540; original emphasis).

As summarized in Table 1, entrepreneurship studies have evolved as a distinct and disparate field of intellectual inquiry over the past century. These studies have illustrated some of the most important dimensions and attributes of entrepreneurship (cf. Parthasarathy and Aoyama, 2006; Stam, 2007) and shed light on the role of networking in enhancing entrepreneurship within specific social and institutional contexts (cf. Kenny and Patton, 2005; Kalantaridis and Bika, 2006). The more recent emphasis on the international dimensions of entrepreneurship also proves to be an extremely fruitful avenue for research in an era of accelerated globalization. There are, however, some serious 'blind spots' in these entrepreneurship studies. For the purpose of this paper, a key weakness in this literature is the lack of a fuller appreciation of the ontological significance of space *and* the difference space makes to entrepreneurial formation and processes. In the more nationally orientated strand of the entrepreneurship literature, local and regional differences in entrepreneurship are analysed in relation to the *location* of different resource and institutional endowments. Space serves merely as the backdrop in which different entrepreneurs mobilize these endowments strategically for different business ventures. This 'flat surface' view of the spatialities of entrepreneurship underestimates the profound variations of space in its multiple *relational* forms; it leads to an absence of a geographical imagination that allows for an understanding of the transcendental and space-transverse nature of entrepreneurship. On the other hand, the more 'internationally' orientated studies of entrepreneurship have committed the same spatial fallacy in assuming unequivocally that the global space of entrepreneurship can be simply broken down into different territorial units known as nation states. This international approach to (comparative) entrepreneurship studies clearly misses the crucial point that entrepreneurs are important actors in (re)producing

new relational spaces through their transnationalizing entrepreneurial activity in today's globalizing era.

This increasingly transnational nature of business brings us to another major field of academic inquiry known as *international business (IB) studies* that has made substantial contributions to explaining and managing the transnational corporation (TNC), the central economic agency of global business and production (see also Peck and Yeung, 2003; Dicken, 2007).³ Any cursory review of IB studies, however, shows that there is unfortunately little room for the entrepreneur and entrepreneurship (see McDougall and Oviatt, 2000; Yeung, 2002a; Young *et al.*, 2003; Oviatt and McDougall, 2005b). Mainstream IB studies are primarily concerned with the formation, entry modes, operations, and performance of transnational corporations (see Dimitratos and Jones, 2005a, for an exception). As Mathews and Zander (2007: 392) have recognized recently, international entrepreneurial dynamics have somehow "slipped through" the net of traditional IB research and frameworks' that are mostly based on comparative static and transaction cost reasoning (see also Zahra *et al.*, 2004). To them, '[t]he point about the new species of multinationals is that their creation and evolution into global players has been imperfectly captured by the existing IB literature. At the more fundamental level, the IB literature has tended to downplay the processes surrounding new firm formation and early evolution, and instead has contemplated mainly the nature of MNEs [multinational enterprises] as already established and mature entities' (Mathews and Zander, 2007: 391). In the remaining space of this section, I attempt to review critically three strands of the IB literature related to the role of entrepreneurs and entrepreneurship (see Table 2): (1) the entrepreneurial decision model of TNCs; (2) corporate entrepreneurship and subsidiary initiatives; and (3) impact of TNCs on domestic entrepreneurship.

Table 2 Research themes in international business studies and new insights from studies of transnationalizing entrepreneurship

Research themes	Key authors	Analytical focus	New insights from the study of transnationalizing entrepreneurship
Entrepreneurial decision model of transnational corporations	• Mark Casson • Anthony Scaperlanda • Richard Wright	• The entrepreneur as a specialist in making judgemental decisions in foreign operations • International business activities as a result of entrepreneurial decisions and information asymmetry – transaction costs	• Differential risks and opportunities in different spatially contingent business systems • The role and internalization of transnational entrepreneurial endowments and resources • International business activity as a process of enrolling into foreign actor networks
Corporate entrepreneurship and subsidiary initiatives	• Julian Birkinshaw • Neil Hood • Bing-Sheng Teng • Daphne Yiu • Stephen Young	• Dispersed corporate entrepreneurship • Focused corporate entrepreneurship • Subsidiary initiatives as dispersed corporate entrepreneurship • The role of proven resources in enhancing subsidiary initiatives	• The role of social processes in parent-subsidiary relationships • The role of differential power relations and actor-specific practices • Institutional influence on parent-subsidiary relationships • Incentive structures, professional management, and entrepreneurial performance in transnational operations
Impact of transnational corporations on domestic entrepreneurship	• Michael DiConti • James Jesudason • Raj Brown	• Crowding out of domestic entrepreneurship by foreign TNCs • Potential spin-off and linkages from TNCs to promote domestic entrepreneurship	• Transnationalizing entrepreneurship as an avenue for entrepreneurial development in both home and host countries • Entrepreneurial experience in international business and management • Transnationalizing entrepreneurship and its relationships with TNC customers

One of the most significant IB contributions to the study of entrepreneurship is Casson's (1985; 1990b) *entrepreneurial decision model of the TNC*. To him, an entrepreneur is defined as 'someone who specializes in taking judgemental decisions about the coordination of scarce resources' (Casson, 1982: 23; emphasis omitted). Information flows and decision-making are associated with entrepreneurial activity at the various stages of the growth of a TNC:

An entrepreneur may believe that there is an entire field of economic activity in which there are many unexploited opportunities for coordination, and will continue to be so for some time. His [sic] judgement is that if only the right people were directed to these areas, then very large profits could be made. He does not have the depth of information required to recognize and exploit these opportunities himself. What he does have is information which, if made available to people with more specialized knowledge, would enable them to exploit them. (Casson, 1982: 214)

His analysis of the internationalization process of the TNC focuses on the channels through which the entrepreneur acquires information about potential overseas markets. The dynamics of both horizontal and backward integration by TNC activities are explained by the abilities of entrepreneurs to acquire appropriate information and skills to overcome market barriers to entry, and to protect firm-specific proprietary knowledge. This decision model of entrepreneurship and foreign direct investment draws its theoretical inspirations from transaction costs-based internalization theory of international business activities (see Buckley and Casson, 1998; Casson, 2000; David and Han, 2004). To a certain extent, it complements Scaperlanda's (1994) perspective on the Schumpeterian entrepreneur and TNC expansion that ascribes exceptional qualities to the Schumpeterian entrepreneur to recognize opportunities for overseas expansion.

A relatively recent drive towards understanding the role of subsidiary initiatives in the

global reach of TNCs has led to an integration of studies of *corporate entrepreneurship* and international business (see Table 2). In particular, Birkinshaw (1997; 2000) has drawn upon ideas of corporate 'champions' (Schon, 1965) and corporate entrepreneurship in the strategic management literature to advance his empirical studies of the role of subsidiary initiatives in the global firm (see also Birkinshaw and Hagström, 2002; Dunning and Boyd, 2003; Birkinshaw *et al.*, 2005). In brief, the corporate entrepreneurship literature recognizes that there is 'an individual with considerable power and prestige in the organization, who knows how to use the company's informal system of relationships, and whose interests extend not only to the new technology embodied in the product which he [sic] is championing, but include also the marketing, production and financial aspects essential to the product's development' (Rothwell and Zegveld, 1982: 94). The premise here is that 'every individual in the company has the capacity for both managerial and entrepreneurial behavior *more or less simultaneously*' (Birkinshaw, 1997: 209; original emphasis). It allows a latent dual role for every employee, consisting of the management of ongoing activities and the identification and pursuit of new opportunities (cf. Schoenberger, 1997; Gertler, 2003; Grabher and Ibert, 2006; Jones, 2007; 2008b). Barringer and Bluedorn (1999) found that a firm's entrepreneurial intensity is influenced by the nature of its strategic management practices (see also Stopford and Baden-Fuller, 1994). More recent studies of corporate entrepreneurship tend to focus on resource gaps and strategic options available to entrepreneurial firms (eg, Teng, 2007; Yiu *et al.*, 2007).

Another recent strand of the literature on parent-subsidiaries relationships focuses on the role of *subsidiary initiatives* within a TNC's investment portfolio. The importance of these initiatives for research and management is that 'many corporations appear to neglect the creative potential of their subsidiaries. Thus, subsidiary initiative may be a relatively rare and under-researched

phenomenon but its potential value to the MNC is high' (Birkinshaw, 1997: 208; Birkinshaw *et al.*, 2005). These studies have moved away from such questions as how to control and coordinate foreign subsidiaries (eg, Kostova and Roth, 2002). Instead, they ask what is the role of foreign subsidiaries in the overall strategy of the TNC. Various typologies capturing the role types of foreign subsidiaries have been proposed (Table 3; see also Dicken, 2007). A local implementer, for example, is expected to have only limited geographical, product and value-added scope (Birkinshaw and Morrison, 1995; Birkinshaw, 1996). Its existence is merely to localize the global strategy predetermined by the parent TNC. There is not much scope for innovation and active participation in the formulation of global strategies. In this sense, the organizational structure of a TNC with several local implementers resembles that of a multi-domestic structure (Dunning, 1993; Mathews and Zander, 2007). This is in fact how most TNCs managed their overseas subsidiaries in the early twentieth century. The role of a subsidiary as a specialized contributor means that it has considerable expertise in certain functions or activities, although the subsidiary is still highly coordinated with other subsidiaries of the same TNC. The role of a specialized contributor is thus rather passive because it performs certain functions 'imposed' by its parent firms. Through specialization in certain products or functions, a subsidiary can contribute to the successful launch of global products by the parent TNC. A final role type of subsidiaries is the world mandate that they use to work with their headquarters to develop and implement global strategy (Birkinshaw and Hood, 1998; 2000; Zahra and Garvis, 2000; Andersson *et al.*, 2002).

Moreover, the impact of TNCs on domestic entrepreneurship is an important area of research in international business and development studies (see Table 2). Most impact studies have focused on the impact of TNC activities on regional development in the host countries (eg, Bhagwati, 2007).

Few empirical studies have been conducted on the impact of TNC activities on local entrepreneurship. It has been commonly assumed in the development studies literature that foreign firms are likely to have negative effects on host economies, particularly developing countries, through the possible 'crowding out' of existing domestic firms and the suppression of new indigenous firms. Dicken (2007: 468) argued, however, that 'the less developed the domestic sector, the greater is the likelihood of its being swamped by foreign entry and of local entrepreneurship being suppressed. However, we should be aware of assuming that the involvement of TNCs in a particular host economy will inevitably destroy or suppress domestic enterprise'. Foreign firms in some host countries, for example, can indeed promote domestic entrepreneurship through development of substantial local linkages and supplier chains (see Phelps and Fuller, 2000; Coe *et al.*, 2004; Yeung *et al.*, 2006). Domestic entrepreneurship in the host economies can also be stimulated through the 'spin-off' of managerial staff who are nationals of the host countries. These former employees of TNCs may bring with them knowledge and skills in technology, production, and marketing that are critical to successful entrepreneurship in many developing countries. The managerial experience, technological background, and international exposure obtained through TNC employment are found to be important determinants of future entrepreneurial success for indigenous managers (see Yeung, 2007).

To sum up, these three research themes in IB studies have informed our understanding of the transnationalizing entrepreneur as a social actor in control of resources in different countries. IB studies of corporate entrepreneurship and subsidiary initiatives have also demonstrated the need for proven resources within the TNC, pointing to the relevance of a resource-based view of transnationalizing entrepreneurship (Penrose, 1995; Garnsey, 1998). Other IB studies of TNC impact on host countries have shown the importance of

Table 3 Corporate entrepreneurship and TNC subsidiary initiatives

	Local market initiative	International market initiative	Global market initiative	Hybrid initiative
Facilitating conditions	• Low parent-subsidary communication • High autonomy at first • Moderate proven resources	• High parent-subsidary communication • Low autonomy • Strong proven resources and credibility • Geocentric perspective in parent company	• Low parent-subsidary communication • High autonomy • Strong proven resources	• High parent-subsidary communication • Low autonomy • Strong proven resources • Geocentric perspective in parent company
Process	• Low to moderate internal selling • Implicit approval process	• High internal selling • Explicit approval process	• Low internal selling • Implicit approval process	• High internal selling • Explicit approval process
Intended outcome	• New business for the TNC • Local opportunity leveraged worldwide	• Rationalization of existing activities • Increased efficiency	• Enhancement and international leverage of an existing product line or business	• Optimum global location of new value-adding activity

Source: Birkinshaw (1997): Table 8.

understanding the institutional context of host countries in which TNC subsidiaries are located; they connect well with an institutionalist perspective on regional development in economic geography (Amin, 1999; 2001; Martin, 2000; Coe *et al.*, 2004; Rodríguez-Pose and Storper, 2006; Sunley, 2008). Despite their useful contributions to the understanding of entrepreneurship in an international context, these IB studies have committed the same 'flat surface' spatial fallacy as most entrepreneurship studies reviewed earlier. While they have considered the role of (physical) space in explaining the entrepreneurial emergence and management of TNCs, only three standard spatial variables are explored theoretically and tested empirically: distance, location, and global-local tensions (see further critique in Yeung, 2005b). First, physical distance and/or transport cost has often been taken as a proxy to measure how geography or proximity shapes the entrepreneurial entry of TNCs into foreign markets (Kogut and Singh, 1988; Kostova and Roth, 2002; Mathews and Zander, 2007). Entrepreneurs are assumed to have better information on spatially proximate markets. Second, IB analyses of entrepreneurial location have often focused on the choice of host countries and/or regions for FDI by TNCs. Some IB studies have examined the geographic origins and scopes of the functional activities and performance of entrepreneurial TNCs. Third, the influence of geography on the entrepreneurial strategies and structures of TNCs is analysed in relation to the global integration-local responsiveness framework (Murtha *et al.*, 1998). Entrepreneurial TNCs are assumed to be much more locally responsive. The analysis of space and geography in these IB studies of entrepreneurship remains inadequate to our conceptualization of the nature and processes of a peculiar form of entrepreneurship that creates new spaces of economic interaction and activity – transnationalizing entrepreneurship.

IV Conceptualizing transnationalizing entrepreneurship: an economic-geographical perspective

What then do the above insights add to the study of transnationalizing entrepreneurship? In a review article on comparative entrepreneurship in IB studies, Thomas and Mueller (2000: 288) observed that 'the absence of a strong theoretical foundation has contributed to the fragmentation of entrepreneurship research, often resulting in studies that examine the same or similar issues from diverse disciplinary perspectives while ignoring others'. Similarly, in his rather critical review of de Groot *et al.* (2004), Stam (2006: 232) lamented that 'entrepreneurship is used as a loose catchall term, which significantly decreases its analytical value. As in many other recent books, entrepreneurship is used as a fancy label, but is not properly defined and analysed'. While it is not the objective of this section to champion a single theory of transnationalizing entrepreneurship, I seek to explore the implications of the concept 'transnationalizing entrepreneurship' from an economic-geographical perspective and situate it in entrepreneurship studies and international business studies. My aim is to show how the concept and the perspective together can unite the intellectual concerns of the two fields through mutually converging processes of internationalization and institutionalization in entrepreneurship studies, and the reassertion of entrepreneurs and intrapreneurs in international business studies. This approach represents a useful intervention from economic geography, a discipline relatively undervalued and under-represented in both entrepreneurship and international business studies. Indeed, I argue that economic geographers are well placed to make these important theoretical and empirical contributions precisely because of their much greater sensitivity to spatial variations and scalar differences in entrepreneurial processes and their grounded

understanding of the localities and regions in which these transnationalizing entrepreneurs emerge and are embedded.

1 From international entrepreneurship to transnationalizing entrepreneurship

My earlier review shows that, while a recent phenomenon, the growth of studies in international entrepreneurship has promised to revolutionize the field of entrepreneurship studies. There is, however, a major weakness in most of these studies in international entrepreneurship. With very few exceptions (eg, McDougall, 1989; McDougall *et al.*, 1994; Oviatt and McDougall, 1994; 2007), they have overtly concentrated on a comparative analysis of entrepreneurial attitudes and behaviour in different countries and across cultures. There is much less attention on the understanding of the nature and realization of entrepreneurship by entrepreneurs and intrapreneurs when they have to operate and practise in host countries with very different market formations, institutional structures, and business cultures. In a recent special issue of *International Marketing Review* on international entrepreneurship, Styles and Gray (2006: 461) reluctantly recognized that 'while interest in the domain of international entrepreneurship has increased substantially over the last decade, there is still little agreement about its conceptual boundaries, core unit of analysis or central constructs. Nonetheless, research that falls within this domain has contributed unique insights to both internationalization and entrepreneurial activity that crosses national borders'. As a research domain, international entrepreneurship represents an automatic and rather uncritical extension of entrepreneurship studies to an international context. The 'international' has been naturalized as an unproblematic 'flat surface' on which entrepreneurial activity is spatially extended and projected.

As noted in the earlier spatial critique, however, this naturalization of 'international

entrepreneurship' as a domain of inquiry is embedded in a kind of spatial ontology that does not capture the diverse spatialities of entrepreneurship in a globalizing context. There are at least two theoretical reasons why *transnationalizing entrepreneurship* is a better spatially informed view of entrepreneurship across borders. First, an economic-geographical conceptualization of transnationalizing entrepreneurship is more relevant in today's highly interdependent global economy in which entrepreneurs are increasingly operating, practising, and managing across borders (see Dicken, 2007; Jones, 2008a; 2008b). The concept nicely captures the spatial mobility of social actors and enables us to understand why, and how, these entrepreneurs operate in different national and global spaces of flows. In contrast, international entrepreneurship, as a concept, is unable to explain this phenomenon of entrepreneurship in different spaces. International entrepreneurship is a concept developed primarily for explaining why and how entrepreneurship differs in different countries and/or cultures. The concept is based on a 'container' reading of the *international* economy that has been described by Agnew (1994; 2005) as a form of 'territorial trap'; it is limited by its methodological nationalism and a tendency towards comparative static analysis and latent institutional functionalism. There is therefore a fundamental difference in the spatial ontology between transnationalizing entrepreneurship and international entrepreneurship. A relational perspective on the spatialities of entrepreneurship requires us to explain not only why and how entrepreneurship differs in different domestic contexts. More importantly, we have to explain an increasingly prominent and yet complex economic-geographical phenomenon in which entrepreneurs and intrapreneurs are creating new ventures *and* managing operations in spaces that encompass dramatically different host countries and business systems. These entrepreneurial spaces are not only *international*

in their constitution, but they are fundamentally *transnationalizing* in their dynamic formation and evolutionary trajectories.

Second, the concept of transnationalizing entrepreneurship allows us to empower entrepreneurs as economic actors actively mobilizing spatially diverse resources and networks in search of new business initiatives and opportunities. By focusing on the process of the emergence of entrepreneurial networks in transnationalizing spaces, the concept moves well beyond an international view of entrepreneurial activity commonly found in the concept 'international entrepreneurship'. This process of transnationalizing entrepreneurial network formation is especially complex because, while international entrepreneurial contexts are essentially territorially specific (primarily, though not exclusively, at the level of the nation state and/or the region), the entrepreneurial networks themselves are not. Transnationalizing entrepreneurial networks increasingly 'cut through' national and regional boundaries in highly differentiated ways, influenced in part by different national business systems and local sociocultural conditions, to create network structures that are discontinuously territorial. This relational conceptualization of entrepreneurial networks is also found in the recent economic geography literature on global production networks (see also Dicken *et al.*, 2001; Dicken and Malmberg, 2001; Henderson *et al.*, 2002; Coe *et al.*, 2004).

Because of this territorialized nature of entrepreneurial endowments and institutional resources, there are significant variations in entrepreneurial tendencies among social actors from the *same* home regions and countries and across different countries. There is little evidence to suggest that, even in an era of accelerated globalization and neoliberalization, these institutional differences will be removed easily (see Dicken, 2007; Peck and Theodore, 2007). Mathews and Zander (2007: 393) argued that 'geographical distances and institutional differences impose persistent but to a certain extent negotiable constraints

on the discovery and exploitation of the opportunities inherent in the global opportunity set. These particular aspects of IB form the cornerstones for addressing and analysing entrepreneurship from an international perspective'. Still, the transnational 'stretching' of entrepreneurial spaces enables entrepreneurs to transcend the inherent limits and constraints of their territorially embedded and institutionalized resources and structures. In other words, while entrepreneurs may have differential ability in developing and/or mobilizing these resources, their transnationalizing entrepreneurial networks are breaking down these territorialized differences. In repeatedly doing so, they create new spaces of entrepreneurial networks by enrolling other entrepreneurs located in different territorially bound spaces. This recursive conceptualization of transnationalizing entrepreneurship also means previous studies of international entrepreneurship might be too linear and sequential in their predictions on entrepreneurial activity across space. Similarly, Stam (2007: 33) has recently argued that 'the (spatial) development of entrepreneurial firms is likely to be processual, iterative, and fluctuating and does not occur in the neat sequential stages that studies have implied'.

The study of transnationalizing entrepreneurship can therefore broaden and enrich the geographical nature and scope of existing studies in international entrepreneurship. The research challenge is *more* than such questions as why entrepreneurship thrives more in some countries than others. As a result of this early stage of development in the field, Rialp *et al.* (2005: 162) concluded that 'much of the literature on early internationalizing firms has been largely exploratory, descriptive, and focused on particular industries or international locations'. Even fewer of these studies are capable of explaining these variances systematically and in theoretically grounded ways (eg, see Yeung, 2002a; 2002b). Meanwhile, other studies of international entrepreneurship tend to focus on the internationalization of small

and medium enterprises at the expense of large globalizing firms. Dimitratos and Jones (2005b: 120) therefore noted that 'IE [international entrepreneurship] research has to date paid less attention to the activities of large or established organizations, or even firms in traditional sectors whose activities could be characterised internationally entrepreneurial'. There are critical research questions in relation to why and how entrepreneurship becomes an important form of embodiment and practice that facilitate cross-border operations and management by transnationalizing entrepreneurs. In other words, economic-geographical studies of transnationalizing entrepreneurship can help explain who embody these entrepreneurial tendencies, and why they are more able to make use of these tendencies and resources for international business activities.

Indeed, the rapid globalization of economic activities has made this intellectual task even more urgent. For example, the understanding of transnationalizing entrepreneurship can enable us to research into transnational technological innovations and acquisitions. Recent empirical research has shown the critical importance of foreign actor networks in enhancing these transnational entrepreneurial processes (see Olds and Yeung, 1999; Hsu and Saxenian, 2000; Dicken *et al.*, 2001; Mort and Weerawardena, 2006; Poon *et al.*, 2006; Saxenian, 2006; Hsu *et al.*, 2008). Transnationalizing entrepreneurship can be an important avenue for entrepreneurial development in the home countries. When transnationalizing entrepreneurs operate across borders, they gain access to new spaces of learning and new experience unavailable in their home countries. Their eventual success in transnational operations can also contribute to the development of entrepreneurial endowments and resources in their home countries. Early entrepreneurial experience has helped some transnationalizing entrepreneurs to overcome problems of information asymmetry in the host countries. Similarly, early experience

in working for foreign TNCs in the home countries has facilitated the enrolment of specific transnationalizing entrepreneurs into foreign actor networks. This experience can help their transnationalizing entrepreneurship in two ways. First, these transnationalizing entrepreneurs have gained professional management experience from their former employers. They have learnt how to conduct international business and to manage foreign operations. Second, these transnationalizing entrepreneurs have developed further their relationships with these former TNC employers into specific customer relationships. These relationships with customers and, in some cases, suppliers have enabled transnationalizing entrepreneurs to expand abroad to serve global corporations and their local subsidiaries (see case study in Yeung, 2007).

2 Bringing actors back into transnationalizing entrepreneurship

Having established the conceptual novelty of transnationalizing entrepreneurship, it is necessary to explore further the agency responsible for this peculiar form of economic activity. The earlier critical review has shown that most theories in entrepreneurship studies and international business studies tend to focus on entrepreneurial conditions, environments, and performance. In the nascent international entrepreneurship literature, one significant and yet missing element is the *transnationalizing entrepreneur*. Cross-border entrepreneurial activities have been theorized in these studies as if they can be conducted and managed by such mysterious organizations as TNCs or SMEs. There are specific actors in these 'faceless' entrepreneurial firms, yet they are mostly relegated to the backdrop of the analysis. This paper argues for the 'bringing back' of these social actors into our conceptual and empirical analysis. Indeed, these entrepreneurs have taken exceptional initiatives and risks to operate and manage in transnational spaces. Behind every entrepreneurial firm, therefore, is a whole array of social actors embedded in complex webs

of social and organizational networks. It is these complex networks and relationships, collectively known as transnationalizing entrepreneurial networks, that perform as a fundamental pillar of today's global economy (Harris and Wheeler, 2005; Yeung, 2005a; 2005c; Jones, 2007; 2008a).

As explained earlier, the entrepreneurial decision model of TNCs postulates that the entrepreneur in international business serves as a specialist in making judgemental decisions. There are, however, several important insights that may arise from an economic-geographical analysis of transnationalizing entrepreneurship. Because of differential risks and opportunities in spatially contingent business systems that are in turn explained by variations in pre-existing configurations of institutional structures in different countries and/or regions, the role of entrepreneurial judgement and decisions becomes highly critical. A transnationalizing entrepreneur may interpret a risk in 'foreign' business systems (perceived by most corporate managers) as an opportunity. This transnationalizing entrepreneur is able to make such critical judgements precisely because of his or her performative foresights and access to peculiar entrepreneurial networks and resources. Some transnationalizing entrepreneurs are thus better capable of identifying early opportunities in transnational spaces and making critical decisions on the basis of calculated risks.

These differential capabilities of transnationalizing entrepreneurs also raise an important question of how such capabilities can be internalized through activities in new entrepreneurial spaces. In Casson's (1985; 1990b) economic model, an entrepreneur emerges in relation to various stages of TNC growth. There is insufficient attention, however, to how these entrepreneurs are better able to internalize their entrepreneurial endowments and resources. This internalization of entrepreneurial endowments and resources is both related to broader institutional structures in home and host countries, and to personal

background and experience in relational networks (see Yeung, 2002a; Peng, 2003; Harris and Wheeler, 2005). It is thus inadequate to explain transnational entrepreneurial tendencies on the sole basis of macro-economic modelling. A relational perspective points to the great relevance of understanding the processes through which entrepreneurs are enrolled into transnational actor networks. Process-orientated explanations are critical not only in understanding entrepreneurial decisions (an inherently flow concept), but also in unpacking transnational entrepreneurial activities as a series of processes involving both transnationalizing entrepreneurs and other institutional forces. Viewed from an economic-geographical perspective, the study of transnationalizing entrepreneurship is concerned with more than just how international business activities are organized in a structural sense. It is rather concerned with the origins and processes through which such a transnational organization of entrepreneurial activity comes about and, in turn, is transformed through these processes of producing new spaces of entrepreneurship.

It is clear, however, that very few actors in TNCs are truly transnationalizing entrepreneurs. The earlier review has indicated that corporate entrepreneurship and subsidiary initiatives are an emerging area of research in international business studies that focuses on the types and resource-dependency of specific subsidiary initiatives (see Table 2). The complex relationships between parent TNCs and their foreign subsidiaries, while embedded in organizational routines and management practices, are essentially social processes that reflect differential power relations and access to organizational resources. Social relationships between top management and corporate intrapreneurs abroad often underscore parent-subsidiary relationships. In understanding such parent-subsidiary relationships, economic geographers have gone beyond a superficial analysis of their configurations and the responsibilities allocated to foreign subsidiaries. Instead, recent

cutting-edge work focuses on intra-TNC processes of social control and power relations (see Schoenberger, 1997; Gertler, 2003; 2004; Jones, 2007; 2008b; Yeung, 2008). There are, for example, important differences in the social processes between owners in parent headquarters and intrapreneurs abroad, and intrapreneurs in parent headquarters and their trusted managers abroad. In the former context, personal relationships can be highly crucial in the mandate and autonomy granted to transnationalizing intrapreneurs in foreign subsidiaries. In the latter context, however, established corporate procedures may be strictly adhered to and parent-subsidiary relationships tend to be more formalized.

An economic-geographical perspective thus analyses the complex interrelationships among incentive structures, professional management, and entrepreneurial performance of transnational business activities. After all, why should foreign managers of TNCs be entrepreneurial? Why don't they just follow established corporate norms and procedures to manage these foreign operations? Why should they take extra risks and exceptional initiatives to develop new business operations? In some ways, the answers to these intriguing questions must be linked to the incentive structures and professional management and actor-specific practices within these transnational organizations. If the incentive structures in TNCs do not favour transnationalizing entrepreneurship and professional management is seen as an antithesis to entrepreneurship, there is then no reasonable basis for transnationalizing intrapreneurs to emerge in these TNCs. In other words, the incentive structures and the values of professional management may directly influence their entrepreneurial performance.

Apart from these actor-specific practices, there are important institutional influences and constraints on the operations and management of foreign subsidiaries in the host regions and countries (Phelps and Fuller, 2000; Yeung, 2002a; Dicken, 2007). There are also important home-country institutional

influences on the organization of parent companies and their transnational activities. Yeung (2002b), Lee and Chen (2003), and Yiu *et al.* (2007) found that home-country industrial dynamics and network ties have a significant impact on the entrepreneurial tendencies of international new ventures. These empirical observations imply that parent-subsidiary relationships in different institutional contexts cannot be universalized. For example, while dispersed corporate entrepreneurship may be promoted in some institutional contexts (Birkinshaw, 1997; 2000), it may lead to tremendous operational difficulties for some entrepreneurial TNCs in other institutional contexts. A geographically nuanced analysis of parent-subsidiary relationships and corporate entrepreneurship tends therefore to take into account institutional influences in both home and host countries.

V Conclusion

This paper has critically reviewed the existing theories in entrepreneurship studies and international business studies and found that they seem to fail to appreciate the inherent spatialities of transnationalizing entrepreneurship involving entrepreneurs and intrapreneurs creating and operating novel transnational spaces that embrace different territorially embedded institutional structures and business systems. This research lacuna offers a particularly strong potential for major contributions by economic-geographical research. Problematising the spatialities of entrepreneurship from a relational perspective, this paper has not only exposed the aspatial view of entrepreneurship in most existing studies; more importantly, it has also critiqued the 'flat surface' ontological assumption of recent work in international entrepreneurship that presumably pays more attention to the spatiality of entrepreneurship. By developing explicitly the concept of *transnationalizing entrepreneurship*, this paper has offered a more spatially informed understanding of entrepreneurial activity in emerging transnational spaces of flows and

practices spearheaded by entrepreneurs. This concept can help unify the intellectual concern with transnational entrepreneurial activity in both entrepreneurship studies and international business studies.

Specifically, this paper makes a plea for economic geographers to contribute to this multidisciplinary effort in understanding transnationalizing entrepreneurship. Such a possibility for geographical intervention can be understood in at least three ways. First, geographers' greater sensitivity to spatial differentiation in institutional specificities at transnational scales (international and macro-regional) allows for a more grounded analysis of *both* home and host countries and localities in which these entrepreneurs and/or intrapreneurs operate. From the home-country perspective, geographers' long-standing interest in the local specificity of entrepreneurial tendencies and the critical importance of place in the making of such entrepreneurship will be handy when it comes to analysing the origins and antecedents of these entrepreneurs/intrapreneurs. Geographical analyses can add much value to existing entrepreneurship studies by pinpointing place-based characteristics in the (re)shaping of entrepreneurship (eg, Yeung, 2002b; Kenny and Patton, 2005; Stam, 2007). From the host-country perspective, geographical interest in analysing the spatial movements of people, capital, and knowledge can make a significant contribution to a *transnational* understanding of entrepreneurship, a significant research gap in existing entrepreneurship studies and international business studies.

Second, economic-geographical analysis can help resolve the 'paradox' of transnationalizing entrepreneurship arising from the conventional wisdom in most existing studies that entrepreneurship is a home-based and locally specific phenomenon. Recent research interest in how economic activities can transcend and be organized at different spatial scales allows geographers to see interesting connections and relationships established through transnationalizing entrepreneurship

that might appear opaque and contradictory to researchers in other fields. A relational understanding of space and scales can unravel the contribution of non-local ties to the formation of transnationalizing entrepreneurial spaces. This relational perspective entails going beyond seeing entrepreneurship as necessarily a natural product of local endowments and advantages, a dominant approach in existing entrepreneurship studies. It showcases how non-local forces can play a critical role in engendering 'local' entrepreneurship in ways akin to the role of 'global pipelines' in technological change and cluster development (Bunnell and Coe, 2001; Bathelt *et al.*, 2004). Projecting this relational understanding of entrepreneurship to the wider global economy, transnationalizing entrepreneurship is more than simply a matter of *international* entrepreneurship – ie, different types and forms of entrepreneurship in diverse home countries. There is an inherently spatial 'stretching' through transnationalizing entrepreneurship in both material and discursive terms. Embodying local specificity, transnationalizing entrepreneurs/intrapreneurs do not simply engage in international business across borders, a common (mis)understanding in existing studies. More importantly, they become the very geographical agent in challenging institutions and systems crystallized at different spatial scales such as national business systems and global business norms (see also Amin and Cohendet, 2004; Grabher and Ibert, 2006; Jones, 2007; 2008a; Faulconbridge, 2008).

Third, economic-geographical intervention can draw upon the current significant research interest in (transnational) *networks* to contribute to the study of transnationalizing entrepreneurship. As Grabher (2006) has demonstrated recently, economic geography has a sustained interest in networks for at least over 15 years now (see also Dicken and Thrift, 1992; Yeung, 1994; 2008; Dicken *et al.*, 2001). Geographers know quite a great deal about the spatial organization of many types of networks ranging from firms and industries to clusters and regions. Despite the recent interest in

actor-network analysis, geographers still do not take such economic actors as the entrepreneur seriously enough to factor them in their network analysis. Indeed, networks are often viewed as merely the institutions and resources that enable actors-specific practices. This understanding of networks as embedded resources, while also very popular in business and management studies (see Grabher and Powell, 2004; Gulati, 2007), is simply insufficient in accounting for the unfolding and dynamic nature of transnationalizing entrepreneurship. There is thus an urgent need to place the entrepreneur squarely in the centre of geographically inspired network analysis. This paper has shown the need to conceptualize the entrepreneur as the driving force in the formation and transformation of the networks in which he/she is embedded. This expanding view of transnationalizing entrepreneurial networks can transcend the methodological pitfalls of excessive individualism in entrepreneurship studies and firm-centrism in international business studies. An economic-geographical perspective on transnationalizing entrepreneurship therefore takes into account the local and non-local specificities of entrepreneurs and their embodiment in entrepreneurial networks spanning novel transnational spaces. It challenges the conventional understanding of entrepreneurship in existing studies and opens up new horizons for fruitful research that potentially unravels transnationalizing entrepreneurship as a complex sociospatial economic phenomenon in today's globalizing world economy.

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Notes

1. For examples, see research articles published in journals directly related to entrepreneurship studies, such as *Entrepreneurship and Regional Development*, *Entrepreneurship Theory and Practice*, *International Entrepreneurship and Management Journal*, *International Journal of Entrepreneurship and Innovation*, and *Journal of Business Venturing*. Other journals that often publish articles on small and medium enterprises and entrepreneurship include *International Small Business Journal*, *Journal of Small Business Management*, *Regional Studies*, *Small Business Economics*, and *Environment and Planning C: Government and Policy*.
2. The first two journals dedicated to this new field, *Journal of International Entrepreneurship and International Entrepreneurship and Management Journal*, were respectively founded only in 2003 and 2005.
3. It is beyond the scope of this paper to review the entire theoretical and empirical development of international business studies. For comprehensive reviews of international business studies, see Buckley and Brooke (1992), Caves (1996), Rugman and Brewer (2001), Ietto-Gillies (2005), and Dunning and Lundan (2008).

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