

Transnational Entrepreneurship: An Emergent Field of Study

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This article introduces the reader to the scope, boundaries, variation, and theoretical lenses of transnational entrepreneurship (TE) research. We discuss issues concerning why, how, and when individuals and/or organizations pursue new business ventures, often in far less attractive environments, while relying on abilities and opportunities stemming from the exploitation of resources, both social and economic, in more than one country. We compare TE with international entrepreneurs, ethnic entrepreneurs, and returnee entrepreneurs. TE is considered from several perspectives: agency, institutional, cultural, power relations, and social capital and networks. We summarize the articles presented in this special issue and outline an agenda for further research.

Transnational Entrepreneurship (TE): An Emergent Field of Study

As showcased in this special issue, TE is a rapidly emerging aspect of international business (IB) expansion that was insignificant only a few short decades ago. Approximately 3% of the world's population are immigrants, who account for 10% of the population living in developed countries (Riddle, 2008). The process of TE involves entrepreneurial activities that are carried out in a cross-national context, and initiated by actors who are embedded in at least two different social and economic arenas. Transnational entrepreneurs (TEs) are individuals that migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin, and currently adopted countries and communities. By traveling both physically and virtually, TEs simultaneously engage in two or more socially embedded environments, allowing them to maintain critical global relations that enhance their ability to creatively, dynamically, and logically maximize their resource base. We thus define TEs as social actors who enact networks, ideas, information, and practices for the purpose of seeking business opportunities or maintaining businesses within dual social fields, which in turn force them to engage in varied strategies of action to promote their entrepreneurial activities.

Since information is critical to the success of any organizational endeavor, and because TEs occupy two geographical locations that provide and support unique informational flows, they are in a unique position to identify and exploit opportunities that

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might not be otherwise recognized. In short, by virtue of their unique geographical affiliations, they may be in a unique position to exploit opportunities either unobserved, or unavailable, to other entrepreneurs located in a single geographical location. As stated by Sorenson and Audia, “individuals that have ties to both existing organizations in an industry and geographic regions distant from these organizations might have the ability to translate these positions into particularly promising entrepreneurial opportunities. This trade-off between the advantage of being embedded in the local economic structure and the disadvantage of locating near structurally equivalent actors strikes us as an interesting topic for future research” (2000, p. 456).

In part, the growing impact of TE can be attributed to the changing nature of international migration and diasporas (Light, 2007; Riddle, 2008) and to the complex nature of IB activities (Yeung, 2002; Zahra & George, 2002). Added to this is the prevalence of email, fax, the Internet, cheap telephone services, and air travel, as well as increasingly heterogeneous populations in many formerly mono-cultural cities and nations that provide a measure of support, both material and social (Riddle). The development of social networks, diffusion of information, and the creation of new markets are all significantly impacted by these factors that support TE activities. As a result, in recent years, the concept of TE as a distinctive attribute of globalization has drawn considerable attention in social science-related disciplines such as sociology, anthropology, economics, and economic geography and regional planning (Light, 1972; Portes, 1987; Portes & Zhou, 1996; Portes, Haller, & Guarnizo, 2002; Saxenian, Keniston, & Kumar, 2000).

By their nature, these diverse studies provide a rigorous in-depth attention to issues associated with their respective disciplines. For example, sociologists view TE in terms of the immigrants’ integration and economic adaptation (Light & Gold, 2000; Morawska, 2005; Portes & Jensen, 1989), or in terms of social structure and network relations of immigrant communities (Light & Gold). Also studied are demographic and social characteristics of TE, such as their growth rate, impact on particular industries, and integration into mainstream institutional frameworks (Light & Bonacich, 1988), and the propensity to become a transnational entrepreneur (Portes, 1995). Economic geographers and regional planners, on the other hand, view the role of TE as influencing the creation of business opportunities, as well as its impact on the transfer of knowledge, technology, and know-how, and as a catalyst for the evolution of global production networks (Saxenian, 2002; Saxenian & Hsu, 2001).

The objective of this article is to introduce the reader to the scope, boundaries, variation, and theoretical lenses of TE research. In particular, we seek to revisit a common entrepreneurial question: Why, how, and when do individuals and/or organizations pursue new business ventures, often in far less attractive environments, while relying on abilities and opportunities stemming from the exploitation of resources, both social and economic, in more than one country? This question calls for assessing the transnational realm, including, e.g., conditions of globalization, the division of labor, social structure, institutional forms, cultural context, social networks, local and international environments, as well as the beliefs, habitual behaviors, motivations, and modes of adaptation and exploitation of opportunities and availability of resources (Baker, Gedajlovic, & Lubatkin, 2005; Portes et al., 2002; Vertovec, 2004).

TE: A Unique Field as Observed from Multiple Perspectives

A common misunderstanding associated with TE is that it lies within the domain of IB, and specifically in the subfield of international entrepreneurship (IE). However,

because it is predominantly concerned with *the firm* as a unit of analysis, IB/IE scholarship fails to examine many of the distinctive properties and perspectives essential in understanding the dual nature of TE. Much IB literature focuses on the role of TNCs and their subsidiaries. McDougall led the work examining entrepreneurial activities or IE, which she defines as “the development of international new ventures or start-ups that, from their initial inception, engage in IB. International new ventures see their operating domain as international from the inception of the firm’s operation” (Oviatt & McDougall, 1994, p. 388). Both her initial and subsequent work focus on the differential strategies employed by IE firms versus domestic ones, even when in the same industry, but they avoid discussions of the individual entrepreneurs who engage in international activities (Wright, Westhead, & Ucbasaran, 2007). Thus, while in principle TE is fundamentally compatible with IE’s entrepreneurial initiative, the approach and the domain differ markedly from TE. TE consists of individual entrepreneurs who leverage opportunities that arise from their dual fields and networks, optimizing resources where they may be most effective. For example, immigrant Vietnamese in the UK leveraged their experience working for family members in nail care services in the United States, bringing with them the knowledge, and networks, they obtained overseas (Bagwell, 2008). In the case of nail salons, the entrepreneurs did not consist of U.S. firms in the process of internationalizing, as might be studied from an IB perspective, nor were they initially international, as examined from the IE perspective. Rather, they represent a case of IE whereby ethnic networks spanned international borders, helping establish and exploit opportunities not yet recognized by native entrepreneurs.

Of course, not all TE activities are low-technology service industries, but they all share a common characteristic in that they must surmount considerable barriers in crossing two or more different institutional structures. Yeung (2002) carefully maps out these distinctions, pointing out that TE activities have to cope and adapt to the institutional relations in both home and host countries by “the social and business networks, in which these TEs are embedded, political-economic structures, and dominant organizational and cultural practices in the home and host countries” (p. 30). Yeung’s discussion of the relationship between IB and TE suggests that IB activities pose a challenge in adapting to the host country’s social economic and political systems, thus requiring “exceptional qualities in the process of creating and sustaining particular business ventures across national boundaries by social actors” (Yeung, 2002, p. 31). He points out that institutional structures form the “rules of the game” governing TE decision making. As he states, “. . . entrepreneurial action, however, is constrained by their home country endowments that are explained by variations in home country institutional structures” (p. 41). Thus, TEs form strategies inherently shaped by social, economic, political, and symbolic meanings and consequences, in both the previous and adopted countries in which they operate (Portes, 1995; Saxenian, 1999; Vertovec, 2004).

Along with conventional entrepreneurs who take advantage of information asymmetry (Shane & Venkataraman, 2000), TEs must also surmount the institutional constraints of two or more localities (Yeung, 2002). In this article, we seek to expand the TE conceptual framework beyond the realm of IB or IE, to fully embrace the importance of agency in creating structure. TEs are not simply passive adherents to institutional constraints, but actively mold them to suit their own unique initiatives. For example, one TE we interviewed, a Chinese immigrant tour agency in Northern Ireland, became a local celebrity, appearing on a number of television programs promoting her unique “Irish friendly” tours tailored to retired people in Ireland. This eventually resulted in her receiving support from the national small business support agency, which had never before supported external tour companies. Thus, while recognizing the

institutional framework associated with IB, we view TE research as uniquely oriented toward understanding under what conditions TEs modify and create environments, including new and existing institutions, as well as structures, inclusive of rules and procedures, that go on to define new and emergent “rules of the game.” We add the important role of agency in examining how TEs undertake their activities in cross-border operations, molding and adjusting institutional structures as necessary, in order to accomplish their strategic goals.

Another related, yet insufficient, domain for scholarship related to TE is that of ethnic entrepreneurship (EE). Ethnic entrepreneurs are those individuals whose group membership is tied to a common cultural heritage or origin and are known to out-group members as having such traits (Kloosterman, Van der Leun, & Rath, 1998; Rath & Kloosterman, 2000; Yinger, 1985). Ethnic entrepreneurs are intrinsically intertwined in particular social structures in which individual behavior, social relations, and economic transactions are constrained (Aldrich & Waldinger, 1990). They often enter self-employment due to disadvantages they face as immigrants in the general labor market (Phizacklea & Ram, 1996). The literature on EE analytically distinguishes between two main types of ethnic entrepreneurs: middleman minorities and enclave entrepreneurs (Bonacich, 1972; Light & Gold, 2000; Waldinger, Aldrich, & Ward, 1999). Middleman minorities are those entrepreneurs who take advantage of ethnic resources such as language, networks, and skills to trade between their host and origin societies, while retaining their ethnic identity and non-assimilation stance as an integral part of their business strategy. Enclave entrepreneurship activities, in contrast, are bounded by a certain location and are usually populated by co-ethnics. These ethnic economies consist of “coethnic self-employed and employers and their co-ethnic employees” (Light & Gold, p. 4). These entrepreneurs rely almost entirely on local resources (e.g., Drori & Lerner, 2002; Light & Bonacich, 1988; Light & Gold; Waldinger et al.). Thus, both of these types of immigrant entrepreneurial activities, middlemen and enclave entrepreneurs, serve as a kind of survival mechanism in a host society that otherwise constrains integration or equal opportunity. Migrants, with few alternatives, are frequently obligated to rely on their groups’ ethnic resources and social capital.

In contrast to the EE paradigm, the locus of reference for TE is the international theater, where it focuses explicitly on the significance and opportunity of cross-border business activities (Portes, Haller, & Guarnizo, 2002). In particular, TE promotes international trade by taking advantage of globalization and the entrepreneurs’ cosmopolitan way of life, enhanced by cheap travel and the Internet, which enable the more timely acquisition of resources required for operating cross-national businesses. Furthermore, TEs may occasionally supersede the value of ethnic resources which facilitate their “breaking out” as they operate beyond the boundaries of their ethnic environment, by using either class or national resources to expand business contacts beyond their ethnic group (Light & Gold, 2000; Yeung, 2002). Many of the TEs we have met in the course of our research indicate that they actually avoid close business associations with their co-ethnics, maintaining that such networks constrain their ability to identify additional resources, and otherwise provide novelty, innovation, and market excellence. For example, the aforementioned Chinese TE in Northern Ireland who focuses on bringing specialized tour groups to China saw no advantage or reason to network with the Chinese community in Belfast, whose business members stay primarily in the food and restaurant industry. We also interviewed an immigrant TE from India outside of Toronto who reported networking almost exclusively with industry groups and mentors embedded in the Canadian (non-Asian) culture. He claimed that “the Asians in Toronto with their fancy cars aren’t interested in helping one more non-related immigrant to develop his

own business" (interview with the authors, 2007). Thus, as Light (2007) contends, TE reflects the widespread diffusion of a distinct elite; a bi-national non-assimilating group, originating from migrant communities. TEs function by mastering key resources and becoming IB entrepreneurs, largely superseding the outdated middleman minorities in the theater of international commerce, while paving a path distinctive from normative IB or IE activities.

These new transnational ethnic entrepreneurs who originate as migrants may arrive either "from above" or "from below." Some nation-states, such as Canada, New Zealand, and the United States, give privileged access to entrepreneur immigrants hoping thereby to stimulate economic growth. States award this privileged access when they set aside non-quota immigration priority to persons who pledge to start businesses, or to invest in business in the host society. This increasingly common practice leaves immigrant populations with state-prioritized entrepreneurs who were selected for admission precisely because of their existing business skills and financial capital. These entrepreneurs have class resources that their non-entrepreneur co-ethnics normally lack. Transnational ethnic entrepreneurs can also arrive "from below," mainly through economic immigrants who are independently founding their businesses using social capital, network, and exploiting opportunities in both their new home and former country. In either case, TEs engage in cross-national activities stemming from the very basic fact that immigration to another country is part of their personal history.

Migrants who return home after a period in education or business in another country form a bridge between EE and TE. The human, social, and technological capital that these returning entrepreneurs (REs) bring back with them can enable the ventures they start to gain advantages that businesses created by wholly domestic entrepreneurs cannot achieve. Especially in emerging economies, REs can fill an entrepreneurship deficit in the home country. Their business and technological expertise, combined with local skilled labor, can provide an important stimulus to the development of high-tech industries located in science parks in emerging markets (Wright, Liu, Buck, & Filatotchev, 2008). There may also be other spillover benefits through the enhancement of the technological capabilities of local firms, replacing a "brain drain" with "brain circulation" (Liu, Lu, Filatotchev, Buck, & Wright, 2009; Saxenian, 2006). Although they may no longer have direct business interest in the foreign country from which they have returned, the international social and human capital they have developed can help facilitate exporting activities of the ventures they establish in their home country (Filatotchev, Liu, Buck, & Wright, 2009).

In this article, we do not intend to indiscriminately reinforce IE frameworks and theories, nor do we allude to a strict ontological division between IE, EE, RE, and TE. We do, however, recognize their distinct characteristics as reviewed by a few seminal studies (e.g., Baker et al. 2005; McDougall & Oviatt, 1997, 2000; Zahra & George, 2002), which highlight various factors pertaining to their fundamental business activities, such as: the role of networks or learning and knowledge management, firm resources, top management team characteristics, the effect of the firm's age and size, origin and location (the national context), or the nature of the competitive environment. We depict these distinctive definitions, type of entrepreneur, and central research questions for IE, EE, RE, and TE in Table 1.

Our overall objective is to develop a more robust scholarly interest in TE, drawing on the basic entrepreneurial process of discovery, enactment, evaluation, and exploitation of market opportunities and value creation across borders, within the IB environment (Baker et al., 2005; McDougall & Oviatt, 1997, 2000). The TE thus addresses the entrepreneurial processes that are carried out in an international context and initiated by actors who are usually immigrants and are embedded in at least two social and economic arenas. These

Table 1

Characteristics of Transnational Entrepreneurs (TEs), International Entrepreneurs (IEs), Ethnic Entrepreneurs (EEs), and Returnee Entrepreneurs (REs)

	IEs	EEs	REs	TEs
Definition	The study of entrepreneurial activities that cross national borders (McDougall & Oviatt, 2000)	Entrepreneurs whose group membership is tied to a common cultural heritage or origin, and are known to out-group members as having such traits (Kloosterman et al., 1998; Rath & Kloosterman, 2000; Yingst, 1985)	Scientists and engineers returning to their home countries to start up a new venture after several years of business experience and/or education in another (developed) country	Entrepreneurs that migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin and currently adopted countries and communities
Type of entrepreneur	Team or individual; export/internationally oriented; frequently native national	Immigrant; often with distinctive language and customs; engaged in formal, informal, or illegal self-employment and/or businesses in adopted country	Individual, or possibly team; export/internationally oriented and often high-tech; engaged in business creation in home country	Immigrant engaged in two or more socially embedded environments; maintaining global relations enhancing creatively and maximizing their resource base
Primary research questions	What processes account for the evolution of new international markets? How do entrepreneurs overcome liabilities of newness and foreignness? How and why do some firms engage in early stage of international growth?	What is the process of immigration, assimilation, and adaptation of ethnic individuals and communities?	How is the human and social capital brought back by REs used as a platform to enable ventures created in the home country to develop export operations? How do returning entrepreneurs with experience abroad help fill entrepreneurship deficits to enable local firms to grow?	Why, how, and when do individuals and/or organizations pursue new business ventures, often in far less attractive environments, while relying on abilities and opportunities stemming from the exploitation of resources, both social and economic, in more than one country?

social referent points enable TEs to enact business opportunities, exploit resources, and apply TE strategies such as those associated with cultural or institutional themes, to multiple contexts. Thus, our notion of TE research draws heavily on the conception of core linkages between IE (Baker et al., 2005; McDougall & Oviatt, 2000; Young, Dimitratos, & Dana, 2003; Zahra & George, 2002). In addition, we recognize the importance of sociological and other perspectives on TE and transnationalism (Portes et al., 2002; Saxenian, 1999; Saxenian et al., 2000; Vertovec, 2004), which pay explicit attention to dimensions of globalization, localization, community power and politics, technology, and knowledge transfer, and core-periphery relations. Note that the two epistemological frameworks, the entrepreneurial-business, and social science originated paradigms, are not mutually exclusive. Various concepts, constructs, and analytical understandings of TE are shared by both of these schools.

An Agency Approach Toward TE Behavior and Motivation

The transnational entrepreneur appears to be a person who can operate in two worlds. He/she must achieve a degree of embeddedness in social institutions of his/her origin and home (adopted) societies, taking advantage of resources and opportunities that stem from his/her special position or affiliation, while transcending essential cultural dichotomies (Aldrich, Zimmer, & McEvoy, 1989). TEs' embeddedness in both home and origin societies denotes social behavior which considers prospective action in two different institutional environments. Such engagement entails an interplay of habits, imagination, and judgment (Emirbayer & Mische, 1998), as well as the ability to apply resources which create, reproduce, and transform social structures enhancing the unique social reality associated with TE. As Sewell (1992) contends, although such processes are never ideal, immigrant entrepreneurs have "the capacity to appropriate, reproduce, and, potentially, to innovate upon received cultural categories and [socioeconomic] conditions of action in accordance with their (actors), personal and collective ideas, interests, and commitments" (p. 20). The "dual" social contexts, in particular, require TEs to pay special attention to the different cultural and knowledge schemas (Giddens, 1984), and to handle socioeconomic and political resources (state, class, network, family) in alignment with micro-macro societal and institutional processes associated with immigration dilemmas. Thus, the pursuit of TE is contingent upon broader societal considerations and the proximate circumstances in which they take place (Morawska, 2005). Subsequently, it is the actors' predispositions, knowledge, and creativity which guide their response and actions in achieving their purpose.

Studies focusing on transnational entrepreneurial behavior and motivation have widely claimed that their choice of strategy and action depend on the resources available to the entrepreneurs (Light & Gold, 2000). These resources include, e.g., symbolic and material resources, professional knowledge and skills, cultural capital, and a social position within an organization, as well as within communal, familial, and other settings. These factors can enable and constrain an actors' choice of repertoire (Giddens, 1984; Swidler, 1986, 2001). Thus, TEs equipped with broad cultural tools benefit from their social presence in both origin and host countries, increasing their latitude in negotiation and their ability to recognize and manipulate and act upon opportunities for business creation, maintenance, and outcomes (Portes et al., 2002). The embedded cultural variations in two societies also provide cognitive scripts influencing the decision to start a venture both within and across cultures (Drori, Honig, & Scheaffer, 2009; Mitchell, Smith, Seawright, & Morse, 2000). Transnational entrepreneurial behavior does not just

evolve in direct response to ethnic affiliation, a particular incentive or resource, or opportunity structure. Rather, TE behavior, such as adoption of cosmopolitan culture, or risk-taking, stems from the complexity of global markets, and is also associated with the very act of selecting and applying forms and strategies of entrepreneurship within a given social context. Thus, the practice of TE entails using varied repertoires of entrepreneurial behavior and action in everyday life, requiring a wide range of social skills, cultural knowledge, and sensibility.

In their plight to maintain their transnational businesses, TEs act on multiple levels, assessing a particular situation or simultaneous operations in at least two social contexts. This requires a consideration of the different institutional environments, including an awareness of the cultural nuances of both their local and host society, and the cosmopolitan nature of their businesses. Thus, TEs' business-related behavior, such as risk taking or exploiting perceived opportunities, takes place within a strategy of action, which is rather a general way of organizing action (Swidler, 1986, p. 277). In other words, it is not a pre-existing set of behavioral values that provide a certain propensity toward a certain line of action, but actors' behaviors shaped by location and the use of a repertoire, or "tool kit." The repertoire consists of habits, skills, and styles which guide the actors' strategic action.

A Cultural Perspective on TE

The use of culture and its conceptualization in conjunction with TE "can be understood only in relation to the strategies of action they (cultural symbols, identification) sustained" (Swidler, 1986, p. 283). Of course, the cultural tool kit of entrepreneurial action is not a static entity containing "fixed" cultural codes and modes of behavior from which social agents simply pick and choose. In keeping with Sewell's semiotic approach to culture, a cultural code "means more than being able to apply it mechanically in stereotyped situations—it also means having the ability to elaborate it, to modify, or adapt its rules to novel circumstances" (Sewell, 1999, p. 51). Cultural repertoires of entrepreneurial actions, therefore, are continuously refracted through human action and adjusted to particular social contexts and to actors' skills and habits.

Furthermore, we suggest that cultural repertoires of entrepreneurial action are not necessarily tied to, or restricted by, cultures. As Swidler (2001) suggests, "there are not simply different cultures: there are different ways of mobilizing and using culture, different ways of linking culture to action" (p. 23). TE differs from recent studies on the culture of entrepreneurs that depict culture as a resource, by arguing that certain ethnic groups are able to acquire cultural resources which facilitate their entrepreneurship pursuit (Drori & Lerner, 2002; Putz, 2003). The cultural resources approach is implicitly linked to structuration arguments, in that the translation of cultural resources eventually manifests itself in the reproduction of entrepreneurial activities. As Putz contends: "[ethnic] entrepreneurship is thus explained through the availability of resources in an 'entrepreneurial class' among migrants, such as material capital necessary for establishing a business and educational capital for heading an enterprise as well as bourgeois values, attitudes, knowledge and skills, which are passed on from generation to generation" (p. 557).

Thus, while we acknowledge the possible role of structures, we critique assertions that the role of the individual entrepreneur is dependent on structural patterns over individual choice. Furthermore, by overemphasizing structure, we run the risk of assuming presupposed cultural homogenization shapes the pattern and propensity of certain ethnic groups for entrepreneurship, regardless of the contextual and individual realm. We seek to shift the direction of inquiry by suggesting a bottom-up analysis of the agents' complex and

dynamic use of culture for reconstruction of action. We refer to the ways actors use their cultural toolkit which is embedded in certain contextual settings and symbolic orders that facilitate strategic actions.

A complementary line of argument for the action-oriented role of culture in TE is associated with the essence of transnationalism and the assertion that cultural boundaries are fluid and implicit. In this sense, TEs adopt diverse schemas of meaning and strategizing within varied symbolic orders “leading action in social practice, namely as a ‘repertoire’ which offers various options of how to act and to which agents can have reflexive access” (Putz, 2003, p. 557). Such an approach views TEs as agents who have to redraw the boundaries of their cultures in order to follow action paths and routines embedded in both practice and diverse symbolic orders. Note that conceptualizing TEs as agents is particularly appropriate for studying global settings, wherein symbolic and material artifacts float across national and cultural borders.

An Institutional Perspective on TE

Institutional theory provides considerable evidence regarding the role of institutions in either constraining or enabling a certain path or set of strategies that organizations may pursue (Dobbin & Dowd, 2000). At the outset, institutional theory and institutions are widely perceived and conceptualized in both practice and symbolic levels (e.g., Meyer & Rowan, 1977; Nelson & Sampat, 2001; Scott, 1991). Institutional entrepreneurs may be viewed as “actors who create technical and cognitive norms, models, scripts and patterns of behavior consistent with their identity and interests, and establish them as standard and legitimate to others” (Dejean, Gond, & Leca, 2004, p. 743). In the globally contested institutional environments, which mark the TE realm, the social and economic meanings and consequences of actors’ forms and strategies of TE are intensified by these diverse institutional environments. Thus, TEs have to develop dual capabilities in understanding and operating in multiple institutional environments. We may assume that the respective institutional environmental makeups are substantially different in many aspects, and therefore, pose a varied set of challenges to the entrepreneurs. For example, government industrial policy in one country may best be suited for foreign direct investment-related activities, and relevant entrepreneurs have to strategize regarding how to leverage such policies in accordance with business functions across countries. Furthermore, in their attempt to leverage their strategic advantages, TEs strive to control resources, enhance capabilities, and exploit opportunities (Yeung, 2002, p. 37). These factors are largely dependent on a hospitable institutional environment which needs to be nurtured and sometimes modified. For example, this can be done by lobbying for favorable tax exemption policies, the floating of targeted bonds, or through local social networks or political brokers (Riddle, 2008).

Further, access to finance is central to the development of entrepreneurial ventures. In turn, the development of venture capital markets is influenced by the legal and institutional environment (Armour & Cumming, 2006), and the ability of venture capital firms to do deals in emerging markets may depend on access to reliable information (Wright, Lockett, & Pruthi, 2002). TEs may thus see benefits in relocating part of their activities in institutional environments that are conducive to venture capital, and their venture capital investors may see benefits to their returns from doing so (Cumming, Fleming, & Schwienbacher, 2009).

We also view TE as highly linked to the translation of institutional-cultural realms (Zilber, 2006). We consider the relations between the scope and degree of TE, and the

extent of social embeddedness to be contingent upon their changeable meaning for various processes and participants in a given institutional and cultural context. TE in the ITC sector, for instance, may signify the presence of a local alliance with a high degree of trust and solidarity facilitating the growth of TE through partnerships (Saxenian, 2002).

Moreover, actors' choice of TE strategy is both shaped by and shapes the institutional context (Yeung, 2002). For example, Mexican immigrants in the United States have been notably weak in developing entrepreneurship (Roberts, 1995). Roberts suggests this is due both to the transient nature of U.S./Mexican immigration, as well as the need to send remittances home. Israeli entrepreneurs, in contrast, appear to share institutionalized rational myths that celebrate the return, relocation, and triumph of the Israeli high-tech in the Diaspora, necessitating the development of offshore subsidiaries, typically in Silicon Valley or other high-tech locations. These myths serve to enhance institutional structures and practices, including industry networks, both formal and informal, diffusing knowledge, creating trust, and leveraging resources with the explicit purpose of maximizing opportunities for Israeli technical labor and contributing to the national project (Riddle, 2008; Zilber, 2006). Yeung suggests that there is a need to study TEs from an institutional perspective (not neo-institutional, rather, structural) which centers on the entrepreneurs themselves and their embedded structure of social relations.

There is also a need to understand how varied institutional contexts and differences shape the ways in which TEs operate, rather than merely their personal attributes and their innovative capacities (Riddle, 2008). In broad terms, institutional contexts can be distinguished into developed and emerging (or transition) market economies. Considerable heterogeneity also exists in the rules of the game for doing business within both developed (La Porta, Lopez de-Silanes, Shleifer & Vishny, 1998) and emerging (Hoskisson, Eden, Lau, & Wright, 2000) economies. TEs can be envisioned to operate their dual structures between developed economies, between emerging economies, or between developed and emerging economies. Further, their starting point may be either a developed or emerging economy (Wright, Pruthi, & Lockett, 2005). These different trajectories to TE likely involve different challenges for TEs. For example, networks and human capital developed in one institutional context may not be appropriate for the others into which the TE moves. A TE having developing expertise in doing business in an emerging economy where social networks are important because of weak legal institutions may or may not find that those networks are useful in moving to a developed market context where legal institutions are stronger.

In sum, national variations in institutional structures represent different modes of TE by influencing ownership patterns of firms; business formation and coordination; intra-firm management and/or entrepreneurial process; and work and employment relations. The assumption is that studying TE from an institutional perspective will help to understand the logic and actions, practices, and rules of the game that govern and coordinate organizational and human activities in certain national context. In this way, they play a significant role in shaping modes operations and performance of the TEs.

The Power Relations Perspective of TE

The notion of power relations has been given explicit attention by the theory of practice (Bourdieu, 1990) and is closely associated with Swidler's (1986) conception of "strategies of action" which may reflect the actors' choice of strategy that depend on resources available to them, either material or symbolic (Lamont, 2000). Examples include professional knowledge and skills (Giddens, 1990), cultural capital (Bourdieu,

1973), and a social position in organizational, communal, familial, and other settings. These factors can enable and constrain an actors' choice of repertoire, or can provide them with cultural tools that increase their latitude in negotiation and their ability to manipulate business relations in their dual settings. Furthermore, actors' TE business strategies inherently bear political meanings and consequences. In particular, the fact that the entrepreneurs operate in at least two societies requires multiple strategies which reflect different social and business boundaries, and contexts. Moreover, we suggest that in politically contested environments, the political meanings and consequences of TE's forms and strategies are intensified.

The relationship between TE's forms and strategies, and power relations are situated, contextual, and emergent. Thus, TE and power relations are concepts whose meaning is to be discovered and explored empirically. The relations between the scope and degree of TE, and the extent of power relations are contingent upon their changeable meaning for various participants in the "dual" contexts. Providing an adequate account of actors' strategic behavior necessitates a fuller understanding of the local context, participants' positions and viewpoints, and the existing cultural repertoires of entrepreneurship available to immigrants in both host and origin country. Thus, the dimension of power relations and the political context shape both the choice and the meaning attached to a particular form of TE. Moreover, actors' choice of strategy is both shaped by and shapes the political context. By choosing a particular form of TE, actors define social relationships and demarcate social boundaries.

Social Capital and Network Formation

Recent research has shown the importance of social capital in entrepreneurial settings (Davidsson & Honig, 2003; Hoang & Antoncic, 2003; Nahapiet & Ghoshal, 1998; Shane & Cable, 2002), including the strength of networks (Birley, 1985), as instrumental for entrepreneurial resource acquisition and eventual success. To arrive at an understanding of TE's generative processes of discovery, evaluation, and exploitation of business opportunity, Bourdieu's (1973) theory of social capital is helpful in viewing the social network through the notion of TE as part of a certain habitus, which determines their social capital and ability to reproduce it. Social capital, according to Bourdieu, is the "sum of the resources, actual or virtual, that accrue to an individual or group by virtue of possessing a durable network of more or less institutionalized relationship of mutual acquaintances and recognition" (Bourdieu & Wacquant, 1992, p. 119). Thus, Bourdieu's view of social capital is as a network attribute. Social capital is embedded in social relations which are reflected in a variety of networks that are used interchangeably by the TEs who develop their businesses. Social capital is accumulated through an organization and reproduction of TEs' dual (host-home) networks, and provides resources and access to those social and economic features that facilitate their plight for founding, retention, and "surplus production" (Westlund & Bolton, 2003). Thus, social capital, which is bound to certain resources, implies that TEs may be able to convert, provide, or acquire various social, economic, tangible, or symbolic assets within certain social networks. It is the membership in dual settings and the scope of TE that consequently provide the social capital needed for their business enterprises. In this regard, the scope, depth, and the effectiveness of social capital and social networks are associated with a power structure and practices of power. Social actors' position in the TE dual spaces may be influenced by their and others' sociocultural, political, and economic characteristics and related institutions, which are context bound.

TE implies three domains for simultaneous network formation—network of origin (ethnic, national), network of destination, and network of industry, also called network of practice. Networks of origin frequently play a role in the selection of destination, as well as the adaptation and acclimatization to the new environment. The history of emigration has been one of unequal opportunities, whereby increasing integration between two economies results in the development of networks of economic migrants. These network structures serve as support mechanisms linking migrants, former migrants, and nonmigrants in origin and destination communities (Massey, 1988). Thus, immigrants from certain countries and communities favor particular destinations, gradually building on established relationships and the resultant social capital available to them.

Following immigration, networks of destination provide primordial affinity yielding social capital in the form of affection and trust. This enhances business possibilities and cross-national partnerships, alleviating risks and uncertainty stemming from the complexity and unpredictability of the global markets (Koot, Leisink, & Verweel, 2003). For example, the so-called bamboo networks (Weidenbaum & Hughes, 1996) of loosely structured Chinese transnational businesses reflect the Confucian value system of familial affinity, which mandates solidarity, cooperation, harmony, and trust, thus providing a conducive environment and inter-network support for the members of a particular network (see also Fukayama, 1995). The resultant social capital not only lowers the barriers to emigration, but also enhances economic opportunities by leveraging resources toward the establishment of migrant friendly businesses. These businesses are advantaged by sourcing labor from migrant pools at competitive rates, through the diffusion of critical information on markets, suppliers, technologies, and business practices, and through the provision of assistance such as credit (Light, Bhachu, & Karageorgis, 2003). Such newly established migrant networks are capable of transferring social capital and resources back to the country of origin. As well, the development of Taiwanese venture capital is partly explained through the formation of cross-national networks established through Taiwanese–United States relationships (Saxenian & Li, 2003).

Finally, TEs make use of industry networks, including those that span geographical borders (Autio, Sapienza, & Arenius, 2005; Johanson & Vahlne, 1977). Contextual knowledge, particularly in technology fields, is frequently distributed within a subculture bordered by a common language and circumscribed by specific methods of dissemination (Barley, 1996). Entry into these industry networks may supersede advantages provided by ethnic and/or community relations, as members embrace a unique and common language, and shared culture. Barley and Kunda refer to this as “a network of practice” crossing geographical boundaries; providing access to critical resources, including jobs, knowledge, and customers; relying upon both trust and reputation in their occupational communities (2004, p. 271). For example, computer programmers highly expert in a particular esoteric language develop discrete networks that assist them in solving difficult problems, obtaining contracts, and sourcing labor, by virtue of their membership in informal and formal associations, through reputation, as well as through friendship. Some research has demonstrated a positive relationship between internationalization and technological learning, suggesting a competitive advantage to technology-oriented TEs that bridge geographical barriers (Autio et al.). Saxenian and Hsu (2001) suggest that these linkages may be superseding conventional IB relationships, stating that the multinational corporation may no longer be the advantaged or preferred organizational vehicle for transferring knowledge or personnel across national borders. An international technological community provides an alternative and potentially more flexible and responsive mechanism for long-distance transfers of skill and know-how—particularly between very different business cultures and environments (Saxenian & Hsu, p. 901).

Thus, TE provides not only social capital advantages for migrants in their new environments, but also enhances the capabilities of other firms in both their adopted and former countries.

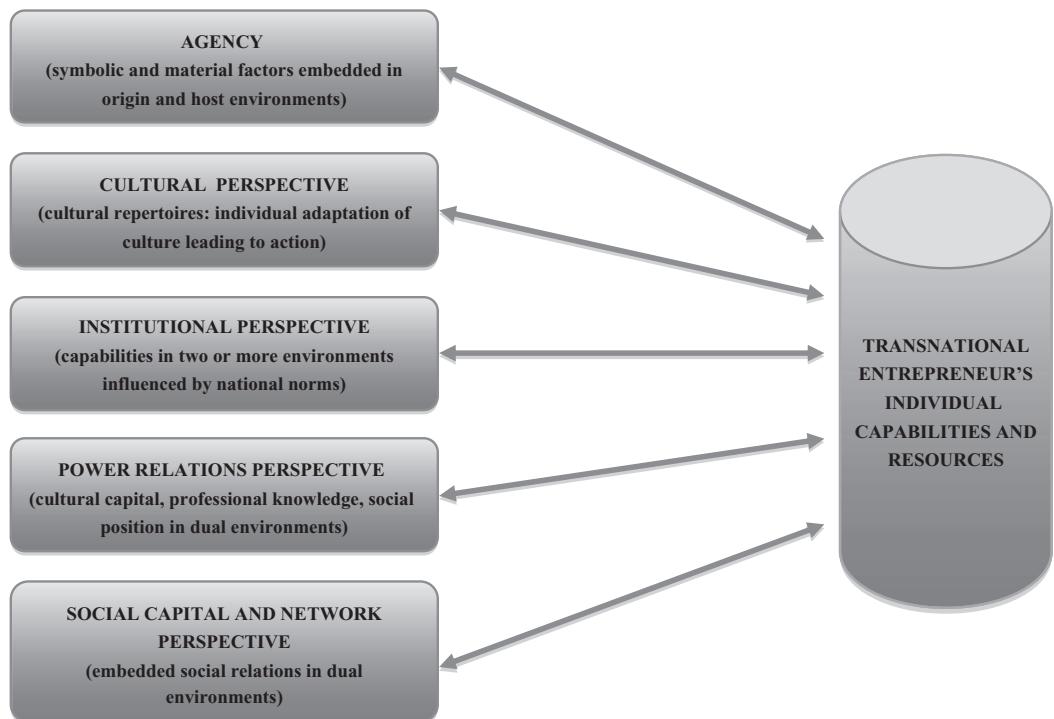
Transnational Perspectives: A Summary

Various streams of research have previously unearthed the importance of TE as a recent transnational-related social phenomenon, including the commensurate focus on the social and economic realms. We examined TE in relation to the overlapping fields of IB and IE (IB&IE) and EE, identifying limitations regarding their ability to both specify and provide insight into this emerging new empirical field of study. While each of these perspectives was positioned to examine elements of TE, none of them were sufficient to study the phenomenon in its entirety. In this article, we discuss and highlight these domains for the study of TE, pointing out the importance of mechanisms of adaptation to both home and host country spheres, contingent on how TEs strategize as business entrepreneurs within two or more different social structures. Using agency, cultural perspectives, institutional perspectives, power relations, social capital, and networks, we introduce the importance of targeted inquiry, as depicted in Figure 1.

In attempting to understand the competitive advantage of TE, we believe that practice and structuration theories are both necessary and insightful in addressing the repertoire of

Figure 1

Factors Influencing Transnational Entrepreneurship and Their Outcomes



strategies of action that they implement (Drori, Honig, & Ginsberg, 2006; Swidler, 1986, 2001). TE actions stem from their possibilities within a structural context that reflect both individual decisions and motivations, as well as the respective institutional environment. Thus, TEs are not passive but active and instrumental in understanding their diverse social and economic forms, and structures. Structures, as indicated by Morawska (2005), are “conceived of as patterns of social relations (including economic and political) and cultural formations” (p. 326). These structures, their contexts, and traits are present in multilevel realms, both meso- and micro-, imbued with the capacity to enable or constrain human agency (Ozbilgin, Tatli & Nord, 2005). Various structures intersect with dispositions and activities of certain actors’ orientations and practices which, in turn, (re)constitute these very social structures.

The nature of TEs link a number of distinct characteristics which indicate that their position in the host and origin societies is closely associated with the sociocultural, political, and economic resources at their disposal. Furthermore, business strategy, or perceived chances of success, are associated with the specific social and cultural preconditions which may supplement economic considerations. The phenomenon of TE implies a distinct opportunity structure which enables those immigrants who found and maintain businesses to benefit from “two worlds” as a crucial factor for survival, a way of “breaking out,” and/or a method for providing competitive advantage.

Thus, TEs are able to apply and adapt their social structures to changing circumstances and contexts (Sewell, 1992, p. 20). We maintain that the complexity of TE, as manifested by the multiplicity of social contexts and structures, calls for a conceptual framework distinct from IB/IE or EE, which enables us to study: (1) the integration of multilevel organizational forms; (2) the role of reflexivity; (3) social actors as actively engaged in business practices in actual social contexts; and (4) the methodological and epistemological ways of dealing with the linkage of agency and structure (Ozbilgin et al., 2005). Both the theory of practice (Bourdieu, 1986, 1990, 1997, 1998) and structuration (Giddens, 1976, 1984) are suitable for establishing such a framework (Drori et al., 2006). Practice and structuration theories focus mainly on the multilevel dynamics of TEs and the varied territorial and societal-institutional contexts in which they operate and reside. We hope this special issue leads toward continued interest and support for the analysis of a highly complex phenomenon that crosses multiple cultural, social, economic, and geographical boundaries.

Brief Introduction to the Articles in the Special Issue

To better understand TE, we issued an open call for articles. We received 17 manuscripts, which were reviewed according to ETP standards. We further held an international conference, at Wilfrid Laurier University, in April 2008, where 25 articles related to TE were presented. From these revised manuscripts, along with our reviewers, we selected the best manuscripts for publication in the special themed section. The special issue thus consists of five articles (plus this introductory article) examining TE, from both theoretical and empirical perspectives. Table 2 contains a summary of these articles.

First, Sequeira, Carr, and Rasheed examine the heterogeneity of TEs. Using the Comparative Immigrant Entrepreneurship Project (CIEP) database, they consider whether TEs’ perceptions of host country opportunities and embeddedness in home country activities help predict the type of ventures undertaken. They find that circuit and cultural entrepreneurs are more likely to see opportunities and have more home country embeddedness, and to attribute success to internal or social support than ethnic entrepreneurs.

Table 2

Summary of Articles in the Special Issue

Authors	Research question	Theoretical framework	Data and sample	Analytical method	Findings and conclusions
Sequeira et al.	Can activities of transnational entrepreneurs (TEs) be classified as circuit, cultural, or ethnic enterprises? Do immigrant attitudes toward host country and degree of embeddedness in home country predict the specific type of transnational enterprise an immigrant is likely to begin? Do TEs attribute primary success attributed to personal characteristics, social support, or quality of products and services?	Economic transnationalism; Landolt et al. (1999) typology of transnational enterprises	1,202 transnational business owners from the Comparative Immigrant Entrepreneurship Project database	Cluster analysis; MANCOVA	TEs' positive perceptions of host country opportunities and greater embeddedness in home country activities help predict the type of ventures undertaken and their success; primary success attributed to personal characteristics, social support, or quality of products and services; circuit and cultural entrepreneurs more likely to see opportunities and have more home country embeddedness, and to attribute success to internal or social support than ethnic entrepreneurs
Patel et al.	How do TEs mobilize social networks in dual environments to enhance transnational entrepreneurial activities? To what extent are TEs able to focus in two social fields (biocality)?	Bourdieu's theory of practice	Survey of 452 U.S. Latin American TEs from Comparative Immigrant Enterprise Project	Hierarchical linear regression (and supplementary simulation)	Balanced network size and network scope in the respective institutional settings enhance the degree of transnational venture activities. The joint effects of balancing network size with network scope are significantly greater than their individual effects.
Chen and Tan	What are the implications of TE for insights on the structure, composition, and impact of globalized networks—networks with both local and global connection?	Social network theory	n.a. (theory paper)	n.a.	Develops an integrative framework involving macro, meso, and micro levels, and articulates the interplay of globalized networks with both local and global connections and TE; discusses methodological issues in measuring globalized networks and role of position and name generators
Tønnesen and Elam	How do entrepreneurs working across multiple countries leverage individual experiences and institutional environments to pursue international markets?	Bonacich theory of middlemen minorities and embedded social action theory	Four case studies; interviews, press and news media, and presentations	NVivo; grounded theory analysis of narratives and sense-making interpretive framework	TEs rely on diverse sets of cultural repertoires, social networks, legal and regulatory regimes, and power relations when making decisions about internationalization; TEs often act as intermediaries for local firms
Cumming et al.	Why do venture capitalists seek to relocate investee companies in countries with stronger legal protections and economic conditions? Why do venture capitalists invest in companies already located overseas?	New venture internationalization theory; financial cross-listing and institutional theory; venture capital human and social capital	468 private companies financed by 53 venture capitalists based in 12 Asia Pacific countries, of which 49 were relocated to the United States after financing by an Asia Pacific venture capital fund, and 68 were already located in the United States at time of financing by Asia Pacific venture capital fund; 1989–2001	OLS, 2SLS, and Heckman corrected regressions	Entrepreneurial firms based in riskier high-tech industries more likely to receive private equity finance in countries with higher legality indices and stronger economic conditions; relocation from Asia Pacific countries is typically to the United States and involves relocation from emerging markets with lower legality indices and weaker economic conditions; active strategies to move to the United States yield greater returns to Asia Pacific venture capitalists than investing in companies already based in the United States, especially for more experienced venture capitalists

Second, using the same basic database as Sequeira et al., Patel and Conklin study the bifocality of TEs, examining the extent to which they are able to focus on dual frames of reference in two different environments, and how they might increase their access to unique combinations leading to comparative advantage. They find that balanced network size and network scope in the respective institutional settings enhance the degree of transnational venture activities, and that the joint effects of balancing network size with network scope are significantly greater than their individual effects.

Third, Chen and Tan consider the implications of TE for insights on the structure, composition, and impact of glocalized networks, i.e., networks with both local and global connections. They develop an integrative framework involving macro, meso, and micro levels that articulates the interplay of glocalized networks with both local and global connections and TE.

In contrast to the other articles in the special issue, the fourth article, by Terjesen and Elam, adopts a life history approach to examine the role of social networks. They find that TEs rely on diverse sets of cultural repertoires, social networks, legal and regulatory regimes, and power relations when making decisions about internationalization, and often act as intermediaries for local firms. Furthermore, due to their unique position as intermediaries, TEs are able to spearhead innovations and exploit business opportunities.

Finally, the article by Cumming, Fleming, and Schwienbacher examines TE from the perspective of the venture capital financiers. In particular, they focus on the issue that venture capitalists may be closely involved in the relocation of investee companies to countries with stronger legal protections and economic conditions, while some activities may remain in the home country. They find that entrepreneurial firms based in riskier high-tech industries are more likely to receive private equity finance in countries with higher legality indices and stronger economic conditions. Relocation from Asia Pacific countries is typically to the United States and involves relocation from emerging markets with lower legality indices and weaker economic conditions. These relocation decisions appear to generate benefits for venture capitalists since strategies to move to the United States yield greater returns to Asia Pacific venture capitalists than investing in companies already based in the United States, especially for more experienced venture capitalists.

Future Research

In line with other scholars (Baker et al., 2005; McDougall & Oviatt, 2000; Yeung, 2002; Young et al., 2003; Zahra & George, 2002), we advocate a search for a theoretical framework that would better integrate the entrepreneurship and IE research agenda. In particular, we would like to point out the importance of both the multiple contexts, and social structures and processes which shape the strategic line of action of the individual TEs. The theory of practice and related structuration theory may serve as a conceptual framework to generate and test agency and social structure hypotheses relating to key issues in TE. For example, how does the transnational entrepreneur actively develop and engage in business activities in an actual business environment? What are the nature of the social structures and contexts (such as patterns of inequality of opportunities) within and between nations that, together, shape the character and the extent of entrepreneurial activity (Baker et al., p. 501)? How do national variations affect TE paths, modus operandi (including individual behavior and decision making, and the role of social networks), and outcomes? What is the business and organizational model of TE, and what are the factors, structures, institutions, and processes that shape them? How do TEs dynamically engage in imposing, demanding, resisting, and altering forms and strategies

of business creation and development, controlling and manipulating their respective environments? How do TEs access finance to enable them to operate across two environments? To what extent does their need for finance to operate across two or more environments require the development of new types of finance providers? Further, to what extent do international venture capital firms help augment the social capital of TEs in two environments and especially the environments they move into outside their home countries?

Internationalization by venture capital firms is increasing (Wright et al., 2005). When venture capital firms internationalize, they need to gain access to resources that provide them with the knowledge to operate successfully in foreign markets (Meyer, Wright, & Pruthi, 2009). Attention has tended to focus on the role of cross-border syndication between foreign and local venture capital firms in providing the requisite human and social capital. Local venture capital syndicate partner firms may facilitate entry by foreign venture capital firms, who in turn can facilitate the entry into foreign markets of portfolio companies (Mäkelä & Maula, 2006). Yet, there may be spillover benefits to venture capital firms who can develop international expertise by augmenting their own resources through the human and social capital that investee TEs have gained in foreign markets. Further analysis is appropriate that examines this issue, including the extent to which TEs may act as substitutes or complements to venture capital syndication.

As the articles in this special issue illustrate, understanding TEs' success may depend on their ability to maintain an appropriate balance between home and host environments. In the same vein, a future research idea would be to study TEs' strategy in terms of exploration and exploitation, and the nature of the balance between them (March, 1991, 1999). In particular, how do TEs strategically prioritize exploration versus exploitation in determining their activities in both home and host countries? What are the conditions and contingencies which influence either exploration or exploitation strategy? Are exploration and exploitation mutually exclusive; could they be balanced or simultaneously implemented and if so, under what conditions and contexts? Is there any systematic evidence that TEs prioritize exploration or exploitation in one environment over another?

A number of challenges arise in conducting research on TEs. First, a central issue concerns the identification of TEs. Two of the articles in this special issue use the CIEP database relating to Latin American immigrants in the United States. While a pioneering database, the CIEP is focused on immigrants from three Latino groups (Colombian, Dominican, and Salvadorian) located in U.S. cities. Apart from excluding other Latinos, and indeed immigrants from other continents, this focus relates to transnationalism from emerging economies to a developed economy. As with the study of internationalization of firms from emerging economies (Wright et al., 2005), interesting further research questions might include comparator analysis of the nature and behavior of TEs with: (1) dual activities across two or more emerging economies; and (2) dual activities between developed and emerging economies, but who have originated from a developed economy.

A second challenge concerns the identification of TEs within the populations of EEs and REs. Both EEs and REs could be TEs, but we may not know this if researchers studying immigrant or returnee entrepreneurs have only focused on one aspect. This could mean that the extent of TEs may be understated, and that studies of EEs and REs could be misspecified. There is, therefore, a need for EE and RE studies to control for the possibility that their samples contain TEs.

A third challenge relates to the identification of the networks of TEs. In their article in this special issue, Chen and Tan discuss methodological issues in measuring glocalized networks and role of position and name generators.

Conclusions

We remain excited by the prospects of further theoretical and empirical examination of this new and growing phenomenon. We hope that this special issue assists others with further research and scholarly debate.

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