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Exploring the internationalization of Malaysian contractors: the international entrepreneurship dimension

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The internationalization of construction companies is a subject of enduring interest among construction management scholars. The internationalization pattern of Malaysian contractors was explored, this time mainly using the international entrepreneurship body of literature as the theoretical basis. In doing so, the focus of the internationalization process was on the entrepreneurs or top management. Data were collected with a postal questionnaire survey and follow-up semi-structured interviews. The findings underscore the importance of the entrepreneurs' decision in the surveyed firms' internationalization trajectory. Top management's perception of how their companies might benefit from internationalization was the highest ranked foreign market entry consideration. Top managements' initial and subsequent motivation also fashioned their companies' degree of internationalization and tactics for securing contracts. The characteristics of the entrepreneurs which drove their companies to internationalize were also captured. The international entrepreneurship domain continues to expand into previously uncharted areas. As such there is potential to uncover even more interesting findings from future research endeavours on international contractors using the international entrepreneurship approach.

Keywords: Contracting, internationalization, entrepreneurship, Malaysia.

Introduction

There have been several past studies which examined the internationalization of construction companies using various theoretical frameworks—Seymour (1987) and Cuervo (2003) with their application of Dunning's (1988) eclectic paradigm, Awil and Abdul-Aziz (2002) with Johanson and Vahlne's (1977) stage growth theory, and Oz (2001) with Porter's (1990) diamond model. Over the past decade, there has been a growing body of work on international entrepreneurship which has pushed our envelope of knowledge about internationalization of businesses into previously unexplored territories. Even more interesting is that the full extent of its scope is still undefined (Acs *et al.*, 2003). A study was conducted to explore construction companies in the context of international entrepreneurship in the hope of uncovering new insights. Previous scholars who examined international contractors may have overlooked these insights either because the theoretical

lenses they adopted constrained them from doing so or because they chose to focus on other aspects. This is elaborated in the literature review. The international entrepreneurship approach has been used to examine various industries (e.g. Prokesch, 1997; Zahra and Garvis, 2000), but not the construction industry. The present study adds further to our knowledge on international construction.

Malaysian construction companies which have gone overseas were the subject matter of this study. Records obtained from the Construction Industry Development Board show that up until 30 November 2008, Malaysian contractors had completed 103 overseas projects to the tune of £13.2 billion (using exchange rate of £1 = RM5.36). Relatively speaking, they are still new in international contracting compared to those from traditional contracting nations from Western Europe, North America, even Japan and Korea. The research questions posed for the present study were as follows:

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- (1) Among the top drivers for internationalization, how does management decision rank?
- (2) In all the foreign market entry considerations, how do micro factors rank?
- (3) What are the top management's motives for the initial and continued internationalizing of their companies?
- (4) What are the initial and subsequent tactics adopted by top management to secure projects in foreign markets?
- (5) What are the top management characteristics that drive them to internationalize their companies?

Literature review

Early scholars touched on the primacy of the entrepreneur in firm performance and behaviour. Schumpeter (1934) identified the entrepreneur as the prime mover in economic development and innovation. As early as 1969, Perlmutter from the management discipline highlighted the role of the management team in the internationalization of the firm. However, for a number of years, the frameworks for analysing the internationalization of firms which steadily gained currency either ignored the roles of entrepreneurs or consigned them as mere footnotes. The stage growth theory developed by Johanson and Vahlne's (1977) for example, while acknowledging that internationalization is the product of a series of incremental decisions, does not explain why or how the process starts (Andersen, 1993). Spence and Crick (2006) criticize the theory for being deterministic, as if the entrepreneurs make no strategic choices. Their recommendation is that decision-making from various perspectives should be examined.

Similarly, another extant business internationalization model, the eclectic paradigm conceptualized by Dunning (1988), which is grounded in mainstream economics (combining the industrial organization theory, international theory and the transaction cost theory), assumes that the decision maker has perfect access to information and always selects rationally the optimal solution, when reality is often far removed from these assumptions (Andersson, 2000). Andersson's (2000) argument is that our understanding of the various international behaviours when internationalizing can be enhanced by placing due focus on the entrepreneur. Gray (1996), while acknowledging the strength of the eclectic paradigm, opines that the contribution of the eclectic paradigm can be enhanced by incorporating aspects of managerial efficiency.

Over the past decade, interest among scholars on the influence of the entrepreneur on the internationalization of firms gathered momentum. Instead of looking at

the internal resources (Peng, 2001) or firm-specific advantages (Dunning, 1988), which give the firm the ability to expand abroad, these scholars divert their attention to entrepreneur-specific drivers which spur internationalization (Zahra *et al.*, 2000). The internal resources concept is rooted in the resource-based theory which was developed by Barney (1991), whereas the firm-specific advantages concept comes from the eclectic paradigm (Dunning, 1988). Like the stage growth theory, both models have also been acknowledged for being deterministic and not giving due recognition to the important role top management plays (Andersson, 2000).

Morrow (1988) has been recognized by some scholars (e.g. Zahra and George, 2002) to be the first to coin the phrase 'international entrepreneurship'. McDougall's (1989) study which compared the domestic and international new ventures paved the way for further study in area. Subsequently, Oviatt and McDougall (1994) gave theoretical base for the study on international new ventures. However, the international entrepreneurship stream of thought is still fluid and continues to expand, unlike the other models which are more structured (Etemad, 2008). International entrepreneurship is important, not only for small and medium sized companies where decision making is concentrated in the hands of one or a few persons who therefore have a unique and crucial role in their organizations (Westhead *et al.*, 2001), it is also crucial for giant companies like British Petroleum (Prokesch, 1997), Royal Dutch Shell and Microsoft (Zahra and Garvis, 2000).

Top management's international orientation can be traced to the entrepreneur's objectives (Dichtl *et al.*, 1984). These objectives initiate a series of activities that determine the scale and scope of international operations, and how and when the resources are deployed, which in turn influence the internationalization outcomes. As Zahra *et al.* (2005, p. 132) conclude, 'we need to better appreciate entrepreneurs' motivation to internationalise'. The motives for international diversification have been explored by various scholars which, because of word limitation, cannot be elaborated here: to increase turnover (Abdul-Aziz, 1994), to increase profitability (Simoes and Crespo, 2002), to increase market share (Ibeh *et al.*, 2002), to exploit market opportunities in host countries (Gregorio *et al.*, 2008), to exploit asset opportunities in host countries (Gregorio *et al.*, 2008), to diversify risks (Crosthwaite, 1998), to optimize the usage of firm resources (Abdul-Aziz, 1994), to gain international experience (Lu and Beamish, 2001), to expand business networks (Lu and Beamish, 2001), and to counter the domestic business cycle (Crosthwaite, 1998). Furthermore, objectives and motivations do not remain static; they change with time, leading to

alterations of international operations actions (Welch and Luostarinen, 1988).

Unlike the economic man which is the premise of the eclectic paradigm (Dunning, 1988), the international entrepreneurship model accepts that the entrepreneur makes decisions under uncertainty and is bounded rationally (March and Simon, 1958). With limited information, the entrepreneur has to rely on his cognitive judgement, which can suffer from biases (Levinthal and March, 1993; Johnson and Hoopes, 2003). Various scholars (Barnes, 1984; Jankowicz, 2001) have reflected on the subjective judgements top management rely upon when making strategic plans such as deciding the 'optimum' extent of multinationality (which can be measured from foreign to total turnover) or which foreign markets to enter.

Dichtl *et al.* (1984) and Leonidou *et al.* (1998) have categorized managerial influences over firm internationalization into two categories: (1) subjective characteristics (willingness to take risk, personal ambition, innovativeness, dynamism and flexibility); and (2) objective characteristics (age, educational level, language proficiency and experience abroad). Management which is willing to take risks is willing to place itself in an uncertain and unfamiliar situation which may result in a loss, and has a more optimistic view about possible consequences of its risky decisions. A manager with personal ambition is able to take responsibility and to motivate himself and others as well. Innovative management is willing to break away from existing norms, frequently adopting new management ideas, processes and products. Dynamic management acts proactively to suit the ever-changing environment. Management with flexibility does not rigidly adhere to past practices, traditions and mindsets in the face of new challenges. Management which is relatively young has greater ability to evaluate new information (Taylor, 1975), has more energy (Caughey and Chetty, 1994), and is more eager to earn higher earnings and sales (Serra, 2006). A management team with a high education level is more open-minded (Garneir, 1982) and more capable and knowledgeable in managerial roles (Schlegelmilch, 1986). Communication and the ability to exchange ideas are regarded as essential (Dichtl *et al.*, 1984), especially in English (Daniels and Goyburo, 1976) or a foreign language (Robock and Simmonds, 1983). Other scholars also found that personal and business contacts (Zucchella *et al.*, 2007) and world-mindedness (Boatler, 1994) are positively related to strong international orientation or speed of internationalization. Management with world-mindedness perceives accurately the dissimilarities and similarities between own culture and a foreign location's culture.

The next section describes the adopted research method to answer the research questions posed in the

introduction. As explained below, in order to capture as much rich data as possible, the mixed method was adopted so that quantitative and qualitative data can be used in a complementary manner.

Research method

Data were collected using two complementary methods: self-administered questionnaire survey and follow-up face-to-face semi-structured interviews with consenting respondents, the former to obtain quantitative data and the latter to capture the nuance, context and rich understanding of the international entrepreneurship aspects in question (Coviello and Jones, 2004). Despite the call for using mixed methods to better capture the phenomena, this approach is rarely used in international entrepreneurship research (Coviello and Jones, 2004; Rialp *et al.*, 2005)—Jones and Crick (2001) and Hohenthal (2006) are among the few exceptions. Quantitative methods are often criticized for their lack of depth and understanding while qualitative methods are criticized for being anecdotal and difficult to generalize (Jick, 1979; Hurmerinta-Peltomäki and Nummela, 2006). Quantitative methods are suited for testing while qualitative methods are typically used for exploratory work. By combining both, the limitations inherent in the respective methods are compensated by the strengths of the other.

The questionnaire was designed to answer the research questions stated earlier. The variables to the questions were drawn from past relevant studies related to the construction industry as well as other industries. Additional variables (e.g. the last three shown in Tables 3 and 4) were added following pre-testing of the questionnaire by a senior executive of the Construction Industry Development Board (CIDB) in charge with the export promotion of Malaysia's construction services. He went through the questionnaire in the presence of the researchers, all the while making comments and observations. His job responsibilities include organizing and accompanying trade delegations to foreign markets, keeping records of the projects and performance of Malaysian contractors overseas and matchmaking Malaysian and local contractors for overseas joint venture projects. His intimate knowledge of the subject matter and acquaintance with top management of contracting organizations which had gone overseas was invaluable in improving the questionnaire. Most of the questions relied on the five-point Likert scale. Qualitative responses were extrapolated based on the following scale: less than 1.49 = unimportant, 1.50–2.49 = less important, 2.50–3.49 = moderately important, 3.50–4.49 = important, 4.50–5.00 = very important. Such

categorizing was used by Kirby and LeBude (1998), Barley and Jones (1999) and Emberson *et al.* (2005).

The CIDB was also kind enough to provide the mailing list of Malaysian contractors that have ventured abroad. Out of the 74 questionnaires that were distributed, 14 were returned, representing a response rate of 19%. The interviewees all held high positions and therefore were able to provide reliable information about their respective companies' internationalization process (see Table 1). It was not through lack of effort that the number of participating companies was small; a supporting letter signed by the chief executive officer of CIDB was appended to every questionnaire sent out to lend credence to the importance of the research (the findings of the study were in fact forwarded to CIDB for its own internal use). Furthermore, follow-up telephone calls were made and faxes sent to those top executives who did not return the questionnaires. But it was to no avail. Low participation is symptomatic of the industry's lack of interest in research. The sampled companies are representative of the Malaysian companies which ventured abroad as all 74 of them were approached in identical manner. As such the research was free of sampling biases. The small sample size meant that only descriptive statistics could be generated from the numerical findings. Because of the small sample, the results must be interpreted with caution.

There have been several past studies which used small samples, among them Zaheer (1995) and Buckley and Chapman (1997). The findings from a small sample may produce interesting results (Johnson and Johnston, 2004) and may be in line with a large sample (Wagner *et al.*, 2003).

The next stage of data collection involved face-to-face interviews with the seven executives who indicated

their consent in the returned questionnaires. These seven interviewees represented seven different participating companies. Interviews were structured mainly around their responses in the returned postal questionnaires as well as information obtained from company documents and press releases. The interviews served the purpose of soliciting clarification and elaboration. Essentially the interviews served to strengthen the data obtained from the questionnaires.

Findings

Details about the participating companies are contained in Table 1. Ten of the companies (71%) were publicly listed. All firms must satisfy minimum listing requirements before and after being listed on the local stock market. Because of this stringency, companies which are publicly listed tend to be well regarded by banking institutions, the business fraternity and society at large. In general the sampled companies can therefore be said to have better reputation than the average contractor. All of the sampled companies were registered CIDB G7 contractors. The criteria to qualify as G7 contractors in terms of paid-up capital, minimum number of personnel and annual value of work is such that this registration grade is the preserve of large entities. Hence the data point to all the sampled contractors being large. If age can be used as a measure, all of them can be regarded as seasoned players. Nine of the companies (i.e. 64%) were more than 21 years old, two (14%) between 16 and 20, and three (21%) between 11 and 15 years old. None was below 10 years of age. Their international experiences varied—three (21%) with 10 or

Table 1 Surveyed contractors' profile (postal questionnaire survey)

Contractor	Firm's legal status	Year established	No. of employees	Core business	Overseas experience (year)	Respondent's position
A	Public listed	1975	658	C & S	10	Chief Operating Officer
B	Private limited	1994	35	Sheet piling	3	Director
C	Public listed	1967	200	M & E	> 10	Managing Director
D	Public listed	1972	5000	C & S	8	Head of Department
E	Public listed	1974	1000	Water Supply	8	Chief Executive Officer
F	Private limited	1986	30	C & S	6	General Manager
G	Public listed	1982	813	C & S	5	Senior General Manager
H	Public listed	1974	240	C & S	2	Executive Director
I	Private limited	1993	15	C & S	10	Senior Design Engineer
J	Public listed	1981	1200	C & S	7	Assistant Manager
K	Public listed	1996	40	C & S	2	Chief Financial Officer
L	Public listed	1989	178	C & S	3	Executive Director
M	Private limited	1991	500	C & S	4	Vice President
N	Public listed	1965	228	C & S	6	Senior Manager

more years of international experience while six (43%) with five or less years.

The resource-based view (Peng, 2001) and the eclectic paradigm (Dunning, 1988) give much emphasis to the firm's internal resources or firm-specific advantages as drivers for internationalization. The international entrepreneurship stream of thought gives recognition to the entrepreneur for his actions which affect internationalization outcomes. The study sought to locate top management decision as an international driver vis-à-vis these resources or advantages. Table 2 shows that of the top five internationalization drivers, top management decision ranked the highest. In fact, it was the only variable which was scored as 'very important'. One interviewee explained that he took his company into China in spite of strong protest by his brother. What this narration highlights is that two different decision-makers, when confronted with the same information about a foreign market, can make two contrasting judgements. The rating for 'top management decision' has to be related to top management characteristics (Table 8) and also market entry consideration (Table 3).

The eclectic paradigm posits that foreign markets must have certain attractions for firms to want to invest in those markets (Dunning, 1988). The present study sought to determine the importance attached to micro market entry considerations (i.e. solely affecting the company) vis-à-vis macro factors (pervasively affecting other contractors as well). Table 3 shows the top five foreign market entry considerations. The highest ranked (and incidentally the only one regarded as 'very important') variable was potential for future project, followed by potential project size. Both were micro factors, the rest were macro in nature.

Top management's international orientation is said to be linked to the entrepreneur's objectives (Dichtl *et al.*, 1984). Hence the present study sought to

Table 2 Top five internationalization drivers (postal questionnaire survey)

Variable	N	Mean	S.D.	Rank	Remarks
Top management decision	14	4.50	0.650	1	V. Imp.
Technology and knowledge	13	4.46	0.776	2	Imp.
Good domestic reputation	14	4.36	0.842	3	Imp.
Host country high market demand	14	4.29	0.825	4	Imp.
Experienced and capable staff	14	4.07	0.829	5	Imp.

Note: Less than 1.49 = unimportant, 1.50–2.49 = less important, 2.50–3.49 = moderately important, 3.50–4.49 = important, 4.50–5.00 = very important.

determine what the objectives of the surveyed companies were. Also, based on the suggestion that objectives do not remain static (Welch and Luostarinen, 1988), the present study sought to capture the objectives during two stages—initial and continued internationalization. Tables 4 and 5 should be viewed concurrently. They both show that the top management's motives for internationalization shifted over time. At the continued internationalization stage, while countering the domestic business cycle still recorded the highest ranking, continued foreign operations also served to increase turnover (ranked second from eighth) and profitability (ranked third from fourth). To exploit market opportunities as a motive for internationalization dropped from second to fourth highest. What the results show is that, from mainly seizing opportunities, foreign operations came to satisfy a more strategic purpose. The opportunistic tendency remained (it would be to the surveyed firms' folly if they were not so), but to a lesser degree. Incidentally, to gain international experience dropped from being sixth highest to fourth lowest, which stands to reason as much of the learning sequence had taken place during the initial overseas ventures. To achieve stature (whether among international players, other Malaysian contractors or among host contractors) was the least concern of the surveyed companies.

Table 6 shows the increasing or steady multinationality of the surveyed companies for the period 1997–2007 inclusively. Furthermore when asked about their companies' plans for the next five years, 79% of them alluded to expanding abroad, 14% maintaining current level of presence abroad while the remaining 7% were undecided. It could be expected that, barring countervailing forces, the majority of the surveyed firms were intent on increasing their multinationality. The pattern broadly concurs with the prediction of the stage growth theory. However it does not explain why increasing multinationality occurs (Andersen, 1993). The objectives shown in Tables 4 and 5, especially to increase turnover, help account for the pattern.

Table 3 Top five foreign market entry considerations (postal questionnaire survey)

Variable	N	Mean	S.D.	Rank	Remarks
Potential for future project	14	4.50	0.519	1	V. Imp
Potential project size	14	4.43	0.514	2	Imp.
Political stability	14	4.43	0.646	2	Imp.
Market growth	14	4.43	0.852	2	Imp.
Market size	13	4.23	1.092	5	Imp.

Note: Less than 1.49 = unimportant, 1.50–2.49 = less important, 2.50–3.49 = moderately important, 3.50–4.49 = important, 4.50–5.00 = very important.

Table 4 Top management's motives for the firm's initial internationalization (postal questionnaire survey)

Variable	N	Mean	S.D.	Rank	Remarks
To counter the domestic business cycle	14	4.43	0.646	1	Imp.
To exploit market opportunities in host country	14	4.43	0.646	1	Imp.
To expand business network and contact	14	4.36	0.633	3	Imp.
To increase profitability	14	4.21	0.699	4	Imp.
To diversify risk	14	4.14	0.770	5	Imp.
To gain international experience	14	4.07	0.730	6	Imp.
To increase market shares	14	4.00	0.961	7	Imp.
To increase turnover	14	3.93	0.730	8	Imp.
To optimize the usage of firm resources	14	3.93	0.829	8	Imp.
To exploit asset opportunities in host country	14	3.86	0.864	10	Imp.
To be leader among Malaysian contractors	14	3.64	1.082	11	Imp.
To be international anchor player	14	3.43	0.938	12	Mod. Imp.
To be anchor player in host country	14	3.36	0.929	13	Mod. Imp.

Note: Less than 1.49 = unimportant, 1.50–2.49 = less important, 2.50–3.49 = moderately important, 3.50–4.49 = important, 4.50–5.00 = very important.

Table 5 Top management's objectives for the firm's continued internationalization (postal questionnaire survey)

Variable	N	Mean	S.D.	Rank	Remarks
To counter the domestic business cycle	13	4.46	0.660	1	Imp.
To increase turnover	13	4.38	0.650	2	Imp.
To increase profitability	13	4.38	0.650	2	Imp.
To exploit market opportunities in host country	13	4.31	0.751	4	Imp.
To expand business network and contact	13	4.15	0.899	5	Imp.
To increase market shares	13	4.15	0.801	5	Imp.
To diversify risk	13	4.15	0.899	5	Imp.
To optimize the usage of firm resources	13	4.08	0.760	8	Imp.
To exploit asset opportunities in host country	13	3.92	0.760	9	Imp.
To gain international experience	13	3.69	1.032	10	Imp.
To be international anchor player	13	3.46	1.198	11	Mod. Imp.
To be leader among Malaysian contractors	13	3.31	1.032	12	Mod. Imp.
To be anchor player in host country	13	3.23	1.092	13	Mod. Imp.

Note: Less than 1.49 = unimportant, 1.50–2.49 = less important, 2.50–3.49 = moderately important, 3.50–4.49 = important, 4.50–5.00 = very important.

Another weakness of the stage growth theory is that it does not explain how the firm moves from one stage to another stage of internationalization (Andersen, 1993). The study sought to determine whether the manner in which the surveyed contractors secured contracts in the host countries altered with time. Table 7 shows that independent marketing efforts in the host countries assumed greater importance with extended stay, most likely leading to higher frequency of invitation by host clients. Once the firms established themselves in the host countries, international tenders, recommendation by host country firms and invitation by Malaysian clients had less impact as sources of contracts. Government-to-government agreements, invitation by host governments and intermediators/brokers were unimportant to begin with, and remained

so with continued market presence. One interviewee explained that invitation by host clients can initially come by way of foreign delegates being introduced to his company during their visits to Malaysia. This is different from receiving invitations by local clients while the company is already operating in the host countries.

The attributes of the entrepreneur are said to exert a greater influence on firm internationalization than external factors (Jones and Coviello, 2005). The present study sought to determine which top management characteristics were influential in the context of the surveyed Malaysian contractors. Table 8 shows that, of the top management characteristics that drove the surveyed firms towards internationalization, four were considered 'very important': flexible, dynamic, high ambition and world-mindedness. The rest were only regarded as

Table 6 Percentage of overseas to total annual turnover (postal questionnaire survey)

Contractor	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
A	–	1–9	1–9	1–9	< 1	< 1	1–9	1–9	< 1	1–9	1–9
B	–	–	–	–	–	–	–	–	1–9	10–39	≥ 40
C	1–9	1–9	1–9	10–39	10–39	10–39	10–39	10–39	10–39	≥ 40	≥ 40
D	–	–	–	10–39	10–39	10–39	10–39	10–39	≥ 40	≥ 40	≥ 40
E	–	–	1–9	1–9	1–9	1–9	1–9	1–9	1–9	10–39	10–39
F	–	–	–	–	–	1–9	1–9	1–9	1–9	1–9	1–9
G	–	–	–	–	–	–	1–9	1–9	10–39	10–39	10–39
H	< 1	< 1	< 1	< 1	1–9	1–9	1–9	1–9	10–39	10–39	10–39
I	–	–	–	–	–	–	–	–	–	≥ 40	≥ 40
J	–	–	–	–	–	–	–	–	–	< 1	1–9
K	–	–	–	–	–	10–39	≥ 40	10–39	10–39	1–9	1–9
L	–	–	–	–	–	–	–	10–39	10–39	≥ 40	≥ 40
M	–	–	–	1–9	1–9	1–9	10–39	10–39	10–39	≥ 40	≥ 40
N	–	–	–	–	–	–	–	–	10–39	≥ 40	10–39

Table 7 Ways of securing projects in host countries (postal questionnaire survey)

Variable	Initial (%)	Subsequent (%)
Invitation by clients in Malaysia	9	5
Invitation by clients in host country	18	34
Responding to international tenders	36	17
Independent marketing to clients in host country	16	38
Trade delegation	0	0
Recommendation to host client by firms in Malaysia	2	0
Recommendation to host client by firms in host country	7	2
Government-to-government agreement	2	2
Invitation by host government	2	0
Intermediators/brokers	4	2
Others (Respond to local tenders)	4	0

‘important’. One interviewee indicted that flexibility was important when dealing with foreign clients, especially those unfamiliar with the construction processes and technologies involved. Another interviewee said that

personal and business networks merely helped during initial market entry. Other variables such as high education level, age, language proficiency and experience abroad were ranked the lowest four.

Table 8 Top management characteristics that drove firm toward internationalization (postal questionnaire survey)

Variable	N	Mean	S.D.	Rank	Remarks
Flexible	14	4.64	0.497	1	V. Imp.
Dynamic	14	4.57	0.514	2	V. Imp.
High ambition	14	4.57	0.514	2	V. Imp.
World-mindedness	14	4.57	0.514	2	V. Imp.
Personal and business networks	14	4.43	0.756	5	Imp.
Willingness to take risk	14	4.36	0.745	6	Imp.
Innovative	14	4.36	0.745	6	Imp.
High education level	14	3.93	0.730	8	Imp.
Young members (< 50 years old)	13	3.92	0.760	9	Imp.
Language proficient	14	3.86	0.663	10	Imp.
Experience abroad	14	3.64	1.008	11	Imp.

Note: Less than 1.49 = unimportant, 1.50–2.49 = less important, 2.50–3.49 = moderately important, 3.50–4.49 = important, 4.50–5.00 = very important.

Discussion

The data in Table 2 support the international entrepreneurship viewpoint that the entrepreneur is the decisive factor for the internationalization process of Malaysian contractors (Spence and Crick, 2006), more so than internal resources as propounded by the resource-based view (Peng, 2001) or firm-specific ownership advantages by the eclectic paradigm (Dunning, 1988). Both the resource-based view and the eclectic paradigm have been criticized for not giving due recognition to the important role of the top managers, as if they have no prerogative to make choices and acting on them to achieve the desired international outcomes (Gray, 1996; Andersson, 2000). In reality, top management makes the 'go, no-go' decision to go overseas premised on their subjective judgement of their companies' capabilities, among other things. (Incidentally, among the internal competitive assets of the surveyed Malaysian contractors, the firms' technology and knowledge was rated the highest as the driver for internationalization.) Table 3 on foreign market entry considerations also highlights the crucial role top management play in making market entry decisions (discussed in greater detail below). The international entrepreneurship literature suggests that the attributes of the entrepreneurs give tremendous insight as to why a firm internationalizes or otherwise (Jones and Coviello, 2005). The attributes of the entrepreneur are discussed at the end of this section.

Table 3 yet again underscores the key role of the entrepreneurs or top management. When deciding whether to enter a new market, the prospect of opportunities to the firm (i.e. sustainability of orders followed by contract size) overrode all macro variables. Hard facts about a particular foreign market are useful up to a certain point; from then on human judgement takes over to interpret these facts into the likely commercial impact of the firms' presence in those markets (March and Simon, 1958; Jankowicz, 2001; Johnson and Hoopes, 2003). Human judgement may suffer from biases (Levinthal and March, 1993; Johnson and Hoopes, 2003). The market choices made by the top managers of the surveyed companies may or may not have been 'right', but they must have been taken in the best interests of the companies (Barnes, 1984; Jankowicz, 2001). Incidentally, for the surveyed Malaysian contractors, political stability, followed by market growth and market size were the top three macro factors which influenced their market entry decisions.

Table 6 records the increasing or steady multinationalization (as measured by foreign to annual turnover) of all the surveyed companies (with the exception of Contractor K and possibly N). In that sense, the data lend credence to the stage growth theory which predicts

progressive internationalization. However, the theory dismisses top management's role in influencing the internationalization process (Johanson and Vahlne, 1990). The data in Tables 4 and 5 show that incremental multinationalization as predicted by the stage growth theory can actually be traced to top management's changing internationalization motivation. While 'to counter the domestic business cycle' remained the top motive when the surveyed companies shifted from initial to continued international phases, 'to increase turnover' and 'to increase profitability' were ranked next highest in that order when the firms shifted to the latter phase. The optimistic view of international work opportunities must have driven them to set those objectives. By relating the changing motivation to incremental internationalization, this study helps address one of the weakness of the stage growth theory, and that is its inability to explain why movement from one stage to another takes place (Andersen, 1993). By showing the changing degree of firm internationalization and relating it shifting top management motivation, the present study also provides a dynamic element which is absent in the eclectic paradigm and resource-based view (Johanson and Vahlne, 1990).

Still on Table 6, the stage growth theory categorizes firms as 'committed' when their foreign to total turnover ratio is 40% or more (Cavusgil, 1980). This proposition is debatable. In the first place, studies have produced mixed empirical results as to the relationship between international diversification and corporate financial performance (Delios and Beamish, 1999; Contractor *et al.*, 2003). For that reason, it cannot be said that Contractors A and F with foreign to total annual turnover ratio of less than 10% were any less committed to foreign operations than their counterparts with higher ratios. The two companies have been operating abroad for as long as, if not almost as long as the other surveyed companies. As with choice of foreign markets, the 'optimum' extent of internationalization is a judgement call which top management of every surveyed company had to make (Barnes, 1984; Jankowicz, 2001). Foreign to total annual turnover ratio is insufficient to infer about top management's attitude towards international business.

When top management perceived foreign operations as being able to strategically serve the long-term fortune of the firms, tactics were reconfigured (discussed below) so that overseas to annual turnover would either increase or remain steady year by year (Table 6).

The stage growth theory does not explain how movement from one stage of internationalization to another takes place (Andersen, 1993). The present study shows that tactics to secure overseas orders were reconfigured when the surveyed firms shifted from initial to

continued international presence status (see Table 7). During the initial phase, responding to international tenders and invitation by host clients were the two most frequent tactics whereas during the continued phase, independent marketing and invitation by host clients were the two highest ranked variables (the second most probably the result of the first). As pointed out in the 'Findings' section, receiving unsolicited invitations from foreign clients while the company is still in Malaysia (which tends to happen during the initial stage) is different from receiving invitations when the company is already in the host country (which tends to happen during the subsequent stage). The findings cohere with the observation by Welch and Luostarinen (1988) that changes in international operations actions can be the result of the dynamics of top management motivation.

As for entrepreneurial traits which induced firm internationalization, the present research concurs with some, not all, relevant past studies. Flexibility (Dichtl *et al.*, 1984), dynamism (Bilkey and Tesar, 1977), high ambition (Edvardsson *et al.*, 1993; Andersson and Wictor, 2004) and world-mindedness (Moon and Lee, 1990) were found to be very important variables. The other variables—personal and business network (Zucchella *et al.*, 2007), willingness to take risk, innovative, high educational level, relative youth, language proficiency and experience abroad (Dichtl *et al.*, 1984; Leonidou *et al.*, 1998)—comparatively less so.

Conclusion

The literature review points to the more established models of firm internationalization ignoring the significance of entrepreneurs in the internationalization of firms, either because of the inherent grounding of those models or the choices the scholars of those domains made to focus on other aspects. Out of this knowledge gap, a new field of international entrepreneurship has emerged over the last decade. International entrepreneurship researches have expanded our knowledge about firm internationalization by covering previously unexplored areas. Similarly, by adopting the international entrepreneurship body of work to examine Malaysian construction companies, our understanding of international contractors is enhanced. Data were collected using the mixed method in order to capture rich data. Despite the limitation of small sample population, the research generated sufficiently interesting findings. The research establishes the centrality of construction entrepreneurs as the driver for internationalization. The entrepreneurs' perception of the crucial host market influences was next uncovered. The present study introduces the dimension of time to the construction entrepreneur's motives for internationalization,

which invariably bear on the company's multinationality pattern. The manner in which overseas contracts are secured is also shown to have a time dimension. Lastly, the personal characteristics of the construction entrepreneur are demonstrated to have relevance to the internationalization behaviour of the firm. As mentioned at the beginning of this paper, the body of knowledge on international entrepreneurship continues to expand. Future researches on international contractors using the international entrepreneurship lens promises to generate further interesting findings as significant advances in the international entrepreneurship literature continue to be made.

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