NEW TRENDS IN INTERNATIONAL ENTREPRENEURSHIP: INSIGHTS FROM CONTEMPORARY TURKISH FIRMS INCLUDING BORN GLOBALS

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Abstract

Academic literature has examined phenomenon of entrepreneurship more than two decades and this phenomenon associated with entrepreneurial activity. OECD defines the entrepreneurial activity as the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, process or markets. Present study analyses international entrepreneurship in the lights of contemporary Turkish firms including born globals. We used case studies and literature review to better understand the early internalization phenomenon and provide useful information about international success of Turkish firms. Six of the considered firms are web based technology companies and most of them have born global firms’ features. The findings indicated that majority of the firms are technology companies and they had a strong international outlook and international entrepreneurial orientation and they possess a strong entrepreneurial mindset.

Key Words: Entrepreneurship, Born Globals, Turkish Firms

JEL Classification: M13
1. INTRODUCTION

Academic literature has examined the firms’ internationalization process in terms of export market development for more than forty years. Traditional business researches have focused on large multinational enterprises with conventional internationalization ‘stage’ theories but these theories does not sufficient to explain certain firms (especially small firms in the high technology fields) internationalization process (Wickramasekera & Bamberry, 2003: 207). Although historically only large size companies were associated with internalization; new economic conditions have decreased the barriers of trade through advances in transportation, technology and communication. This advancement has shifted global value chains. As a result (Small and Medium Sized Enterprise) SME firms have become more and more common worldwide today. Andersson and Wictor (2003), focused on earlier research includes the factors: globalization, entrepreneurs, networks and industry.

More than two decades phenomenon of entrepreneurship has been developed. According to this study internationalization has made easier to conduct global strategies. However, active entrepreneurs, who recognized the global opportunities and entrepreneur’s personal networks (both global and local), were crucial for the implementation of these strategies in the light of different paradigms. In the wake of the global economic crisis entrepreneurial activities and emerging economies rapidly become major forces in global economy. The rises of these new trends have led researchers to explore the various features of these phenomenons. Entrepreneurship is the phenomenon associated with entrepreneurial activity. OECD defines the entrepreneurial activity as the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, process or markets (Nadim & Seymour, 2010). The dynamics of entrepreneurship are examined in the context of international business literature. On this account international entrepreneurship concentrates on firms that become international from inception or near after it. In spite of this phenomenon does not have its own conceptual framework the connection between entrepreneurship and high growth companies are clear.
Entrepreneurial capabilities and which entrepreneurs develop these capabilities are important issues in literature. According to Karra et al., (2008) international entrepreneurship means not only early sales in international markets but also building competitive advantage through development of complex international resource configurations.

Entrepreneurs are creating huge opportunity and value not only at developed countries but also at emerging countries. Significant economic and political changes that have occurred in many emerging markets provide new global firms from these countries to the world economy. But emerging markets are more diverse than they similar. In addition they share characteristics such as market liberalization, rapid industrialization, urbanization, spread of technology and growing middle class. Firms’ internationalizing process influenced by the external and internal business conditions like; size of its home market, production capacity as well as by cultural and economic forces (Terence & Philip, 2007:1). In recent years large and increasing number of firms can be classified as born global firm at emerging countries. In emerging economies lack of financial and knowledge resources that makes born globals different from traditional firms along with, international learning capability, international networking capability and international experience (Zhang et al. 2009: 292).

The rises of born global firms have led researchers to explore the various features and strategies of these companies. Many of qualitative and quantitative studies that have focused on born global firms contribute to imply a better understanding of these institutions. These early adapters of internalization begin with a global vision and develop the capabilities that help them achieve superior performance in international markets. International entrepreneurship is one of the important internal capabilities of born globals. Today international entrepreneurship is mainly connected to the born global firms (McDougall & Oviatt, 2003). Actually born global firms are not born global but rather internationalize rapidly from their inception by expanding their geographic scope to foreign operations (Hashai, 2011:1). Despite their scarce financial, human and tangible resources that characterize most new businesses, they can still effectively compete with firms having access to much larger sources.
Newly established contemporary firms are important for emerging economies in terms of generating innovation, creating new products, developing own business models and for more competitive economy. Contemporary Turkish firms are interesting because they create new jobs in different sectors. In addition emerging countries governments’ and Turkish government interested in the generation of new employment in order to design support policies to build up firms. In all over the world also in emerging countries number of small high technology firms internationalize as possible as quickly. Pezderka et al. (2012) try to understand how born global SMEs reap more benefits from Information and Communication Technologies (ICT) use than other internationalizing small firms. Dynamic economic environment may push small technology firms to expand their operations abroad in the entire world.

The objective of this paper is focus on fast growing companies in emerging countries in the lights of contemporary Turkish firms. Overview in the reminder of this article proceeding fallow that we will begin with the describing the profile of the firm studied. Then we will inform about our methodology, findings and discussion section, finally conclusion.

2. PROFILE OF THE FIRM STUDIED

This study draws on serial entrepreneurship case studies from Turkey. Before presenting the case studies, we describe features of the selected companies. Table 1 summarizes these seven Turkish firms and their features.

Most of these considered firms are high-tech based firms. On the other hand YDS is Turkish based boot and other military supplies production company.

Yemeksepeti is one of other Turkish web based food deliver company. Monopoli is a new kind of Turkish insurance company which supplies insurance policies into one policy.
Table 1. Classification of the Case Studies

<table>
<thead>
<tr>
<th>Firm</th>
<th>Sector</th>
<th>Number of Employees</th>
<th>Establish Year</th>
<th>Export Beginning Year</th>
<th>Revenue Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>P I Works</td>
<td>Technology</td>
<td>67</td>
<td>2005</td>
<td>2007</td>
<td>2007-2011 % 2940</td>
</tr>
<tr>
<td>Airties</td>
<td>Technology</td>
<td>220</td>
<td>2004</td>
<td>2006</td>
<td>2006-2011 % 473</td>
</tr>
<tr>
<td>Monopoli</td>
<td>Finance and Investment</td>
<td>11</td>
<td>2005</td>
<td>2008</td>
<td>2008-2011 %400</td>
</tr>
<tr>
<td>Yemek Sepeti</td>
<td>Technology</td>
<td>215</td>
<td>2004</td>
<td>2010</td>
<td>2010-2011 %69.7</td>
</tr>
<tr>
<td>SocialWire</td>
<td>Technology</td>
<td>3</td>
<td>2010</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>YDS</td>
<td>Boot</td>
<td>-</td>
<td>1971</td>
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Case 1: PI Works; The case of a customer focus culture

Entrepreneurs originate from different backgrounds with different business cultures. Sometimes they use their cultural habits in order to take advantage of opportunities that they need dynamic capabilities, structures (Jantunen et al. 2008:158) and entrepreneurialship capabilities to cope with the changing environment. PI works dedicates itself to better understanding operator networks and optimize them, and is proud of its customer-focused culture that “Never Lets You Down.” The company was founded in Aug-2005 in Turkey. P.I.Works try to enable mobile operators all around the world to provide seamless and high quality communication by increase the capacity and decrease the operating expenditures. The company has reached to 25 customers across 17 countries (USA, China and many EU countries) in 5 different continents so far. Company increased its revenues by 2940% between years 2007 and 2011.
Case 2: AirTies; The case of an innovation and risk taking capability

Another aspect that drawn the attention of varies entrepreneurs is innovation knowledge and risk taking capabilities. In most industries, innovation knowledge and capabilities have been central themes of unique product development. In addition the acts of entrepreneurship are often associated with true uncertainty, and they take risks. In this case study Turkish AirTies company take risk because its new established company and it has to compete with many other big multinational modem companies in existent market. AirTies is founded in 2004 to provide wireless solutions and developing, producing and marketing network and wireless modems and accessories for the residential and small business market in the Europe, Middle East and Africa (EMEA) region. AirTies is the first company in the world to introduce its innovative MESH networking technology, superior for the unique wireless networking requirements of Europe and other emerging markets where most buildings are constructed out of concrete and steel. Between years 2006 and 2011 company increased its revenues by 473%.

Case 3: Monopoli; The case of a successful finance and investment

Lack of tangible assets and ability to access capital and financing sources are the most important issues facing entrepreneurial firms (Denis, 2004:303). But sometimes business partners provide many benefits to entrepreneurial companies that are not normally provided by financial intermediaries. In this case study Monopoli having partnered with the world’s fifth-largest insurance provider. The company Monopoli offers an innovative product in which all of a client’s insurance policies are grouped into one policy that expires on the same due date. Previously unheard of in Turkey, this product has resulted in an 82% conversion rate for first-visit clients. The company continues to grow and innovate in the traditionally slow-to-change insurance industry.

Case 4: Yemeksepeti; The case of new business model

Instead of familiar business models some entrepreneurship use appropriate and new business models to create new value to their customers. In this case
Yemeksepeti is a simple food delivery website. Yemeksepeti provides its customers with online access to almost 5,000 restaurants across the country. Yemeksepeti expanded its restaurants internationally in 2010. The company is Russia’s first online food delivery site, partnering with more than 500 restaurants in Moscow and St. Petersburg. They have more than 500 partner restaurants in Dubai, Sharjah and Abu Dhabi. They aim to expand to new cities in Russia, as well as some other countries, and they reached 41 cities in Turkey.

**Case 5: SocialWire; The case using social media**

In order to be successful in foreign markets it is important that international business managers should consider not only networks but also social networks to go international more rapidly and profitably. Because social networks play a mediating role in the relationship between inward and outward internationalization process (Zhou et al. 2007). SocialWire is a Turkish company that radically improves product recommendation engines. SocialWire optimizes premium retailer sites for Facebook Open Graph and helps them advertise more efficiently and effectively on Facebook. They have already begun to catch the eye of marquee international retailers. Because they match online retailer’s clients’ with products that match their specific tastes by layering data from social networks. With a Facebook “like” featuring a product or brand valued at US$5 and tweet at US$2.50, social recommendations represent the evolution of the online e-commerce market. In this case SocialWire has done extremely innovative work with recommender systems that exploit the social media, and the opportunity to work as an advisor.

**Case 6: Pozitron; The case of successful institutionalization**

When they were five university students they created their own business organizations. They successfully shape their business in the institutional context. Today they have been carving out a place for themselves in the mobile applications business. Pozitron helps large companies boosting up to speed and effectiveness of their business by using their unique technology. Since its inception, the company’s products have reached millions of customers and include mobile applications for Turkey’s largest banks, airlines, and media companies. Pozitron has also earned international recognition from institutions.
such as Harvard Business School and partners with industry leaders ranging from Apple, IBM and Microsoft to BlackBerry.

**Case 7: YDS; The case of international networking capability**

Many studies identified importance of connecting to networks and building relationship to access to contacts is an important driver in rapid internationalization process. By the way in the international arena with regular business networks can develop an effective internationalization process through the managers’ network approach. YDS is the Turkish leading exporter of police and military footwear by exporting to over 35 countries and primarily to the UK. Today YDS has become the largest manufacturer of Police and Military Footwear in Europe. YDS has won an $80 million tender to provide boots for the British military, beating out 46 other global firms. This agreement contains to produce 300,000 pairs of boots for British soldiers in four years. YDS is a leading supplier of boots and bags to armies across the world. YDS currently controls 10 percent of the European boot market, and they produces 4 million boots per year and exports to over 25 global militaries, including those of Israel, Oman, Afghanistan, Chile, and Kazakhstan.

3. METHODS

In this study we used case studies and literature review to better understand the early internalization phenomenon and provide useful information about international success of Turkish firms.

4. FINDINGS: Lessons learned

4.1. Born Global

Six of the considered firms are web based technology companies and most of them have born global firms’ features. Knight and Cavusgil (1996), defined born global firms as enter the global marketplace soon after their inception, in many cases, by passing the domestic market. Born global companies’ features were already determined in many studies that the main elements differentiating these firms from others are the rapid internationalization, innovativeness, and entrepreneurship of the managers (Ramunas et al., 2011:389). Knight and
Cavusgil (2004) conducted a research for better understand the early internationalization phenomenon and highlight the critical role of innovative culture, knowledge and capabilities in depth interviews with 33 professionals. Then these case findings are validated with survey-based study with 203 usable surveys. They pointed out that born global firms’ organizational innovativeness, was also found to be related to rapid internationalization and these kinds of firms have a distinctive mix of orientations and strategies that allow them to succeed in different international markets. In different empirical studies, born globals are associated with information and communication technologies (Pezderka, et al., 2012), entrepreneurial capabilities (Karra, et al., 2008; Cannone, et al., 2012), organizational knowledge (Lewin & Massini 2003; Massini et al., 2003) and technology sector (Tanev, 2012).

4.2. Survival

Survival of firms can be considered as the critical factor in today’s business environment and it is an important performance indicator of many firms. In addition survival is the prediction of other performance factors like profitability and it is only surviving firms able to create new values for their share holders and interest groups. The determinant of firm survival can be grouped in three different types. These are (i) personal characteristics like education, entrepreneurship and competency. (ii) Firm specific factors like firm size, age and industry specialties. (iii) Environmental factors like economic conditions and survival rates of other firms (Haldin, 2010:6).

According to Kudina et al. (2008), High Technology UK companies would not have been able to survive, had they not gone overseas. Internationalization was not a matter of choice for them: it was a must for survival. Halldin (2010) studied on survival of new born global firms and tried to determine how the employee characteristics influence the survival of born global firms. On this account they focus on lower wages, human capital and employees of higher age. Hence the importance of employee characteristics as determinants of survival of firm results shows little significance of individual employee characteristics having an impact on firm survival among born global firms (as determinant for survival rates).
4.3. Emancipation

There can be opportunities motivation for entrepreneuring is a desire for generation for independence and income generations. On this account entrepreneurship is a combination of innovative, proactive and risk-seeking behaviors. Entrepreneuring individuals solve their problem by them self’s because they internally motivated to create new values. Motivation for entrepreneuring financial goals is important in addition entrepreneurship requires a bit of emancipation. Emancipation refers to “the act of freeing a person from another person's control” (dictionary, Cambridge.org.). Rindova et al. (2009) tried to understand how entrepreneuring can be viewed as an emancipatory process. On this account they focused on understanding the factors that cause individuals to seek to disrupt the status quo and change their position in social order and wealth creation through the recognition of profitable opportunities.

Entrepreneurship studies have become a bit narrowly focused on wealth creation via born global firms but Rindova et al. (2009) viewed entrepreneuring as emancipatory process with broad change potential like economic activity with possible social change and financial outcomes. This is illustrated in the findings of the study focus on emancipator entrepreneurship provides a vehicle to explain under what conditions emancipator actions will arise and explore an approach that firms internationalization process in emerging economies. In emerging countries SMEs meet many difficulties related to the entry in new markets, because of lack of information, know how, legislation and financial shortages. On this account the internationalization process for the SME’s seems to particularly link to the entrepreneurship as a form of emancipation and managerial capabilities are developed under the influence of emancipatory perspective in these kinds of countries. From the review of the literature emancipation and entrepreneurial capabilities can influence internationalization decisions and they are critical to firms’ success.

4.4. Quick Response
New technologies have enabled connectivity and real time interactivity (Yan & Panteli, 2011:1). On this account quick response is important at many business models. Barnes and Lea-Greenwood (2006), defined this term as a business strategy that aims to shrink the process involved in the buying cycle and lead times for getting new product into stores, in order to satisfy consumer demand at its peak (Bhardwaj et al. 2011:293). When companies internationalize reduce time gap between designing and consumption they can get a competitive advantage in their sector. For example, one of Turkish marble supplier company build a new design ship for produce marble during the journey. By this new design ship company easily reduce time between demand and offer.

Industry or the sector which firms operate is important for these firms internationalization process. According to Andersson and Wictor (2003), the focus on specific industry was more important than the targeting geographically or psychologically closes markets. There is abundance of empirical evidence that fast growing firms highly rely on information and communication technologies as a growth facilitator (Pezderka et al., 2012; Zhang et al. 2012; Kudina et al. 2008; Mets & Kelli, 2011).

Mets and Kelli (2011) conducted a case study on seven high tech small and medium sized enterprises (HSME). They indicate that in information and communication technologies, most of the new businesses seem to be based on new ideas how to build up the business model which matches best to their product/service and target groups.

4.5. Network

Networks help fast growing firms permitting them to access to knowledge, customers and other resources at abroad. Mort and Weerawardena (2006) examined the factors driving small and medium size firm internationalization especially focuses on networking to attempt to develop richer insights. They conclude that networking capability enables identification and exploitation of market opportunities, facilitates the development of knowledge-intensive products and firm international market performance in SMEs.
The use of partnership and networking for leveraging foreign distributor competences is a routine for smaller firm to internationalize. Freeman et al. (2006) try to explore how born global firms overcome lack of resources and other constraints by using networking competencies to develop a range of alliances and collaborative partnership. According to this study senior managers in smaller born-global firms were able to use their networks to connect to lead markets through large key foreign customers and suppliers and, thus, to participate rapidly in those markets. On this account personal contact to key foreign customers, suppliers and distribution channel representatives are main marketing method for these kinds of firms (Falay et al. 2007).

Some firms exploit international networks to access necessary resources for globalization. On this account not only networks guarantee an effective international development for firms but also knowledge is another fundamental element for entry in new international markets. Lack of market knowledge can damage firms since they cannot export as multinational companies. Rasmussen et al. (2001), tried to determine how a founder has reduced equivocality in relation to support networks and reducing risks, especially in an international environment. In this study they present the case studies of five Danish and Australian born global companies and they have concluded that internationalization has not been the primary objective in the founding process of born globals.

5. CONCLUSION

Based on the findings and arguments the majority of the firms used in this study are technology companies. The findings indicated in many studies to the above key factors the exporters and the management attributes were segmented into firms had a strong international outlook and international entrepreneurial orientation and they possess a strong entrepreneurial mindset. These managers have abroad experience and also familiar with export and import activities.

This study offers managers of born global firms a comprehensive picture of international capabilities and informs them about how they can deal with dynamic international marketplace. Study provides an instruction to managers on this
account collaboration between firms allows sharing of networks and knowledge pushes these firms to increase international competitiveness in global markets. Understanding the internationalization process and growth of firm could provide lessons for many other organizations and valuable opportunities for future research. The results of the many studies suggested that fast growing firms were more innovative and more customers oriented than ordinary firms. In addition their managers are more sensitive to the risk associated with operations in global markets. This study suffered from several limitations which may affected our results. The most important limitation is to use limited case studies which are from Turkey. In order to be better understand the nature of fast growing firms current literature needs to be further studies which are focus on surviving of these firms, emancipatory aspects and relational cultures.

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