Foreword

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In 2014, China overtook the US and became the world’s largest economy as measured by purchasing power parity. While this milestone is mostly of academic relevance, the re-emergence of China as an economic powerhouse is beyond question. If one considers this transition in combination with two other developments, the increasing relevance of entrepreneurship and the increasing cross-border mobility of highly trained talent, then this volume by Wang and Liu is very timely.

Since this volume is essentially about the ‘people’ aspect of entrepreneurship in an international context, with a focus on China, it seems appropriate to first define international entrepreneurship and examine why young companies might look abroad in their quest for growth and success.

Entrepreneurship has been of relevance for economic development ever since market-oriented economies came into being, but the academic study of the field dates back less than 100 years to the seminal works by Knight (1921), Cantillon (1931) and Schumpeter (1942). It was not until the dot.com boom in the mid-1990s, however, that the field of entrepreneurship received rapidly growing attention from a broad range of academics in the field of business administration including organizational psychology, finance, marketing, strategy and technology management.

I define entrepreneurship as opportunity-driven behavior cognizant of the resources required to pursue the opportunity. This definition implies two characteristics of entrepreneurship. First, the definition makes a conceptual distinction between resources and opportunities and postulates that both are necessary elements of entrepreneurship. Second, while entrepreneurs are not oblivious to or naïve about the resources that are required to pursue an opportunity, entrepreneurs are mostly focused on the opportunity rather than the resources required. This stands in contrast to many managers in large companies or to government officials who are often primarily budget-focused and thus resource-driven.

Building on this definition, I then define international entrepreneurship as entrepreneurial activity that involves the consideration of opportunities and resources across borders by entrepreneurs. Importantly, this definition...
encompasses entrepreneurial activity that might manifest itself in just one country but that resulted from the entrepreneur’s active consideration of potential cross-border aspects of her/his venture or that resulted from the relocation of a prospective entrepreneur from one country to another country. To give an example: I consider a Chinese national who starts a company in China based on a business idea he encountered while studying in the United States an international entrepreneur. I also consider a US-born person of Chinese origin who moves to China to start a company there an international entrepreneur, even if that company focuses only on the Chinese market.

At present (2015), country borders still represent formidable barriers to factor mobility. Yet, over the past 20 years, the permeability of those borders for goods for highly skilled labor and for ideas has increased quite strongly. With an improved worldwide logistics infrastructure and with better information technology, the cost of shipping physical goods across large distances and country borders has declined. With the insight among political leaders in many countries that competition for talent in science, technology and management is real and necessary, the requirements for work visas and immigration for qualified individuals have been lowered. And with the Internet we have essentially achieved a state where the variable cost of information exchange across large distances and country borders is close to zero. This has dramatically changed the way we communicate and the way we share, copy and improve ideas.

Some entrepreneurial start-ups are cross-border oriented because of their very business model. For example, a cross-border shipping company will have offices in different countries because it is part of the company’s value proposition. However, why would entrepreneurs who have started a company in one country look abroad when their business model does not necessarily require a presence in different countries? The answer is twofold and builds on the definition of entrepreneurship above. Either these entrepreneurs are seeking access to opportunities in other countries or they are seeking access to resources, including capital and talent. In work cited by Liu and Wang in their introductory chapter to this volume, I developed a framework to examine international expansion, called the ‘international expansion matrix.’ This framework classifies entrepreneurial companies according to their nascent position and according to their main motivation for international expansion. The framework also enables a description of the path of international expansion over time. In my research for this framework, I found that access to people and talent was a more important driver of international expansion on the resource dimension than access to capital.

Access to talent can mean many different things to an entrepreneur. It
can mean access to software engineers with a particular state-of-the-art skillset or access to marketing managers who have worked for certain brands of consumer goods and services. It can mean access to specialized lawyers who understand the regulatory approval process for new pharmaceutical drugs in a certain country or it can mean access to light manufacturing and design capabilities.

Many successful entrepreneurs who reflect on the roots of their success many years after starting their company say that their choice in people made the difference and that there is no substitute for strong, circumspect general managers. Against that background, it is very fitting that this volume focuses on people and on talent management rather than on capital and markets alone.

Over the past 25 years, China has experienced strong economic growth and it is necessary for scholars and for practitioners to ask how China will influence the global entrepreneurship landscape in the future. Some questions that I find particularly interesting include the following: How will China adapt its economic system over time and how will that foster or hinder domestic entrepreneurship in China? What consequences will this development have for entrepreneurship in other Asian countries and elsewhere? Will the economic transition that China is undergoing at present increase or reduce China’s attractiveness for returnees? Which lessons from talent management in other countries, for example South Korea, are particularly relevant for China and which lessons are less relevant? Are returnees better off trying to enter the political elites or just focusing on their business? How prevalent will double-returnees be; that is, entrepreneurs who return to China to start a business but then return to the country where they spent time before, such as Singapore or Canada? Will there be an emerging class of China-related entrepreneurs who feel equally at home in two or more different countries and who can move almost seamlessly between them? In other words, will China’s talent management challenge create a new class of globally mobile entrepreneurs?

I commend the authors on structuring the volume in two parts with the first part focusing on China and the second part focusing on other countries to provide a basis for comparison. The chapters in this volume promise to answer some of the important questions I raised and are certain to lead to intriguing and relevant new questions at the same time.

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