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# Returnee Entrepreneurs: Bridging Network Gaps in China after Absence<sup>†</sup>

Maris Farquharson\* and Sarika Pruthi\*\*

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*Improved market opportunities in China and government led policies entice talent away from their host countries to return to their home country. We study Returnee Entrepreneurs (REs) in the high-tech sector and use network theory to probe their social ties enabling new firm formation. Data collection rested on a comparative case study using in-depth interviews with 10 REs. Analysis indicates that direct entrant REs (i.e., those who formed a firm immediately upon return) relied on their strong ties with family and friends, whilst abroad, to substitute weak ties with the government to access resources for new firm formation prior to their return. Indirect REs (i.e., those who sought employment prior to forming a new firm) validated their idea through strong education ties whilst abroad but did not exploit strong family ties at home because they provided little leverage to resource providers.*

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**Key Words:** China, New Firm Formation, Returnee Entrepreneurs, Social Network Theory, Strong Ties, Weak Ties

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# Information Asymmetry Risks in Venture Capital Investments: Strategies of Transnational Venture Capital Firms in India<sup>†</sup>

Kshitija Joshi\* and MH Bala Subrahmanya\*\*

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*Venture Capitalists (VCs) are niche financial intermediaries known to possess the forte in selecting and monitoring projects with an extreme level of information asymmetry. In the absence of tangible historical data on an investee firm, VC firms often base their risk estimates on tacit signals. While information asymmetry risks are the main stay of VC funded projects in general; those funded by transnational VC firms in destinations different from their countries of origin are even more risky owing to the geographical distance and cultural dissimilarities. The aim of this paper is to conceptualize, empirically investigate and statistically ascertain the relevant set of signals that matter to the transnational VC firms in India. To start with, we analyze the most pertinent signals such as the investee venture's funding-stage, syndication, domain specialization and the past start-up experience of the prospective founding team. Furthermore, we investigate the specific set of signals that are relevant in the Indian economic, political and socio-cultural milieu.*

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**Key Words:** Foreign VCs, India, Information Asymmetry, Signals, Transnational, Venture Capital (VC)

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# How Transnational Entrepreneurs are Responding to Institutional Voids: A Study of Transnational Entrepreneurs from Sri Lanka<sup>†</sup>

Rondy de Silva\*

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*This paper explores the formal institutional voids identified by transnational entrepreneurs in their home country context of Sri Lanka. Institutional voids arise as a result of underdeveloped or non-existent formal institutions and are more prevalent in transition/emerging economies. Such voids are an impediment to the economic and social development of a nation. It is beneficial to both scholars and policymakers alike to understand how transnational entrepreneurs grapple with institutional voids in transition economies particularly as diaspora entrepreneurship is seen as a contributing factor to regional economic development in Asia. The research from Sri Lanka highlights the particularly challenging institutional voids in the political, legal and regulatory systems that discourage transnational entrepreneurial investment in transition economies. Findings reveal how transnational entrepreneurs utilize their networks and social position to navigate the institutional voids and how they respond to some of these voids. Policy implications raised from these findings are discussed.*

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**Key Words:** *Emerging economies, Formal institutions, Institutional environments, Institutional voids, Transnational entrepreneurs*

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# Transnational Entrepreneurship and Indian High-tech Start-up Survival: An Empirical Investigation<sup>†</sup>

H S Krishna\* and M H Bala Subrahmanya\*\*

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*This paper investigates whether transnational entrepreneurs who create and operate high-tech start-ups in India are more likely to survive and sustain when compared to the local entrepreneurs. Data from 45 high-tech start-ups headquartered across different locations in India were used for the purposes of analysis. The results indicated that transnational entrepreneurs were more likely to achieve survival of their high-tech start-ups in comparison to their local counterparts. In addition, our findings established that young technical transnational graduates, who possessed entrepreneurial experience and who had obtained early funding, would have a higher probability of achieving survival of their high-tech start-ups in India. For policy makers, investors and practitioners focused on emerging economies, this paper reveals the type and kind of factors that should be examined to enable a vibrant start-up ecosystem in the region.*

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**Key Words:** High-tech, India, Start-up, Survival, Transnational entrepreneurs

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# SME Firm Performance and Access to Export Markets: The Role of Institutional Credit<sup>†</sup>

Deepa Raju\* and A Thillai Rajan\*\*

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*Small and Medium Enterprises (SMEs) play an important role in the growth of Indian economy and contribute over 40% of the exports. However, access to adequate and timely finance has been a key constraint for the SMEs. In recent years, the Indian government has implemented several measures to improve bank credit to the sector. This paper analyzes the role of institutional financing sources such as bank credit on the profitability, efficiency, and export performance of SMEs. The paper also provides a comparison of the results for other funding sources such as internal finance, non-institutional debt, and trade credit. The results are based on the analysis of financial statements of 323 manufacturing firms for the years 2007-2012. Structural equation modeling was used to estimate the relationship between variables. The results showed that use of internal finance had a greater impact on SMEs' profitability and efficiency as compared to other sources of funding. However, institutional finance played a more prominent role in export performance as compared to other sources. Our findings imply that increasing the flow of bank credit to SMEs can help in stimulating their export performance.*

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**Key Words:** Export, Growth, Institutional Finance, Performance, SMEs

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# Influence of Information Systems Strategic Orientation on SMEs' Perception of Export Barriers<sup>†</sup>

R Rajendran\*

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*Internationalization of Small and Medium Enterprises (SMEs) drives economic development at national, regional and international levels. In the globalized business environment, international entrepreneurship enables SMEs to become 'born global'. These born global SMEs also face a number of external and internal obstacles and encounter a substantial number of barriers in the process of internationalization. This research study attempts to examine the impact of strategic orientation of their information systems on the perception of internationalization export barriers. A mail survey with a structured questionnaire was conducted among exporters in an industrial cluster of India. The collected data from the valid 127 responses were then analyzed using structural equation modeling. The results obtained revealed a significant negative relationship between the perception of these SMEs towards internationalization export barriers and their information systems strategic orientation. The empirical evidence from this study shows how information systems and their strategic orientation could not only facilitate SMEs to overcome their internationalization export barriers, but also enable them to become internationally competitive in emerging economies. This study emphasizes the need for focusing on the Information Systems strategic management practices in the SMEs, particularly in the context of their internationalization.*

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**Key Words:** *Information systems strategic orientation, International entrepreneurship, Internationalization export barriers, Internationalization facilitators, SME internationalization*

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# Internationalization of Technology-based SMEs in India: Critical Factors of Transformation<sup>†</sup>

Ramesh Narasimhan\*, Ravi Kumar M V\*\* and M K Sridhar\*\*\*

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*The manner in which Small & Medium Enterprises (SMEs) in emerging economies engage in internationalization activities has not been sufficiently investigated in extant literature. This paper is aimed at uncovering the dynamics of internal transformation during the internationalization process of technology-based SMEs. The internationalization processes of three technology-based SME firms, drawn from diverse industry and company-contexts, were examined, and a model of the internationalization process of technology-based SMEs was developed. The internationalization process has been conceptualized as consisting of four critical phases—domestication, initiation, technology transformation and organizational transformation. The domestication and initiation stages act as the antecedents of an effective internationalization process. The latter two processes seem to occur in a dynamic interplay involving ‘mutual shaping’, in which organizational learning, acts as the central mechanism. The findings present a more granular understanding of the internationalization process. The inducted model also reflects the tenor of an emerging integrated perspective in the internationalization literature. The managerial and policy implications are discussed.*

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**Key Words:** Globalization, Internationalization, Strategy, Technology, Transformation

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# Internationalization of the KARAM Group of Companies: Experiences, Imperatives and Challenges

Jyoti Dewan\* and A K Singh\*\*

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*Statistics from the Organization for Economic Cooperation and Development indicate that Small and Medium Enterprises account for a substantial proportion of exports from most developing nations. But little is known about the effect of having an international entrepreneurial orientation, or the role of specific strategies associated with it. Encapsulated here is the case of an Indian enterprise manufacturing personal protective equipment that grew from a team of four into a 2500-member organization, with its zeal for quality and innovation. It charts the organization's international entrenchment over 15 years by adopting and adapting to the environment. Highlights how it established corporate governance practices, mentored leaders and grew in stature and profitability. Transformation of product range from Low-Tech (safety nets and traffic cones) to High-Tech (exhaustive range of personal protective equipment) has been chronicled. Findings indicate that 'Brand India' needs to improve its perception through commitment to quality.*

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**Key Words:** Adapting, Adopting, Brand, International, Transformation

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