

# Internationalization of Chinese Born Global Companies: An analysis from Entrepreneurial Perspective

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## Abstract

Faced with world economy development and global market integration, the concept of born global comes into being in the late 1980s and have raised great amount of scholars' research interests and enthusiasm. Based on established born global research outcomes derived from developed nations, the paper explores the contributing factors of Chinese born global companies' formation by centering on elements of entrepreneurship, niche market, international management background and networks research. In addition, the paper conducts an in-depth analysis of this distinct phenomenon through entrepreneur's capabilities perspective. The research outcome indicates that entrepreneur's capabilities including learning ability and networking ability have direct and positive impact on Chinese born global companies' international activities. Besides, firm founders' entrepreneurial orientation also plays the moderating role within that influence mechanism.

**Keywords:** born global, internationalization, entrepreneur's capability, entrepreneurial orientation

## 1. Introduction

In past three decades, a newly and distinct phenomenon emerged from international business research domain, plenty of small and medium sized enterprises actively pursued international opportunities at the beginning of firms' inception, undertook global business activities very rapidly, those companies were termed as born global or international new venture in academic research field. However, it seems traditional international business theories are less applicable in explaining those new established companies' rapid internationalization phenomenon, which has attracted scholar's great attention and interests. Building on previous research outcomes toward born global companies, the paper tries to explore driving factors of Chinese born global companies according to case study from Zhejiang province which is an eastern costal province in China featured with thriving small and medium enterprises and export oriented economies. In addition, the paper also analyzes the relationship between entrepreneur's capabilities including learning ability as well as networking ability and international expansion activities by adding entrepreneurial orientation elements into the influencing mechanism.

## 2. Literature about the Emergence of Born Global Company

Traditionally, two approaches to examine the process by which small and medium firms internationalize are: the Uppsala internationalization Model (Johanson and Vahlne, 1977) and Innovation-Related internationalization Models (Cavusgil, Naidu, 1993). Common to both models is that they consist of a number of identifiable and distinct stages with higher level stages indicating greater involvement in a foreign market. The distinctive feature of the Uppsala internationalization model is the emphasis on the different institutional forms that are associated with the growing dependence on foreign markets. This model examines internationalization in terms of structural adjustments to foreign market servicing arrangements resulting from the level of export sales dependence. The Uppsala model seeks to explain and predict two aspects of internationalization of the firm: (1) the step by step pattern of institutional development within individual national markets; and (2) the expansion of firms across national markets as they move from nations which are proximal to those which are increasingly psychically distant. The Innovation-Related Internationalization Models (I-Models) offer another view on incremental development. The models consider the decision to internationalize as an innovation for the firm. Both theories focus is exclusively on the export development process, in particular, of small and medium sized firms, they

identify three incremental stages: the pre-export stage; the initial export stage; the advanced stage.

Until the 1990s, the common view within research has been that SMEs' size limitations and newness constrain their possibilities for expanding their operations abroad. Compared with large firms, these small have limited financial, managerial and information resources as well as limited network and are thought to internationalize in a slow process in which they increase their resource commitments to foreign markets in gradual steps (Bilkey and Tesar, 1977). Moreover, an implicit assumption is that a firm starts to develop its business in domestic markets before operating abroad. During the 1990s, studies start to present a different view of SMEs' internationalization showing that some SMEs began operating abroad from inception or soon thereafter. These firms often have limited experience operating in domestic markets prior to the start of foreign market operations. Compared with the conventional view, these firms demonstrate a more rapid internationalization with rapid resource commitments to foreign market operations. Size and resource limitations are not shown to be a constraint for their internationalization and these SMEs are often started by individuals who have international experience from prior employment and a personal network of relationships, which is useful for the initial internationalization of the firm (Madsen and Servais, 1997). To distinguish these SMEs, they are given labels such as born global (Knight and Cavusgil, 1996), global start-ups (Oviatt and McDougall, 1994) and international new ventures (INVs) (Oviatt and McDougall, 1994). Several studies examining the internationalization of SMEs during the last two decades have argued that born global phenomenon represent a distinctive pattern of the internationalization process (Bell et al., 2003) and traditional international business theories may not be applicable to these types of firms (Zhou, et al., 2014) and more specifically oriented and high systematic investigation is needed to understand this phenomenon.

In 1994, Oviatt and McDougall published their milestone paper named *toward theories of international new ventures*, that paper are widely cited by researchers in the field, they defined born-global firms as "a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries" (Oviatt & McDougall, 1994). In the paper, the authors also divide those firms into export/import start-up, multinational trader, geographically focused start-up, and global start-up types. Then Knight and Madsen & Servais reckoned that born global firm as "firms less than 20 years old that internationalized on average within three years of founding and generate at least 25 percent of total sales from abroad." (Knight, Madsen & Servais, 2004) Loustarinen & Gabrielsson (2006) defined global ventures as the firms that "have usually first started to internationalize their operations and, on top of that, have entered global markets, deriving most of their income (over 50%) from non-domestic continents." (Luostarinen & Gabrielsson, 2006)

The paper selects Zhejiang province as case study due to its thriving private economy and great number of small and medium enterprises, most of them are still engaged in traditional industries, some of them are in Hi-tech industries. In Zhejiang's SMEs development process, most of enterprises seem follow ways as internationalization process theory indicated, that is gradually entering into foreign market by stages after getting a firm ground in domestic market. While at the same time, some SMEs in Zhejiang province undertake international activities very rapidly at the beginning of firms' establishment or just very shortly after firms' foundation. Several Chinese scholars have explored distinctive features of Chinese born global companies (Zhong Yang et al., 2007), from the overall point of view, research about born global companies in China is still in infancy stage.

### **3. The Driving Factors of Born Global Companies in Zhejiang Province, China**

In seminal work of international entrepreneurship, McDougall (1994) indicated that traditional monopoly advantage theory, product life cycle theory, international stage theory and internalization theories are not able to fully explain the phenomenon of born global. That's why scholars have continuously put great efforts into exploring that distinct research theme which is at the intercross of international business and entrepreneurship domain. According to extant research outcomes, the reasons for explaining born global phenomenon can be classified into two levels: one is macro-level, the other is micro-level (Bell, etc al., 2003). The macro-level research boils the emergence of born global company down into the changes of external macro environment, while the micro-level research sticks to micro individual enterprise exploration, viewing the phenomenon of born global company is enabled by some factors related to individual enterprise. Madsen, Servais (1997) contributed born global company into three factors: emerging market demands; advances in production, transportation and communication technology development; more specialized talents. Rialp-Criao and Knight (2005a) undertook a systematic research about the most representative literature about born global companies, they reached a conclusion about driving factors of born global companies by summarizing 27 papers in 15 journals: emerging market, technology development, global network and alliance, more capable entrepreneur, all those factors are

closely related to born global companies' emergence and growth.

McDougall, Shane and Oviatt tried to explain the formation of born global companies through three levels. The first level is about the main factors of globalization, which indicate that born global company founders are highly sensitive to external information and market opportunities. They are usually educated in foreign countries or once worked in foreign MNCs, during that overseas studying or working process, they have developed some connections with foreign customers and obtained certain international experiences. The second level delves into why born global company initiate international market first rather than domestic market, they explained born global company's early internationalization by using resource based theory (RBV), they take advantage of resources accessed from multi-countries in the world to overcome their liability of smallness and newness (Autio, 2000). The third level is about the governance born global company adopted, they tend to rely on flexible governance method to access resources controlled by others rather than owning them through huge investment by themselves. Chinese scholar Zhong Yang et al., (2007) suggested that entrepreneurship, organizational learning and business network are vital driving factors of born global companies, Zhongwei Cheng (2008) empirically tested the relationship between born global founders' entrepreneurship and company performance. Youzheng Zhao (2004) indicated that economic globalization, niche market, technology advancement and small company's flexibility are all important driving factors of Chinese born global companies based on large samples test of companies in Yangtze River delta in eastern China.

Different from born global companies featured with cutting edge technology in Hi-tech and knowledge intensive industries in developed countries (Baum, M et al., 2013), born global companies in Zhejiang province are mainly engaged in labor-intensive or other traditional industries. According to their particularities, the paper analyzes Zhejiang born global companies' driving factors by centering on unique entrepreneurship of Zhejiang businessman; accurate niche market positioning; previous international management background and business network of Zhejiang enterprise that span across the globe.

### *3.1 Unique Entrepreneurial Spirit in Zhejiang*

Zhejiang has always been a shortage of resources due to its geographical location, however, since the reform and opening up policy in 1978, Zhejiang's economic development has kept ahead of the whole country due to its prosperous private economy growth and numerous thriving small and medium enterprises. In Zhejiang's SMEs development process, so called "unique Zhejiang entrepreneurial spirit" has played very crucial role in enhancing entrepreneurial dynamism and encouraging more people to set up their own business. In Zhejiang enterprises' development practice through past three decades, they gradually formed a diligent and pragmatic spirit of entrepreneurship, the courage to open up under the spirit of innovation; explore and exploit market opportunities under the spirit of reform; live up to promise under spirit of keeping faith and non-stop conduct self-error correction under the spirit of tolerance. Entrepreneurship and innovation are always two engines for Zhejiang small and medium enterprises' development, Zhejiang has successfully transformed itself from a resource-constrained small province into a formidable economic power among China's 23 provinces, the underlying reason lies in generation by generation, non-stop entrepreneurial and innovation spirit. Good at capturing market opportunities and always considering reforms are distinctive features and competitive advantages of Zhejiang born global companies. Entrepreneurs of Zhejiang have excellent judgment ability, an indomitable will and aggressive courage. They are not resting on laurels, not satisfied with what they have achieved and what they have done in market development, product innovation or international management, they continuously conduct institution innovation and organization innovation, that's why unique entrepreneurial spirit in Zhejiang drives the emergence of local born global companies.

### *3.2 Accurate Niche Market*

Most of Zhejiang companies are small and medium enterprises, due to their size constraints, they can not compete with giant rivals in large market segment and wide range of product offerings. In order to avoid intense competition against formidable big rivals in overseas market, Zhejiang born global companies choose small potential market segment which is neglected by big companies. In China's domestic market, some Zhejiang SMEs adopt focusing strategy, they choose to operate in something look small market segment such as button, socks, etc. although those niche markets seem small, they have great potential to make profits. What's more, industry clusters and specialized market are the most striking features of Zhejiang economy, individual born global company is more difficult to get succeed in overseas market due to limited technology, production capability and marketing activities. That's why small companies in Zhejiang tend to unite together to form some industry clusters to help each other and realize win-win effects. Based on the platform of cluster, born global companies establish supply-demand chains to realize self-asset value increment through creating value for

customers. In Zhejiang born global companies' global strategy, most of them regard small business segment as their international business starting point, supported by powerful cluster and specialized market, those born global companies concentrate resources and strength to enter international markets, they just focus on their selected niche market, stick to what they are good at, never expand into larger range of product offering which they can not command. Thanks to niche market strategy and positioning, Zhejiang SMEs can realize their foreign sales very rapidly at the beginning of company foundation or just very shortly after inception and become born global companies.

### *3.3 Previous International Management Background*

Generally speaking, there are two models for Zhejiang entrepreneurs to set up born global companies. One model is that Zhejiang born global founders were separated from big companies or MNCs they once worked, the other model is that founders with international experience background set up the company from scratch. In the first model, founders who once worked in big companies, foreign companies or some multinational companies for many years, they have accumulated knowledge about the industry, market segment and customers' needs, they have also commanded some international awareness and management experience when they contact with overseas partners and customers. In the second model, more and more Chinese people who are educated or lived in foreign countries choose to return their homeland to set up their own companies, since they have studied in foreign countries for many years, some of them successfully find a job in some well-known foreign companies after graduation, they have gained very good international orientation, communication skills, language ability and business contacts with foreign suppliers and buyers in their overseas education & working process. Besides, governments at all levels in Zhejiang are overwhelmingly enthusiastic to attract more talents with international background return their homeland to set up companies, they have also released a series of policies to support and encourage overseas returnee entrepreneurial activities including taxes reduction, free land & office rental, fundraising support, etc. Therefore, founders with previous international experiences are key driving factors for Zhejiang born global companies' emergence.

### *3.4 Well-organized Business Networks of Zhejiang Companies*

One distinctive feature of Zhejiang companies is that each individual firm is involved in wide scope of business networks which are established on entrepreneur's personal networks including ties of blood, ties of relatives, ties of the same studying experience and ties of living in the same place. That wide scope of networks offer Zhejiang companies a great amount of resources which are very helpful to overcome the problem of small companies' resources constraint. When Zhejiang's born global company enter into one certain foreign country, ties of relatives and ties of once living in the same place have played irreplaceable role to help the born global company to connect with foreign distributors and customers. For instance, some lighter producers in Wenzhou city, Zhejiang province enter into international markets through intermediary network of partners in Hang Kong. Companies in apparel industry, small merchandize industry and toys industry all take advantage of their countrymen networks to expand international market and get succeed. In order to lower risks of operating in foreign markets, one powerful or several established Zhejiang companies have played the leading role to set up development zone or industrial park in foreign country, and attract more small and medium enterprises in Zhejiang to run their subsidiaries in the industrial park. For example, Meiyue corporation derived from Zhuji city in Zhejiang province established textile industry park in Nigeria, and attracted companies of its whole value chain including spinning, weaving, embroidering, knitting and whole garment manufacturing producers to set up subsidiaries in the industrial park, till now, Zhejiang province has successfully established 4 national-level overseas economic and trade cooperation zones. In Zhejiang companies' networking activities, they not only take advantage of existing networks but also make every effort to explore new business networks, ceaselessly improve company's global network layout. For example, a well-known apparel firm named Younger has not only obtained 14 manufacturing plants in Sri Lanka and Philippine but also has gained more than 20 well-known brands ODM processing business through merger and acquisition activities, what's more, Younger now has owned 5 licensing brands including Nautica and PerryEllis. M&A activities enabled Younger to get distribution channels and logistic system, which expand Younger's business network to a great extent. Ningbo Haitian Machinery Company has set up cross-border processing trading subsidiaries in Turkey, Canada and Mexico with the help of its business networks. Till now, Zhejiang born global companies overseas investment mode has upgraded from initial trading subsidiary foundation in distribution channel into higher commitment modes such as overseas manufacturing plant and R&D centers establishment.

## **4. Two Prominent Research Perspectives of Born Global Companies**

### *4.1 Born Global Research Based on Network Perspective*

Network approach analyzes firm's activities under the environment of inter-organization and inter-personal networks (Sharma, Blomstermo, 2003), scholars examine born global companies based on resources acquisition, network development, organizational learning and social networks. RBV perspective views that except from organization's own resources, firms have the possibilities to access more external resources in virtue of social capital domestic and abroad, which will enable firms to enter into international market and compete with foreign rivals more rapidly. While network perspective's major concern is how social capital domestic and abroad is formed and influence firms' international activities; organizational learning perspective mainly states that how firm use network to acquire, assimilate and utilize knowledge to maintain knowledge renewing and competitive advantage, constantly expand into international market in dynamic environment (Gassmann, Keupp, 2007). Social network perspective emphasizes that different position enterprise holds in the network, it will have different influences of network embeddedness on firms' external resources acquisition (Ripolle, Blesa, 2012).

As a matter of fact, all those theories and perspectives are closely related to each other. Whether experience, knowledge or information acquired from networks, they are necessary resources for enterprises, therefore, resource-based view seems always the theoretic foundation of explaining the relationship between network and born global companies. Newly established small company can get access to external resources, which are complementing its organization internal resources constraints. By that way, small and young companies are able to expand into international market rapidly. Since knowledge and experience need time to accumulate, network development and trust building are naturally the outcomes of long-term efforts (Cohen WM, 1990). Network extension from domestic to abroad, experiences accumulated and trust gained, knowledge assimilation and key position's building in the network are all gradually developed. Therefore, all those research can not fully explain two essential questions of accelerated internationalization phenomenon: 1. why does born global company target international market since inception? Why can born global company accumulate substantial knowledge to skip domestic entrepreneurial stage to rapidly engage in international market? 2. Why can born global company build up cooperative networks and relationships, share trust and knowledge, expand into psychical distant countries?

### *4.2 Born Global Research Based on Entrepreneurship Perspective*

In order to deepen the research on born global companies, McDougall and other scholars advocate repositioning of entrepreneurship research, adjusting focus on enterprise to entrepreneur, which arouse more scholars' attention on international entrepreneurship (McDougall, 2003). Although the scope of international entrepreneurship research has made breakthrough in size and time foundation limit, any innovative behavior that bring value and creation and firm growth related to cross-border activities can be considered as international entrepreneurship, born global phenomenon is still the research focus in the domain. Scholars investigate various factors about individual level, firm level, industry level and national level's influences on international entrepreneurship, entrepreneur's international orientation, entrepreneur's global mindset, risk-taking attitude and competition activeness have determined early internationalized companies' strategy choices and promoted the emergence and development of born global companies. However, previous research has placed more emphasis on "how" issues, and is still not adequate on "why" issues, that means the question about why companies skip psychical distance and internationalize early needs to be further explored. Entrepreneurial orientation has provided explanation of willingness to set up born global company, but neglect the role of capability. Thus, extant research has not provided very convincing explanation about born global company's accelerated internationalization.

### *4.3 Research about Capability of Entrepreneurs*

In born global research, some scholars put forward the role of entrepreneurs' capabilities, includes entrepreneur's management skills, industry skill, ability to raise finance, etc. However, extant research has not done enough research on the relationship between entrepreneur capabilities and born global international activities (Weerawardena, et al., 2007). The research indicate that entrepreneur's capability has important influence on company's competitive advantages, strategic behavior and performance. The reason of born global company's early internationalization and skipping stages of traditional international process is related to its learning advantages of newness which relies on entrepreneur's distinctive capability (Aspelund et al., 2007). Thus, it will be insightful to offer more comprehensive explanation to exceptional internationalization behavior of born global companies. according to different roles and functions of entrepreneurs, scholars classify entrepreneur's capability into several types, includes: networking ability, learning ability, strategic ability, management ability, relationship ability, opportunity ability, innovation ability, resource allocation ability, resource integration ability and institutional ability, etc. Among those capabilities, entrepreneur's learning capability to seek, assimilate and

exploit knowledge and entrepreneur's networking capability to build up network and manage to acquire information and resources are crucial factors to advance early internationalization (Zahra, et al., 2000). In addition, the role of entrepreneurial orientation can not be neglected, which represent entrepreneur's subjective perception, since besides entrepreneur's capability, subjective factors do have impacts on firms' strategic behaviors. In the latter part, the paper mainly investigate entrepreneur's learning capability and networking capability as well as entrepreneurial orientation's influence on born global company's international activities based on entrepreneur's capability research perspective.

## **5. Factors' Influence on International Activities of Chinese Born Global Companies Based on Entrepreneur's Capability Perspective**

### *5.1 Entrepreneur Capability's Influence on International Activities of Chinese Born Global Companies*

#### 5.1.1 Dimensions of Entrepreneur Capabilities

There are two prominent entrepreneur capabilities that influence international activities of Chinese born global companies: one is learning capability to assimilate and utilize related knowledge; the other is networking capability to access related information and resources (Mort, Weerawardena, 2006). The research on learning methods is concentrating upon exploitive learning and explorative learning. Exploitive learning is the utilization of existing knowledge to make extant knowledge work at full capacity; while explorative learning is the exploration of new, possible knowledge to create whole new knowledge. In entrepreneur's learning capabilities, it includes both exploitative learning as well as explorative learning, Chinese born global company's entrepreneur needs fully taking advantage of personal and organizational existing knowledge and other resources to reduce internationalization cost on one hand, they need to constantly innovate in management, technology and other aspects to adapt to international competitive environment on the other hand. Networking capability or relationship capability is the ability to establish, maintain and develop relationship with business partners. Johanson and Vahlne have classified this capability into three types: 1. the ability of building up new networks, means entrepreneur use the skill obtained in one network in building up new networks, such as how to connect with new partners, what steps take to develop those relationship rapidly; 2. Ability of maintaining relationship, means that deepen the relationship with existing partners, get to know about partners' strategic goal, management capacity, organization and behavior characteristics, try to build up trust with partners in order to better share knowledge and cooperate. 3. Ability of coordination, it means the firm coordinates activities of different relations, connect different network relationship organically in order to conduct various activities more effectively and more rapidly in the value chain (Johanson, Vahlne, 2009).

#### 5.1.2 The Influence of Entrepreneur's Capabilities

First of all, entrepreneur's learning capability influence Chinese born global company's international activities, the emergence of born global company is resulted from its distinctive learning advantages. While among small firms' learning capabilities, entrepreneur's learning capability certainly facilitate the firms to get growth opportunities in its early internationalization, thus, entrepreneur's learning capability including exploitation of existing knowledge and exploration of new knowledge will inevitably impact the speed of internationalization. Previous research deems internationalization is a process of continuous knowledge accumulation and firm's internationalization is always preceded incrementally (Keupp, Gassmann, 2009). If the entrepreneur has strong learning capability, he or she can seek international market information and new knowledge proactively, and transform knowledge into products that meet international market demands by combining existing knowledge and experiences. Entrepreneur's learning capability can strengthen organization's assimilating ability, Cohen, Levinthal (1990) defined assimilating capability as recognizing new information's value, assimilating and translating it into business purposes. The process of born global company's rapid internationalization is substantially applying international market's new technology and knowledge into speedy commercialization; therefore, assimilating ability is always the crucial factor. For Chinese born global companies, entrepreneur's learning capability enables them to utilize its industry experience and knowledge to constantly acquire new knowledge in product internationalization, and internalize the acquired knowledge into the organization. Entrepreneur's learning capability not only fasten technological commercialization, shorten the time elapse between the firm's foundation and internationalization, but also better adapt the firm to foreign social and economic environment and organizational operating system, overcome psychical distance and accelerate internationalization pace.

**Proposition 1: entrepreneur's learning capability can advance Chinese born global company's vertical and horizontal international activities, accelerate their internationalization pace.**

Entrepreneur's networking capability also facilitates born global company's accelerated internationalization (Jantune, 2008). Learning capability enable Chinese born global company to acquire and utilize knowledge rapidly, while knowledge does not exist in vacuum, network is the best medium of knowledge and information transmission. For Chinese born global companies, networks are particularly important, the firm uses network's position structure, intimate relationship and acquired cognition to elaborate social capital's function of information transmission, cooperation to promote international expansion (Coombs etc., 2009). If born global company build up networks rapidly, it will be earlier for them to access knowledge which is needed for internationalization. By that means, the born global company can use learning capability to internationalize more rapidly. The essential for networks speed is also dependent upon entrepreneur's networking capability, which means more powerful entrepreneur's networking capability, would born global companies more rapidly build up networks, connect with new partners, develop and maintain new relationship, deepen understanding, form trust, share knowledge and information. Meanwhile, the networking capability would be very helpful to coordinate multi-relationships, including existing relationship and new relationship; supplier relationship and customer relationship (De Clercq etc al., 2012), then to form effective collaborative networks. The networking capability of building up, maintaining, coordinating international network influence born global company's accelerated international activities from two aspects. Firstly, rapid network expansion enables Chinese companies to get in touch with target market promptly, discover and grasp potential opportunities in international market, and then exploit the international opportunity through network resources coordination to internationalize rapidly. Secondly, network and trusted relationship's rapid building up will help Chinese born global companies to strengthen their cooperation with network partners, deepen their understanding about overseas market, launch more appropriate products to meet foreign customers' demand and overcome psychical distance. Certain market experience is needed to overcome cultural difference and understand local demands, those experiences include product technology knowledge and customer service knowledge, those experiences' acquisition need time to gradually accumulate or inject large amount of financial and human resources to undertake necessary market research (Freeman et al., 2006) and entrepreneurs who have strong networking capability will rapidly acquire market experience which can not be obtained through systematic market research, and overcome time, resource and psychical distance constraints.

**Proposition 2: entrepreneur's networking capability advances Chinese born global company's vertical and horizontal international activities and accelerate their internationalization pace.**

### *5.2 The Moderating Role of Entrepreneurial Orientation*

Entrepreneur's perception is a very important contingent factor to determine capability influence's direction and extent. Entrepreneur's vigor and SME's resources are very limited, not all SMEs invest their valuable time, energy and resources into firms' international activities (Kuivalainen, etc al., 2007). In Chinese born global phenomenon, why do some entrepreneurs bring learning capability into play, promote key technology and knowledge into commercialization in foreign market rather than dig deep into domestic market and increase domestic sales? Why do born global company's entrepreneurs utilize their networking capability, overcome cultural differences to strengthen and coordinate cross-border networks, rather than evolve naturally with network, incrementally expand from domestic market to overseas market, from psychical close market to psychical distant market? The answer to the question lies in how entrepreneurs view their internationalization strategies, how to evaluate earning and risks of internationalization. Therefore, above analysis is based on the precondition that at the beginning of born global company's foundation, entrepreneurs have global vision and clear internationalization goals. Under that circumstance, entrepreneur's learning capability and networking capability tend to develop towards the direction of accelerated internationalization.

In the research of entrepreneur capability's influence on born global company's accelerated internationalization, entrepreneurial orientation is more suitable to describe the characteristics of entrepreneur's perception comparing with traditional entrepreneurs' demographic features (Cavusgil, Knight, 2015). There are three dimensions of entrepreneurial orientation: proactive ness, risk-taking and competitive initiatives, which are closely related with intense competition in international market. Proactive ness is helpful to discover opportunity and ensure firms' correct direction. Only entrepreneurs discover overseas market in time, would they clearly know about which technology and market knowledge need to be commanded, use networking capability to build up relationship with key customers and suppliers, interact positively, coordinate resources. At the same time, international market operation's uncertainty can be apperceived by entrepreneurs who have keen insight beforehand, and then calmly estimate how to exchange information with organizations which are familiar with local special market environment, then greatly increase the likelihood of success (Nummela, etc al., 2014). Risk-taking is conducive to timely decision-making, only entrepreneurs dare to take risks, would they put international market learning

and building up networks motives into action. International market risks are factors must be seriously considered, especially to Chinese born global companies. Relying on very limited resources to enter into international market would incur formidable risks due to immature market (Oviatt, McDougall, 2005). Only entrepreneurs with higher risk-taking orientation can make bold decisions and enable firms to internationalize early (Zhou, L & Wu, A., 2014).

Entrepreneurs with active competitive initiatives would not shirk from but try their best to compete with rivals. There are three stages in the process of new venture's internationalization: discover new opportunities, configure resources to exploit opportunities and compete with rivals. Entrepreneurs with proactive ness and risk-taking features, they can successfully stride over the first two stages relying on learning capability and networking capability. International market opportunities are vulnerable to lose, if the firm does not grasp the opportunity timely, it will fall into rivals' hands (Chandra, Wilkinson, 2012). Entrepreneur's competitive spirit enables them to respond quickly and take actions to defeat rivals and expand into international markets more rapidly.

**Proposition 3: the stronger of entrepreneurial orientation, the more likelihood of learning capability and networking capability advance Chinese born global company's vertical and horizontal international activities.**

To sum up above analysis and propositions, the paper put forward research model shown in figure 1. As the figure indicates that entrepreneur's learning capability and networking capability have direct effects on Chinese born global companies' international activities, and the direct influence mechanism are moderated by effects of entrepreneurial orientation.

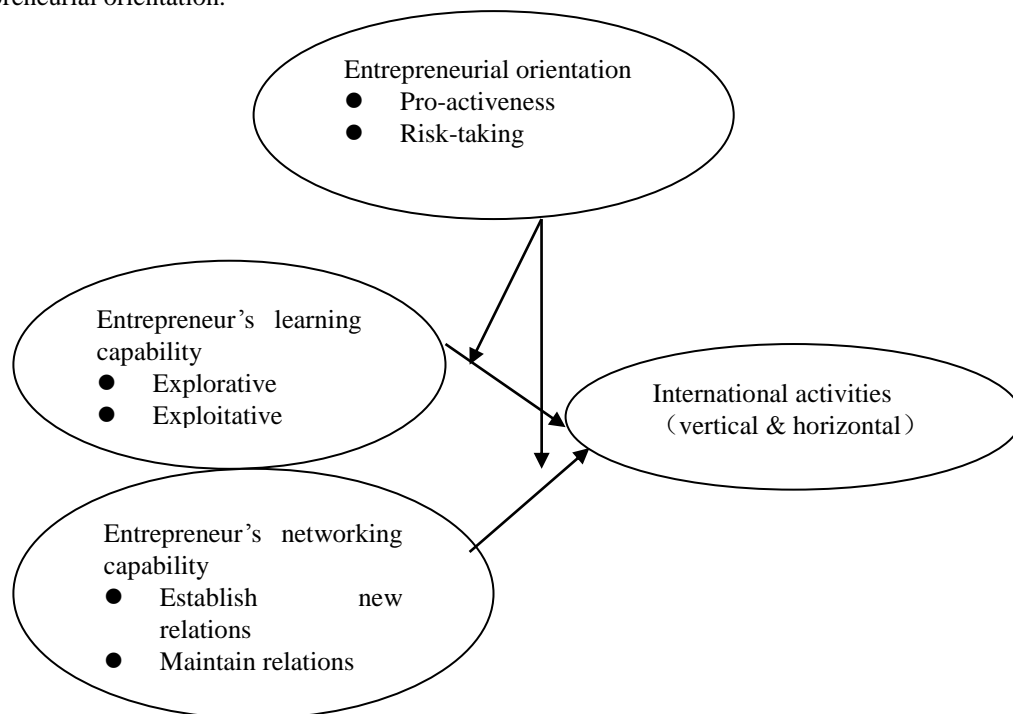


Figure 1. Entrepreneur's capability, entrepreneurial orientation's influence mechanism on Chinese born global companies' international activities

## 6. Conclusion

Although born global phenomenon has attracted great attention of scholars, and analysis has been conducted through multi-perspectives and levels, some limitation still exist. Extant research domestic and abroad indicate that accelerated international activities are the most distinctive characteristics of born global companies, traditional international theories can not fully explain the phenomenon of born global company, network perspective and entrepreneurship theory of born global research also not provide convincing answers, thus, entrepreneur capability perspective is a worthwhile research direction. The paper views: firstly, entrepreneur's learning capability includes explorative and exploitive learning capabilities, they speed up knowledge seeking, assimilating and exploiting process, advance born global companies' vertical and horizontal international



activities. Secondly, entrepreneur's networking capability includes build up, maintain and coordinate the networks, it builds up information and resources acquisition channels, exert important influence on accelerated international activities. Finally, entrepreneurial orientation composed of proactive ness, risk-taking and competitive initiative play moderating role within above influence mechanism.

The paper also has some limitations. First, the paper stresses the important roles of entrepreneur's learning capability and networking capability based on entrepreneur's research perspective, however, the paper hasn't examined whether there exist influence difference between vertical international activities and horizontal international activities, although relationship between them complementary or substitute has been mentioned, more detailed analysis is still needed, thus, research about those issues is demanded in the future. Besides, the paper is still constrained in literature review, theoretical analysis and logic deduction, the research outcomes need to be further examined by scientific method and empirical data, that is also the future research direction.

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