INTERNATIONALISATION OF ENTREPRENEURIAL FIRMS: AN ENACTMENT-EFFECTUATION DANCE

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ABSTRACT

This paper proposes that to understand the under-theorised process of entrepreneurial firm internationalisation it is necessary to look at entrepreneurial action as the process is driven by the entrepreneur. It draws from enactment concept (Weick, 1979, 1995, 2001) of human action theory and effectuation principle (Sarasvathy, 2001, 2005; Sarasvathy et al., 2003) from entrepreneurship theory to suggest four propositions to explain that entrepreneurial enactment and effectuation co-occur in entrepreneurial firm internationalisation, and that the success of internationalisation initiatives of entrepreneurial firms is driven by high levels of both enactment and effectuation action co-occurring. Illustrative data from 4 entrepreneurial internationalisation initiatives are presented in a theory building attempt.

INTRODUCTION

Internationalisation of small and medium entrepreneurial firms has been of immense interest ever since it became clear that the phenomenon observed a couple of decades ago was not a temporary blip in the business globalisation graph (OECD, 1997). Along with this rise in research interest of small and medium entrepreneurial firm internationalisation, extant theories of internationalisation that were primarily based on large firm expansion offshore (Bilkey & Tesar, 1977; Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; Wiedersheim-Paul et al., 1978; Wind et al., 1973) attracted strong criticism (Andersen, 1993; Buckley et al., 1979; Reid, 1983; Turnbull, 1987). The crescendo of a criticism rose further with the appearance of the “born global” firm or the early internationaliser, with new theories being suggested for early internationalisation of entrepreneurial/small firms named International New Ventures (INV) by Oviatt and McDougall (1994). There have also been studies noting that some aspects of received theory notably the unique resources, locational advantages and incremental learning models, did hold for the internationalising small firm (Hollenstein, 2005; Oviatt & McDougall, 1994). Most new explanations and theories however represented attempts either on the macro level (which took market and other forces into account) or on the meso level of firm capabilities in examining the entrepreneurial firm internationalisation opportunity process. Internationalisation processes of entrepreneurial firms, at the micro level of the entrepreneur, are therefore under-researched. This paper examines the entrepreneurial micro-processes in internationalisation initiatives of small/medium entrepreneurial firms. If the entrepreneur drives internationalisation decisions in entrepreneurial firms (Andersson, 2000), then this level of analysis would seem important. Using the four internationalisation initiatives as illustrations this paper proposes that internationalisation processes of entrepreneurial firms are driven by enactment and effectuation actions of the entrepreneurs in the firm. It is further proposed that these actions are simultaneous or, in step, as in a dance, thus denoting the balancing act the entrepreneur performs between enactment, ie, prospective action to seize the market moment, and simultaneous effectual control, to shape international business opportunity. Thus, an internationalisation opportunity process unfolds through the co-occurrence of entrepreneurial enactment and effectuation in foreign markets.
THE PROPOSITIONS

Entrepreneurial Enactment of International Opportunity

It is proposed here that entrepreneurs in internationalising small firms enact their opportunities on the international markets. They attempt to seize those international opportunities for potential gain by way of prospective action in the Weickian sense. “In many circumstances, opportunities are enacted, that is, the salient features of the opportunity only become apparent through the ways that entrepreneurs make sense of their experiences” (Gartner et al., 2003: 105). The central idea of enactment that Gartner et al. propose above, draws from Weick’s concept of sense making (Weick, 1979, 1995, 2001) where the individual often enacts the environment, ie, is a part of the situation s/he faces – because “means affect ends” (Weick, 1979: 86). Scholarly work typically downplayed this relationship between organisations and their environment, and, the extent to which the boundary between the two are blurred (Starbuck, 1976). In the Weickian enactment concept organising is a natural consequence of equivocal information with fluid interdependencies (Weick, 1979: 13). Unlike Herbert Simon’s reiteration of bounded rationality of the actor (Simon, 1957, 1991), Weick’s concept of enactment rests on the equivocality of the environment (Weick, 1979), ie, information is always equivocal, which leads to a reiteration of the non-rationality of human action (“. there’s a bit of absurdity in all of us”: Weick, 1979: 64). Thus opportunities are not pursued by all as prescriptive rationality governing human action would anticipate. Voluntary, prospective action therefore becomes a strong vindication of enactment that Weick calls “action before thought”(Weick, 1979, 1995). It also forms the basis for “retrospective sense making” of actors constructing their reality retrospectively, after the fact (Weick, 1979: 5, 194) as Gartner et al. (2003) above posit in the context of entrepreneurial opportunities. In an entrepreneurial firm’s initiative in a foreign market one may arguably expect information equivocality as the entrepreneur lacks specialised knowledge of the foreign market and is not better placed compared to domestic/ host market competitors or earlier foreign entrants to that market. Due to this the entrepreneur would face a decision to enter with insufficient information or information that he knows might well be poor compared to competitors’. Typical entrepreneurial firm resource constraint s do not allow for more specific information gathering of foreign market potential clients and, also, time being of the essence, the entrepreneur cannot wait to gather full information as “by the time an opportunity is investigated fully, it may no longer exist” (Bhide, 1994). S/he therefore must take “prospective action” in the nature of Weickian enactment. This prospective action would naturally be followed by retrospective sense making by the entrepreneur. In effect internationalisation of entrepreneurial firm is expected to exhibit entrepreneurial enactment in the foreign market:-

Proposition 1: Internationalisation initiatives of an entrepreneurial firm necessarily exhibit entrepreneurial enactment, ie, prospective action or retrospective sense making, or both, of the entrepreneur.

Entrepreneurial Effectuation in Internationalisation

Not dissimilar to the Weickian concept of people often being a part of the situation they face, (Sarasvathy, 2001), in her non-teleological theory building discussion also expounds on the endogeneity of entrepreneurial opportunity processes. Sarasvathy emphasises an effectuation logic to explain entrepreneurial start-up action under the most uncertain of the three market conditions with “information isotropy” (Sarasvathy et al., 2003). The thrust of the effectuation argument is that the opportunity process under uncertainty is context-specific and follows a logic of “effectuation” rather than of causation to overcome Knightian uncertainty1. The relationship, or rather, the disconnect between a causal goal directed opportunity process and, therefore, the need to focus on context specificity and contingency based action is at the heart of the “effectuation” theory Sarasvathy proposes (Sarasvathy, 2001, 2005; Sarasvathy et al., 2003). Sarasvathy also posits that the researchers’ (our) perception imposing an exogenous ‘telos’ on the market process allows us to “explain and seemingly predict” human behaviour assuming a linear causation, but that it cannot explain the “many-splendoured beast” that the successful entrepreneur is, that entrepreneurs “range all over the risk-preference spectrum”, while operating “with formal strategic planning as well as with a lack of it” (Sarasvathy, 2001: 258). In the logic of “Effectuation” Sarasvathy (2001) reiterates that the start-up
entrepreneur effectuating an opportunity does not work with an exogenous telos, ie, the entrepreneur’s actions do not aim at a single/ final end of a goal oriented process; the entrepreneur does not follow a process defined by pre-existing goals with its pre-planned causal end since then the planning would require prediction of the uncertain future. It is proposed that the entrepreneur’s goal is effectuated with the “logic of control” instead of the being focused on prediction (Sarasvathy, 2001: 258). The effectuation process described by Sarasvathy is a theory of understanding the process by which an entrepreneur makes a series of choices, each choice shaping the goal a little more, while also extending control a little further. This control of the situation is a gradually increasing characteristic of the entrepreneur’s action/ event sequences that form the basis of effectuation. Rather than predictive analysis, everything the entrepreneur does to enhance control here and now over his/her means as well as over the potential client’s environment is effectual action, ie, setting of affordable loss limits, bootstrapping, strategic alliance, precommitment to the initiative, and, exploiting (potential client’s) contingencies.

With minimal chances of reducing information insufficiency mentioned above, the internationalising entrepreneurial firm faces an uncertainty that is close to Knightian in nature. This is compounded in cases where new product offerings are involved. Thus internationalisation of entrepreneurial firm is expected to exhibit entrepreneurial effectuation in the foreign market where any or all of the entrepreneurial action characteristics (to enhance control) mentioned above should be in evidence:-

**Proposition 2:** Effectuation, ie, control through setting affordable loss limit, bootstrapping, strategic alliance, precommitment to the initiative or exploitation of (potential client’s) contingencies, accompanies the internationalisation initiative of an entrepreneurial firm.

### The generative dance: Enactment and Effectuation in entrepreneurial internationalisation initiative

Both the concepts of enactment and of effectuation recognise that linear causation is insufficient to explain human action either in organisations or in the entrepreneurial process. Both concepts deal with Knightian uncertainty and the non-linear dynamic environment that does not yield to causal analysis of a two dimensional prisoners’ dilemma type optimisation logic, and both deal with a construction of entrepreneurial engagement for opportunity in the environment. Both concepts accept the non-stochastic, creative nature of market processes, the interdependencies across (artificial) boundaries in the (entrepreneurial) environment that is the firm, the equivocal environment (Weick) or isotropic/ dynamic contingent nature of information (Sarasvathy), and consequently the need to recognise the multiplicity of ways that human action responds to market situation. Both concepts theorise the existence of “small beginnings”, and both emphasise the iterative nature of processes that evolve from small beginnings, with the processes as the determining entities rather than the structures they create. Most importantly, both concepts emphasise that the agent is a part of the process, ie, the agent is a part of the situation s/he faces which s/he therefore constructs endogenously (Weick’s enactment); the entrepreneur is involved in endogenous goal creation (Sarasvathy’s effectuation) where entrepreneurial opportunity creation contains within it the processes of discovery and exploitation. In a fundamental way, both concepts give primacy to action over pre-planning, action over (pre)thought.

A difference between the two concepts however lies in what may be called ‘directedness’ of action. Weickian enactment is prospective thought followed by retrospective sensemaking (action precedes thought) which means that though the actor endogenously enacts the situation, the situation can become a virtuous or a vicious circle over which often the actor has little control. Sarasvathian effectuation, while also an endogenous goal/ opportunity creation concept, does not put such store by equivocal action that characterises Weickian enactment. Nor does it assume, as Weick does, a natural progression in the nature of ‘self-fulfilling prophecy’ but emphasises the entrepreneur’s gradual orchestration of any deviation to get more control over the situation, closer to being by design.

The concept of ‘effectuation’ has been expounded specifically on the entrepreneurial start-up process while ‘enactment’ is much wider in its scope, yet the two concepts have a common basis. Of this common basis, Sarasvathy suggests that “although Weick does not especially focus on the creation of an organisation from scratch, the basic decision unit of the larger organisational processes of enactment and sense making can be posited as a model of effectuation rather than causation” (Sarasvathy, 2001: 256). Interestingly, Weick says: “When entrepreneurs enact their venture with
confidence, they increase its chances of success, as their actions create and reinforce the reality they perceive" (Weick, 1995) may also suggest a relationship between enactment, performance and control sought by the entrepreneur. Enactment and effectuation could be looked at as complementary processes and may both be contained in the entrepreneurial creation of opportunity. It is proposed here that entrepreneurial internationalisation opportunity processes involve complementary entrepreneurial actions of enactment to search or probe the market environment, and effectuation to direct the effort. It is also proposed that these actions co-occur, ie, entrepreneurial enactment and effectuation happen simultaneously in the internationalisation process.

**Proposition 3:** In their internationalisation initiatives, entrepreneurs follow simultaneous processes of enactment and effectuation, ie, they probe market uncertainty through enactment and, simultaneously, they effectuate to limit risk exposure due to that enactment.

The interplay of enactment and effectuation processes in the entrepreneur’s internationalisation effort could evidently be a degenerative interaction just as it could be a generative one, pointing to a possible explanation of the outcome of the entrepreneur’s enactment-effectuation action. It is argued here that the success of an enactment-effectuation action would depend upon how generative it is, ie, how the enactment action and the effectual action are balanced; how effectual action enhances control alongside entrepreneurial enactment of opportunity. Starting from “small beginnings”, entrepreneurial internationalisation success therefore depends upon how generative the enactment-effectuation action cycles pursued are. Evidently then the entrepreneurial action before sense making in the enactment of international opportunity would have to be in step with the effectual control that the entrepreneur can muster through various means such as limiting loss, alliances and contingency exploitation. Thus it may be expected that while strong entrepreneurial enactment opens up new foreign avenues for probing, a high level of effectuation directs the probing towards better chances of a favourable international opportunity outcome, while high enactment in foreign markets with low entrepreneurial effectuation should lead to losing control of the environment. Successful internationalisation processes therefore should need high levels of both entrepreneurial enactment and effectuation. Incorporating this in the above gives Proposition 4 as follows:

**Proposition 4:** The success of an entrepreneurial internationalisation initiative depends upon the level of both enactment and effectuation, ie, higher levels of both enactment risk and effectuation control, will result in internationalisation success.

**ENTREPRENEURIAL INTERNATIONALISATION CASES**

**Method**

Four internationalisation initiatives of three entrepreneurial firms are excerpted below from verbal protocol. The data were collected through in-depth semi-structured interviews with entrepreneurs describing in detail the steps involved in a recent business initiative in a foreign market. Background data was supplemented from published information on the entrepreneurial firms. All three entrepreneurs were running INVs as defined by Oviatt & McDougall (1994) as they pursued internationalisation opportunities within the first 6 years of their inception. However the internationalisation initiatives selected here are not necessarily the first for all three entrepreneurs. While the entrepreneurs selected here are among those that showed a relatively high willingness to engage in an in-depth discussion, the initiatives presented are chosen to study the processes through different outcome possibilities, ie, one internationalisation initiative was successful, another failed and the third failed initially but subsequently succeeded in a later initiative. They were also recent initiatives undertaken by the entrepreneurs. Thus the internationalisation initiatives discussed here are (a) recent and hence with minimal recall bias, and those that showed promise of being clearly illustrated and, importantly, (b) following Eisenhardt & Graebner (2007), those that provided a “theoretical sampling” of entrepreneurial initiatives that were “particularly suitable for illuminating” the internationalisation construct for entrepreneurial firms proposed here. Processing the data through the lens of enactment and effectuation, data reduction was done by interpretive analysis of the verbal data gathered. Even though “theoretical saturation” (Glaser & Strauss, 1967) cannot be claimed to be
reached by examining verbal protocol from the initiatives in this exploratory study, a series of enactment-effectuation patterns begins to emerge in the internationalisation initiatives.

Entrepreneur A, Internationalisation Initiative-1

Entrepreneur A set up a software company in 1999 that builds enterprise solutions software. It has been pursuing opportunities in the US, UK and Australia. Business from the first large client in the UK has been selected for in-depth analysis and reporting here. Entrepreneur A in his account of the initiative said he approached the potential client with very little knowledge of their requirements and absolutely no inkling of any specific need of the product. In fact the potential client was approached through a cold call that followed a social encounter (“the icebreaker was not directly business related but faith - he goes to my partner’s church”). The enactment step in the initiative, ie, through the prospective action of cold calling brought home by retrospective sense making, is amplified by the fact that this was the largest client they had approached anywhere then and particularly in the UK where they were keen to build an image. The entrepreneur confirmed having taken a similar approach to penetrate other large potential client firms before and since, specifically stating that there was no attempt to quantify the market through causal analysis (“we would like to do a market analysis, but …. it is interesting… no, we didn't do it.”). He had earlier built another technology firm and sold it to a large US based company. He confirmed effectuating in that neither of the firms’ marketing action was based on competition analysis or market analysis, but on finding the individual contact in decision making positions in potential user firms: “We don't have the time or the money for what you might call a proper marketing approach… so all we do is deal with certain people.” reflecting effectuation through bootstrapping, affordable loss characteristics and strategic alliance. In the UK firm the CEO was charged by the board with urgently addressing compliance issues that had surfaced in the light of recent statutory changes made in the UK. This presented a customer contingency and Entrepreneur A, exploiting the contingency, quickly presented the enterprise solution product as a way of mapping and automating processes (“…. brings the truth out in the open…” in effectual action. This helped the entrepreneur to ally with the large potential client without pre-existing knowledge of opportunity size, by prospective action/ enactment (“somehow the key words were said in the meeting”) as also by effectual action mentioned above. Entrepreneur A also initiated an alliance with the large computer services outsourcing contractor of the potential client instead of trying to carve out a competitive niche against that existing contractor to service the client. He worked this client though a commission based consulting partner in the UK to implement the mandate, and prospect the market further, always bootstrapping mindful of affordable loss.

Entrepreneur B, Internationalisation Initiative-2

Starting generalist software development business in 1994, Entrepreneur B quickly focused on the specialised area of documentation automation. The first internationalisation initiative was to get into a partnership with Microsoft in 1999. The entrepreneur approached Microsoft in a prospective action of contacting the highest person they could get on the phone (“We just rang up and - the highest person we could get our hands on and said we've got something that could help you sell more copies of Microsoft Office”) – a high level of enactment. Working an alliance with the headquarters of Microsoft through their local office in Entrepreneur B’s domestic market, a partnership deal was struck whereby the firm got a place link in Microsoft’s website. However, the high exposure through Microsoft site was not backed with either enough sales force to push the product in the US where most enquires were coming from, or, with aligning with resellers or consultant firms that were the channel for the product type. The entrepreneur realised that the exposure through Microsoft website was at no cost or obligation to Microsoft and did not give any exclusive relationships at any point with resellers, only stray enquiries from a dispersed user set that they could not control in terms of demonstration, further product development through customer feedback, price point discovery, and mandate closure. It was an arrangement that gave only a loose, one-sided alliance with Microsoft that Entrepreneur B failed to effectuate to strengthen. In retrospective sense making, they realised that their resellers were not the Microsoft distributors but the consultancy firms that mediate the knowledge market (“we thought the partners were the distributors of MS and that was a mistake – the actual partners were probably the ones in knowledge management like .. consultancy services as well as software (consultancy)”). The entrepreneur instead tried to enhance control over the market in a sales blitz and burnt cash to push the product in a concentrated geographical area of the US market making the Microsoft alliance quite redundant. The initiative failed entrepreneur’s inability to effectuate control over the “given set of means” (Sarasvathy, 2001) as well as over specific prospective clients to build market presence.
Having a burn-out early in the firm’s life, the entrepreneur went out of business and now believes that “it's simply not possible to ring up and sell software so you need a specific person with a telephone number and a name” showing effectual logic.

**Entrepreneur C, Internationalisation Initiative-3&4**

Entrepreneur C came into the internet service and web-hosting business after acquiring a failing ISP in 2001. It also sells some hardware as secondary business. The first international foray was to set up ISP business in Australia. Entrepreneur C failed in this attempt in 2002-03 and withdrew. He has attempted internationalising to Australia again in end-2005, this time with success. The later success he puts down to being “cunning” (“Just more cunning now.”). The entrepreneur was referring to ‘re-skinning’ the services provided so they are not obviously foreign to the customer (“The browser looks like it's an Aussie company”). However, the more important strategic step is keeping the initial foreign market investment at an affordable level. The services are all hosted and provided from the entrepreneur’s home country which he later plans to set up in Australia (“that’ll change in the next five or six months when we have servers in Australia”) but for now he continues to bootstrap so that potential losses are affordable and minimised by early cash flow with minimal overseas investment on a small offshore staff (“It's just cash flow, we are just making sure that we don't expose ourselves with any grandiose strategies that have negative cash flow). While the nature of the business allows for this kind of service-from-afar arrangement, the entrepreneur's insistence on “doing (business) customer by customer and build organically” is a picture of effectuation. This, he recalls he did not do in the first initiative in Australia when he set up local server, office and other infrastructure (“I did it properly, and set up the infrastructure first”) thus failing to bootstrap and effectuate control which he acknowledges (“… oh it was a shambles. I did it the textbook way. Now customers buy those servers, we just own the intellectual property that runs on them”). Low levels of effectuation initially, later bootstrapping, reducing potential loss to affordable levels, following high effectuation to match offshore enactment.

The following chart presents the three cases of the entrepreneurial internationalisation initiatives showing some highlights of enactment and effectuation action and the successes and failures of the initiatives.
<table>
<thead>
<tr>
<th><strong>Evidence of</strong></th>
<th><strong>Enactment</strong></th>
<th><strong>Effectuation</strong></th>
<th><strong>Contingency exploitation, rather than pre-existing knowledge</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneur A</strong></td>
<td><strong>Initiative-1</strong></td>
<td><strong>Successful initiative</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approached large company (larger than ever dealt with before) to present his product with no idea of what level of business to expect. (&quot;somehow the key words were said in the meeting&quot;)</td>
<td>Commission based marketers as consultants/partners to open doors for opportunities in foreign markets, rather than have own offices – an affordable cost arrangement. This potential opportunity was through one such marketer partner.</td>
<td>Struck alliance with large firm and its large computer servicing contractor firm to introduce products instead of analysing market competition, or competing with the large servicing contractor firm empanelled with potential client. (&quot;we would like to do a market analysis, but it is interesting… no, we didn’t do it.”) (&quot;so all we do is deal with certain people…”</td>
</tr>
<tr>
<td><strong>Entrepreneur B</strong></td>
<td><strong>Initiative-2</strong></td>
<td><strong>Unsuccessful initiative</strong></td>
<td></td>
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<td></td>
<td>Approached Microsoft (MS) for its first internationalisation initiative, cold calling, and with no idea of how an arrangement of selling through MS might work. Retrospectively made sense that that was a mistake and that the real resellers would be consultancies (“we thought the partners were the distributors of MS and that was a mistake”)</td>
<td>Did not set affordable loss limits well as Entrepreneur B engaged in non-effectual route to market, without strategic alliances (MS alliance became redundant).</td>
<td>Alliance with MS was loose, one-sided and not strategic. Strategic alliances with consultant-resellers were not set up, instead a retail-blitz style geographically concentrated selling was attempted.</td>
</tr>
<tr>
<td><strong>Entrepreneur C</strong></td>
<td><strong>Initiative-3 &amp; 4</strong></td>
<td><strong>Initially failed, subsequently successful initiative</strong></td>
<td></td>
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<td></td>
<td>In the first internationalisation initiative the entrepreneur charged into the foreign market. In the second he was enacting to explore the foreign market but not “charging in there and spending...”.</td>
<td>Effectuation was low in the first initiative. In the second Entrepreneur C was bootstrapping, keeping within affordable loss limits instead of investing offshore on market prediction.</td>
<td>Selling “customer by customer … organically” is an alliance-based rather than a prediction based selling in the latter initiative.</td>
</tr>
</tbody>
</table>

**Three Internationalisation Initiatives Highlighting Entrepreneurial Enactment and Effectuation**
DISCUSSION AND CONCLUSION

The above data from four internationalisation initiatives of the three entrepreneurs pursuing offshore opportunities show that to seize a head-start in the foreign market an entrepreneur necessarily has to initiate enactment steps in that market. This is dictated, as discussed, by the insufficiency of full information. However, the related issue of the unknowability of the future makes it important that the entrepreneur effectuates control over the set of means here and now, as also over the potential client environment as it shows up; the first by bootstrapping and setting affordable loss limits as well as by enhancing internal capabilities and the second by strategic alliance as well as exploiting client contingencies. The data also show the co-occurrence of entrepreneurial enactment and effectuation in internationalisation initiatives as proposed in propositions 1, 2 and 3. What is apparent particularly from the third entrepreneur’s initiatives is that an internationalisation initiative seems to be successful if it has high levels of both enactment and effectuation by the entrepreneur as suggested in the last proposition. The following 2 x 2 enactment-effectuation matrix represents where the entrepreneurs stand based on their internationalisation initiatives. Entrepreneur A’s Initiative-1 had high levels of enactment and effectuation and falls in the “high-high” quadrant. This was a successful internationalisation initiative. Entrepreneurs B and C discussed above, however, showed high enactment in going out to foreign markets in their (C’s initial) internationalisation foray but had not shown sufficient effectuation to control market entry particularly through bootstrapping, working within affordable loss limits, forming strategic alliances, etc, and so fall in the “high enactment-low effectuation” box. With Entrepreneur C stepping up his effectuation after the first internationalisation failure to match high enactment, the subsequent initiative (4) became an internationalisation success which moves him to the high-high box.

FIGURE: Enactment-effectuation levels and outcome of internationalisation initiatives

It is evident that high levels of enactment and high levels of effectuation are both necessary for entrepreneurial success in internationalisation. High enactment alone caused the initiatives to spin out of the entrepreneurs’ control as we have seen in the data from the failed initiative of Entrepreneur B and C. On the other hand, none of the internationalisation initiatives, successful or unsuccessful, showed low enactment data which suggests that high levels of effectuation alone would possibly not lead to internationalisation success either. The data shows that in successful internationalisation initiatives, high enactment and high effectuation co-occur, ie, appear simultaneously. It is apparent, therefore, that high entrepreneurial enactment is necessary to probe the market for internationalisation,
but for the initiative to succeed high enactment is not sufficient by itself, and needs to be backed up with matching high levels of effectuation. The enactment-effectuation interplay is a dynamic duet, either a generative dance resulting in successful internationalisation outcome or, a degenerative interaction, when they do not co-occur in matching strength, resulting in dissipation of effort and internationalisation failure.

Derived from qualitative data from four initiatives, this construct will certainly benefit from further empirical support. The paper does not seek statistical generalisation but hopes to be the basis for analytical generalisation (Yin, 1994) in theory building. The enactment-effectuation generative dance of entrepreneurial internationalisation is proposed in the spirit of “provoking thought” (Siggelkow, 2007) in this exploratory theory building paper. The “theory-building” rather than “theory testing” attempt of the paper draws its inspiration from scholars who have opined the validity of extending existing theory or building new theory from rich inductive study of a few cases, notably from Eisenhardt & Graebner (2007). It is hoped however that further research will chart a new path for understanding internationalisation of entrepreneurial firms through the understanding of entrepreneurial action in terms of the enactment-effectuation generative dance construct.

NOTES

1 Knightian uncertainty a.k.a. ‘pure’ or ‘true’ uncertainty or ‘radical’ uncertainty (Knight, 1921) where both the demand and the supply (distributions) are not known and neither are they knowable, they are to be created (Sarasvathy et al, 2003). It is the most uncertain of the 3 scenarios as against scenarios where (a) both demand and supply patterns are known and pure arbitrage opportunities arise/ are recognised, or, (b) one of the two patterns is known and the other needs to be ‘discovered’. The three kinds of uncertainty relate to the 3 views of opportunity

2 Companies (Audit, Investigations and Community Enterprise) Act of 2004: disclosure stipulations on company directors corresponding to Sarbanes-Oxley Act in the US

REFERENCES


