

Corporate Entrepreneurship and Learning Capability of Internationalized SMEs

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Abstract—Context marked by the opening of borders, the emergence and rapid development of ICT and globalization in which SMEs operate nowadays facilitates internationalization. However, to remain competitive in these foreign markets, this structure must adopt an entrepreneurial attitude even within the company. This phenomenon, known as intrapreneurship or corporate entrepreneurship forces companies to develop one of the following three aspects: innovation (product, process or organizational), strategic renewal and / or corporate venturing. The objective of this work is to examine corporate entrepreneurship of internationalized SMEs. After interviews with five owner-managers, it appears that organizational learning capability play a role in the development of an intrapreneurial spirit within internationalized SMEs. The data collected from 234 Tunisian SMEs show, firstly, that the degree of internationalization of SMEs does not influence corporate entrepreneurship, and, secondly, the more SME is internationalized, the more it will develop capability. Managerial implications proposed aims to support practitioners' reflection to facilitate corporate entrepreneurship of their SME.

Keywords—*corporate entrepreneurship, intrapreneurship, internationalization, SME, capability, organizational learning, structural equations models*

I. INTRODUCTION

Not to grow is to slide backwards. This adage which generally refers to individuals may also apply to firms. Innovation, creation of new entities and renewal are thus essential and they should not be only for newly created businesses but also for existing businesses. This phenomenon of entrepreneurship within an enterprise is intrapreneurship. This intrapreneurship phenomenon, which appeared in the writings of Pinchot (1988) [1], demonstrates the importance of creation and innovation for the development of any business. Any firm expressing the wish to compete globally must go through the box of corporate entrepreneurship.

However, it is clear that the concept of corporate entrepreneurship is often associated with big business. But this phenomenon is not limited to large entities only (Carrier, 2001) [2]. Small and Medium Enterprises (SMEs) should also

be given the opportunity to stimulate corporate entrepreneurship among its employees. This structure, although it is considered small, helpless and fragile, is the ideal place to develop intrapreneurship. Indeed, its proximity to the environment, mind working more informal than large bureaucracies and the tendency of managers to reward individual initiative taken, are the main reasons which show that the development of a dynamic intrapreneurial would be easier in SMEs.

However, the narrowness of the Tunisian market forces often SMEs to venture into foreign markets. And to withstand international competition, Tunisian SMEs must develop the capacity to compete globally. For this, it needs to have recourse to innovation, ultimate key to international success. Tunisian SMEs must, firstly, be internationalized, and adopt in the other hand, an intrapreneurial approach. It is only with the combination of these two conditions that Tunisian SMEs could be competitive internationally.

The study of the corporate entrepreneurship of internationalized Tunisian SMEs confers this interest. First, on a purely practical level, partially exporting Tunisian SMEs account for almost half of the Tunisian Industry, hence the usefulness of managerial work. Then, on a more academic level, the study of corporate entrepreneurship in the specific case of internationalized SMEs is scarce in the literature.

Therefore, we propose to study this relationship and to verify the nature of the relationship between internationalization and corporate entrepreneurship. To do this, we rely on the results of Lin (2012) [3] showing that managers wishing to benefit from international expansion, will need both to explore the international market and evaluate capabilities of the company. The latter, considered as a particular type of resource, will enable the company to achieve the desired objective, namely, the establishment of an entrepreneurial spirit in our case.

All these thoughts from the theory and observation of the context lead us to formulate the research problem:

Does the degree of internationalization of the Tunisian SMEs influence its corporate entrepreneurship?

This problem can be divided into several research questions:

- Are there any levers linked to the degree of internationalization of SMEs that would foster corporate entrepreneurship?
- What roles can capabilities play in the relationship between the degree of internationalization of SMEs and corporate entrepreneurship?

The objective of this work is to understand the link between the development of intrapreneurship practices of SMEs and their degree of internationalization. It is therefore a question of whether there is any link between these two concepts.

II. REVIEW OF THE LITERATURE

A. Corporate entrepreneurship of internationalized SMEs

Literature reference a number of labels for the concept of corporate entrepreneurship like intrapreneurship or entrepreneurial orientation. The concept of corporate entrepreneurship includes the following three dimensions: innovation (concerns the identification of new opportunities and new solutions through creativity and experimentation), corporate venturing (corresponds to the creation of a new entity within the organization) and strategic renewal (it relates to improving the ability of the company to compete and take risks).

The relationship between internationalization and corporate entrepreneurship has been highlighted by a number of authors. Etrillard (2006) [4], for example, describes the nature of the process of internationalization as strategic but also as entrepreneurial. For this author, internationalization is a phenomenon of proactiveness, innovation, risk taking, sensing opportunities. For this author and for Verstraete&Filion (2001) [5], it is relevant and necessary to study the types of entrepreneurship that may arise after the internationalization of business. Zahra et al. (2001) [6] also argue that internationalization encourage entrepreneurship in some companies. He stated, however, that this spirit depends largely on the ability of the firm to seize opportunities. Similarly, Gueguen et al. (2007) [7] argue that both innovation and internationalization concepts are linked and are essential in a global economy. The interest to study the forms of entrepreneurship in internationalized SMEs is therefore undeniable.

B. Capabilities

The different schools of thought on internationalization, as the Uppsala theory of Johanson&Vahlne (1977) [8] or the theory of International New Ventures of Oviatt& McDougall (1994) [9] are based on the concept of competencies and resources. This shows the importance of resources, combinatorial capabilities and resources in the process of internationalization. And it is on the basis of this observation that we set our problem. Indeed, this work is built on the idea that the more a firm is international, the more it could acquire capabilities and it will even exploit opportunities. Exposing themselves to unknown markets, the company must adapt to a

new environment, thanks to new capabilities. The inclusion of the concept of capabilities will allow us to identify the origin of corporate entrepreneurship of internationalized SMEs.

As we cannot perform an exhaustive review of all types of capabilities, we restricted to that of learning. Learning capability was chosen for the reason that traditional exporters internationalize incrementally based on knowledge.

The literature shows that the study of internationalization is inseparable from the concept of learning. In terms of learning, it is commonly accepted that the internationalization process is a learning process, so establishing the link between adventure in foreign markets and knowledge that goes without saying. Autio et al. (2000) [10], for example, advise researchers who deal with the internationalization of firms, to keep in mind that international experience has implications for learning and firm performance.

III. CONCEPTUAL FRAMEWORK

The introduction of capability as a mediating variable between internationalization and corporate entrepreneurship is justified by famous authors like Joseph Schumpeter (1942) [11] who was the first to advance that the development of business strategies is only possible with the development of the competencies of the company. The main thing is, according to Schumpeter, to deploy these competencies or new combinations faster than competitors. In their paper, Covin&Slevin (1991) [12] find that the entrepreneurial capacity of an organization will be limited only by the resources and capabilities it has. Entrepreneurial ambitions should be based on capabilities that advance research opportunity and accelerate the introduction of new products and services (Covin&Slevin, 1991) [12]. It is the same for Dess et al. (1997) [13], who argue that firms that adopt an entrepreneurial approach require resources. Walter et al. (2006) [14] also found that any company wishing to set up a corporate entrepreneurship in its operation must possess certain capabilities.

For Jerez-Gomez et al. (2005) [15], it is essential to study the antecedents of organizational learning capability, especially as there is still no consensus in the literature on the most effective ways to develop a organizational learning capability within the organization. These same authors advise to study the possible influence of certain practices in human resources.

In the same vein, Pacitto (2006) [16] states that SMEs engaged in internationalization process get lots of advantages like a more developed ability to learn or ability to detect opportunities. He argues that the internationalization of SMEs can increase its capabilities.

These developments allow us to assume the existence of relationships between internationalization, corporate entrepreneurship and organizational learning capability, which allows us to state our research hypotheses.

H1: The degree of internationalization of a firm positively influences its corporate entrepreneurship (innovation, corporate venturing, strategic renewal)

H2: The degree of internationalization of a firm positively influences organizational learning capability (managerial commitment, shared vision, openness and experimentation, transfer and integration of knowledge)

H3: Organizational learning capability of a company positively influences its corporate entrepreneurship (innovation, national and international corporate venturing, strategic renewal)

This research attempts to answer the following question: Can internationalization affect corporate entrepreneurship? It is therefore important to examine whether there is a correlation between the degree of internationalization of a firm and specific dimensions of corporate entrepreneurship. We have also introduced a mediating variable, namely the combinatorial learning ability.

H4: Organizational learning capability acts as a mediator variable in the relationship between the degree of internationalization and corporate entrepreneurship.

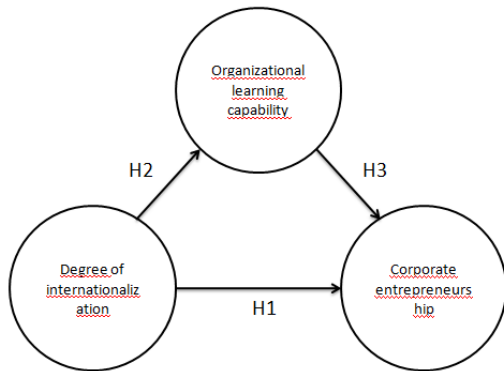


Fig. 1. Conceptual model

IV. METHODOLOGY

As we can see, our research fits into the positivist paradigm, as the majority of previous researches in the context of SMEs do.

As our role is simply to observe and infer, we can argue that this work is part of a hypothetical-deductive approach (or confirmatory approach).

By asking respondents to comment on their internationally results for 2011, we wanted to leave at least a year apart so that potential effects of globalization are felt.

In short, the people we are targeting in this research consist in Tunisian industrial SMEs (all sectors) with an international business for at least three years (partially exporter). As we set the company as level of analysis, our interviewee is therefore either the owner-manager or a commercial director working for the firm before its internationalization.

As we have a frame, it is possible for us to use a probabilistic method, specifically the systematic sampling method which is to "choose the first element randomly on the frame, the following elements are then selected at regular intervals" (Thiétart et al., 1999) [17].

As we have indicated, all scales of our questionnaire came from the Anglo-Saxon literature. So we had to bring in French, thanks to the back-translation method. La Face validity of the questionnaires was checked using four teacher-researchers.

We conducted, as in any research in management sciences, pre-tested with nine leaders of small business owners.

The data collected through the questionnaire (administration face-to-face) with 234 Tunisian SMEs, were then subjected to an assessment of their reliability (Cronbach's alpha) and their validity (convergent validity, discriminant validity).

As Sullivan (1994) [18], we chose to evaluate the performance, structure and the attitude of the internationalization of companies using six criteria: share of revenues from overseas, share of profits from overseas, share of assets abroad by employees working on international affairs, average years of experience and a number of countries to which the company exports.

The two scales presented below are high-order, i.e. each time a dimension increases in magnitude, the whole scale is improved.

The scale measuring learning capability includes four dimensions: managerial commitment, shared vision, openness and experimentation, transfer and integration of knowledge. Finally, the dimensions of innovation, corporate venturing and strategic renewal Zahra et al. (2000) [19] have measured corporate entrepreneurship.

The size, age and sector of activity of the company were used as control variables. All concepts are measured using Likert scales of 5 points.

V. ANALYSIS ET RESULTS

Prior to analyzing the results, we must first ensure of psychometric quality of scales. For this, we calculated the following indices: Cronbach alpha, KMO index and RhôVC (Table I). These have shown that the scales used are reliable and have good convergent validity.

To purify the measurement scales and check their dimensionality, we conducted Principal Component Analysis. These have slightly changed the dimensions. Thus corporate entrepreneurship has evolved from a scale of six dimensions and 25 items on a scale of four dimensions (organizational renewal, national CV, product innovation, international CV). The organizational learning capability has, meanwhile undergone major changes: it has grown from a four-dimensional scale to 16 items on a scale of two dimensions with eight items (managerial commitment to openness and experimentation, organizational process of assimilation and integration of knowledge).

TABLE I. Qualités psychométriques des échelles de mesure

Constructs	Dimensions	Alpha Cronbach	K.M.O.	Rh _{0vc}
Corporate entrepreneurship	Organizational renew	0,916	0,836	0,734
	National CV	0,811		0,676
	Product innovation	0,841		0,640
	International CV	0,834		0,792
Organizational learning capability	Openness and experimentation	0,789	0,819	0,628
	Assimilation and integration of knowledge	0,764		0,788
Degree of internationalization		0,806		

After ensuring the psychometric quality of scales, we now turn to the first step of structural equation methods, namely confirmatory factor analysis. The latter allows to independently test each measurement model and to ensure that the structural model will aim to test the relationships between latent variables.

We will evaluate the scores of measures of different dimensions of our constructs. Subsequently, these scores will replace the latent variables of first order.

Table II shows the indices of goodness of fit measurement models. These models show that the measurement of the three constructs are reliable.

TABLE II.Indices of goodness of fit after confirmatory factor analysis

	Organizational learning capability	Corporate entrepreneurship
χ^2	56,797	226,592
χ^2 / ddl	3,155	3,284
GFI	0,946	0,887
AGFI	0,892	0,828
TLI	0,911	0,890
CFI	0,943	0,917
RMR	0,040	0,075
RMSEA	0,096	0,099
CAIC (tested model)	172,993	458,988
CAIC (saturated model)	232,392	677,809

After replacing the latent variables of first order with their respective scores, we can proceed to the presentation of the first order model and assess the quality of fit of the structural model. We obtain a structural equation model of the first order. The objective here is to test the structural relationships between the various latent variables.

The approach we are taking at this level is as follow: we will submit to testing the model as a whole, assessing its goodness of fit and then evaluate the importance of relationships defined at the conceptual level.

Relations studied in the model are not all significant. Indeed, we observe through Table III that the levels of meaning of three relationships exceed the threshold generally accepted 0.01. Moreover, these three relationships in question got a critical ratio below 1.96.

TABLE III. Regression coefficients of the structural model

	Non standardized regression coefficients				Standardized regression coefficients
	Estimate	Error	Critical ratio	P value	
H1	1,774	6,439	0,276	0,783	0,642
H2	1,325	0,427	3,101	0,002	0,939
H3	0,117	3,401	0,034	0,973	0,060

An assumption which standardized regression coefficient is greater than 0.1 is considered as a valid relationship. It is significant, if the critical ration is less than 1.96

We noted that on the five assumptions, only H2 and H3 are validated. But before I conclude, it is necessary to check the quality of fit of the model. Table IV shows good clues: a standardized Chi2 below the threshold of 5, RMSEA below the 0.1 limit and CAIC index shows that the model we tested has a better fit than the saturated model. Except AGFI and TLI indices that are slightly below the limit of 0.9, all the other indices show an excellent fit of our model quality.

TABLE IV. Goodness of fit of the structural model

	Structural model
χ^2	110,282
χ^2 / ddl	3,244
GFI	0,931
AGFI	0,867
TLI	0,875
CFI	0,923
RMR	0,043
RMSEA	0,098
CAIC (tested model)	316,852
CAIC (saturated model)	426,051

We also checked the multinormality of variables with indices of skewness and kurtosis, which show that almost all variables are normally distributed (the criterion value of Mardia must be less than 3).

To examine the mediating role of learning capability, it is necessary to analyze the direct, indirect and total effects of degree of internationalization on corporate entrepreneurship. The verification of the significance of these indirect effects is achieved with the Sobel test.

TABLE V. Application of the Sobel method on H4

	H4 : degree of internationalization → corporate entrepreneurship	
	Score Z	p
Mediating variable : organizational learning capability	0,017	0,49 (one-tailed) 0,98 (two-tailed)

The examination of the above table clearly shows that the mediating effect of the capability is not significant (all p values are well above the generally accepted threshold of 0.01), so the organizational learning capability does not play a mediating role between the degree of internationalization and corporate entrepreneurship.

It is also important to note that none of the control variables tested has any real influence on corporate entrepreneurship of internationalized SMEs.

VI. CONCLUSION

The cancellation of H1 is due to the fact that internationalization does not play a role in the entrepreneurial attitude of Tunisian SMEs. Another reason behind this result is also due to the objective of the company when it goes global. Indeed, a qualitative survey conducted after analysis of the results indicates that there are two goals when a company exports: the first is to earn more money, and the second is very rare, it is to compete with large international companies. The latter objective is of course almost impossible for Tunisian SMEs, which explains the lack of relationship between the degree of internationalization and corporate entrepreneurship. The objective of the companies that produce such goods is not to compete with large international firms but rather to sell more.

The positive result of H2 confirms that the results of Zhang et al. (2009) [20] who found that firms that internationalize earlier than others possessed stronger organizational learning capability.

The fact that the H3 hypothesis has not been tested is due to several reasons. One reason is that the SME engages in a corporate entrepreneurship to be sure to have the resources and capabilities required. As already said by Covin&Slevin (1991) [12] the entrepreneurial capacity of an organization is limited by the resources and capabilities available. Another reason, as important as the first relates to the entrepreneur. We noticed that the owner-managers of Tunisian SMEs who do not believe in social values, do not have the will to move forward and do not have high expectations.

The reasons behind the cancellation H4 can be explained first by the fact that the Tunisian company cannot find the necessary support from the government. Then, and since we live in a globalized economy, Tunisian SMEs who want to succeed internationally compete with large multinationals, rather utopian ambition for many entrepreneurs.

On a theoretical level, this study has expanded the literature on international entrepreneurship and corporate entrepreneurship and that, by examining the internationalization of SMEs through several theoretical approaches.

On the managerial level, actors of corporate entrepreneurship can benefit from this study to the extent that we find that the sale in foreign markets is not necessarily the key to innovate and renew itself. The owner / managers of

Tunisian SMEs are therefore not forced to venture into new markets to take advantage of the opportunities offered by the internationalization (Ripollés-Melià & al., 2007) [21].

This work shows that international ambitions do not create entrepreneurial ambitions, or in other words, internationalization is not the secret ingredient for assessing the elixir of youth.

Like any science research management, this work also includes limits or gaps independent of our will. When we conceptualized our model, we deliberately excluded certain variables that might explain the phenomenon of corporate entrepreneurship of internationalized SMEs. A second limitation, conceptual, is about the meaning of causal relationships. Another limitation to the results of this thesis concerns the ad hoc nature of the data collected.

All limits listed above show that it is necessary to consider the prospects for research to extend this work. It would therefore be relevant for further research to study the relationship between internationalization and corporate entrepreneurship. A rather puzzling result concerns the scales corporate entrepreneurship and learning capability whose dimensionalities for the Tunisian case studies are different in other countries so far. This suggests as a future avenue of research to develop scales measuring specifically the context of developing countries. The opening would be well to make a comparative study between the companies following an incremental internationalization and those with rapid and early internationalization process.

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