

Bridging Two Worlds: Incubating Transnational Business Ventures

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ABSTRACT

What start-up challenges do transnational entrepreneurs experience? How can business incubators help them overcome the obstacles to securing financial, human, and social capital that they face? Drawing on fieldwork conducted in October 2007, we present the case study of IntEnt, a Dutch incubator providing services exclusively to transnational entrepreneurs. Employing Eisenhardt's case-based theory development approach (1989), we leverage case findings to develop theoretical propositions regarding the incubation of transnational ventures. We identify key differences between domestic and transnational incubation, particularly in terms of the incubator's purpose, stakeholder set, assessment metrics, and services. Implications for theory and future research are discussed.

Many migrants in today's globalized world leverage transportation and communication technologies to remain connected to and involved in their countries-of-origin in ways that were unimaginable in the past (Portes, Guarnizo, & Landolt, 1999; Zhou 2004). These individuals often operate in transnational "social fields that link together the country-of-origin [COO] and the country-of-settlement [hereafter referred to as country-of-residence or COR]" (Laurence, Ma, & Cartier 2003, p. 4). A burgeoning literature has explored the cross-national entrepreneurial activities of transnational individuals (hereafter referred to as transnationals) (e.g., Chin, Yoon, & Smith, 1996; Gillespie, Riddle, Sayre, & Sturges, 1999; Portes, Guarnizo, & Landolt, 1999). Transnational entrepreneurship has been described as a "social realm of immigrants operating in complex, cross-national domains, with dual cultural, institutional, and economic features that facilitate various entrepreneurial strategies" (Drori, Honig, & Ginsberg, 2006, p. 1).

Transnational entrepreneurship can generate opportunities for transnationals and the societies in which they operate. Where migrants face formidable obstacles to economic incorporation in their host societies, transnational entrepreneurship can become a more attractive and sometimes necessary occupational path (Guarnizo, Portes, & Haler, 2003). Transnational

entrepreneurs—and the ideas, resources, and employment opportunities they bring—can exact a profound impact on the economic and social development of their home countries (Brinkerhoff & Riddle, 2007). The development potential of these entrepreneurs has encouraged many countries to seek creative ways of encouraging transnational entrepreneurship (Riddle, Brinkerhoff, & Nielsen, 2007).

To date, the majority of scholarly work regarding transnational entrepreneurship has examined the phenomenon *post hoc*, exploring the social characteristics and processes of actors who have undertaken transnational entrepreneurial activities. Lesser attention has been paid to isolating the challenges that transnationals confront when starting a new venture or identifying meaningful policies or programs to help them overcome obstacles that impede the realization of their venture idea.

In general, new businesses face formidable obstacles during the formation and early growth period (Gilbert, McDougall, & Audretsch, 2006). Entrepreneurs must cultivate and leverage financial, human, and social capital to transform nascent ideas into successful ventures (Lazear, 2005). The particular multi-territorial social context in which a transnational entrepreneur operates presents a unique challenge: They must develop and leverage capital across space, often amalgamating and utilizing capital in countries-of-residence and countries-of-origin simultaneously.

Business incubators are institutions that aim to help nascent entrepreneurs overcome financial, human, and social capital impediments, thereby improving the survival rate of new business ventures (Allen & Rahman, 1985) and generating subsequent economic benefits (Campbell & Allen, 1987). Current research regarding the nature and effectiveness of business

incubation has focused on the role that business incubators can play in stimulating new-venture growth and sustainability in the local economy.

We contribute to the existing understanding of transnational entrepreneurship and business incubation phenomenon in two key ways. First, we identify the specific capital challenges that transnational entrepreneurs face. Second, we discern the ways in which traditional business incubation services may need to be amended—and extended—to help transnational entrepreneurs identify and leverage capital within and across the unique social fields in which they operate.

This paper is organized as follows. First, we discuss the capital challenges of transnational entrepreneurs. Then, we review the extant literature regarding domestic business incubators. After a brief description of the methods employed in the study, we present the case of IntEnt, describing IntEnt's specific purpose, stakeholder set, assessment metrics, and support services. In the final sections, employing Eisenhardt's approach of case-based theory development (1989), we compare and contrast case-study findings with extant theory concerning domestic business incubation to develop theoretical propositions regarding the incubation of transnational ventures. In the final section, implications for theory and future empirical work are discussed.

CAPITAL AND THE TRANSNATIONAL ENTREPRENEUR

Economists and business scholars have attempted to define the various forms of capital and isolate their effects on new-venture formation and growth at least since Adam Smith's *Wealth of Nations* (1776). More recently, scholars have drawn from fields such as sociology and anthropology to further refine these definitions and distinctions. Following previous authors in the extant literature (Bollingtoft, Ulhoi, Madsen, & Neergaard, 2003; Burt, 2000), we contend

that entrepreneurs require and must judiciously employ three primary types of capital: *financial, human, and social*.

Financial capital includes the earned or borrowed funds used by an entrepreneur to acquire the raw materials and engines of production needed to make the products or provide the services of the firm. While personal savings and private loans from family and friends are common sources of start-up funds, entrepreneurs launching new ventures also frequently rely on bank financing, government loans, and other outside financial assistance to acquire adequate financial capital (Bollingtoft et al., 2003).

Human capital includes the inherent abilities, skills, knowledge, and experiences of an individual; it also is the source of value provided through the efforts of the firm's employees. Higher levels of human capital among entrepreneurs are related to the likelihood of opportunity identification in general (Davidsson & Honig, 2003) and firm performance (Gimeno, Folta, Cooper, & Woo, 1997) .

Bordieu and Wacquant define social capital as the “sum of resources, actual or virtual, that accrue to an individual or group by virtue of possessing a durable network of more or less institutionalized relationship of mutual acquaintances and recognition” (1992, p. 119). The work of Granovetter (e.g., 1973) has demonstrated that social capital can be acquired not only through strong social connections but also via weak social ties as well.

Social capital differs from financial and human capital in at least two important ways (Adler & Kwon, 2002; Burt, 2000). First, social capital is a relational property. While financial capital or human capital can be owned or possessed by an individual or a firm, social capital is a function of the relationship between parties. Second, and perhaps more importantly, social

capital often provides the conduits of opportunity for the other two forms of capital, such as attracting new investment and recruiting employees.

Social capital helps entrepreneurs to identify and manage sources of financial and human capital (Oviatt & McDougall, 1994; Uzzi, 1999; Yeoh, 2000; Berg, Aspelund, & Sørheim, 2008). Through social contacts, the entrepreneur is able to identify and develop more rewarding opportunities (Burt, 1997). Social capital becomes particularly critical as the venture matures from the initiation to launch phase (Davidson & Honig, 2003).

The Specific Capital Needs of Transnational Entrepreneurs

Until the 1990s, the majority of literature concerning entrepreneurship focused on issues related to domestic entrepreneurship, or entrepreneurial actions that take place within national borders (Hisrich, Honig-Haftel, McDougall, & Oviatt, 1996). Since then, a dynamic literature stream has emerged related to international entrepreneurship, or “the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services” (Oviatt & McDougall, 2005, p. 540).

Transnational entrepreneurs are believed to be a distinct type of international entrepreneur in that their entrepreneurial activities span national business environments—often concurrently (Drori et al., 2006). Engendered by the increased ease of cross-border flows of people and capital brought about by globalization, transnational entrepreneurs often leverage unique cultural resources or market knowledge in their new ventures (Portes, Guarnizo, & Haller, 2002).

The transnational ventures founded by these entrepreneurs may take many forms, including *circuit firms* (transferring remittances and goods between the COR and the COO), *cultural enterprises* (selling goods from the COO to fellow immigrants in the COR), and *return-*

migrant enterprises (firms established in the COO by entrepreneurs residing outside the country) (Landolt, 2001; Landolt, Autler, & Baires, 1999). Transnational entrepreneurship represents a significant phenomenon, often representing a large proportion of self-employment in immigrant communities (Portes, Guarnizo, & Haller, 2002).

Most extant studies of transnational entrepreneurship have examined the phenomenon *post hoc*, exploring (1) the social characteristics and processes of actors who have undertaken transnational entrepreneurial activities and (2) the reasons why some migrants engage in transnational entrepreneurship while others do not. Several scholars contributing to this research stream have noted that successful transnational entrepreneurs may possess key advantages in identifying and leveraging financial, human, and/or social capital across borders (e.g., Portes, Guarnizo, & Haller, 2002; Yeung, 2002; Drori et al., 2006). Lesser attention has been paid to isolating the capital-access challenges that transnationals may confront during the new-venture creation process—an issue that may impede the successful launch and development of a transnational venture.

Many of the capital obstacles that transnational entrepreneurs face stem from the difficulties of simultaneously navigating at least two different locales. For example, the financial capital necessary to launch and sustain a multi-territorial venture often must be raised in different geographic locations. If the entrepreneur is a recent migrant to the COR, he may not possess the credit track record and local collateral required to gain access to credit. Similarly, if the migrant has been away from her COO for a long period of time, her lack of credit history and collateral in the COO may impede her ability to acquire financing. Since many migrants originate from a developing country, they may face additional obstacles when seeking to acquire capital in their

countries-of-origin since access to capital in these institutional contexts often is weak, particularly for micro- and small-and-medium sized enterprises (Freedman & Click, 2006).

Due to the greater complexity and risk associated with a multi-territorial venture, the skills and experiences necessary to launch and maintain a successful transnational business are varied and complex. Not only must the transnational entrepreneur have the skills and knowledge necessary to navigate the business environment in both the COO and the COR, but he also must be familiar with the laws, regulations, and other practices that govern the linkages between the two that facilitate transnational commerce. The unique and complex social environment of migrant entrepreneurs does not always reward the entrepreneur's prior investments in human capital (Davidsson & Honig, 2003), because like other forms of capital, human capital is not completely fungible from one context to another (Burt, 2000). Consequently, expertise gained in the COR may have considerably less value when applied to the social context of the COO or may require significant adaptation to be useful.

The cross-border nature of transnational institutions and activities requires a social structure created through regular, sustained contact with individuals in multiple locations (Portes, Guarnizo, & Landolt, 1999). Social networks are particularly important to transnational entrepreneurs because they help them navigate the business environments of both the COR and COO (Kyle, 1999; Poros, 2001; Portes, Guarnizo, & Haller, 2002). Yet, it often can be challenging to identify and develop numerous social ties in multiple geographies. More recent migrants may have very few ties in the COR, while migrants who left their origin countries long ago may possess few social connections in the COO. Furthermore, although some migrants may possess strong social networks within both the COR and COO, the particular ties within their

network may not be possess the financial or human capital resources needed to help the transnational entrepreneur with her venture.

Business incubators have been characterized in the entrepreneurship literature as an institutional solution to the capital-access problems that many entrepreneurs face. In the next section, we review the extant literature regarding the role that incubators can play in the entrepreneurial process.

THE ROLE OF INCUBATORS IN THE ENTREPRENEURIAL PROCESS

Since the creation of the first business incubator in the United States in 1959 (Hackett & Dilts, 2004), the number of incubators has grown to an estimated 1,500 organizations in North America according to the National Business Incubator Association. Business incubators have become increasingly commonplace in many other areas of the world as well (Aernoudt, 2004; Allen & McCluskey, 1990; Bergek & Norrman, 2008). To date, existing research regarding business incubators and their efficacy primarily has focused on the ways in which these organizations cultivate and support domestic entrepreneurs, or entrepreneurs establishing business operations in the incubator's proximal economy. Key issues explored in this literature include incubators' purpose, stakeholder set, assessment procedures, and services rendered to entrepreneurs.

Purpose

Business incubators aim to improve the survival likelihood of new ventures (Allen & Rahman, 1985) and generate subsequent local economic benefits (Campbell & Allen, 1987). These benefits include job creation (both generally and for targeted social classes such as women and minorities), technology commercialization, investment attraction, the fostering of a region's entrepreneurial climate, and the generation of economic revitalization or diversification.

Early business incubators were often mixed-use programs broadly created to stimulate local economic development through the creation of new firms (Hackett & Dilts, 2004). Today's incubators often are established to serve the specific needs of a particular local market niche. These niches can be industry-specific (e.g. biomedical, security, software), demographic-specific (e.g. female- or minority-owned ventures) or some other underserved or high-potential niche. A variety of institutional forms have been associated with the term "incubator," including research/science/technology parks, technology innovation centers, and business clusters (Allen & McCluskey, 1990).

Since a primary function of a business incubator is to improve the likelihood of survival of successful new businesses, identifying and focusing on those entrepreneurial candidates that appear to hold the greatest potential for success is an important first step in this process. Screening and selection is viewed as a critical function in the overall incubator process and has garnered considerable attention in the incubator literature (e.g., Aerts, Matthyssens, & Vandenbempt, 2007; Hackett & Dilts, 2004).

Incubators vary substantially in how they approach this function. For example, an incubator may have a highly rigorous initial screening process used to filter out all but the most promising ideas or individuals. This approach assumes that the incubator has developed an effective mechanism to identify such candidates and enable such "cherry-picking." Alternatively, a business incubator might employ less stringent initial screening criteria, letting in a much broader pool of potential new ventures. This approach reflects a philosophy that the most promising ventures will survive through the various vetting and development activities of the incubator, while the others will gradually be weeded out of this increasingly small group of candidates.

The exact nature of the screening criteria employed by various types of business incubators also varies considerably. Although the critical success factors incubator managers utilize often include the consideration of market, financial, and personal factors; the actual screening criteria used are often a function of the sponsorship of the incubator (Lumpkin & Ireland, 1988). This finding does not seem surprising in that incubator stakeholders are likely to have specific interests regarding incubator outcomes (e.g., job creation versus profitability).

Stakeholders

Identifying and engaging appropriate stakeholders is critical for enabling the successful start-up and growth of new ventures. Although incubators can be public, private, or a combination of the two, the actual composition of the stakeholder set is often quite diverse. In fact, incubator best-practice guides note that local and regional individuals, organizations, and government agencies contribute or facilitate access to the technical, financial, political, and other resources essential for entrepreneurial success (iDisc Incubator Toolkit, UN document).

The mission of a given incubator and the type of entrepreneurial activities that it is designed to facilitate often is a reflection of the stakeholders involved in the establishment of the incubator. With the exception of a spike in the number of for-profit incubators in the U.S. during the “dot.com” economic boom and bust of the late 1990s, the vast majority of business incubators are non-profit entities that rely heavily on public funding (Hackett & Dilts, 2004). As these researchers point out, this dependency on public funds has important consequences for both the actual operation of the incubator and the reporting of its performance to stakeholders. Thus, the local and regional public agencies that are often important stakeholders responsible for the initiation and funding of the incubator consequently have a substantial influence on its objectives, operations, and assessment.

Assessment

While a number of impact studies and best-practice manuals exist regarding business incubators (Bergek & Norrman, 2008), established performance metrics, operating procedures, and benchmarking resources are still lacking in the field (Bearsse, 1998). Most incubator evaluation procedures do not measure total employment or other economic impacts generated by incubator organizations (Markley & McNamara, 1995). Measures of incubator impact often include the number of new start-ups created and the number of new jobs created (Hackett & Dilts, 2004). However, such measures do not capture such subjective factors, such as the ways in which incubator activities affect the local business climate or the heightened awareness generated among the constituents of the incubator's social network regarding the challenges of new venture creation. Although more difficult to assess, such issues represent important contributions of an incubator that seeks to foster a local environment supportive of entrepreneurial activity.

Services

To achieve its goals, an incubator must provide the appropriate mix of services necessary to help the entrepreneur overcome the capital-access challenges that he faces when beginning a new venture. Most business incubators today offer a variety of developmental and support services through both its internal and external resources. A recent review of the literature (Bergek & Norrman, 2008) suggests four main categories emerge with respect to the most common services offered by incubators: (1) shared office/operating space, often at discounted rates; (2) pooled administrative and support services; (3) business advice, support and coaching; and (4) networking.

A New Breed of Incubator

A handful of incubators and other business promotion entities have emerged recently to serve a different type of entrepreneur: the transnational entrepreneur. Although some of these organizations have been operating for more than a decade, little is known about them. What is the role of these transnational incubators, who supports them, and why? How do transnational incubators differ from more traditional, domestically focused business incubators?

METHODS

To answer these research questions, we draw on the case study of IntEnt (Internationalization of Entrepreneurship), an organization headquartered in The Hague, the Netherlands. IntEnt offers business incubation services to migrants living in Holland who seek to establish a new venture in their COO. IntEnt incubates transnational business; its founders describe its activities as a “bridging program based on the concept of circular migration” for “people [who] live in two societies and search for ways to make use of experience and insights gained in either country” (Molenaar & Joostenen, 2005, p. 62).

As one of the few business incubators solely focusing on the needs of transnational entrepreneurs, IntEnt is a case with “rare or unique” qualities and a logical choice for “theoretical sampling” (Eisenhardt, 1989; Yin, 1994). Exploring IntEnt’s business model and contrasting case study findings with extant knowledge of the activities of domestically focused incubators enables the identification of potential differences between domestic and transnational business incubation. Stake (1995, p. 244) argues that the case study method is particularly “useful when the opportunity to learn is of primary importance.” Yin (1994) maintains that a single-case design can be beneficial when the case is revelatory, where there is a basis for discovery and rich description.

Data Collection and Analysis

This case study is based on fieldwork conducted in the Netherlands in October 2007. Following Yin (1994), a study protocol, including an overview of the project, field procedures, study questions, and an initial guide for the case narrative, was developed prior to departure. The protocol was structured to gather data concerning IntEnt's purpose, key stakeholders, assessment, and services, issues previously addressed in literature regarding domestic incubators.

Multiple sources of evidence were collected and triangulated (Yin, 1994). Fieldwork included interviews with key informants, non-participant observation of IntEnt-client interaction, and archival document collection. Fifteen semi-structured interviews were conducted with informants within and outside of the IntEnt organization, including IntEnt senior, middle, and front-line management; transnational entrepreneurs in the local community who have either chosen not to utilize or have discontinued the use of IntEnt's services; IntEnt's major funding providers; migrant community leaders; and Dutch government officials. IntEnt interviews and meetings with potential and existing clients were observed both at their office location and at off-site functions. A field diary, including the researchers' thoughts about IntEnt's activities, informal conversations with informants, and the content of IntEnt-client interactions was recorded. Archival data, including documents describing IntEnt's origins, historical reports of IntEnt's activities, IntEnt's current promotional materials designed for migrant and potential funding audiences were collected.

Data analysis involved a three-step process. First, interview transcripts, field notes, and archival document data were organized. Moving iteratively between data and extant theory regarding domestic incubators, we sought to develop meaningful conceptual categories (Eisenhardt, 1989). Data was first coded around the study themes of IntEnt's purpose, key

stakeholders, assessment, and services. Then underlying, emergent sub-themes were identified and coded appropriately (Miles & Huberman, 1994). A descriptive summary of the case was then crafted and reviewed by key informants (Yin, 1994). In the second step, memos were written to record our thoughts about the case and how it contrasts and compares to existing literature concerning domestic business incubation (Miles & Huberman, 1994). Lastly, we “enfolded” our findings with insights from the literature on business incubators, allowing us to develop and contextualize our findings theoretically (Eisenhardt, 1989). In the next section, we provide the descriptive findings concerning IntEnt’s purpose, key stakeholders, assessment metrics and procedures, and business incubation services.

TRANSNATIONAL BUSINESS INCUBATION: THE CASE OF INTENT

The driving force behind IntEnt, Director Klaas Molenaar, is an entrepreneur himself. Mr. Molenaar first became involved with entrepreneurial incubation when he participated in the SPAREK program (Special Programme of Assistance to Refugee Entrepreneurs in Kenya), which was sponsored by the United Nations High Commissioner for Refugees and the International Labour Organization in 1984. That program encouraged small business creation among refugees in Kenya by providing local lending guarantees for promising refugee entrepreneurs and their nascent businesses. Later, Mr. Molenaar returned to the Netherlands and founded FACET BV, a private consulting company focused on small- and medium-sized enterprise development in developing countries. In 1994, FACET established the foundation SEON following the principles of the SPAREK program. SEON offered business creation and entrepreneurship development services to migrants living in Holland who wanted to establish a new business in their COR (IntEnt, 2006).

Many SEON clients voiced a desire to open a business in their COO despite the fact that few wanted to permanently leave Holland. Mr. Molenaar remembers suddenly realizing, “migrants are with two feet in two societies. They never bring everything with them. They also leave some footing at home” (personal interview, 9 October, 2007). In 1996, FACET founded IntEnt and received three-year pilot funding from the Dutch parliament to provide business incubation services to transnational entrepreneurs.

Today, IntEnt’s motto is “Enterprising across Borders” (IntEnt, 2006). “IntEnt distinguishes itself from regular SME promotion programmes with its special focus on bridging two worlds” (IntEnt website). IntEnt’s headquarter office is located in the Holland’s Spoor neighborhood of The Hague, an area densely settled by migrants and whose streets are peppered with migrant businesses. “It is important that we are located where the migrants are,” notes Bert Spenkelink, IntEnt program coordinator for Ghana, “they need to know we are here for them when they are ready” (personal interview, 9 October, 2007). IntEnt offers business development services to transnationals seeking to start new ventures in many developing countries, including Afghanistan, Curaçao, Ethiopia, Ghana, Morocco, Surinam, and Turkey.

Purpose

In a report detailing IntEnt’s training program, the organization’s founders state that IntEnt’s main mission is to help transnationals and their businesses “bring economies and the societies together,” linking migrants’ countries-of-origin to their COR, Holland (Molenaar & Joostenen, 2006, p. 61). The ultimate purpose, according to Mr. Molenaar is to “add value to society, improving our society and economy and that of the migrant’s COO” (personal interview, 8 October, 2007). IntEnt founders claim that “migrant entrepreneurs can be the nexus between two societies and can contribute to the development in one or both societies by their initiatives

built on the actual transfer of know-how, experience, and resources” (Molenaar & Joostenen, 2006, p. 9).

IntEnt’s goal is to “facilitate the creation of new business by entrepreneurial and enterprising migrants” (IntEnt, 2006, p. 3). They strive to achieve this objective by rendering services that identify the entrepreneur, nurture and embed his or her new venture in the COO economy, and develop institutions in both the COR and COO to enhance the transnational business-enabling environment. “IntEnt assists the client to prepare for the regular functioning in a new society; it does not replace existing Business Development Services [that many non-governmental organizations provide]. We [IntEnt] rather like to link to those.” (Molenaar & Joosten, 2006, p. 62).

IntEnt takes a very personal approach to incubation, “placing the individual over the project” (IntEnt, 2006, p. 21). A strong emphasis is placed on the entrepreneur’s responsibility for the development of the new venture; this issue was raised independently by each of the IntEnt employees interviewed for this study (Molenaar & Joosten, 2006). Ivan Zunder, an IntEnt trainer, explains, “We do not just develop a business. What we do is entrepreneurship development. So that means a person can be helped in the sense that you give some advice regarding the idea...that doesn’t mean he will take the feedback about the idea” (personal interview, 8 October, 2007). Entrepreneurs’ ownership of the business development process was regularly reinforced by IntEnt staff during observed interactions with prospective and existing IntEnt clients, such as this exchange:

Seth Lokko, client: “Initially I had a very different impression about IntEnt. I thought IntEnt was just going to step in and look for investors for me. But [I learned] you have to work hard yourself as an individual in this program.

Bert Spenkelink, IntEnt “But you are doing it *yourself*. We assist you. We support you. We try to encourage you, etc.”

Seth Lokko: Yes, it's been helpful. On a scale of 10, I would give it a nine. I've learned very much.

The Stakeholders of Transnational Business Incubation

Each of the interviewed informants was asked to name IntEnt's stakeholders, or the organizations, groups, or individuals that could affect or be affected by the organization's actions, objectives, and policies. The stakeholder set that emerged from these conversations reflected the bifurcation of IntEnt's geographic focus. Enumerated stakeholders included a subset of stakeholder entities located in Holland, the migrants' COR, and in migrants' countries-of-origin.

Country-of-Origin Stakeholders. Key IntEnt stakeholders in Holland include the Dutch government, IntEnt's funders, the Dutch business community, local migrant organizations, transnational entrepreneurs, and their families.

The Dutch government is an important stakeholder for IntEnt and was mentioned by each of the individuals we interviewed. A magazine published by IntEnt describing the organization's activities dedicates an entire chapter of the volume to the historical relationship between IntEnt and the Government, linking IntEnt's activities to the Government's perspective of and approach to immigration and overseas development. In that chapter, entitled, "A Way Out," IntEnt's origins are laid against the backdrop of the immigration controversy that erupted in Holland in the 1990s:

"The liberal right backed by public opinion, used immigration problems to batter the walls of the multicultural ideal. The Minister for Development Cooperation [Jan Pronk] and the social democrats had to find an answer to the question on how The Dutch should deal with the migration flow and what part the migrant played in the broader context of development cooperation. And that's where IntEnt came in. Because IntEnt is built on the development of entrepreneurship, it offered a way out. It could be presented as a structural solution to the migration-issue, not from a remigration point of view, but as part of business development" (IntEnt, 2006, p.9).

The economic development benefits of IntEnt's activities often are not just by transnational entrepreneurs themselves; several of those interviewed mentioned potential spillovers that help the Government achieve economic development objectives in the

transnational entrepreneur's COO. Thom Sprenger, Specialist in the Ministry of Foreign Affairs' Sustainable Economic Development Department, explained that "what we [the Ministry of Foreign Affairs] can offer [in terms of overseas development assistance] is limited, very limited...So we are channeling funds to infrastructure but more in the way of facilitating the support programs like IntEnt" (personal interview, 11 October, 2007).

Several individuals we interviewed also identified economic benefits of IntEnt's program that strengthened the Dutch economy beyond the impact on migrants and migrant businesses. IntEnt founder, Mr. Molenaar, noted "migrant entrepreneurs use circular migration as a way to explore new markets for Holland. It would be unwise [for the Dutch government] to not be a part of it" (personal interview, 8 October, 2007). Ms. Marjolein Vink, Project Officer, Unit Program for Cooperation with Emerging Markets in the Dutch Ministry of Economic Development, noted that several IntEnt clients have brokered joint-ventures between Dutch companies and local businesses in developing countries, "a key objective of the Ministry of Economic Development" (personal interview, 11 October, 2007).

The Dutch government provided IntEnt with its pilot funding for three years (1997-2000) and yearly renewal funding for an additional three years (2001-2004). On 12 October, 2004, IntEnt signed a "covenant" with Ms. Agnes van Ardenne, Dutch Minister of Development Cooperation, and Hivos (the Humanist Institute for Cooperation with Developing Countries), a Dutch non-governmental development agency. As part of the covenant, the Dutch government decreased its direct financial support of IntEnt and Hivos became its primary funder. The Dutch government remains an indirect source of funding for IntEnt as Hivos receives a substantial portion of the Dutch government's bilateral overseas development assistance and redistributes it to partner organizations and their projects. Hivos' mission is

“to contribute to a free, fair and sustainable world where citizens, women and men, have equal access to resources, opportunities and markets and can participate actively and equally in decision-making processes that determine their lives, their society and their future...Hivos' basic commitment is to poor and marginalised people - and their organisations - in countries of the global South and East, and Eastern Europe” (Hivos website).

Manuela Monteiro, Director of Hivos, claims “migrants and IntEnt are key partners in development...Hivos is happy to announce that it wishes to stay involved [in IntEnt] because Hivos and IntEnt build on each other’s core expertise and material (financial) resources” (IntEnt 2006, p.15). Although they are IntEnt’s “core funder,” Hivos “does not have direct influence” over IntEnt, although it “would be unwise to form a strategy that was not in line with their objectives,” Mr. Molenaar noted (personal interview, 8 October, 2007).

IntEnt has struggled to identify funding sources outside of the Dutch government, although there have been some exceptions. In 2000-2003 the European Union co-financed the Morocco program. The government of Curaçao has provided more than one million Euros to support the local IntEnt program (IntEnt, 2006). But “for the scaling of the Int-Ent programme, Development Cooperation has to stay involved...it is easier to get co-financing when your government backs you. Especially when dealing with multilateral organizations and (semi-) governmental institutions in developing countries” (IntEnt, 2006, p. 62).

Several interview respondents mentioned that migrant organizations, including religious, professional or cultural groups, were important stakeholders for IntEnt. “It’s important to recognize and to talk and to see what these people are doing. We also need to tell them what we are doing. Because it’s huge when the Ghanaian migrant does something with Ghana” (Spinkelink, personal interview, 11 October, 2007). Mr. Molenaar explained that involvement at migrant community events enhances trust between potential transnational entrepreneurs and IntEnt, “because they say, ‘Oh, I’ve heard about IntEnt at a festival, they are ok. We need this

kind of ‘ok-ing.’” (personal interview, 8 October, 2007). Vincent Gambrah from the Afro-Euro Foundation, a Dutch migrant organization, noted, “Bert [Spenkelink] is always at our events. We know him; we trust him. We support IntEnt because of him” (personal interview, 9 October, 2007).

The final, and most important, stakeholder for IntEnt in the Netherlands is the transnational entrepreneur and her family. Many migrants in the Netherlands come from meager means, and those with education and a good job are often just beginning to build a savings base. Thus, IntEnt “can only ask for nominal co-financing. We can only offer our services because funding makes them accessible for our clients” (Molenaar, personal interview, 9 October, 2007). IntEnt clients do not pay more than 10 percent of the total costs of the services they receive. Kim Kiszelnik, IntEnt Project Manager, described IntEnt’s responsibility to IntEnt’s entrepreneurs:

“I feel responsible for the entrepreneurs because you have some entrepreneurs here, or clients, who work here in a low-skill job. They want to set up an enterprise, and we facilitate him in receiving [for example] € 20,000 in debt. So I feel it’s my responsibility because if he fails, he hasn’t been able to save up the € 20,000 in his career so far. So how will he be able to pay if he fails?” (personal interview, 8 October, 2007).

IntEnt also offers even educated and business-savvy entrepreneurs needed skills, knowledge, and connections. Mr. Seth Lokko, an ExxonMobil process technician with a graduate-level education from a European university, explains, “I am Dutch. But, I’d like to go back to my country [of origin] to help the country. But I was not sure where to begin, who to talk to. IntEnt helped me get started” (personal interview, 11 October, 2007). In general, the services that IntEnt provides offers transnational entrepreneurs the chance to become their own boss and provide possible opportunities for employment and wealth-creation for the entrepreneur’s family and friends.

Countries-of-Origin Stakeholders. Key IntEnt stakeholders in the transnational entrepreneurs' countries-of-origin include the local government, IntEnt's local partners, and the families and friends of the transnational entrepreneur who are affected (and may be employed) by the transnational venture.

The new ventures that IntEnt helps to cultivate take root in the transnational entrepreneurs' countries-of-origin and contribute to the local economy in several ways. Capital transfers made by transnational entrepreneurs contribute to the macroeconomic health of their COO by enhancing foreign exchange reserves and contributing to a positive balance of payments. These transnational businesses generate jobs, although at first local employment effects may be small and may only be offered to the transnational entrepreneur's family and friends in the local community. Joop Vianen, chairman of IntEnt, explains how these new ventures can also provide a powerful "demonstration effect." For example, take "a Ghanaian who sets up a business in Ghana, with the support of IntEnt. When he succeeds in his enterprise, he can establish an import-export link with Holland, thus creating a portal of trade, which might be an example to other Ghanaians" (IntEnt, 2006, p. 61).

Partnerships with national investment promotion agencies in the transnational entrepreneurs' countries-of-origin can also help often resource-strapped developing country governments achieve their investment-generation goals (Riddle, Brinkerhoff, & Nielsen, 2008). IntEnt currently maintains a formal partnership with Afghanistan's Investment Support Agency and Ghana's Investment Promotion Centre (Molenaar, personal interview, 8 October, 2007). In other countries, such as Curaçao and Morocco, IntEnt partners with private-sector and non-governmental organizations focused on small- and medium-sized firm development, such as chambers of commerce. In Surinam, the local partner is a community bank. Bert Spenkelink,

IntEnt Program Officer for Ghana, notes, “the local partners are critical for us. They are the ones that make the introductions and help the client get started [in the COO]” (personal interview, 10 October, 2007).

Identifying, Nurturing, and Embedding Transnational Businesses

The IntEnt program consists of four main stages of entrepreneurship development support: promotion and publicity, preparation, launch, and implementation services. Table 1 provides a summary overview of each of these phases, the activities involved, and the specific services rendered by IntEnt, its subcontractors, and partnership organizations.

INSERT TABLE 1 ABOUT HERE

Step 1: Promotion and Publicity. To attract potential transnational entrepreneurs, IntEnt engages in an integrated marketing communications effort to get the word out about its organization and its services (Molenaar & Joosten, 2006). It creates press releases, highlighting the organization’s accomplishments and business success of its clients. It places advertisements on the websites of national investment promotion agencies, foreign embassies in the Netherlands, and migrant organizations. Print materials, including pamphlets, books, and magazines outlining the program in various degrees of detail, are distributed at informational meetings held at the IntEnt office and events sponsored by migrant organizations and the Dutch government. Program officers and other IntEnt personnel also log numerous hours attending migrant organization events, often manning booths with IntEnt literature and informally meeting with

prospective transnational entrepreneurs. “Answering their questions—even explaining to them what entrepreneurship really is—is a big part of what we do at these events. Many [of the migrants] have heard of us but they don’t always know what we really do” (Spengelink, personal interview, 10 October, 2007).

During this phase, IntEnt’s promotion materials and staff emphasize what they call “positive de-motivation, i.e., telling people that to start one’s own business is indeed a challenge and opportunity. But also stressing it requires special traits to be successful and that success cannot be guaranteed” (Molenaar & Joosten, 2006, p. 65). Bert Spengelink, IntEnt Program Director for Ghana, explained that positive de-motivation was particularly needed for transnational entrepreneurs because “they’ve been away from their origin countries for so long many of them do not realize how difficult an enterprise will be” (personal interview, 11 October, 2007). The theme and rationale of positive de-motivation arose in every conversation the researchers witnessed between IntEnt staff and prospective transnational entrepreneurs at IntEnt offices and off-site at migrant organization functions.

Step 2: Preparation. During this second phase, the transnational entrepreneur is put through a screening and selection process, provided a basic orientation on entrepreneurship, and formulates the initial business plan. First, the entrepreneur visits the IntEnt office and takes a written “test.” The test consists of several questions probing the entrepreneur’s personality and behavioral characteristics, such as creativity, flexibility, punctuality. The entrepreneur’s financial and personal social situation, his or her motivation for entrepreneurship and the rationale for wanting to go back to the COO are also investigated (Zunder, personal interview, 8 October, 2007).

In each interview we conducted with IntEnt staff, we posed the question: What type of person is the ideal IntEnt client? Common characteristics that emerged among informants' responses included (1) a clear articulation and rationalization of a good idea, (2) previous entrepreneurial experience (e.g., starting innovative new projects, taking unusual/creative trips, or starting other businesses), (3) demonstration of what IntEnt employees refer to as a "motivation for entrepreneurship," for example, the desire to be one's own boss, to follow in the footsteps of an entrepreneurial parent, or to support particular family members in the COO, (4) strong family ties in the COO, and (5) strong family support in the COR for the transnational venture.

After the transnational entrepreneur is selected for participation in the IntEnt program, the new client participates in a two-day training orientation seminar. During the seminar, participants attend group lectures, receive counseling from IntEnt staff, and take additional written exams. By the end of the program, each client learns both what is expected of them during the program and more about their individual strengths and weaknesses as an entrepreneur (Molenaar & Joosten, 2006).

Next, the transnational entrepreneur receives the IntEnt Workbook, designed to walk the entrepreneur through the basic steps of business plan design. During this phase, they might also attend training courses regarding business plan development. Considerable time is spent during the training courses discussing the unique challenges of transnational entrepreneurship, especially the difficulties involved with raising capital, navigating bureaucracy, establishing contacts, and training employees in countries-of-origin (Zunder, personal interview, 8 October, 2007). Although the entrepreneur's management abilities are discussed and developed in group

sessions during this phase, “attention gradually shifts from the person to his/her enterprise” (Molenaar & Joosten, 2006, p.66).

Then, the entrepreneur is introduced to a business advisor who provides insight and support during the business plan development process. These advisors sometimes consist of IntEnt salaried staff but often are subcontractors retained by IntEnt. The advisor is “someone who has knowledge about writing a business plan, who has knowledge of the culture in the COO, who lives in Holland, and has his business in Holland” (Zunder, personal interview, 8 October, 2007). Some business advisors are former IntEnt clients, others are prominent entrepreneurs in the local migrant community, while still others are non-migrant businesspeople with considerable international business experience. “The business advisors are a critical part of the IntEnt program” (Spenkelink, personal interview, 10 October, 2007).

A critical part of the business plan development process is the data collection and market research effort. Initial data is first collected utilizing resources at IntEnt offices in Holland with assistance from the business advisor. Then, a field visit to the COO is planned, co-funded by IntEnt and the entrepreneur. IntEnt introduces the entrepreneur to individuals in the partnering local coordination office in the entrepreneur’s COO. This local coordination office provides the entrepreneur with feedback on her business plan and makes introductions for the entrepreneur with individuals in the local government, local banks, and among potential partners, buyers, and suppliers. Additionally, the local coordination office identifies two local business advisors to assist the entrepreneur. Data is gathered, assessed, and integrated into the business plan by the entrepreneur. The final business plan receives iterative feedback from the entrepreneur’s business advisor in Holland and IntEnt training staff until the advisor and staff are convinced the business plan is ready to proceed to the next step.

Step 3: Launch. In the initial launch phase, the entrepreneur presents his business plan formally to an external appraisal committee, a “group of wise men” (Zunder, personal interview 8 October, 2007). This committee consists of IntEnt’s founder and several prominent individuals from the Dutch business community. This is a very difficult and crucial test for the entrepreneur as this phase is designed to identify whether the plan is innovative and attractive enough to garner financing and support from banks and other investors. “We make sure that the entrepreneur is really ready to do this [present in front of the appraisal committee] because they are representing us to the community” (Zunder, personal interview, 8 October, 2007).

Once the appraisal committee approves of the business plan, IntEnt helps the entrepreneur obtain additional financing for the venture. From the initial stages of the program, entrepreneurs are encouraged to self-finance the venture as much as possible. To identify supplemental sources of funds, the entrepreneur is introduced to individuals at lending institutions and investors in both the COR and the COO. In some cases, IntEnt purchases equity participation in the venture through its Social Investment Fund.

If adequate financing cannot be acquired in any other way, the business plan and entrepreneur are considered for IntEnt’s loan guarantee program. Kim Kiszelnik, IntEnt Program Officer, explains how the program works:

“Say the entrepreneur needs €20,000. We want the entrepreneur to form a group around him, say with two or three people. And these should be people who believe this can work...I then do an in-take interview with them and say, ok, if you are willing to put up €10,000 then we are willing to guarantee [the € 20,000]...If they do not have the €10,000 already in savings, they can sign a form and the bank automatically takes off the payment in installments [out of their automatic paychecks]. We agree with the bank that they block the account(s) so that if anything goes wrong with the venture, we have a claim to the money. Before we issue the guarantee, I want to see that the entrepreneur has 10 percent of the total already saved” (personal interview, 8 October, 2007).

Step 4: Implementation. The moment the transnational venture is operational defines “a clear cut-off point” in the IntEnt program (Molenaar & JoostN, p.70). The embedded

transnational business is expected to seek out the counsel and advice of the entrepreneur's business advisors and the local coordination office in the COO. During the first few months of operation of the new venture, IntEnt co-funds the services provided by these individuals with the entrepreneurs. But eventually she is expected to fully finance any outside advice or expertise her business needs. The entrepreneur is also introduced to the local IntEnt Business Club, a group of IntEnt alumni operating in the COO, and is encouraged to seek and provide peer-to-peer advice. "They [the Business Club members] are the ones who know what it is like; they share what they've learned" (Spenkelink, personal interview, 10 October, 2007).

Institution Building. In addition to offering entrepreneur and business development services, IntEnt also actively participates in institution building both within entrepreneurs' countries-of-origin and in the Netherlands. The goal of these activities is to "educate and change the mindset" of those who might impede or aim to support transnational entrepreneurship (Molenaar, personal interview, 8 October, 2007). In a paper presented at a conference on migrant entrepreneurship, IntEnt leaders Klaas Molenaar and Marcellian Joost claim that IntEnt is "expected to initiate institutional development processes, e.g., assist the participating SME institutions in strengthening their implementing capacity" (Molenaar & Joosten, 2006, p. 71).

When asked to describe their primary job duties, each of the IntEnt employees interviewed mentioned unaided that their job entailed some aspect of institutional building through training activities. Some mentioned that they were providing assistance to IntEnt's local coordination offices to help them provide higher quality services. Others were involved with educational programs for banks and loan officers in countries-of-origin, providing instruction on the principles and processes associated with SME lending. Still others mentioned working

closely with migrant organizations in the Netherlands to strengthen their capacity for SME counseling and development.

The Impact

When initially asked to describe how IntEnt's success should be measured, most interview informants mentioned that the number of entrepreneurs served and new ventures and jobs established were key performance metrics. In a recent speech Mr. Molenaar made to the European Union, he noted that in over a decade of operations, IntEnt has provided support to over 2,500 transnational entrepreneurs. Most are from Surinam (over 800), Ghana (over 450), Morocco (320), and the Netherlands Antilles (215). IntEnt estimates that the total investment in countries-of-origin made possible and/or mobilized by IntEnt entrepreneurs equals €14,500,000. Based on follow-up interviews with their clients, IntEnt estimates that after three years more than 85 percent are still in business.

Focusing on these numeric performance metrics has been somewhat problematic for IntEnt. Because IntEnt is not physically located in the entrepreneurs' countries-of-origin, keeping up with their clients and their businesses over time has proven difficult in some countries. Bert Spenkelink, IntEnt Program Officer for Ghana, claims, "since taking this post, I've gone back to Ghana several times, used my personal connections there. I've met several successful IntEnt clients there but still I can't find many of the businesses we have helped" (personal interview, 10 October, 2007). In informal conversations held by the researchers with migrant organization leaders at the Ghana Day event in Almere, Holland, several Ghanaians raised the issue about IntEnt's client numbers. Concerns, such as "Who are the success stories? They are just numbers; we don't know who they are," were voiced by Ghanians who identified

themselves as competitors or adversaries of IntEnt as well as by those who considered themselves to be supporters of the IntEnt organization.

Interviews with IntEnt leadership and its main funder, Hivos, revealed that IntEnt may expand its set of performance metrics. Mr. Molenaar describes the performance assessment challenge:

“It’s not just about the numbers. The numbers don’t tell the whole story. It’s about something bigger...Since we are an entrepreneurship development program, we should start with everyone we kicked out. That’s a positive result because you stopped them from doing things they should not do. We also train our business advisors—how do you measure that? We contribute to policy dialog. Sixty to seventy thousand Euros per year are invested in countries-of-origin by our clients. These are remittances that have been prepared. It is about institution building, mindset changing, and improving the quality of life for immigrants” (personal interview, 8 October, 2007).

As an incubator focused on “bridging two worlds,” IntEnt has faced a set of challenges that differ from those more typically faced by a domestic incubator. In the next section, we utilize aspects of the case description to draw a distinct comparison between domestic versus transnational business incubation and develop new theoretical propositions regarding the incubation of transnational ventures.

DOMESTIC VERSUS TRANSNATIONAL BUSINESS INCUBATION

The IntEnt case illustrates a set of unique features associated with transnational business incubation. Specifically, the case identifies potential differences between domestic and transnational business incubation in terms of the incubator’s purpose, key stakeholders, assessment of progress, and services rendered to entrepreneurs. Table 2 provides a summary of these differences.

INSERT TABLE 2 ABOUT HERE

Purpose

Most business incubators—whether they are domestically or transnationally focused—aim to provide critical support to entrepreneurs early in the business-development cycle to facilitate their future success. By enabling the launch, growth, and development of successful ventures, business incubators also seek to contribute to economic development. However, a key difference between the purpose of domestic and transnational entrepreneurs may be the locus of their economic development activities.

Domestic business incubators concentrate on localized economic development by generating employment and economic growth in the proximal economy. In comparison, IntEnt defines its economic development mission with two different geographic points-of-reference. Their goal is to enhance both the local economy in the Netherlands by creating meaningful employment for the local migrant population and economic linkages between Dutch businesses and the markets where IntEnt-sponsored new ventures are operating. However, they also seek to contribute to the economic development of the migrants' countries-of-residence through job creation, knowledge and skill transfer, and institutional change and development. IntEnt's positive impact on economic development is partially based on their ability to identify and support entrepreneurs that possess the critical skills and experiences to succeed in a transnational context. Thus, the locus of an incubator's economic development activities may be a key difference between traditional, domestic business incubation and the incubation of a transnational new venture.

Proposition I: Transnational business incubators define their purpose broadly to include economic development activities in multiple geographies.

Stakeholders

The complex geographic focus of the transnational incubator's purpose involves an expansion of their entire operational context. This expansion broadens their set of key stakeholders. Domestic incubators typically define key stakeholders as comprising the local government, business community, and their client entrepreneur or enterprise. This set of stakeholders is often bound within an environment comprised of similar laws, behavioral norms, rules-of-engagement, and business practices. These similarities contribute to domestic incubators' abilities to assess and satisfy stakeholder needs and expectations.

In contrast, transnational incubators may possess two distinct sets of stakeholders that are not bound within similar environments. IntEnt must first and foremost understand and operate within a set of rules established by the Dutch government. But, for example, in the case of a Surinamese entrepreneur, IntEnt must also understand and operate within a set of rules established by the Government of Surinam. This challenge is exacerbated by the additional need to reconcile the procedural and legal differences between the COR and the COO to ensure that money transfers, product shipments, and other operational necessities occur reliably.

Proposition II: Transnational business incubators identify their stakeholders across multiple geographies.

Assessment

Like many organizations, business incubators must continually assess their progress to maintain funding, attract new clients, and understand what needs to be done differently in the future. Domestic incubators typically measure their progress by counting the number of new firms established locally and the subsequent amount of employment they help to generate. In contrast, IntEnt also attempts to track new firms and their employment impact in the COO, while simultaneously concentrating on specific spillover effects stemming from these successes. These

spillover effects include: (1) greater funding levels from the COO's government, (2) establishing import-export links with Holland, (3) demonstrating to COO residents that new ventures are indeed possible, possibly creating increased motivation, and (4) creating COO partnerships that might facilitate future entrepreneurs.

Proposition III: Transnational business incubators measure their progress by identifying the number of new firms established, the amount of employment generated, and the subsequent spillover effects created in multiple geographies.

Compared to the domestically focused incubator, transnational incubators must also define metrics of success for countries that are often in significantly different stages of economic development. For example, it is often more difficult to collect relevant data from countries that are still developing the foundations of their economy. The infrastructure commonly found in developed countries that facilitates data collection is typically still in its infancy in countries such as Ghana. In fact, IntEnt faces an uphill battle to track its impact in Ghana due to a lack of information. While representatives from IntEnt travel to Ghana regularly, they have still struggled to identify key success stories. Transnational incubators may have to expand their sphere of assessment to not only include an assessment of impact in the COO, but to also measure the collateral benefits of success in countries-of-origin.

Proposition IV: Transnational business incubators face significant challenges in assessing their positive impact in multiple geographies.

There are sharp contrasts between domestic and transnational business incubators regarding their purpose, stakeholders, and assessment of progress. These contrasts also extend to the services realm of incubator operations, which involves helping the entrepreneur identify and leverage financial, human, and social capital.

Services

Business incubators facilitate their clients' access to financial capital by directly investing in or guaranteeing and/or supporting the investment of financial institutions and angel investors. This is a vital service for new entrepreneurs as one of their most daunting challenges is often access to necessary financing. Successfully supporting the acquisition of financial capital requires that incubators identify, develop relationships with, and understand the needs of relevant financial institutions and angel investors.

Accomplishing these objectives within a defined domestic market can be challenging. It requires the domestic incubator to learn (1) what institutions and individuals are interested in supporting entrepreneurial ventures, (2) what kind of ventures they might prefer, getting to know individuals within the institutions who oversee funding or those working with angel investors, and (3) what elements are necessary to emphasize with potential investors to secure funding. In IntEnt's case, these challenges are compounded because it must accomplish at least some of these goals in multiple countries and help its clients manage what are sometimes vastly different financial systems. For example, IntEnt maintains a high level of knowledge regarding relevant Dutch financial institutions that have demonstrated a willingness to invest in transnational ventures. However, to adequately serve the transnational entrepreneur from Afghanistan, they must also develop such knowledge for the Afghan financial market. This is significantly more complex due to Afghanistan's less developed financial system, its ongoing internal conflict, and the reality that Afghan investors may have different investment goals based on their unique situations.

IntEnt must also cope with an additional financial issue: helping the transnational entrepreneur navigate the unique challenges and complexity associated with doing business

across multiple borders simultaneously (Drori, Honig, and Ginsberg, 2006). Cultural, institutional, and economic differences between the COR and the COO may affect money transfers, product shipments, and other operational necessities critical to the transnational venture. These “dynamic cross-border transactions” involve frequently changing processes (e.g., currency valuations; commerce regulations; travel rules) which are inherently dynamic but often play a vital role in the transnational business (see Figure 1).

INSERT FIGURE 1 ABOUT HERE

One technique IntEnt has employed to assist its clients in overcoming these challenges involves developing partnerships with investment promotion agencies in the transnational entrepreneur’s COO. IntEnt’s partnership with Afghanistan’s Investment Support Agency is a relevant example.

Proposition V: To facilitate the particular financial capital needs of transnational entrepreneurs, transnational business incubators must acquire operating knowledge of and social contacts in different national financial systems.

Incubators can facilitate the development of their clients’ human capital in a number of ways. These activities could include focusing on skill building to help prepare for predictable challenges, assisting with the development of business plans, helping collect relevant market research data, and offering expertise about institutional and regulatory environments. Yet, there are significant differences between the activities of domestic incubators and those of IntEnt across each of these activities.

Preparing entrepreneurs for success depends on the environment within which they will be operating. Domestic entrepreneurs operate within a well-defined environment that has similar laws, behavioral norms, rules-of-engagement, and business practices. The demand characteristics for this type of environment are more readily identified compared to those faced by an IntEnt client. IntEnt's transnational entrepreneurs must operate effectively in their COR, in their COO, and when managing the dynamics of cross-border transactions—a developmental task that is significantly more complex. Not only must IntEnt operate in multiple contexts, but it must also possess adequate knowledge of those contexts.

It is often assumed that transnational entrepreneurs understand the economic realities of their countries-of-origin. However, most have not lived in their COO for many years and may have a perception of the economic environment that is no longer accurate. In some cases, this may be the least effective scenario from a transnational incubator's perspective because an entrepreneur's inaccurate perception is sometimes harder to change than if they had no perception at all.

Creating a business plan, conducting market research, and acquiring information about the institutional and regulatory environment in the COO requires specific knowledge and experience in the relevant business environment. In fact, market research and knowledge of the institutional and regulatory environment can be subsumed under the business plan rubric as they are both required in order to craft an effective plan. For IntEnt, the “relevant business environment” is multidimensional and therefore more complex. Considering the example of a Moroccan entrepreneur working with IntEnt illustrates the complexity of understanding the institutional and regulatory environment. Highlighting the importance of effectively managing the dynamics of cross-border transactions, not only does IntEnt need to learn and teach this

knowledge for Holland and Morocco, but it must also have an understanding of the institutional and regulatory implications of running a business in Morocco from Holland. For example, what are the entrepreneur's tax obligations to each country? What are the implications of production standards and subsequent cost differences for securing necessary supplies? How might these implications affect the economic development of each country? These are just a few examples of what transnational business incubators like IntEnt must consider and develop expertise in, to adequately serve their clients.

Domestic and transnational business incubators share a similar imperative regarding the need to help their clients develop social capital. Essentially, building social capital involves identifying, establishing, and continuing to develop a network of contacts in order to catalyze: (1) entrepreneurial development, (2) business development, (3) financing and investment, and (4) institutional and regulatory environment management. In essence, social capital serves as a foundation from which other forms of capital can be acquired. It is a means-to-an-end in the acquisition of financial and human capital.

Entrepreneurs, especially early in the start-up process, should develop a network of other entrepreneurs, consultants, and advisors they can readily access for advice and assistance. This is vitally important to help them navigate the early challenges and the unknowns that they are likely to encounter. Facilitating contact with these advisors is a key success factor for business incubators. IntEnt's challenge is to help the entrepreneur identify a geographically diverse set of advisors, including individuals in the COR and in the COO, as well as those with experience in managing complex cross-border transactions.

The complexity of facilitating the acquisition of a network for a transnational entrepreneur only increases when the focus is business development. Relationships with

potential customers, suppliers, and partners are necessary for entrepreneurs to successfully sustain the development of their enterprises once they navigate early challenges. The complexity of establishing a network to sustain business development for business incubators is very similar to developing a network focused on entrepreneurial development. Domestic incubators attempt to develop one set of contacts that will facilitate the business development of their clients' new venture. IntEnt faces the prospect of developing not just one set of contacts in a geographically defined area, but multiple networks in multiple locations. This is necessary to assist IntEnt's clients identify customers, suppliers, and key partners in the multiple locations within which they operate.

While identifying contacts with prior transnational experience is important for a transnational entrepreneur's development, it is less so when it involves establishing business contacts with suppliers and customers. It is not vital that suppliers and customers have transnational experience as long as they supply and buy what the entrepreneur has to offer. An important caveat includes the type of contact that facilitates the identification of potential business partners. We suggest that potential business partners with prior experience in the transnational business space will be significantly more prepared for the increased complexity of this type of operating model.

The final elements necessary for developing social capital include contacts within investment and regulatory environments. Developing relationships with potential contacts in these arenas is important in helping entrepreneurs navigate the challenges they face. Domestic incubators assist their clients in overcoming barriers within distinct geographic parameters. For example, they might connect clients with local government officials who could help them identify key building code requirements. Clients served by IntEnt benefit from knowing local

government officials, but to maximize their effectiveness, they must also be connected to officials in multiple locales. Entrepreneurs establishing new ventures in Afghanistan need IntEnt to connect them with Afghan officials to help them learn specific rules of business that could be significantly different than those they have become accustomed to in Amsterdam. IntEnt is further challenged by the prospect of also connecting their Afghan entrepreneurs to Dutch officials familiar with doing business with Afghanistan. Navigating the complexities of cross-border transactions may require a network of Dutch officials that understand doing business with Afghanistan and Afghan officials who understand doing business with Holland.

Proposition VI: To facilitate the particular social capital needs of transnational entrepreneurs, transnational business incubators must identify a more geographically diverse set of key advisors and contacts in multiple geographies.

CONCLUSIONS & AREAS FOR FUTURE RESEARCH

Starting a new business venture is fraught with a variety of obstacles (Gilbert, McDougall & Audretsch, 2006). From developing an effective business plan to raising necessary capital (Lazear, 2005), the new entrepreneur faces numerous barriers to success. Business incubators assist the nascent business person in overcoming these barriers by assisting in the provision of financial, human, and social capital (Allen & Rahman, 1985). “By traveling both physically and virtually, transnational entrepreneurs engage simultaneously in two or more socially embedded environments” and may face unique challenges requiring new, innovative solutions (Drori, Honig, & Ginsberg, 2006, p.1). Transnational business incubators like IntEnt extend the role of traditional incubators by meeting the transnational entrepreneur’s unique needs of capital acquisition and the ability to leverage this capital across social and geographic boundaries. The rich case of IntEnt has possible implications for theory development and future research involving transnational entrepreneurship.

Implications for Theory

Domestic entrepreneurs face a myriad of challenges when beginning the journey to create a new venture. However, they face these challenges within a well-defined environment that has similar laws, behavioral norms, rules-of-engagement, and business practices. Transnational entrepreneurs face unique challenges when acquiring capital associated with the complex, multidimensional nature of starting, supporting, and managing a business without borders.

Competition for the acquisition of financial, human, and social capital is fierce and often rewarded to the entrepreneur with the most experience, relevant knowledge, and extensive network. Securing these advantages presents a unique challenge to the transnational entrepreneur as they must be accomplished within and across multiple geographies. Developing the ability necessary to operate effectively in each of these dimensions often requires external support. This support must be positioned to specifically address the unique needs of the transnational entrepreneur.

Traditional business incubators may need to amend and extend their purpose, definition of stakeholders, assessment of progress, and services offered. First, traditional incubators may need to expand their purpose to include supporting, nurturing, and catalyzing entrepreneurs and economies in multiple geographies simultaneously as opposed to doing so in one country, region, or locale. Second, stakeholders in the transnational space may need to be defined through the inclusion of the COR and COO. Third, assessing progress should occur across geographies making it more difficult due to significant differences regarding information infrastructure between the COR and COO. Finally, the capital acquisition services offered to transnational entrepreneurs must be actively addressed so that the “multiplicity of social contexts and structures” (Drori et al., 2006, p.6) is taken into account.

While traditional business incubators may need to reconsider their fundamental approach given the increasing frequency of transnational entrepreneurship, incubators that are currently serving migrants could also benefit from attending to the key issues raised in this paper. For example, there might be opportunities to more effectively meet the needs of migrant entrepreneurs. In addition, insight may be gained regarding additional approaches to expand their services to the broader entrepreneurial community. Future work involving transnational entrepreneurship has the unique opportunity to contribute significantly to the extension of theory and the empirical assessment of new models.

Future Research

The field of transnational entrepreneurship is relatively nascent when compared to domestic, international, or even ethnic entrepreneurship which subsequently provides a plethora of unique and impactful future research opportunities. We offer four topics to be considered for future research.

This case study of IntEnt may be the first of its kind and only provides a limited illustration of the possible business features and dynamics present in other transnational incubators. It is likely that there are other transnational incubators with “rare or unique” qualities that would be worthy of exploration (Eisenhardt, 1989; Yin, 1994). For example, how do other transnational incubators establish key objectives, secure stakeholder buy-in, and subsequently assess progress? Additional case studies examining the unique approach, coverage, and value proposition of other transnational incubators would be beneficial for future theory development.

Growth is a ubiquitous focus of organizations, whether they are non-profits or members of the Fortune 100. IntEnt has been challenged by identifying the most effective approach to future growth. It has considered a variety of approaches, all with attendant strengths and

weaknesses. Should transnational incubators grow by expanding their geographic coverage? If so, should this be done by taking a franchising approach in other countries? Should it entail establishing additional locations and expanding staff? These are all very relevant institutional level questions that may offer promise for current and future transnational incubators.

Geographic, economic, and social diversity define the transnational space and contribute to the unique challenges faced by transnational entrepreneurs and the incubators that support them. This diversity also highlights a fundamentally unique aspect of transnational entrepreneurship—the dynamic cross-border transactions between the COR and COO. Scholars have defined this dimension before (Drori, Honig, & Ginsberg, 2006), but there is a paucity of research that: (1) defines what transactions are most common; (2) identifies the changing economic, political, and social dynamics affecting these transactions; and (3) examines the most effective approaches for transnational entrepreneurs to manage these transactions. Exploring each of these areas would not only more accurately define a unique feature of transnational entrepreneurship but may also provide insight into one of its more challenging elements.

Much of the transnational entrepreneurship literature examines entrepreneurs as individuals. However, rich traditions exist in the family business and ethnic entrepreneurship literatures that conceptualize the new-venture start-up process as a group or team endeavor. For example, the team could be comprised of a lead entrepreneur and his or her family, by several entrepreneurs with an equal stake in the business, or by a team of individuals with specific roles who are not co-located but work virtually from the COR and COO. A logical starting point for future research in this area would be to draw upon these extant literature streams to examine the potential relevance to the transnational business context.

TABLE 1: The IntEnt Program

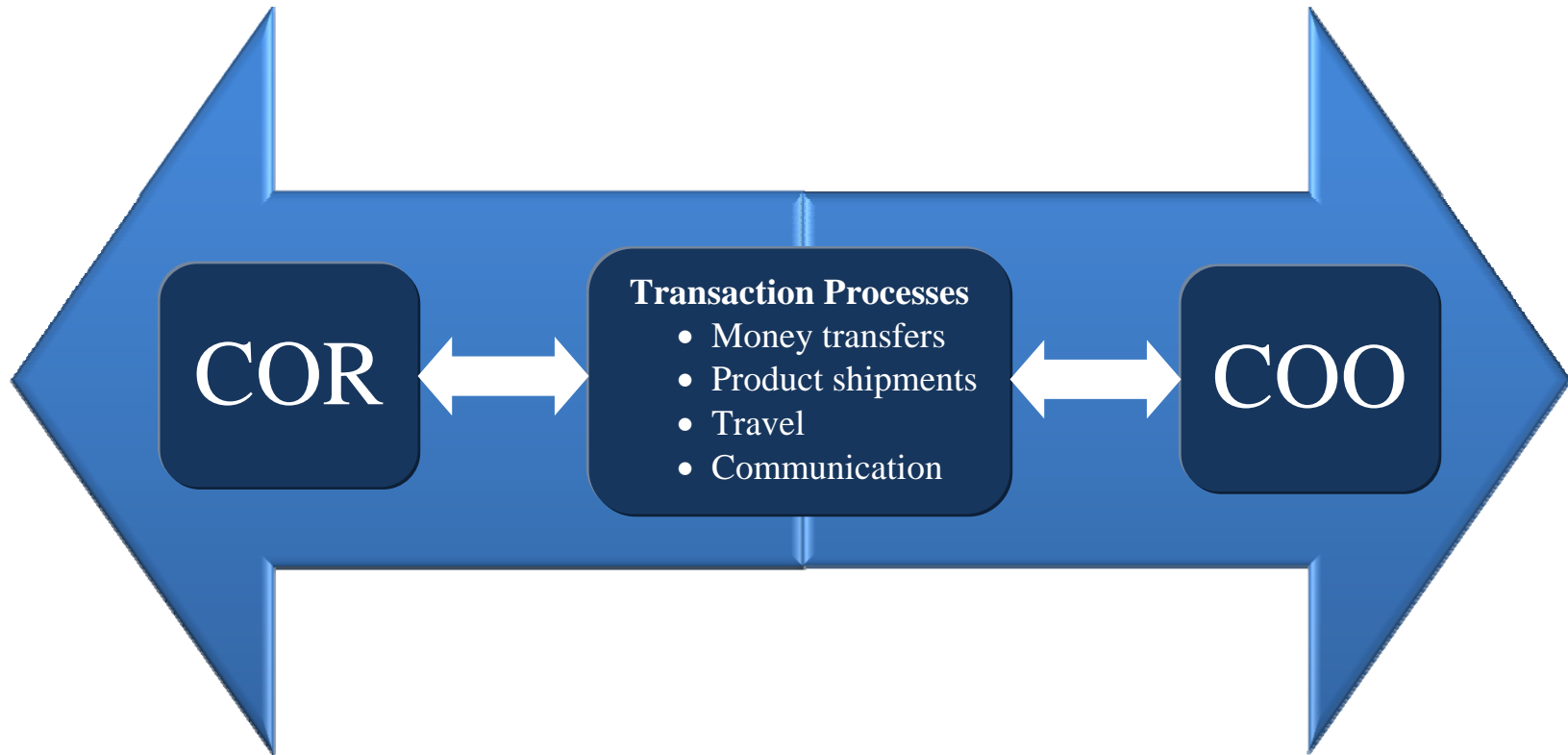
PHASE	ACTIVITY	FOCUS OF THE ACTIVITY	SERVICES RENDERED
Promotion & Publicity	Information	Information	Direct and indirect promotion and publicity. Providing information through different channels to the target groups (info meetings, press releases, websites, migrant organizations)
Preparation	Selection	Appraisal of entrepreneurial capacity and potential for success	Intake interviews by IntEnt staff, referrals by IntEnt staff, IntEnt Enterprise Centre for self tests
	Orientation on Entrepreneurship	What is expected from an entrepreneur? Am I an entrepreneur?	Training courses and individual counseling, IntEnt workbook
	Formulation of the business plan	Understanding the importance of a well-thought-of plan	Training courses by an experienced (subcontracted) business advisor co-funded by IntEnt
		Formulation of provisional business plan, a do-it-yourself approach	Counseling by an experienced (subcontracted) business advisor cofunded by IntEnt.
		Data collection (market research)	IntEnt Enterprise Centre, information session, facilitation of market research (co-funding costs), assistance from a local business advisor, support by a local business office
		Formulation of final business plan	Assistance from business advisor, IntEnt financial model, IntEnt Enterprise Centre
Launch	Preparing	Appraisal by (external) appraisal committee	Appraisal of the final business plan by an independent committee of experts, advisory services
	Financing	Arranging the start and financing of the business	Acting as intermediary, IntEnt Guarantee Fund for Supplementary guarantees, IntEnt Social Investment Fund for participation and/or subordinated loans, financing by participating banks
Implementation	Start-up	Counseling by a local business advisor during the start-up phase and the first months of operation	Co-funding for local business advisors, support by coordination office, IntEnt Business Club
	Strengthening	Tackling certain specific management problems in a more systematic way	Business clinics, training by local trainers, support by coordination office, IntEnt Business Club

(Molenaar & Joosten, 2006: 64)

TABLE 2: Domestic Versus Transnational Business Incubation

DIMENSION	DOMESTIC	TRANSNATIONAL
Purpose/Mission	Contributes to the development of local economy	Contributes to the economy of the COR <i>and</i> the COO
Stakeholders	Local government, business community, entrepreneur, and his/her employees	Government, business community, entrepreneur, and employees <i>in both</i> the COR and COO
Assessment	Number of new firms, amount of employment generated in local economy	Number of new firms and amount of employment generated in COO <i>but also</i> increased strength of institutions in COO.
Services: Financial Capital		
Financing & investment	Providing guarantees and/or other support to local financial institutions and angel investors	Providing guarantees and/or other support to financial institutions and angel investor in the COR <i>and/or</i> in the COO
Services: Human Capital		
Entrepreneurial preparation	Focused on fostering awareness of the general challenges of entrepreneurship	Focused on fostering awareness of the challenges of transnational entrepreneurship
Business planning & management	Requiring experts with knowledge of/experience in the domestic business environment	Requiring experts with knowledge of/ experience in the COR <i>and/or</i> the COO.
Market research	Requiring information and data sources regarding the domestic business environment	Requiring information and data sources in the COR <i>and/or</i> the COO
Institutional & regulatory environment	Requiring information and expertise regarding the domestic institutional and regulatory environment	Requiring information and expertise regarding the domestic institutional and regulatory environment of both the COR <i>and</i> the COO
Services: Social Capital		
Access to financing & investment	Brokering relationships with potential investors and lenders through domestic contacts within the incubators internal and external network	Brokering relationships with potential investors and lenders through contacts in <i>both</i> the country -of residence and the COO
Enabling entrepreneurial development	Introducing clients to local entrepreneurs, consultants, and other advisors	Introducing clients to transnational entrepreneurs, consultants, and other advisors <i>in both</i> the COR and the country of origin.
Access to business development resources	Brokering relationships with potential customers, suppliers, and partners through domestic contacts within the incubators internal and external network	Brokering relationships with contacts in both the COR <i>and</i> the COO.
Access to institutional & regulatory environment	Brokering relationships with key institutional and government contacts necessary to comply with the domestic regulatory environment	Brokering relationships with key institutional and government contacts necessary to comply with the COO regulatory environment

Figure 1. Illustration of Transaction Dynamics



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