EFFECTUATION AND SPEED OF INTERNATIONAL OPPORTUNITY DISCOVERY: A STUDY FROM MALAYSIAN HIGH-TECH SMES ENTREPRENEUR PERSPECTIVE

Sathiswaran Uthamaputhran, University Malaysia Kelantan

ABSTRACT

This article explores previously discarded phenomena and making a contribution to the field of internationalisation by distinguishing the effectual and non-effectual to support the speed of sensing and exploiting the international opportunities. This examination conducted from an effectuation perspective, drawing upon current research on the role of effectuation in internationalization and entrepreneurship. Three important principles of the effectuation process explored namely “What I know”, “Who am I” and “Who I know”. This new theory model helps to understand the entrepreneur’s decision to use of different resources to create means and speed up the process of sensing and shaping the international opportunities. The research design for this study is a multiple-case study approach. The result shows that the Malaysian entrepreneurs used non-systematic strategies (effectuation) rather than planned strategies (causation) to discover the international opportunities. The effectuation process has become a primary target for Malaysian SMEs to accumulate new resources and capabilities to speed the internationalisation and reduced their reliance on a causation logic.

Keywords: Causation, Effectuation, Internationalisation, Entrepreneurship, Opportunity.

INTRODUCTION

In recent years, the speed of international opportunity discovery has resulted in a rise in the number of research studies conducted on internationalisation of Small and Medium Enterprises (SMEs). It has become a topic of central importance in research of born global and international new ventures (McDougall, 1989; Oviatt and McDougall, 1994; Madsen and Servais, 1997; Oviatt and McDougall, 2005). A World Bank (2016) report confirmed and praised that countries in Asia has a huge potential to be successful in the international business. However, several sources of risks and challenges limit the chance of these countries at global level. The research studies highlight the dawn of a revolution in the global a market, where the decision for internationalisation has become an important element to posing new challenges to traditional companies. As the leading cause of different decisions and commitment, SMEs and their rapid international success are therefore a focus of great interest; not only in the academic world, but also in the business and political spheres. Studies have mainly investigated their daily processes and activities in order to substantiate how SMEs are often able to succeed in remarkably short periods of time, without the extensive resources enjoyed by their larger counterparts. It is observed in the literature that such SMEs tend to rely on various different route and strategies to gain access to the international market.
Consequently, SMEs have become a challenge for some multinational companies which rely upon direct foreign investment (Johanson and Vahlne, 1977; McDougall, 1989; Rennis, 1993).

The increasing of speed-time elapsed for internationalisation is a reason why many scholars are currently interested to study various theories from different fields. The theories from different fields help to explain the opportunity discovery and internationalisation. The entrepreneurs’ reliance of several unique resources both at individual level and organisation level reducing their time and make them enter the international market soon after inception. This including the development of network relationship, global mind-set and tacit knowledge as crucial antecedents for internationalisation. Unlike traditional companies, the small companies entrepreneur tend to rely on global focus and unique resources such as relations to support the international activities and faster their process of opportunity discovery. As a result more integrated theories such as International Entrepreneurship and Network theory have developed and play a huge part in internationalisation (Coviello and Jones, 2004; Jones and Dimitratos, 2003; McDougall et al., 2003; Rialp et al., 2005; Zahra and George, 2002). What is important is the entrepreneur and how he takes advantage of the international opportunity. His logical decision on international expansion and especially coping with uncertainties and risk is crucial to achieve international objective.

Causation and effectuation are recognized as a predominant decision-making logics that introduced by Sarasvathy (2001) to create means or strategies and cope with the uncertainties and risk. Causation processes involves strategic planning (ex ante) and rational decision, meanwhile, effectuation is engaged with the emergent strategies (ex post). These two opposite approaches have a strong influence over the types of opportunities discovered and exploited (Bonel and Rocco, 2007; Ritala and Hurmelinna-Laukkanen, 2013). For instance, the entrepreneur who has unique skills or experience tends to find the international opportunity faster than normal entrepreneur. They have the ability to develop strategies to coping with the high level of uncertainties and risk. However little is known about speed of sensing and shaping the international opportunity in the past. The previous scholars does not clearly identified the importance of different networks, or knowledge which facilitating a quick international opportunity discovery. In particular, in small companies, the speed of opportunity discovery maybe relies on the knowledge from the combination of different types of networks. Even though some scholars have included the entrepreneurship models particularly effectuation on internationalisation, still there is no detailed research associated with the speed of sensing and shaping the international opportunities. It requires more detail analysis to see how the entrepreneur uses the existing networks, knowledge to create means and support the internationalisation processes. Also, while the effectuation seems important for the process of international opportunity in internationalisation, the qualitative approach seems underdeveloped especially in some developing and underdeveloped countries. Most of the data and research were conducted in countries like Sweden, the United States, Australia, New Zealand, Spain, Italy, and a few other developed countries. As a result, the role of SMEs in internationalization in less developed parts of the world in fact remains largely unknown (Johanson and Vahlne, 1977; Knight and Cavusgil, 2004; Moen and Servais, 2002).

A survey of Malaysian SMEs produces some important data. Malaysian’s SME is considered as one of the major contributor to the economic growth and Gross Domestic Product (GDP). SME’s conquer almost all industries where it helped the country to create new job opportunities and a new product development. However, in recent year’s competition from other emerging countries in Southeast Asia make the sustainability of the SME in Malaysia more difficult. SMEs always consider ways to acquire knowledge. Network is an essential element for SMEs to success in both domestic and international market. With few
exceptions, there is lack of studies to see how the network relationship works in emerging economies.

Following the call for more empirical studies from different country, our main objective in this paper is to examine effectuation based principals “Who I know,” “What I know” and “Who am I” during the process of sensing and shaping the international opportunity. This paper seeks to empirically investigate the decisions on key resources with the aim to enhance the understanding of effectuation from Malaysian SMEs perspective. The two main research questions are: how do entrepreneurs in Malaysian SME make decisions on their speed of the process opportunity discovery? Why do entrepreneurs commit to specific resources to support international opportunity?

This research improves to the internationalisation research in several ways. First, it discovering the entrepreneur’s behaviour when making a decision based on two logical ways causation and effectuation. The decision-making is a crucial to decided what types of opportunities exploited. Thus, this study take a step further the direction of the effectuation theory to provide an empirical evidence on Malaysian SMEs. Second, this study contributes to the body of internationalisation by identifying key antecedents which impact the process of decision-making processes. It provides an important contribution to the internationalisation since many small companies face high level of uncertainties and risk. Also, this study is one of the first one to apply effectuation in Malaysian SMEs which can be a good contribution for internationalisation and entrepreneurship research. The result might be different with other studies previously conducted in developed or matured countries.

**LITERATURE REVIEW**

In this section, this study focuses on two main areas that associated with the speed of international opportunity discovery. The first explains the speed of international opportunity discovery which argued different time as a central for internationalisation. Second, explain the logics of effectuation and causation principals as a fundamental for international opportunity and internationalisation outcomes.

**Speed of International Opportunity Discovery**

Starting with McDougall’s (1989) paper explaining the entrepreneur’s behaviour towards the international opportunities of small companies, research has drawn considerable attention to the process international opportunity discovery of small companies. In particular, the entrepreneurship scholars want to know why some entrepreneurs and not others discover the international opportunities (Chandra et al., 2009). Shane and Venkataraman (2000) suggest that international opportunity drive the internationalisation and arguably one of the important steps in SME research. In the past, the international opportunity discovery process discussed under two important theories, Uppsala Model and born global model (Johanson and Vahlne, 1977:2009; Oviatt and McDougall, 2000). Under Uppsala model, the entrepreneur tend to discover the opportunities through established-chain and entering to smaller psychic distance countries (Johanson and Vahlne, 2009). Whereas, in Born Global the entrepreneur uses several unique resources and capabilities to exploit the international opportunities quickly. Both behavioural theories explain the different speed of international opportunity discovery. Interestingly, the international opportunity has grown together with the concept of international entrepreneurship in the internationalisation studies. The importance of entrepreneurial behaviour in scanning, discover, organise and enact the environment faster the process of international opportunity discovery (Chandra and Coviello, 2010). Ellis (2011) defined international opportunity “as the chance to conduct and exchange with new partners in new foreign markets”. He further highlighted that opportunity is only meaningful when it
leads to the formation of a new international exchange that embodies risk bearing entrepreneurial activity. Eckhardt and Shane (2003) define it as “situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends and means-ends relationships”.

The internationalisation speed is a complex process which often changing between founding and initial market entry (Acedo and Jones, 2007; Jones and Coviello, 2005). For instance, Oviatt and McDougall (2005) stress the speed of new ventures by looking at the time between the discovery and enactment of an opportunity and its first international market entry. That is, how some entrepreneurs discover the international opportunities in some countries and what are the key resources involves to support this international opportunity process. Following his study on speed of international opportunity discovery, we adopt this as a key process in internationalisation (Kiss et al., 2013).

Recent work has begun to shed useful light on the process of international opportunity discovery. A study by Muzychenko and Liesch (2015) show an empirical evidence of factors that determine the entrepreneur’s perception under the theory of planned behaviour. They have highlighted several behaviour such as risk perception, social network and individual embeddedness as crucial antecedents in internationalisation and especially for in different phases in internationalisation. A study of manager in Turkish companies which represent the emerging countries also provides a similar result that emphasised on knowledge, commitment and uncertainty that associated with the process of international opportunity.

Several scholars in entrepreneurship also have highlighted the key antecedents in internationalisation and most of the research fixed under this scope. Most of them focus on individual-level decisions as the driving force that support each process in SME internationalisation. This factor has been a strong nexus with the firm’s internationalisation especially on how to discover and exploit a lucrative opportunity within a specific context (Shane, 2000; Venkataraman, 1997). As we can see in Acedo and Florin’s (2006), who took the sample of Spanish ventures, the role of individual-level characteristics provides a valuable advantage for a new entrepreneur to succeed in the international market. These findings support Adichvili et al. (2003) paper which utilised Dubin’s (1978) theory building framework explain the individual characteristics. Their decision-making and commitment are essential to increase the availability of resources and know-how to support the internationalisation. The quality of the international opportunity depends on the entrepreneur’s decision of on network relationship and other capabilities (De Carolis and Saparito, 2006). In a network perspective, such an approach implies that, because each firm’s network is unique, the configuration of that specific network and the activities performed within it determine not only how the firm develops opportunities, but also what types of opportunities the firm will be able to develop. This entrepreneur’s decision-making under uncertainty makes effectuation an one of the major theory to combine with internationalization theories that not many scholars have yet included in their research.

**Effectuation vs. Causation Logics**

The focus of this study in line with the current interest of principals in effectuation such as “who I know”, “what I have” and “who am I” (Sarasvathy, 2001; Sarasvathy et al., 2014). Sarasvathy et al. (2008) has quoted the effectuation model as a central for the decision-making behaviour in uncertain situations and many scholars support the fact that it is a theory that support the human action as a key factor shaping the future to reduce risk and uncertainties (Dew et al., 2009; Wiltbank et al., 2009). There are two important processes highlighted in effectuation papers, “Effectuation” and “Causation.” “Effectuation processes take a set of means as given and focus on selecting the possible effects that can be created
with that set of means”. It helps to control the environment rather than predict it (Dew et al., 2011). Meanwhile, “Causation processes take a particular effect as given and focus on selecting between means to create that effect.” Causation rests on the logic of prediction. Several scholars argued that the entrepreneurs these days often facing or dealing with high level of risk and uncertainties. It requires them to rely on existing relationships and potential relationship to take the advantage of the potential opportunities. It has been practiced in various disciplines such as (Sarasvathy and Venkataraman, 2011), economic (Dew et al., 2004) and marketing (Read et al., 2009a). This theory has been strongly associated with the international activities and strategies as highlighted in some papers such as Galkina and Chetty (2015); Schweizer et al. (2010). Several scholars recently have highlighted the importance of effectuation logics in internationalisation. For instance, Schweizer et al. (2010) argued that the high level of uncertainties and risk in international business become a common problem for any entrepreneur. They further suggested several ways such as leveraging existing networks and use existing knowledge to deal with high level of uncertainties. Other internationalisation scholars particularly IE scholars used effectuation theory as a central of discussion and explain how the entrepreneur can overcome the fear of uncertainties by controlling the environment with existing resources such as existing customer relationship and previous international experience (Andersson, 2011; Gabrielson and Gabrielson, 2013; Kalinic et al., 2014; Mainela and Puhakka, 2009). However, as per our knowledge, the importance of effectuation does not clearly explained or yet been added in the research of internationalisation. For instance, building ties with existing partners or personal network seems more crucial for early internationalisation phase especially on international opportunity discovery to accelerate the internationalisation. The existing studies on effectuation does not explain how does the entrepreneur benefits from the existing relationships especially to discover their opportunity. It is important to understand the concept of effectuation richer by highlighting the importance of several antecedents. Prashantham et al. (2018) is a one of the important paper that highlighted the depth of one variable from effectuation lens. They have extended the understanding of effectuation by looking at the network building based on effectuation logical view. However, they have used the internationalisation speed as an overall outcome instead of one dimension in internationalisation.

In order to clarify further on differences between effectual and causal, it is crucial to relates this with five effectuation principals. First, pilot in the plane which refers to the entrepreneur’s action to react with whatever means that are available for them and believe that the outcome change based on their actions and decisions. Second is bird-in hand principle (i.e. starting with one means) where the entrepreneur tend to focus on existing and active resources instead of make effort to develop a new resources to support internationalisation. Third is lemonade principal which use mistake and surprises as an opportunity to in business. Forth, crazy Quilt which refers to the action of building partnership with the active people who is interested on business. Fifth is affordable loss where the entrepreneur will only invest as much as they are willing to lose.

We advance our understanding on effectuation by looking at the three important principals “What I know”, “Who I know” and “Who Am I” and linking it with the international opportunity discovery in internationalisation. “What I know” refers to a knowledge base that developed from the entrepreneur personal experience and exposure from different environment. These entrepreneurs will enact international opportunities through their tacit knowledge which lead them to penetrate the new market (Shepherd and DeTienne, 2005; Rebecca and Fischer, 2011). Meanwhile, “Who I know” refers to network-building with an interest partners to generate resources and control the environment. As the internationalisation process goes beyond the initial stage, an effective approach to networking
is to accommodate only self-selecting partners who does not give important to the goal and instead of working based on their personal interest (Schweizer et al., 2010). Prashantham and Dhanaraj (2010) state that the networks will not be highly restricted and it will be more open-minded and open-end trajectory. “Who am I” in effectuation refers to an individual traits or characteristics.

**METHODOLOGY**

**Data Collection and Preparation**

To develop a model that explains the network relationship from a Malaysia context, we have developed a series of inductive interviews with the entrepreneurs using the guideline developed by Eisenhardt (1989) and Yin (1981:1994). Our main target was Malaysia SMEs and specifically Malay entrepreneurs who provide a major contribution to the country’s growth (i.e. firms with fewer than 250 employees). These entrepreneurs have established their business in the international market. SMEs contribute to almost 99.2 percent of total business establishments in Malaysia. In 2015, SMEs had an average of 6.1 percent in Gross Domestic Product (GDP) compared to 7.6 percent in 2014. SME contribution to GDP increased to 36.5 percent in 2015. The main sectors that contributed to GDP growth were mining and quarrying and construction. The country’s political system, physical infrastructure and advance technology offer SMEs a better environment to start their business on a small scale. Malaysian SMEs export has declined to 17.6 percent of total exports. The establishment of the National SME Development Council (NSDC) in 2004 has made the SME Gross Domestic Product (GDP) increased and surpassed on overall GDP. Also, with the introduction of a new policy, Tenth Malaysia Plan (TMP) made the SME has continued to rise and support the overall growth of the country.

We identified two entrepreneurs that have established in international market and internationalised rapidly. The numbers of companies were reasonable for this study and going beyond this might occur theoretical saturation and avoiding data asphyxiation (Eisenhardt, 1989; Pettigrew, 1990). We have chosen the companies or entrepreneur from snowballing technique. The entrepreneur have been selected as a key participant due to their direct approach and hands-on experience working with different stakeholders and engaged with the outside people. They have certain level of knowledge and engaged with a strong level of commitment with networks (McCartan-Quinn and Carson, 2003). We also obtained data from company Web pages, articles from newspapers and other industrial publication.

The companies were selected using purposeful/theoretical sampling following guidance provided by Eisenhardt (1989); Locke (2000) and Patton (1990). The basic assumption of this theoretical sampling is to select the cases that predict the similar pattern or outcome or predict the contrasting result but providing with justification (a “theoretical replication” as explained by yin (2003). Explanation is essential for theoretical replication where it helps to answer the queries of “why”. We have included the explanation building to describe the process and sequence of the network relationship connection with the process of opportunity discovery.

We have interviewed the entrepreneur using semi-structured interview technique but very much open-ended protocol. Also, we have makes sure that we have interviewed a knowledgeable person which has specific knowledge on internationalisation, assured anonymity and confidentiality. The interview was recorded and included multiple probes in the interview protocol follow Huber and Power (1985)’s approach.

The data involved with the explanation of actions and activities between network relationship and the process of international opportunity. As explained by Langley (1999), Yin (2003) this
data used narrative approach. The main focus of this research is before the internationalisation on how the entrepreneur discovers the international opportunity.

Case Description

The case study concerns two high-tech Malaysian SMEs, LTech Company and Tech Venture and their interviews were conducted between 2015 until 2017. LTech Company is a partnership company originally established in 2002 to provide a technical support for oil and gas industry. The company was established and run with strong entrepreneurial roots. The entrepreneur has used the similar business idea in both domestic and international markets. Within the two years of establishment, the company started to expand its business into other Asian countries including Indonesia and Thailand. Mr G constantly looking for a new opportunity and his entrepreneurial skills and visions helped the company to enter some other countries. He did his bachelor study in University of South Wales and once back to Malaysia he immediately started his own business. He had some technical knowledge where he had worked as a technical person in some local companies in Australia. At that time, the country’s technology based industry were uncompetitive due to low technological level, insufficient people with technology skills, poor infrastructure and many other things which limits the opportunity for new company (Interview, founder, 2015, 2016). Changes, however, emerged from the early-20s where the government has encouraged more small companies to think about different strategies to make as a global level company (Interview, founder, 2015, 2016).

Tech Venture is owned by a Malay entrepreneur is a leading tech company in Malaysia that offers the cloud technology and technological supporting tools for the business development such as GIRA and CRM. The company was established in 2004 with the ten employees. Within two years of business establishment, the company has expanded in many countries including India, Singapore and Thailand. Mr N is very optimistic and pragmatic about his business. He has done his undergraduate in Malaysian University but took executive program a short-term course in United States (US). Tech Venture was the one of the first company in Malaysia that expanded nationally and internationally and first company launch its own products to support the company. The company worked together with other companies in both local and overseas markets to increase the choices of supporting innovation to support the business. In fact, in 2007 the company was identified as one of best technology company by government. The entrepreneur emphasised the social networks that he often established when he went to the international market as a key success for a Tech Venture international expansion (Interview, founder, 2015, 2016).

RESULTS AND DISCUSSION

Our main research question is how the entrepreneurs from Malaysian high-tech SMEs are able to discover and exploit their international opportunities. Also: how does Sarasvathy’s logical way of thinking (causation and effectuation) influence their cognitive processes in their first international opportunity decision? In this study, we identified several key antecedents that support the process of international opportunity discovery. The results were divided into three sets of means which proved crucial for these companies to perceive their international opportunities. These three means, which are also known as key principles in effectuation in Sarasvathy’s (2001) paper, are listed below:

1) “Who I am.”
2) “What I know.”
3) “Whom I know.”
The following represents a detailed discussion of these means to see how the entrepreneurs use their existing resources and capabilities from the time preceding internationalization until the time the first international opportunity presents itself. It should be made clear at this point that due to its scope, this analysis is only based on the study of individuals and not on a study of their companies.

**International opportunity discovery and “Who I Am” in effectuation**

This section is an attempt to describe and analyze the opportunity process and entrepreneur as a key actor and their impacts and the subsequent dynamics that moved the process of opportunity discovery forward. It naturally implies time and dynamism, which the entrepreneur tends to structure into meaningful parts. The first effectuation principal, “who I am”, refers to an individual’s personal characteristics, traits, tastes and abilities to deal with any uncertainty concerning changes in the international market (Sarasvathy, 2001). Both entrepreneurs before start the business developed his own vision, building relationship and looking for opportunities within the context. These positive attitudes have motivated the founders to effectively seek out the new ideas, possibilities, and moreover interact with people which can be considered as important part of the process sensing the initial idea. Both of them had held a strong position in their previous jobs, which they considered an influencing factor in their readiness to welcome new suggestions or ideas from anyone in their company or external sources. For them “vision” is about strategic planning. In LTech company, Mr G said he “always see his idea from both big and small picture to make the idea better”. He stressed about some questions that always in his mind. For example, where is the direction the industry is moving? What are the challenges for this company and how to tackle day to day job responsibilities? Once he answered these questions than he will take a crucial decision for the business. Meanwhile, Mr N from Tech Venture Vision is an attitude that made him to dream and visualise his initial idea and planned his strategies accordingly. His vision has driven him to start a business especially to have determination to succeed as an entrepreneur. Mr G however described himself as more pragmatic instead of risk-averse. He believes that being optimistic and pragmatic attitude is important for a business. He shared his experience.

“We saw potential in the chaos, but for us it does not make sense to calculate and clearly recognise our position in next 2 or 3 years. For instance, inflation is a major concern for any business and it was keep coming and going, the local market was fluctuating regularly but we were still optimistic that time about our future.”(Interview, founder, 2015-2017)

The interviewee states emphatically that the entrepreneur’s characteristics is crucial for a business success especially in taking a risk about new opportunities or idea. The vision, risk taking and optimistic characteristics help the entrepreneur to constantly analyse the market, identify potential knowledge and build a bases for the business. IE literature has explained the entrepreneur’s characteristics as an important elements for making a decision on the internationalisation process (Jones et al., 2011; Oviatt and McDougall, 2000). The findings has acknowledged by (Oviatt and McDougall, 2005). They highlighted the individual characteristics and cognitive process as fundamental to determining the speed of internationalisation. They have categorised the entrepreneur with innovative and risk-taking attitude as strategist entrepreneur which speed up the international opportunity process. In particular, the characteristics of the entrepreneur are the formative relevance of previous international experience or market experience. It helps them to create a source of motivation or reaction towards the opportunities to become a global player and increase the ability to sensing the opportunities (Madsen & Servais, 1997).
International opportunity discovery with “What I know” in effectuation

Mr. G and Mr N ability to detect the international opportunities was built on a solid foundation of expertise and different experiences. Both entrepreneurs had an experience in the international markets for few years and had spent considerable time in foreign countries before starts their business respectively. Experience that gained from Australia and US, a factor that have increased the confident level for both entrepreneurs and eventually led them to come up with the initial idea. The exposure which was different from Malaysia allows them to be more critical about understanding other markets, culture and how to begin a business in multiple countries. For Mr G his former knowledge and experience in the I.T. business (IT management) triggered within him the idea to develop a product innovation, i.e. machine to support oil and gas industry. Mr G said,

“I actually had the dream to start a tech company.. until now I don’t believe that I have one. One thing I realised is I was keep on searching for the idea within my field... Never think about going out of it… Probably it is because of my experience. But one thing I really want to make it as a global product... There is no substitute for the knowledge that I personally gained from overseas especially in Australia for almost four to five years. We actually made some contacts there.” (Interview, founder, 2016).

The most important lesson learned from is employed existing means such as individual’s previous experience and knowledge to sensing the opportunities that the entrepreneur aware of especially in their environment. Human information processing helps the entrepreneur to visualise their idea in a normative way. The information often linked with several sources and form a new business opportunities. The information gained from the experience can be readily applied for making a decision or action. The findings can be associated with other findings in the field of entrepreneurship (Shane and Venkataraman, 2000; Eckhardt and Shane, 2003). Shane and Venkataraman (2000) were one of the first that found the link between existing experience and knowledge as a key for the opportunity identification. Following the study of (Vaghely and Julien, 2010) on how existing knowledge help to recognise the international opportunity, this study provide a new finding from Malaysia which supports the existing concepts that explain the existing knowledge or experience as crucial for first international opportunity discovery.

International Opportunity discovery and “Who I know” in effectuation

The relationship variable was included in the internationalisation studies before the introduction of effectuation where the entrepreneur tend to develop and survive through various kinds and levels of relationships including family, friends and business relationships. We argued that the reliance on the relationship is an entrepreneurial behaviour. The founders in the case implemented collaborative approach through their personal networks such as friends who have business in other countries. The company is believed established in various countries because of trusted partners. The case analyses from these companies also reveal that personal networks, expressed in terms such as “friend” and “CEO”, were utilized when discussing a time period prior to any commencement of internationalization, usually in the context of evaluating the initial ideas that the entrepreneur raises. Interestingly, the founders claimed that they often “seek advice or suggestions” from people they know before. Most of their people have certain level of interest on the business and they help to improve the initial idea of the opportunity. Any information which had assisted their transition into the global marketplace can be explained in terms of advice or information given about the general market; whether regulatory, business practices, culture and customs, or any general knowledge gained from the valuable experience of acquaintances. It helped to faster the
Entrepreneurship & Sustainability

10

1939-4675-22-SI-196

international decisions especially in determining the first international opportunity. Mr G and N, shared their experience respectively of the importance of personal networking in improving his international idea:

“I sat down with my friend in a coffee shop and talked to him for few hours just to understand how to run a business in overseas. He shared a lot of information such as how to sell a product, marketing stuff, how the customer behaves in certain countries, potential problems and so many things…” (Interview, founder., 2016)

“…We actually joint with our customer AirLa Company which helped us to increase our access to different market. I remember talked to their CEO when they first become our customer and he helped a lot in terms of idea and improvement in our product which faster our decision” (Interview, founder, 2017)

It is confirmed that network relationship plays a crucial role in shaping the international opportunities with the knowledge accumulated through network relationship. The knowledge about customer, competitors, market and product has a strong implication on developing an international opportunity. The importance of different types of network relationships in developing international opportunity have been highlighted in internationalisation studies (Belso-Martinez, 2006; Blomstermo et al., 2004; Chetty et al., 2000). Since Jones and Coviello (2005) argued about time of the international opportunity discovery the personal network is arguably one of the most important time-based variables in internationalisation research. The interviewee however claimed that they are not ready to take a risk on opportunity and thus to deal with uncertainties, they tend to relied on personal network which developed through trust and long-term commitment. The findings support the new research call from Schweizer et al. (2010) and Andersson (2011) for new research from other part of the world. As per our knowledge, the initial opportunity discovery speed is improved by an effectual approach because it supported by people who we know and interested in business which reduce the risk and help to search for the right partners. The fast decision to internationalise and from the trustable person allows the entrepreneur to reduce the liability of foreigness and immediately react to an opportunity (Sarasvathy et al., 2014; Galkina and Chetty, 2015).

CONCLUSIONS

This study strongly addressed both for theory and management that the effectuation is perfectly worked for technology based SMEs in Malaysia which often facing unstable and changing business conditions. The success of high-tech SMEs in Malaysia to speed their opportunity discovery is due to the resources that they obtained. The cases above are one of the important evidence that shows that some entrepreneurs in Malaysia can find the first international opportunity quickly than others through the effectuation logic. Both entrepreneurs was an experienced individuals and have spent many years in overseas which eventually quicker the time to sense the first international opportunity. Their entrepreneurial characters such as visionary and risk-taking allowed them to keep searching for a new opportunity and eventually they succeed in their international objective. It seems that effectuation logics is the only way for these entrepreneurs to enhance their internationalisation especially through the resources, processes and capabilities that increase the ability to sense the initial international opportunity (Darley et al., 2013; Darley and Blankson, 2008). Also, the success of these companies does not solely due to entrepreneur as a focal actor but also their personal relationship with other actors who were interested in the business. The partner’s commitment and interest allowed the entrepreneur to gained essential knowledge about market and identified potential customers. The causation through planned approach was used after they established in their business. It is believed that the international opportunity discovery built through the existing resources such as networks, personal sensemaking through entrepreneurial characteristics and previous international experience.
Our study strongly support the effectuation as a main theory that support the process of internationalisation (Sarasvathy, 2001:2008; Chetty and Wilson, 2003), as exemplified by studies such as Galkina and Chetty (2015), and Chetty et al. (2015). This study provides an empirical evidence from the developing market to understand how the effectuation works in other part of the world with different setting. Until now, the effectuation model does not explicitly break it down into each principal and see how each principal influences the processes in internationalisation. This actually makes our study richer especially when link effectuation with the international opportunity discovery speed and contribute to both effectuation and IE.

Finally, as both a shortcoming and a future agenda, scholars in the field should give more attention to the moderating influence in such as cultural impact and institutional impact on the effectuation principals which promise to provide a fruitful discussion for scholars in internationalization process. We did not address the influence of culture which seems important for the countries in developing market. It will be fascinating to observe people from different entrepreneurial mind-set and their cultural based effectuation decisions which we left out in our study. In this study we only targeted international opportunity discovery speed as main outcome but future research can focus on overall international speed or entry mode which can be very promising as a future agenda. Similarly, we do not factor in the density and intensity of relation decisions or entrepreneur personality traits that affect these; these are all fruitful avenues for future work.

REFERENCES


