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INTERNATIONAL ENTREPRENEURSHIP AND BUSINESS HISTORY

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Introduction

There is a rich and diverse empirical tradition in business history that has implicitly examined international entrepreneurship within narratives that recount the makers of global business. In these studies, business historians have often used the term entrepreneurship loosely. They refer variously to enterprising individuals and business owners, to particular organizational forms, to innovation, and to new market exploitation, and sometimes have avoided the use of the term entrepreneurship altogether. This eclecticism has had its advantages, allowing for many different topics and approaches to emerge from the historical narratives that have been produced. However, it has also come at the cost of a lack of clarity about what is meant by entrepreneurship and why it has historically mattered to international business and the global economy. The lack of conceptual clarity inhibits dialogue on entrepreneurship in international business amongst historians and limits our ability to draw out the implications of historical research for broader debates on international entrepreneurship and globalization.

In this chapter, we aim to review existing literature and build on recent attempts to bring greater conceptual coherence to research in entrepreneurial history (Cassis and Pepelasis Minoglou 2005; Wadhvani and Jones 2014; Wadhvani and Lubinski 2017); and we use these concepts to re-interpret selected business history research in ways that draw out its implications for international entrepreneurship more broadly (see also, Jones and Wadhvani 2007, 2008). We define entrepreneurship not as a particular kind of individual, organization, or technology but rather as *the creative processes that propel economic change* (Wadhvani and Lubinski 2017). The emphasis on processes, rather than individuals, organizational forms, or technologies, focuses attention on historians' inherent interest in and ability to examine *how* change occurred, in this case between entrepreneurial actions and the evolution of global business. It allows us to re-read a selection of important historical studies with the goal of better examining how international entrepreneurial opportunities were identified and pursued.

The emphasis on entrepreneurial processes also presents historians with an opportunity to address one of the often lamented shortcomings of international business studies, namely the critique that the field has given greater attention to the organizational form that international entrepreneurship takes (e.g., born-global firms) than to the *processes* by which these entrepreneurial strategies are developed and implemented (Zahra and George 2002). Teece (2014), for

example, argues that international business researchers have focused too narrowly on questions of corporate governance, such as internalization, and transaction cost optimization, but have failed to study truly entrepreneurial processes, such as market creation, learning processes, and the development of dynamic capabilities over time. Jones and Khanna (2006) make an explicit plea for bringing history (back) into international business because it can help scholars to (i) understand the impact of historical variation on international entrepreneurship, (ii) critique spurious labeling of phenomena as new, (iii) more carefully conceptualize the issue of path dependency, and (iv) open the field up to topics, which can only be addressed in the very long term. By focusing on such entrepreneurial processes, historians have an opportunity to use their empirical research to contribute both to debates about the role of entrepreneurship in international business and to the bigger question of how entrepreneurial actions drove historical change in international business and the global economy.

We begin by briefly summarizing what we mean by entrepreneurial history. Reviewing some classic conceptualizations of entrepreneurship, we articulate that entrepreneurial history differs by focusing on entrepreneurial processes as primary objects of study. In particular, we consider three entrepreneurial processes crucial for examining entrepreneurship from a historical perspective. We then review existing historical literature on international business using the lens and key constructs of entrepreneurial history and show how it contributes to a deeper and more complex understanding of each of these three processes. We conclude by identifying research opportunities at the intersection of international entrepreneurship and business history.

Entrepreneurial history as the study of processes

In a previous article (Wadhvani and Lubinski 2017), we argue that historians' interest in entrepreneurship has long stemmed from the understanding that entrepreneurial processes can help us grasp historical change. For this reason, definitions of entrepreneurship that focus on start-up activity or individual entrepreneurs (Brockhaus 1982; Miner 1996), in isolation from the question of how historical change happens, offer little promise in entrepreneurial history. Similarly, studies that de-emphasize the social context in which entrepreneurship takes place, such as universally applicable life cycle models (Kazanjian 1988), are of little use to historians (for a critique of decontextualized entrepreneurship research, see the contributions in Welter and Gartner 2016).

Many of the "classic" definitions of entrepreneurship focus primarily on the risk bearing function of entrepreneurship. Richard Cantillon and John Stuart Mill, for example, argue that entrepreneurial profits are the reward for the entrepreneur's risk taking. Cantillon (2001 [first published in French: 1755]) in his main work, published posthumously in 1755, defines discrepancies between supply and demand as opportunities for selling at a higher price than buying. Mill (1848: 218) highlights the great significance of entrepreneurship and distinguishes the wages of management or entrepreneurship, premiums for risk bearing, and interest as three conceptually different forms of profit. Frank Knight (1921) takes up this stream of research but differentiates between calculable risks and uncalculable and hence unpredictable uncertainties. He argues that entrepreneurs earn profits as a return for putting up with uncertainty.

A slightly different perspective was offered by the German Historical School (Campagnolo 2010; Nau and Schefold 2002; Shionoya 2005b, 2005a). Gustav von Schmoller (1904 [1897]), for example, defines entrepreneurship as the motor of economic development and sees the entrepreneur as a creative organizer and the initiator of new projects. Werner Sombart (1927) thinks in terms of historical consequences and assigns the entrepreneur an important role in the

development of modern capitalism. He gives the entrepreneur an almost heroic persona when he describes him as inventor, explorer, organizer, and businessman. He also resembles Max Weber (1978 [German original: 1922]) in highlighting the inner motivations of entrepreneurs, which Weber explains with reference to the Protestant Ethic.

Joseph Schumpeter's (1947, 1989 [1951]) conceptualization of the entrepreneur as a creative and innovative agent propelling historical change builds on these predecessors of the Historical School (Ebner 2000; Jones and Wadhvani 2008; Shionoya 2005a). He highlights the importance of entrepreneurial innovation but distinguishes it from the act of invention. "The inventor produces ideas, the entrepreneur 'get things done,' which may but need not embody anything that is scientifically new" (Schumpeter 1947: 152). Entrepreneurs, in Schumpeter's thought, also do not have to bear the risk of entrepreneurial endeavors. Furnishing the capital or other resources does not define entrepreneurship, and entrepreneurs frequently convince others to invest in their ventures. (This thought echoes in more recent conceptualizations of entrepreneurship, such as Stevenson and Jarillo (1990) and Shane and Venkataraman (2010).) Instead, what distinguishes the entrepreneur is that her or his innovation changes "social and economic situations for good, or, to put it differently, it creates situations from which there is no bridge between those situations that might have emerged in its absence" (Schumpeter 1947: 150). With agency and creativity, entrepreneurs contribute to large-scale historical change. This is particularly the case if we look beyond the individual entrepreneur and include entrepreneurial teams and streams of opportunities. Arthur Cole (1959: 50, 76), who founded the "Harvard Research Center in Entrepreneurial History" in 1948, argued that entrepreneurship "is a social phenomenon" and that to understand large economic changes one has to focus on "the interaction of entrepreneurial units." (For a discussion of the Center in Entrepreneurial History, see Cuff 2002; Fredona and Reinert 2017.)

An alternative way of thinking about entrepreneurship shifts the attention to the role of the entrepreneur in identifying temporary disequilibria in the market. Friedrich Hayek and Israel Kirzner argue that entrepreneurs process information swiftly and thus discover windows of opportunity for arbitrage. Kirzner (1997: 72) highlights the entrepreneur's "alertness" which he defines as "an attitude of receptiveness to available (but hitherto overlooked) opportunities." In being alert, entrepreneurs discover market disequilibria, buy where prices are too low and sell at a profit, contributing, or continuously "nudging," toward the (ultimately unattainable) state of perfect market equilibrium. Hayek (1948) emphasizes that the battle for information is inherently rivalrous with entrepreneurs competing for higher levels of knowledge and thus better opportunities.

Building on these earlier positions, the most recent and most influential theory of the entrepreneur in business history is by Mark Casson. Casson (2003: 20) defines the entrepreneur as "someone who specializes in taking judgmental decisions about the coordination of scarce resources." According to Casson, the entrepreneur excels in judgment and processing of the unevenly distributed information in markets. Entrepreneurs thus fulfill an important function for society, synthesizing and exploiting economic information advantages using exceptional judgment. They coordinate resources based on this judgment, thus improving the overall allocation of societal resources. Casson's conceptualization of the entrepreneur is influential in business history and has been applied to a variety of different time periods and organizational settings (Alvarez *et al.* 2014; Casson and Casson 2013) and including application to employees if they act in an entrepreneurial way (Lopes and Casson 2007).

While all of these approaches to entrepreneurship have value and channel attention to different aspects of the entrepreneurial function, our approach is most closely related to, and inspired by, the German Historical School and in particular Joseph Schumpeter. We point out

that the plurality of entrepreneurial motives, entrepreneurial creativity, and the temporality of entrepreneurial action had been key assumptions used by these earlier historical scholars, but became sidelined in mainstream entrepreneurship research and business history alike. We thus proposed in an earlier article to reinvent entrepreneurial history (Wadhvani and Lubinski 2017) because it may provide us with a systematic framework for analyzing the relationship between entrepreneurial action and historical change in business history.

We therefore chose our definition with a focus on the relationship between entrepreneurship and change. We define new entrepreneurial history as *the study of the creative processes that propel economic change* (Wadhvani and Lubinski 2017: 3), and emphasize that these creative processes involved the mechanisms by which actors imagined and pursued future forms of value beyond what was offered in their present. The focus on creative processes as primary objects of study, we contend, differentiates entrepreneurial history from other approaches to business history, including Chandlerian perspectives that focus on organizational form (Chandler 1962, 1977, 1990), institutional perspectives that focus on laws, rules, and norms governing behavior (North 1990), and transaction–cost approaches that focus on exchange (Guinnane 2002; Lamoreaux and Raff 1995).

It also differs in emphasis from some of the classic works of entrepreneurship discussed above. For example, entrepreneurial history recasts Frank Knight’s binary conceptualization of the future as involving either insurable risks or unknowable uncertainties. Instead it moves the focus of the attention to the question of *how* entrepreneurs shaped the seemingly unpredictable future through entrepreneurial agency, for example in the form of rhetorical or narrative processes or product design. By highlighting temporality, entrepreneurial history draws attention to the question of how actors’ imagined futures relate to their interpreted pasts. The recent literature on “uses of history” in entrepreneurship and organization studies (Foster *et al.* 2017; Suddaby *et al.* 2010) and Hargadon and Douglas’s study (2001) on Thomas Edison’s design of the light bulb are examples of these creative processes. Finally, while business history has traditionally emphasized the constraining effects of institutions on entrepreneurship, as exemplified in the work of William Baumol (1990) and David Landes (1949), entrepreneurial history following Schumpeter (1947: 153) highlights also the “bursting” influence of entrepreneurial processes on institutions.

None of our suggestions is entirely new and many historians have already contributed to this research agenda. However, we hope that entrepreneurial history provides a framework for synthesizing these earlier attempts and drawing out their implications more clearly. The promise of entrepreneurial history, we believe, is the opportunity to re-interpret well-examined subjects by analyzing the creative and agentic processes that drive economic change.

In particular, we identify three processes as the primary objects of study in entrepreneurial history: (i) how entrepreneurial opportunities are imagined and valued; (ii) how resources are allocated and reconfigured to serve such entrepreneurial endeavors; and (iii) how these entrepreneurial actions are legitimized given institutional contexts. A focus on these three processes allows us to re-examine the existing historical literature on international entrepreneurship in ways that bring out the mechanism underlying the pursuit of international business opportunities. In the next three sections, we re-examine selected empirical research in international business history, drawing out how historical research can deepen our understanding of these three processes and their historical role in international business.

Envisioning and valuing opportunities

International Entrepreneurship has been defined as “the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services”

(Oviatt and McDougall 2005: 540). This widely accepted definition reflects the increasingly common view that entrepreneurship research centers on processes of opportunity identification and exploitation (Shane and Venkataraman 2000). In the context of international entrepreneurship, this raises the question of *where* to locate and pursue such opportunities. However, the reasons for this choice may be more complex and contingent than traditional international business theory assumes. International business scholars have traditionally considered location choices to be based on transaction cost optimization, profitability, or asset seeking (Buckley and Casson 1976; Dunning 1981). Location choices can be motivated by minimizing transaction costs, as traditional internalization theory would argue, but could just as well be propelled by entrepreneurs interested in seeking new markets, guarding property rights, leveraging resources into new environments, or supporting learning processes. Although research on location choices is abundant, several international business scholars have lamented the fact that the *process* of making location choices is still underexplored (Buckley *et al.* 2007; Mudambi 1998). The sense-making processes of internationally active entrepreneurs therefore move to the center of a historical analysis of international entrepreneurship, rather than being reduced to one (ill-defined) component in a laundry list of ownership advantages that lead firms to invest across borders.

Historical research has a lot to offer for an analysis of context-sensitive enactment of opportunities as a counter to the assumption that international opportunities are objective and categorical. This has been most clearly articulated by Popp and Holt (2013) in the analysis of the merchant house T. E. Thomson & Co. and their business in nineteenth-century Calcutta. These authors show that the opportunity of establishing an international merchant house could in hindsight be seen as an obvious response to the vacuum left by the end of the East India Company's monopoly and the collapse of other merchant houses on the subcontinent. However, the historical analysis of ego-documents left by founder John Shaw demonstrates the importance of entrepreneurs "imagining forward" and projecting new but uncertain futures rather than discovering a disequilibrium left by the failure of existing firms (Popp and Holt 2013: 20–1). Popp and Holt emphasize in particular the emotional quality of such decision-making and how the protagonist based his decision on highly limited knowledge about the future.

The potential for such an emphasis on entrepreneurial imagination in international business is further elaborated on by Jones and Pitelis (2015: 313) who offer several definitions of imagination including "the faculty or function of forming ideas or mental images, the ability of the mind to be creative and resourceful." Jones and Pitelis use imagination in their conceptual article for understanding the processes by which multinational companies create and co-create the context for their opportunities rather than accepting it as given. Drawing on historical illustrations, these authors critique the ahistorical assumptions of economics and international business studies that treat the host country environment and socio-economic system as beyond or outside the realm of entrepreneurial action. They point out that multinationals have historically not only sought to shape the business context but also, when feasible, the wider institutional, regulatory, and even cultural contexts. In particular, they stress a study by Clegg (2017) that highlights how the East India Company created a business opportunity in the opium market by shaping the military and political environments in which it operated. Historically, international entrepreneurial opportunities were not simply identified by synthesizing information but were created by powerful actors able to shape the very context for their existence.

Entrepreneurial imagination is characterized not just by market and economic possibilities but also by political ones. This fact provides historians with a particularly fertile opportunity to contextualize the pursuit of international entrepreneurial opportunities within and in-between the history of nation states. Boon (2014, and in this volume) for instance shows that the pursuit of the opportunity to create a transnational European oil pipeline, integrating the continent's

energy markets, was shaped by political calculations as well as economic ones. The leaders of major multinational oil companies saw and imagined opportunities for an economically optimal pipeline that ran across much of Europe; however, these visions were tempered by the perceived uncertainty in the political milieu of postwar Europe. Boon's account further unveils the frictions between how different actors, in this case the headquarters and regional offices, perceived and calculated these opportunities based on their position vis-à-vis the political environment. The findings emphasize that the imagining of cross-border business opportunities was shaped not only by understandings of political as well as economic conditions, but also by one's position and perspective within a multinational organization.

While Boon highlights the constraining impact of political environments, Fear's (2012, 2013) analysis shows that political contexts can also facilitate the pursuit of international entrepreneurial opportunities. The German "pocket multinationals," which Fear studies, were internationally successful in a variety of different sectors, including security products (safes, locks), chainsaws, laser cutting, and specialty ink. In the postwar period, they excelled at a deliberate micro-niche strategy that allowed them a global presence, despite the fact that they were relatively small, family-owned, and resource-constrained firms operating at an inconducive macroeconomic moment. Fear emphasizes the German institutional environment, such as an active network of chambers of commerce and other collaborative institutions, which facilitated and opened international opportunities for firms that would otherwise not have access to them.

While the previous cases show how entrepreneurial imagination was interwoven with political developments, de la Cruz-Fernández's (2014) study of Singer's international market development strategy focused on exploiting cultural cues. Whereas sewing machines in the nineteenth century were often associated with factory labor that was considered a threat to the domestic sphere and women's welfare, Singer actively recast the product identity in moving into markets such as Spain, where it positioned its sewing machines as a complement to domestic craft and home work (de la Cruz-Fernández in this volume). Taking advantage of the growing interest in embroidery and highly localized embellishment, Singer created a new market opportunity for its product by placing it in a cultural framework that was very different from the one it had initially defined in its domestic market.

Re-reading historical research from the lens of entrepreneurial history offers historians a way not only to compare the processes at work in imagining and valuing international opportunities but also a timely way to engage the literature on international business more broadly. Historical narratives implicitly already grapple with the nuances of how firms and entrepreneurs imagined and pursued global opportunities in highly uncertain economic, political, and cultural contexts. Moreover, they also stress the interactions and co-creation at work between business and other spheres of social life. The emphasis on the entrepreneurial mechanisms of imagining and valuing opportunities offers a fresh way of revisiting international business history that unveils the creative processes at work in the development of the global economy.

Allocating and reconfiguring resources

Entrepreneurial processes are not limited to opportunity identification, but inherently involve resource allocation and reconfiguration toward future opportunities as well. This second set of processes is much less well explored in international business research, and historical research – seen through the conceptual lens of entrepreneurial history – can provide new interesting insights in how international entrepreneurs managed to allocate resources toward cross-border business opportunities. In particular, history is unique in offering a variety of different and

creative ways of understanding how entrepreneurs assembled resources to pursue such opportunities that are by no means limited to multinationals' foreign direct investments.

To pursue international opportunities, entrepreneurs have historically had to find ways to prioritize and organize the allocation of resources to uncertain future-oriented endeavors over present-oriented ones. Historical research is able to show how such allocations were based on complex judgments about future conditions, beyond purely rational calculations. Simone Müller and Heidi Tworek (2016) have emphasized the role of imagined future uses of technology as an important trigger for the allocation of new resources. For example, in a study of the telegraph before World War I, Tworek (2016) shows that the German government first created a colonial wireless network based on imagined fears of British uses of the technology (on the context of global communications see also, John and Tworek in this volume). In short, imagined futures may play a role not only in the opportunities entrepreneurs identified but also in the perceptions of competition and timing that prompted the allocation of resources to a particular entrepreneurial endeavor; either by the entrepreneurs themselves or by investors, including governments, in supporting entrepreneurs and subsidizing their research and development.

Historical research has also shown the wide variety of organized ways in which resources have been assembled to pursue future opportunities. The historical literature on free-standing companies, for instance, has made a significant contribution to our understanding of resource orchestration in international entrepreneurship. During the nineteenth century, thousands of (primarily British and Dutch) companies were formed exclusively to operate in foreign markets, with no prior domestic business and only a small head office in the home market. Mira Wilkins (1988; Wilkins and Schröter 1998) and Geoffrey Jones (2000) have both shown how these nominally independent free-standing companies were part of a wider business network or sometimes part of business groups. Valeria Giacomini (2017, 2018) in her research on the rubber and palm oil cluster shows the importance of the community of traders and free-standing companies for spreading information, negotiating and changing institutional settings, and responding to political risks. Free-standing companies were often linked to each other based on equity ties, debt and contracting relationships, and cross-directorates. Through the network, entrepreneurs had access to resources, monitoring, and advice as new opportunities were exploited.

Historians have also explored how international social networks have had similar resource orchestration effects (Baghdiantz McCabe *et al.* 2005; David and Westerhuis in this volume). Immigrant and diaspora entrepreneurs, for instance, often worked through ethnic networks to share information, allocate people, and pool capital to pursue entrepreneurial opportunities across borders. Andrew Godley (2001) shows in his comparative study of Eastern European Jews who emigrated to London and New York in the late nineteenth century that immigrants to New York were much more likely to move into entrepreneurship than those to London. He suggests that entrepreneurs in Britain were confronted with conservative craft values, which erected hurdles to introducing new technologies and working practices not found in New York.

Kilby (1971) is another author who connects resource assembly with institutional context. Based on his empirical work on entrepreneurship in West Africa, he found that entrepreneurial behavior in Africa is very different from its counterpart in more developed economies because the lack of organized markets for talent and political conditions required active entrepreneurial management – an argument that reverberates in the idea of “institutional voids” in emerging markets today (see Khanna *et al.* 2010). Kilby not only uses variations in the institutional context to critique the Western bias of the prevalent understanding of the entrepreneurial process but also argues that entrepreneurship in West Africa requires active context management to make resource assembly possible.

Historical research furthermore revealed how firms have cultivated new resources and capabilities in order to identify and pursue international opportunities. Teresa da Silva Lopes and Vitor C. Simões (2017) demonstrate that the continuous interactions between foreign investors and local players in Portugal over 300 years triggered the development of new firm-level capabilities, knowledge spillovers, and ultimately host-country economic development. The article provides one of the few examples of focusing very explicitly on the impact of entrepreneurial processes on historical change, using the case of Portugal. The importance of knowledge also is clear in Espen Storli's (2017) work on the metal trading firm founded by Ludwig Jesselson. The company developed a network of agents throughout the world whose information on local economic and political conditions were superior to even that of the CIA. This network of agents was vital to the information advantages that were crucial to competitive advantage in the metals trading industry. Likewise, research on the development of multinational oil companies in the early twentieth century shows how their ability to coordinate between new low-cost sources of crude and globally dispersed markets for petroleum played a major role in organizing the worldwide oil market. Companies like Standard Oil, Royal Dutch Shell, and British Petroleum created and reconfigured their capabilities in production, refining, and distribution of petroleum in order to stabilize the global market for gasoline (Yergin 2008).

Entrepreneurial processes of resource reconfiguration, however, extend even beyond the development of new firm-level routines and capabilities. They often also entail the creation of new relationships and combinations between firms, the emergence of whole new sets of firms, and changes in the relationships among firms, intermediaries, public authorities, and other actors. Indeed, reconfigurations in these inter-organizational relationships are often associated with broader historical changes in industries, sectors, and economies. Entrepreneurial history hence needs to tackle in more detail such topics as category, market, and industry emergence (and decline) as processes of resource reconfiguration between firms; and to that end can build on historians' previous work in this area (Forbes and Kirsch 2011; Khaire and Wadhvani 2010; Kirsch *et al.* 2014). The focus of such research would not be on studying form or structures – for example business groups (Colpan and Hikino 2010; Fruin 2007), associations (Lanzalaco 2007), or cartels (Fellman and Shanahan 2016) – but on the *processes* by which actors of various sorts recreate relationships, markets, and business ecosystems in order to collectively pursue a new form of value.

Legitimizing novelty

The third set of processes we focus on pertain to legitimacy. Legitimacy poses a problem in the entrepreneurial process because the new forms of value and new combinations of resources entrepreneurs propose often fail to conform to widely shared expectations. This is a particular challenge for entrepreneurs active in foreign markets because they easily find themselves confronted with conflicting expectations by home and host country stakeholders as well as global civil society.

Legitimacy can be defined as the “perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman 1995: 574). Legitimation processes thus pertain to the question of how entrepreneurial actors confront existing institutions. Institutions create pressures on actors to conform, and to some extent entrepreneurs who manage to conform confront more modest challenges when it comes to establishing their legitimacy. However, new entrepreneurial history does not focus on legitimate or illegitimate entrepreneurs but rather foregrounds the *process of legitimation*.

Within mainstream business and organizational research, the sources of legitimacy tend to be taken as static and given. This is particularly the case when researchers discuss cognitive legitimacy, which occurs when there is a strong congruence between the normative expectations of the firm and its environment (Hannan and Freeman 1986; for an overview of this literature see the review article by Suddaby *et al.* 2017). Often the state, law, and culture are seen as monolithic entities that confer legitimacy on entrepreneurs and organizations. But work by business historians has emphasized not only divisions and differences within these fields but also the contingent and contested processes by which entrepreneurs establish legitimacy for their endeavors (Bucheli and Kim 2014). Entrepreneurial legitimation is not a one way influence but a co-evolutionary process that changes states, societies, and markets (Favero 2017; Jones and Pitelis 2015). Empirical work by international business historians has already contributed extensively to how international entrepreneurship both depends on and shapes legitimizing mechanisms within the international arena.

One such set of contributions pertains to how entrepreneurship responds to the shock of rapid political and societal change (for an overview of different risk management strategies by foreign investors, see Casson and Lopes 2013). Bucheli and Salvaj (2013), for instance, draw on the case of the International Telephone and Telegraph Company (ITT) in Chile to examine the effects of a rapid regime change on the political legitimation strategies of a multinational. They point to the concept of “obsolescing political legitimacy” as a risk that international entrepreneurs face under swiftly changing conditions. In the case of ITT, successful efforts to incorporate domestic elites, a strategy well established to gain legitimacy in stable environments, backfired when political change undermined their authority and quickly changed the legitimizing context. Similarly, Andrew Smith (2016) considers the risks of war and nationalism to international business (see also the chapter by Kurosawa, Forbes and Wubs in this volume). Smith uses the historical case of the Hongkong and Shanghai Banking Corporation (HSBC) in World War I and finds that HSBC needed to distance itself from certain former markets and partnerships, for example with Germany, in response to German–British rivalry and heightened nationalism in the lead up to World War I. He illustrates the shifting focus of legitimizing efforts from the host country back to the home country in response to geopolitical concerns.

Business historians in that regard have been particularly attentive to the fact that the legitimacy of international entrepreneurial endeavors are not just dependent on host country political and social contexts but rather take place within the context of geopolitical interactions involving multiple nation states and organizations. Lubinski (2014) and Lubinski and Wadhvani (2019), for instance, explore the relative political advantages of German multinationals in late colonial India, where they found ways to take advantage of their national identity as “outsiders” to the conflicts of British imperialism. Focusing on entrepreneurs in the dyes industry (Lubinski 2015), she looks at the symbolic, rhetorical, and economic strategies these multinationals used to cultivate stronger relationships with Indian nationalists and in opposition to British rivals in the period leading up to Indian independence. The outsidersness opportunity allowed German firms leverage in entering emerging markets, not just in India but in several markets with strong nationalistic movements. Focusing on the flipside, Lopes and Simões (2017) find that British expatriate entrepreneurs, to avoid legitimacy challenges, downplayed their contribution to Brazil’s economic development and rather disguised their activities as local. They had no established business in their home country but pursued an opportunity abroad relying on their international network for financing, trading, and other activities.

Grappling with the turbulences of international political relations over the nineteenth and twentieth centuries, historians have turned the traditional international business assumption that legitimizing environments tend to be stable on its head. They asked instead what successful

multinationals have done over the long run to deal with the inherent instability of international political relations. Decker (2007, 2008), for instance, has considered how British multinationals in Nigeria and Ghana managed to survive through and beyond the period of decolonization, when their legitimacy was fundamentally questioned and African countries increasingly turned to an agenda of Africanization. She finds that British multinationals successfully engaged in marketing and advertising efforts to reinvent their image and recast their contribution to the development of the respective country. Decker emphasizes these strategic adjustments to corporate identity as crucial to long-term legitimation. In related work, Gao *et al.* (2017) consider the survival of multinationals over the very long run in the particularly volatile context of emerging markets. They find that reputation was crucial for multinationals' long-term survival in such situations and break down reputation as involving three components: prominence, perceived quality, and resilience.

The methodological strength of entrepreneurial history is that it incorporates historical and social context for action, while not reducing choice and agency to a function of contextual constraint. Thus, it addresses the complex interplay between entrepreneurship on the one hand and institutional and contextual change on the other hand. Legitimacy as a subjective assessment requires an inherently constitutive historical approach. Legitimation processes may seem more streamlined in hindsight than they are for the historical actors who experienced the uncertainty of an unknown future. Historical analysis may also enrich our understanding of legitimation processes through its focus on institutionally embedded (but not predetermined) perception, judgment, and imagination.

Conclusion: international entrepreneurship seen historically

In this chapter, we have used entrepreneurial history as a conceptual lens to re-read and re-interpret empirical research in international business history, highlighting the creative and imaginative role of entrepreneurial agency in the “making of global business.” Such a lens foregrounds the creative processes at work in the identification and pursuit of cross-border business opportunities, in contrast to the organizational, institutional, and transactional lenses that have often been the focus of analysis and synthesis in business history scholarship. We have shown that historical research has much to offer in deepening our understanding of international entrepreneurship and its role in the global economy, but that unlocking this potential requires engaging key constructs from entrepreneurship theory.

Specifically, we found that historical research, when it engages with entrepreneurship theory, can help us more deeply analyze: (1) how exactly entrepreneurs imagined and enacted cross-border business opportunities, how this process interacted with broader political and social contexts, and how entrepreneurial actors' positioning may have shaped the futures they imagined; (2) how entrepreneurs allocated resources toward future value, including the role of imagined future uses and competition in this process and the role of social networks, novel organizational forms, and new capabilities as mechanisms through which resources were configured in new ways; and (3) how legitimation was pursued in a complex and changing multipolar world rather than the static, bi-polar world often assumed in international business theory.

This may be a particularly opportune time for historians to adopt such an entrepreneurial history lens. The growth of analytical interest in context and in processes within international entrepreneurship research, and in international business research more broadly, suggests that historians could play a pivotal role in these fields in the years to come. Such an opportunity, moreover, fits well with historians' inherent interest in incorporating contexts and analyzing processes in studies of business history. We therefore believe there are opportunities for historians to contribute

to these theoretical debates as historians, with historical sources and methods as an important comparative advantage.

Finally, engaging with entrepreneurial history offers historians the opportunity to address one of the classical questions of historiography: how does historical change take place? Entrepreneurial history provides a specific approach to the question well suited to international business history in particular, in that it embraces the study of the sense-making processes by which actors identified and articulated plausible and attractive futures and pursued the resources and capabilities to make those futures present. Entrepreneurial history hence holds the promise of grappling with the processes driving change in global capitalism.

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