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**THE ROLE OF ENTREPRENEURIAL NARRATIVES IN ESTABLISHING
TRUST AND LEGITIMACY IN THE CROSS-BORDER EXPANSION OF
SMALL BUSINESSES**

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Authors: Mazen Hakim & Stephan Gerschewski

Mazen Hakim is a Researcher & a DBA Candidate at Henley Business School – University of Reading

Stephan Gerschewski is a Lecturer in International Business & Strategy - University of Reading

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ABSTRACT

When entrepreneurs plan to initiate a new foreign market entry, research has shown that narratives may serve them the purpose of constructing a new identity with their stakeholders, establishing trust and legitimacy, and managing uncertainty amid contextual and cultural differences. This calls for further exploration of how the elusive elements of trust and legitimacy are achieved; two concepts that are believed to be strongly related to the construction of the entrepreneurial identity. This paper suggests that this may be achieved through a validation process in which stakeholders may ultimately confer their trust and legitimacy by continuously endorsing their initial ‘emplotment’ of the entrepreneur’s constructed identity and, by assessing the prevalent entrepreneurial orientation (EO) i.e. the entrepreneur’s passion, perseverance, pro-activeness, innovativeness and risk taking; to ultimately reach a feeling that ‘everything will work out’. This on-going activity is particularly visible in the early years of operation, but gradually recedes as the business becomes more ‘legitimate’.

Keywords: International Expansion, Entrepreneurial Narratives, Entrepreneurial Identity, Trust, Market Legitimacy, Phenomenology

INTRODUCTION

The literature of Entrepreneurship offers a wide array of explanations about the field itself (Schumpeter, 1934) (Kirzner, 2009); (Gartner, 1985) (Shane and Venkataraman, 2000); (Stevenson and Gumpert, 1985), the traits and cultural capital of entrepreneurs (Baron and Markman, 2000), the concept of opportunities and the process of international entrepreneurship (Oviatt and McDougall, 1994) (Johanson and Vahlne, 1977) (Coombs et al., 2009). However, this does not fully explain how entrepreneurs succeed in establishing trust and legitimacy, particularly when they initiate an expansion venture in foreign territory amid contextual and cultural differences. Research has shown that entrepreneurs often engage in various sorts of narratives and storytelling to various stakeholders with the aim of constituting a new venture identity (Czarniawska, 1997); (Lounsbury and Glynn, 2001) and managing uncertainty (Aldrich and Fiol, 1994); (Brown, 2006). Shane (2003) posits that the process of entrepreneurship, in its execution part, involves primarily the steps of resource acquisition, the development of a competitive advantage and the design of an organizational strategy. Not only do such narratives serve to mediate between extant stocks of entrepreneurial resources (Lounsbury and Glynn, 2001) and the subsequent execution phase, but they are also recognised as a form of data and, act as a platform for entrepreneurial learning (Rae, 2004), or as a methodological research approach (Boje, 2001); (Brown, 2006).

Following these concepts, this study proposes researching the process of the identity construction of the internationalising small firms using a narrative and phenomenological approach. By means of conducting five in-depth case studies of entrepreneurs who have managed to grow a small business in international markets, we explore how the entrepreneurs leveraged their established cultural capital and used narratives with the aim of creating trust and legitimacy (Lounsbury and Glynn, 2001) in their new ventures. The SENSE theoretical framework will be utilised to observe the three related narrative processes: storylines, emplotment*, and narrative structuring (Downing, 2005) in order to interpret the data and assess the effect of such narratives. The geographical location where the study takes place is **Lebanon**, a country that suffers greatly from poor institutional environment but which is very rich in entrepreneurial initiatives. In addition, we examine entrepreneurs in the main **Gulf Cooperation Council countries (GCC)** such as **Saudi Arabia, Qatar** and the **UAE**, which provide good infrastructure with governmental back-up for entrepreneurs but lack solid initiatives from locals. Governments of these countries have initiated several plans to bolster SME growth and reduce the economic dependence on oil, such as the Tenth Development Plan (2015–2019), the Kafalah program (a loan guarantee program), the Taaqeeem (a plan to mitigate the financial risk associated with SME lending) and SAGIA’s alliance with Japan to support innovative SMEs (Report, 2016)

Specifically, this paper is not primarily interested in finding out about the indigenous reasons behind the entrepreneurship differences between those countries. Instead, this study attempts to explore how Lebanese entrepreneurs, who primarily find their market small in size, expand their ventures in GCC countries with the expectation of a better return on investment and, how they leverage their social capital and cognitive skills in order to earn the trust of the various stakeholders. When empirically researching the trust concept, scholars draw attention to problems faced in two key areas: operationalization or “how to ask about it” and, the choice of adequate empirical methods (Hohmann, 2004). By focusing on the entrepreneurial narratives, this study anticipates and alleviates both concerns by 1) avoiding direct questions and approaching the matter indirectly in collecting ‘events’ (Ring, 1994) and 2) by adopting a longitudinal design to show how the process of trust was conferred with time (Smallbone, 2002) Given that it is a culturally as well as socially embedded phenomenon (Hohmann, 2004), our research is also in a position to highlight how different narrative approaches were adopted in foreign markets as opposed to the local ones, in order to serve the new context.

Addressing the research gaps outlined above, we formulate the following two research questions:

1. What is the role of the entrepreneurial narratives in constructing a comprehensible identity for the new ventures in the process of international expansion?
2. Based on such narratives, how is trust conferred among the various stakeholders?

* **Emplotment:** A term coined by Hayden White in his 1973 work *Meta-history* to describe the way in which historians fashion their source material into narrative. White argues that historiography encodes historical data, which themselves do not constitute a story, into one of four possible intelligible plot types: tragic, comic, romantic or ironic (Source: Wiktionary)

THE RESEARCH CONTEXT

Entrepreneurship in Lebanon tends to be merely about “the collection of resources to start a business venture on a small scale with the expectation of a reasonable income to the shareholders” (Ahmed and Julian, 2012). Those ventures which, often take the form of family-owned small and medium enterprises (SMEs) constitute about 98% of all firms in Lebanon and employ about 72.4% of the total workforce (ESCWA, 2010). In a war-torn economy and in the virtual absence of governmental support, they are now considered as the only intact socio-economic institution capable of supporting entrepreneurial activity (Fahed-Sreih, 2006).

While Lebanese entrepreneurs often have the skills of pinpointing opportunities, they generally lack knowledge in managing their businesses (Ahmed and Julian, 2012). Current management practices are often still relatively traditional and many Lebanese entrepreneurs tend to employ from their ethnic communities or their not-so-well-trained relatives in sensitive managerial positions, exposing frequently the product quality. This often results in a lack of transparency and in robust corporate governance. Capital financing is, therefore, difficult to arrange and many entrepreneurs resort in auto-financing their ventures (Ahmed and Julian, 2012).

From a practical perspective, the local business environment is generally considered very hostile with incessant political instability and operating costs can be significantly elevated when compared with neighbouring countries. The latest 2019 World Bank report ranks Lebanon at 143 out of 190 countries in terms of ‘Ease of Doing Business’ with a score of 54/100, which is well below the regional average of 58.30/100 for the Middle east and North Africa (*The World Bank Report: www.doingbusiness.org/data/exploreeconomies/lebanon*). This also concurs with the most recent GEM report for the MENA region (Middle East & North Africa) whereby Lebanon scored relatively high for entrepreneurial education, at both school level (5th out of 54 countries), and at post-school level (4th) but scored relatively poor for physical infrastructure and government policy – support and relevance – and for government entrepreneurship programs (53rd out of 54 for each) (GEM-Report, 2017).

Nevertheless, many Lebanese ventures have successfully managed in providing differentiation and creation of goods and services which Arab consumers appreciate (Ahmed and Julian, 2012). When it comes to international entrepreneurship, Lebanese are also often known to stand true to their Phoenician heritage, and hundreds of thousands are known to have immigrated in the past century to the Americas, Africa, Australia and, more recently, to rich Arab oil countries resulting in “strong ties with outside world and they have been of great influence in transmission of ideas, new methods, new forms of organizations as well as remittances” (Sayigh, 1962).

Conversely, according to World Bank Report, the ease of doing business in Saudi Arabia and the UAE is ranked respectively at 92 and at 11 out of 190 countries with scores of 63.50 and 81.28 over 100, well above the regional average of 58.30/100 (*The World Bank Report: www.doingbusiness.org/data/exploreeconomies/lebanon*). In spite of these developments, the

figures of SMEs contribution to the economy seem to be strikingly on the low side in most GCC countries. In Saudi Arabia, they only contribute 33% to its GDP and employ about 25% of its local workforce whereas in the UAE, they contribute to 30% of its GDP and employs 42% of its workforce (CGI-Report, 2011). With such figures, being considerably on the low side when compared to other countries, one may conclude that the entrepreneurship context in the GCC is relatively inefficient. The latest NCB report cited low efficiency, low growth, little innovation and weak management as reasons behind the relatively weak growth rate of entrepreneurship initiatives in Saudi Arabia (National-Commercial-Bank, 2013). Additionally, the CGI report attributes such inefficiency to two primary reasons. The first one is the inability to access capital necessary to generally fund SME's in the early stages and that surprisingly; there is generally a dearth of venture capital and angel investor funds in the oil rich GCC countries. The second reason is lack of information on SME formation, employment, financial performance and survival. They call on the SME authorities to survey, monitor SME development and interact with entrepreneurs to develop programs for the sector (CGI-Report, 2011).

It is worthy to mention herein that Saudi Arabia, Qatar and the UAE are both Arabic and Islamic countries where religion is very closely watched and is considered a way of life. The religious aspects are predominant in all the social and business activities of the GCC society. Coming from similar surroundings, Lebanese entrepreneurs have an edge in recognizing the cultural and social limitations that are imposed by the stringent religious practices, and which, may heavily affect the venture creation decision.

LITERATURE REVIEW

Shane's (2003) views on entrepreneurship as an "activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed (Shane and Venkataraman, 2000); (Shane, 2003) serve as a starting point for this paper. However, Shane (2003) argues that the above definition holds only true when an individual acts upon an opportunity and agrees that the entrepreneur's cognitive characteristics, personality traits, core self-evaluations and social skills were among the factors that explained why are some more successful than others in starting new ventures (Baron and Markman, 2000). As for international entrepreneurship, the field can be viewed as a subset of the entrepreneurship literature (Coombs et al., 2009). This is in line with Oviatt & McDougall's definition of international new ventures (INVs) as "businesses organized across national borders, involved in new and innovative activities and having the goals of growth and value creation" (Oviatt and McDougall, 1994). By associating it with Shane & Venkataraman's (2000) Individual Opportunity Nexus (ION) concept, international entrepreneurship can thus, be viewed as the process by which international markets are used in the discovery, creation and exploitation of goods or services" (Coombs et al., 2009)

This may shed the light on the internationalisation course but it does not explicate the process of cultural adaptation nor does it explain the extant stocks of cultural capital (Baron and Markman, 2000) which is needed to initiate a business across national borders, particularly when it comes to the crafting of a new venture identity (Lounsbury and Glynn, 2001; Navis and Glynn, 2011). As entrepreneurs often lack proven track records and clear asset values, they tend to engage in various forms of narratives and storytelling aspects about a past that they evoke and a future that they conceptualise with the aim of establishing trust and legitimacy with various stakeholders destined to open up access to capital and create a competitive edge (Lounsbury and Glynn, 2001) (Downing, 2005) (Martens et al., 2007) (Terjesen and Elam, 2009) (Garud and Giuliani, 2013).

Generally, organisational narratives are used to explore how individuals “make sense of events, introduce change and gain political advantage during their conversations” (Boje, 1991) and entrepreneurial stories can provide such needed accounts to explain, rationalise or promote a new venture to reduce the uncertainty, typically associated with entrepreneurship (Aldrich and Fiol, 1994); (Lounsbury and Glynn, 2001). Researchers also argue that the entrepreneurial journeys are dynamic processes requiring continual adjustments (Garud and Giuliani, 2013) and are often used to convey a comprehensible identity (O'Connor, 2002); (Brown, 2006); (Navis and Glynn, 2011). Throughout the entrepreneurial journey, stories have become a very important part of the entrepreneurial toolkit, particularly in the earliest stages of new venture formation.

Therefore, the entrepreneurial identity articulates “who they are as a firm, what they stand for and why they are successful” (Navis and Glynn, 2011), justifies the existence of the company (O'Connor, 2002) and conveys what central, distinctive and enduring about it (Brown, 2006). It usually describes the nature of the market, the organization and the individual; three levels that are important to investors in assessing value to an entrepreneurial venture (Navis and Glynn, 2011). Under conditions of uncertainty or ambiguity, identity takes a heightened importance, functioning as a critical organisational resource and a device for sense-making (Navis and Glynn, 2011). It also helps overcome information asymmetry and uncertainty and, facilitates resource acquisition (Martens et al., 2007). However, in such a context, there tends to be lack of literature about of how these concepts are achieved and about the characteristics of the entrepreneur’s identity construction which invokes the following research question: Should the entrepreneur’s constructed identity be relatively more fluid (dynamic, contextual, co-produced) (Brown, 2006), or can it be more akin to the same fixed and consistent “original recipe” identity (distinctive, persistent, enduring) which contributed to the entrepreneur’s success in his native country?

Similarly, organisational identities are viewed through the lens of narratives that participants author about them in documents, conversations, and electronic media (Brown, 2006). Brown (2006) believes that the totality of such narratives, which usually are complex, fragmented and heterogeneous in nature, constitute what is referred to as collective identity (Brown, 2006). According to Czarniawska (1994) and Brown (2006), organisations’ identities are the fruits of multiple narratives of several types such as tragedy, irony and romance and, they are best regarded as continuous processes of narration where narrator and audience formulate, audit,

applaud and refuse various elements of the produced narrative (Czarniawska, 1998); (Brown, 2006). Consequently, the very fabric of the organization is constantly being created and recreated through elaboration, contestation and exchange of narratives (Brown, 2006) and the notion of identity is generally not fixed, as individuals are continually engaged in “forming, repairing, maintaining, strengthening or revising the constructions that are productive of a precarious sense of coherence and distinctiveness (Phillips, 2013). For the internationalising firms, such narratives take a heightened importance as they not only serve the entrepreneur to develop an identity of a trustworthy person (Aldrich and Fiol, 1994) but they also instil the perception that his new venture is legitimate and that the entity’s actions are ‘desirable, proper, or appropriate within some socially constructed norms, values, beliefs and definitions (Suchman, 1995).

From another perspective, Aldrich et al (1994) also warn that new venture creations are plagued by the liability of newness and that the chances of survival highly depend on the legitimacy of the industry itself from a cognitive and socio-political point of view (Aldrich and Fiol, 1994). So founding entrepreneurs of innovative ventures must be initiators of the process of the industry recognition and must achieve that by developing trust, reputation, reliability and legitimacy in the new activity (Aldrich and Fiol, 1994). As a result, entrepreneurs often confront problems that are associated with “lack of legitimacy” (Abrahamson, 1997) and feel, therefore, compelled to create stories about their stock of capital providing needed accounts that explain, rationalize and promote a new venture in order to reduce the uncertainty, typically associated with entrepreneurship (Aldrich and Fiol, 1994); (Lounsbury and Glynn, 2001). Entrepreneurship stories strive to make the unfamiliar familiar, by framing the new venture as understandable and legitimate with the key aspect of reducing uncertainty (Lounsbury and Glynn, 2001) and the perception that the venture is “desirable, proper or appropriate with some socially constructed system of norms, values, beliefs and definitions” (Navis and Glynn, 2011). It often emphasizes on distinctiveness when institutional context has legitimacy or when invention is competence destroying relative to the industry practices. In contrast, when the industry lacks legitimacy, stories typically resonate with the expectations, interests and agendas of the stakeholders and, adhere to the cultural norms and understandings of what is appropriate (Lounsbury and Glynn, 2001). According to the authors, it is a recursive “cultural entrepreneurship process” which mediates between the current entrepreneurial resources and their subsequent capital acquisition flowing back to affect their stock of capital and affects the acquisition of additional capital (IBID).

Based on the literature review and through the collected narratives, we believe that our research is well positioned to explore the relationship between the narratives that are aimed to construct the entrepreneurial identity and, trust and legitimacy in the new venture as they are ultimately conferred by the stakeholders. This may be achieved through an ‘emplotment’ process, which is a matter of “fitting of storylines into tacit plots with an expected pattern and conclusion” (Downing, 2005) of either of a romantic, tragic, melodramatic or ironic nature and also, through the continuous assessment of the prevalent entrepreneurial orientation (EO) (Covin and Slevin,

1989); (Gerschewski et al., 2016). i.e. the relevance of passion, perseverance, pro-activeness, innovativeness and risk taking. The overall tacit process of “trust building” which will always be in a constant state of flux, aims to ultimately instil a feeling of Quest (Downing, 2005) and that ‘everything will work out’ (Gartner, 1988). Depending on the collection of the emotionally charged storylines (as well as personal experiences and empirical evidence), stakeholders continuously engage in the process of validating their initial emplotment and end up either supporting or undermining the entrepreneur’s efforts (Downing, 2005).

THE ENTREPRENEURIAL IDENTITY AND THE ROLE OF TRUST

Narratives are not only known as mediators between the entrepreneur’s extant stock of cultural and institutional capital and the subsequent resource acquisition and development of a competitive edge (Lounsbury and Glynn, 2001) or as a valuable form of data to increase the relevance of knowledge produced by social sciences academics, particularly in organisational studies (Rhodes C & Brown, 2005), but they are also recognised as a methodological approach (Boje, 1991). This acknowledgment is considered quite different from previous beliefs when historically, narratological studies took methodological positions that stories, myths, sagas and other forms of narratives were an overlooked but valuable source of data for research in organisations, conceptualising them as a set of a storytelling practices (Rhodes C & Brown, 2005). Even though science has often stood as the opposite of storytelling (Gabriel, 2000), organisation narratives has generally produced a rich body of knowledge (Rhodes C & Brown, 2005) and may, thus, be viewed as constitutive of organizational realities (Boje et al., 1999).

Entrepreneurial narratives can thus, be viewed as speech-acts that bring into existence a social reality that did not exist before their utterance (Boje et al., 1999); (Brown, 2006); (Martens et al., 2007). From this perspective and for many entrepreneurs, identities may be produced (or reconstructed) by their skilful participation in narratives and dramatic processes as much as the objective quality of their products or services (Downing, 2005). As a result, narratives can enhance the entrepreneurs’ status and socially confirm him/her by constituting this fine line that would make them either appears to be as visionary or cranks. In short, it can be the difference between success and failure.

This study responds to calls for researching the entrepreneurial identity (O’Connor, 2002); (Brown, 2006); (Navis and Glynn, 2011) through a social constructionist approach through discourse and narratives (Boje et al., 1999); (Brown, 2006); (Martens et al., 2007). We assume that discourses provide entrepreneurs with the means of interacting and dialoguing with others about concepts which enable them to construct an understanding of themselves, their identities, their beliefs and to satisfy their need for sense-making of their experiences (Hjorth, 2005). Entrepreneurial talk is therefore regarded as framed around whatever is suitable to meet the need of the occasion or the context (Jones, 2008).

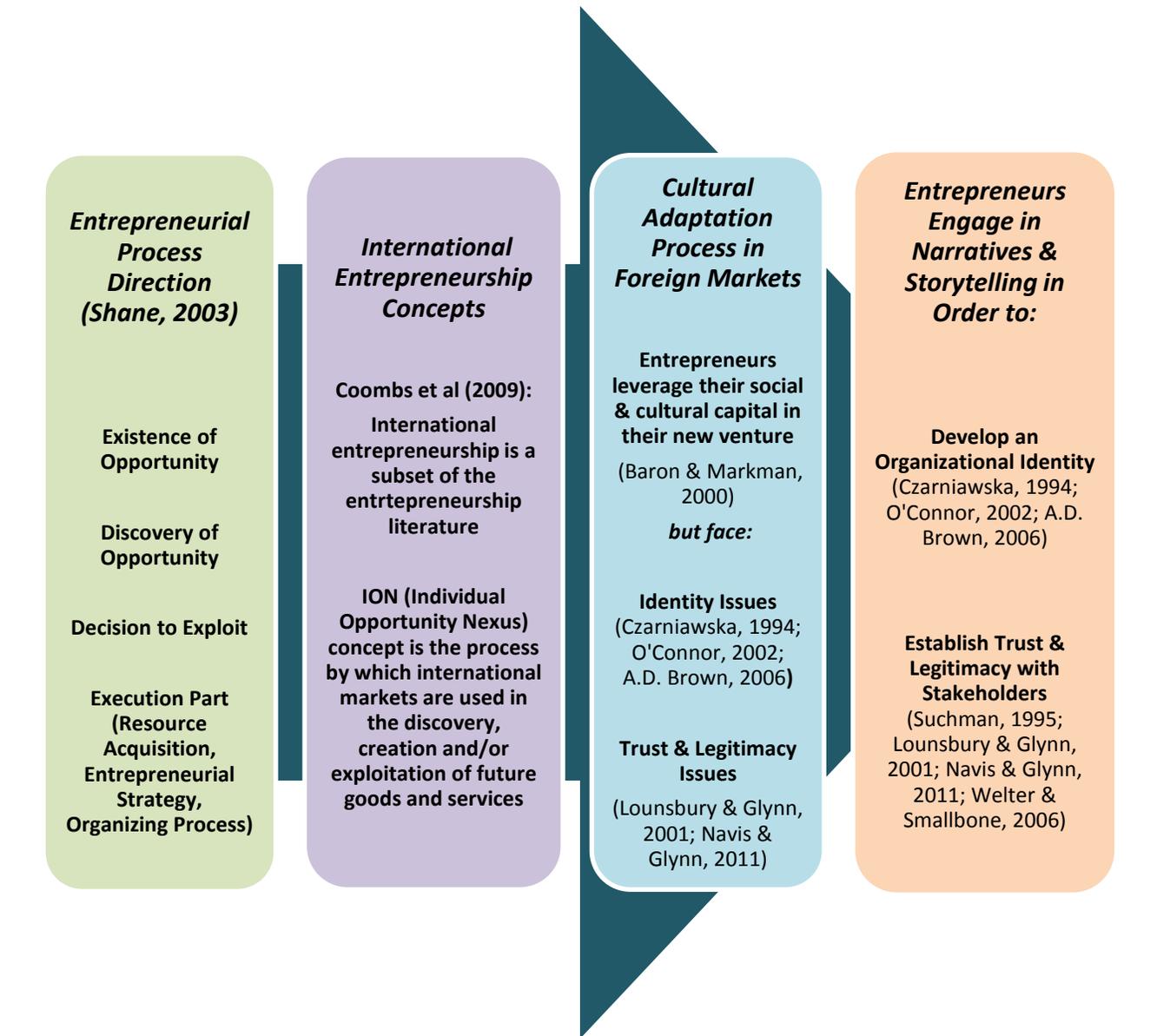


Figure 1: Mapping the Research

METHODOLOGY

Based on the above-mentioned concepts, we are using a socially constructionist qualitative case approach (Eisenhardt, 1989; Yin, 2003) to answer the research questions. This research has an interpretive and a phenomenological form, the **Interpretative Phenomenological Analysis** method of research (Smith, 2009), focusing on “living” and “lived” experiences, which is consistent with calls for researching entrepreneurship through a phenomenological inquiry (Cope, 2005). Phenomenology is generally defined as the “study of phenomena, where

phenomena are simply what appears or presents itself to someone in consciousness” (Moran, 2000). This approach is strongly pinned in theory and is strongly influenced by phenomenology (Husserl, 1927; Heidegger, 1962) defined herein as the study of experiences and, hermeneutics (Heidegger, 1962; Gadamer, 1990) which is concerned with the interpretation of how a phenomenon appears and how to make sense of this appearance (Smith, 2009). The third major theoretical influence of this study is ‘idiography’, an argument that is concerned with the details and the context of the particular. It mainly focuses on how the particular is understood in a particular setting and generalizing it by cautiously developing it (Davies, 1990) (Smith, 2009).

Recounting narratives of experience has been the major way throughout history that humans made sense of their experiences (Robbins, 1994) (Seidman, 2013) and phenomenological interviewing, as described by Thomson et al (1989), serve as a method to explicate an interpretive and phenomenological form of inquiry (Cope, 2005). It mainly consists of the examination of how people make sense of their major life experience(s) and, in turn, the researcher will make sense of what the participant had already made sense of what happened to him (her). Ontologically, the method is in line with Weick’s (Weick) and Gartner’s (1993) interpretative approaches which tend to see entrepreneurship as a “sense making process” (Steyaert, 2007).

The epistemological assumptions of the phenomenological inquiry are seen as similar to narratology and storytelling (Boje, 1991); (Czarniawska, 1998) and conforms to grounded theory methods (Glaser and Strauss, 1965) (Cope, 2005). Both approaches require the phenomenologist to stay close to the phenomena and allow the examination of the data drive up the theory (Cope, 2005). However, when engaged in phenomenological inquiry, Cope (2015) stresses that it would be important to reject the separation between reality and appearance and that subjectivity must be tolerated (Cope, 2005). Cope (2015) further insists on the rejection of all presuppositions and natural attitude, of claims that reality is composed of physical objects that exist and, on the suspension of any scientific, philosophical, cultural assumptions and judgment (IBID).

The below table (Figure 2) illustrates general qualitative phenomenological approaches and their respective key features. The choice of one approach over another depends on what the researcher is after. In our case, IPA serves the purpose as the researcher is interested in the stories “out there” and their cultural realm. Ultimately, the focus would not be on the events themselves but rather on their personal meaning and on the sense-making activity. The process could then be summarized as exploring, describing, interpreting and situating how the participant made sense of what happened in a particular context.

<u>Approach</u>	<u>Key Features</u>
<ul style="list-style-type: none"> • Grounded Theory (Glaser & Strauss, 1967) 	<ul style="list-style-type: none"> • Willingness to develop an explanatory level account (Factors, Impacts, Influences)
<ul style="list-style-type: none"> • Discursive Analysis (Foucault, 1980) 	<ul style="list-style-type: none"> • Focus on interaction (in addition to content) • Focus on how things must be understood in a particular setting
<ul style="list-style-type: none"> • Narrative Analysis (Brunner, 1990; Crossly, 2000; Gergen, 1998) 	<ul style="list-style-type: none"> • Focus on content (genre) of people’s stories • Focus on structure of people’s stories
<ul style="list-style-type: none"> • Interpretative Phenomenological Analysis (IPA) (Smith, 2009) 	<ul style="list-style-type: none"> • Focus on personal meaning • Focus on sense-making in a particular context

(Adaptation from Smith, Flowers & Larkin, 2009)

Figure 2: Qualitative Approaches

The qualitative fieldwork takes the form of an umbrella approach of five cases with aspects of “narrative interviews” as the main source of data collection method, and a semi-structured format with open-ended questions. The five firms were selected on the basis that they all initiated their business in Lebanon, have fairly succeeded in their home market and then, at various stages of their existence, have expanded into the GCC countries for growth purposes and hope for a better return on investment. In each case, we attempted to interview first the founders, either jointly or separately, as well as the major firm’s stakeholders to cover the case from various perspectives. The in-depth interviews (Seidman, 2013) varied between 45 and 60 minutes in duration and the participants reflected on key events in the early years of their experience, evoked past and present feelings or emotions about the founding entrepreneur(s) and reflected on the meaning their experience held for them. Questions were indirectly asked in the following manner: ***Given what you said about... and your lived experience... how do you make sense of it now?*** We advised the participants beforehand that we were interested in the first years of operation (up to the 5th year) so they were to recollect their thoughts and feelings by checking their diary / archives etc.

The data that were collected from both the entrepreneur and a variety of related stakeholders for each case study, was checked using the theoretical SENSE framework (Storylines, Emplotment, Narrative Structuring) (Downing, 2005) and the whole sense-making process is achieved through the effective use of Burke’s pentad, which can assess the effectiveness of the stories (good stories vs. poor story i.e. good effect vs. bad effect). Empirically, trust and legitimacy were tested by checking the end result it had on the stakeholders, as it reflects on their plotted feelings about the entrepreneur, and whether, over time, it has changed or remained the same. Characteristics about the variation or the evolution of the entrepreneurs’ identity may be revealed through the effect of said storylines on the stakeholders. The research also has a longitudinal aspect to instil

an objective timeline to the narratives as trust often results from “habitual behavior where individuals draw on habits without calculations or justifications” (Welter and Smallbone, 2006). This is also in line with calls from scholars to research trust by collecting “events”, a method seen as an effective way to research a process based nature of trust (Welter and Smallbone, 2006).

A total of 7 interviews of 5 different cases in various sectors were conducted. A summary of the cases is shown in the below table:

Case Study Description

	<u>Case 1</u>	<u>Case 2</u>	<u>Case 3</u>	<u>Case 4</u>	<u>Case 5</u>
Venture Name & Year of Establishment	██████████ 2000	██████████ 2001	██████████ 2006	██████████ 2000	██████████ 2016
Sector	Trading - Discount Brand Stores Concept	Trading Construction Material - Contracting	Design & Advisory Services for Brides	Media & Technology Advisory Services	Online Interior Design Services
Countries of Operation	UAE (Dubai) – Saudi Arabia	Qatar	UAE (Dubai)	UAE (Dubai) – Saudi Arabia	UAE (Dubai)
Interviews	Founder (Completed) Customer (Completed) Supplier (Completed) Manager (In Progress)	Founder (Completed) Manager (In Progress) Supplier (In Progress)	Founder (Completed) Manager (In Progress) Supplier (In Progress)	Founder (Completed) Manager 1 (In Progress) Manager 2 (In Progress) Supplier (In Progress)	Founder 1 (Completed) Founder 2 (In Progress) Manager 1 (In Progress) Supplier (In Progress)

Figure 3: Cases Description

POTENTIAL RESEARCH FINDINGS

This research answers to calls for the development of ideas which link narratives to the reflexivity of entrepreneurs and stakeholders, and, how the entrepreneurial identity will eventually be shaped in accordance to the on-going contextual dialogue with the various

stakeholders (Proposition # 1). The developed model (Refer to figure # 4), which mainly relies on Lounsbury and Glynn's (Lounsbury and Glynn) proposition that entrepreneurial storytelling facilitate the crafting of a new identity (Lounsbury and Glynn, 2001), on Downing's (2005) sense-making framework (Downing, 2005) and on the stakeholders' continuous assessment of the entrepreneurial orientation (EO) (Covin and Slevin, 1989); (Gerschewski et al., 2016), extends those theories by further investigating the nature of the entrepreneurial identity (fixed or emergent) and links to it the elusive element of trust as it is conferred by the stakeholders.

When internationalising a venture in challenging environments such as the GCC countries, we suggest that the entrepreneurs engage in crafting a new identity pertinent to the new setting. It often competes with their original identity which has served them well in their start-up environment and was well nurtured by the various narratives with all stakeholders. It is common to see entrepreneurs wondering whether they should keep it intact as it has brought them original success or, settle with a more emergent and contextual new identity that is more pertinent to the new environment. The developed model also shows that, with time, trust is conferred by the local stakeholders through action and dialogue in applying the various storylines on Burke's pentad with the aim of validating their emplotment about the internationalising entrepreneur and, by continuously assessing the entrepreneurs' orientations (Proposition # 2)

The model also responds to calls for further research about the concept of trust in the entrepreneurial activity both conceptually and empirically (Welter and Smallbone, 2006). In linking entrepreneurship and context, most researchers have thus far, examined the relationship between institutional trust and personal trust (IBID), how the latter's role is magnified in a context of low institutional trust (Williamson, 1993), how entrepreneurs will have to rely on networking to mobilise resources where poor institutional trust prevails (IBID), and how it plays the role of sanctioning mechanism to complement the institutional framework (Welter and Smallbone, 2006). Our approach concentrates on how trust is formed as a result of a prolonged validation process (Downing, 2005) and, how it is nurtured by narratives. Accordingly, this network of trust that is being built around the internationalising entrepreneur enhances the business legitimacy (Proposition # 3) and the perception that it is desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman, 1995).

Finally, the developed model supports Lounsbury et al (Lounsbury and Glynn) in that new resources' acquisition will be subjected to the narratives that entrepreneurs engage in about their distinctiveness or innovation depending on the degree of awarded industry legitimacy (Lounsbury and Glynn, 2001). Downing (2005) further goes on to show how the business model of the internationalization initiative emerges through the extended iterative process of dialogue and action and, that trust will be established to support learning or innovation to create a core competence (Downing, 2005). This is beyond the scope of this research but may serve as a starting point for future research.

The Role of Entrepreneurial Narratives on Trust Development in the Early Years of the Internationalization Process

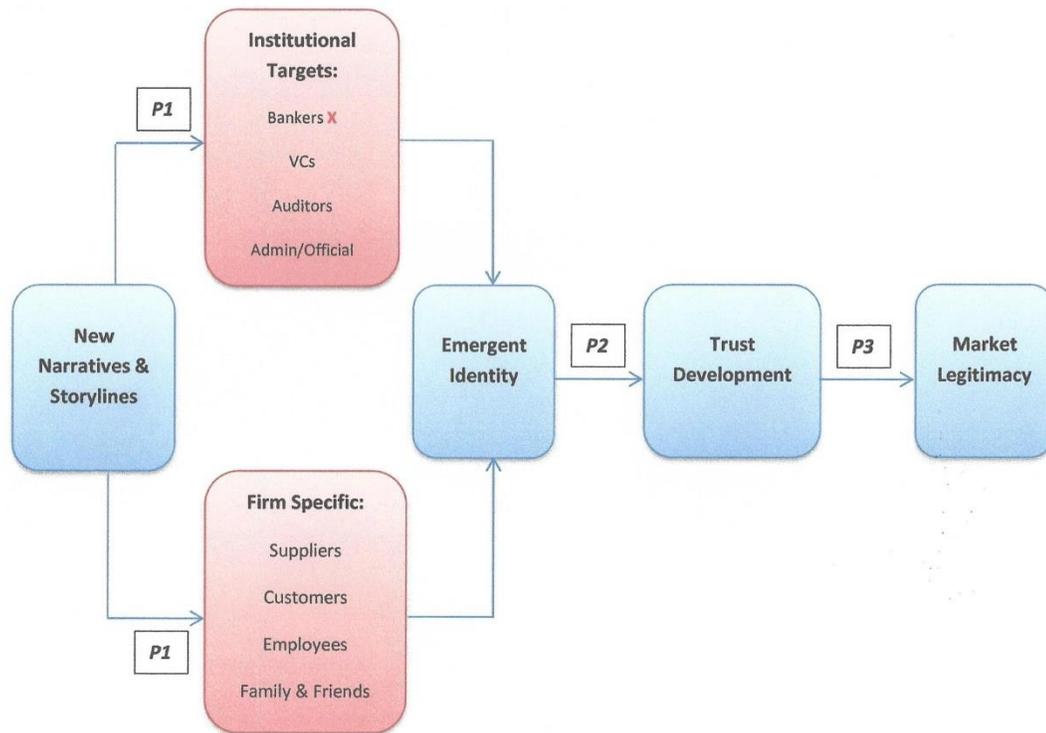


Figure 4: Emergent Model

GENERATING PROPOSITIONS

According to Eisenhardt (1989), shaping propositions in theory building research involves “measuring constructs and verifying relationships” (Eisenhardt, 1989). In addition, Eisenhardt (1989) adds that this is a two-way process: one step is the sharpening the constructs and this occurs through the constant comparison between data and constructs so that “accumulating evidence from diverse sources converges on a single, well defined construct and the second step would be verifying that the “emergent relationships between constructs fits with the evidence in each case” (Eisenhardt, 1989).

We follow Eisenhardt's (1989) framework to generate propositions which can be tested empirically. We generate three propositions as the constructs revolve around building an identity and establishing trust and legitimacy, necessary for the subsequent resources acquisition.

Proposition 1:

The notion of an emergent entrepreneurial **identity** that legitimizes a new expansion venture in the GCC countries is shaped in accordance to the on-going contextual dialogue with the various stakeholders (institutional targets and firm specific), particularly in the early phases of internationalization.

Proposition 2:

Trust in an expanding new business in GCC countries is conferred by the local stakeholders through action and, through dialogue across two channels; 1) the continuous process of validating their initial tacit emplotment about the internationalizing entrepreneur and 2) the on-going assessment of the entrepreneurial orientations.

Proposition 3:

For the internationalising firms, the entrepreneurs who are successful in building networks of trust around their business also instil the perception that their new venture is **legitimate** in that market for it adheres to the existing system of norms, values and beliefs.

LIMITATIONS & CONTRIBUTION TO THEORY AND PRACTICE

While conducting our research, we acknowledge the existence of several limitations. First, we note that the generalizability issue can be contested as all of our case studies are contextual. Although they are very rich in information and provide a holistic account of the phenomena, the fact that we are studying a particular firm at a particular time in a particular geographical location reduces the generalizability of the study's findings.

Additionally, the case study selections, the observations that are made and the narratives that are interpreted, are all based on the subjectivity of the researcher. Theoretically, it is virtually impossible to remove all researcher biases.

The key contribution of the research is an extension of both Lounsbury and Glynn's (2001) and Downing's (2005) notions of entrepreneurial legitimacy, trust and identity which, according to many scholars, are substantially achieved through the use of narratives (Roundy, 2010; Wry et al., 2011).

In addition, following calls in the literature (Gerschewski et al., 2016), we aim to contribute to the entrepreneurship literature by advancing the notion of entrepreneurial orientation as originally developed by Miller/Covin and Slevin (Covin and Slevin).

We also believe that the research contributes to knowledge by (1) theoretically combining several entrepreneurial process models in a single one, (2) geographically extending Shane's (2003) entrepreneurial process model and direction and, (3) providing insights that help us better understand the significance of narratives pertinent to this particular geographical area. The study is also likely to be of interest to entrepreneurs who are interested in the process of international venture creation.

Finally, the research has potential implications for policy-makers, in terms of providing more customised support and assistance to entrepreneurs and small ventures.

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