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SUMMARY

NETWORK COMPOSITION AND SPEED OF NEW VENTURE INTERNATIONALIZATION DURING ECONOMIC TRANSITION: A THEORETICAL MODEL

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Principal Topic

Transition economies are critically reliant upon the growth of new ventures to spur economic growth and employment. Most scholars have focused on the survival and performance of such ventures in the context of economic transition with few studies focusing on whether and how new ventures in transition economies grow beyond their domestic markets to compete globally. The importance of social networks as means of facilitating firm survival and performance in transition has been widely investigated and results suggest that the greater the environmental uncertainty the more entrepreneurs will rely on their social ties. Despite these advances in the extant literature, the role of networks in *new venture internationalization* is still vaguely defined.

Method

The purpose of this paper is to develop a theoretical model that delineates the role social networks play in the internationalization process of new ventures in transition economies. We focus on three research questions: 1) How does network composition impact speed of new venture internationalization in transition economies? 2) Among new ventures in transition economies, what roles do strong and weak ties play in the internationalization process? 3) How does level of institutional development impact network composition among rapidly internationalizing new ventures in transition economies?

We theorize that early in transition a higher number of strong ties in national networks is positively correlated with the speed of internationalization of an entrepreneurial venture. Later in transition, a lower number of strong ties in domestic networks and a higher number of weak ties in both domestic and international networks are positively correlated with the speed of internationalization of an entrepreneurial venture. Regardless of transition stage large, sparse, diverse networks are positively correlated with the speed of entrepreneurship internationalization in a transition economy. Brokers will facilitate the transition from strong national networks to weak international networks.

Results and Implications

The main features of the model proposed are its *dynamism* and the *interdependent relationships* that exist among its main components. By analyzing the social networks concept in a new context, new venture internationalization during transition, and by distinguishing between weak international and strong local ties, and the distinct roles they play in the internationalization process, we expand the theoretical boundaries of international entrepreneurship.

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