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ASPIRATION, MOTIVATION AND INTERNATIONAL BEHAVIOR (SUMMARY)

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SUMMARY

ASPIRATION, MOTIVATION AND INTERNATIONAL BEHAVIOR

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Principal Topic

What motivates entrepreneurial firms to internationalize? The literature has consistently argued for the draw of the benefits of internationalization and its upward potential (Zahra & George, 2002). However, these potential benefits do not come without risks. In internationalizing, they face an unfamiliar culture and lack a value chain network or political influence in the host country. Given the benefits and risks, what prompts firms to engage in internationalization? Utilizing the behavioural theory of the firm, we argue that internationalization represents a type of organizational change in which firms are more likely to engage if their current performance fails to meet their goals or expectations. Firms usually form performance expectations of themselves based on their social reference groups (Greve, 1998). The performance level of their social reference group contributes to the forming of entrepreneur's aspiration level for their own firms. Firms are more likely to engage in actions of organizational change if their performance is below their aspiration level (March & Simon, 1958). Also, based on the prospect theory of risk taking (Kahneman & Tversky, 1979), we propose that firms that are performing below aspiration levels are more likely to take on bigger risks and are more likely to enter uncertain, more culturally distant countries than otherwise.

Method

We use data collected from surveys of 179 international and domestic Chinese entrepreneurial firms in technology-based industries. Top management team members in those firms were surveyed on the company characteristics, market characteristics, industry dynamics and international patterns.

We use logistic regression analysis and ordinary least squares regression to test our hypotheses.

Results and Implications

Our results support the idea that entrepreneurial firms internationalize not only to exploit opportunities but also out of necessity when their performance is under pressure in the existing market. We contribute to the literature of international entrepreneurship by extending the behavioral theory into the study of internationalization. Since Hymer (1960), researchers have considered internationalization as a search for financial gain and creating long-term capabilities that benefit firms. The "necessity side" of the motivation to internationalize has been under-investigated. Our research highlights the "necessity" motivation in studying the internationalization of entrepreneurial firms.

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