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THE LEGITIMACY OF STRETCHING: FIRM SPECIFIC DETERMINANTS OF INTERNATIONAL ENTREPRENEURSHIP VERSUS RESOURCE-BASED CONSTRAINTS (SUMMARY)

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SUMMARY

THE LEGITIMACY OF STRETCHING: FIRM SPECIFIC DETERMINANTS OF INTERNATIONAL ENTREPRENEURSHIP VERSUS RESOURCE-BASED CONSTRAINTS

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Principal Topic

The internationalisation behaviour of young enterprises has captured the attention of academics in the fields of strategic management and business economics, with a variety of studies focusing on the processes, performance and perceived antecedents. These processes, however, failed to explain the disappointing outcomes as regards international entrepreneurship with a significant number of companies so enmeshed by financial restrictions as well as limitations on management flexibility that they have failed to consider internationalisation as an important strategic option. In this paper we seek to reassess the phenomenon of 'consideration' in internationalisation strategies incorporating recent theoretical developments which emphasise a more resource-based perspective.

Method

Our telephone interviews targeted CEOs and/or owners of 8009 young enterprises within the Cambridge (UK) area, thereby generating 1131 complete responses. We employed a multinomial logit model to analyse the impact of firm specifics and resource-based constraints on the internationalisation process, ranging through companies that have not considered internationalisation, companies that have considered internationalisation but were not successful and companies that have considered internationalisation and were successful. Where 'black boxes' occurred in our understanding of the quantitative results, we turned to more qualitative data, using small case studies to enhance our understanding of the internationalisation resource constraints encountered.

Results and Implication

This paper provides strong empirical evidence as to the relevance of resource-based constraints to internationalising enterprises, with a more 'inside-out' perspective of internationalisation constraints helping to better understand the phenomenon of international entrepreneurship. In this respect we respond to the continued criticism within the internationalisation research regarding the empirical foundation of the international entrepreneurship phenomenon. Despite some idiosyncratic variations among different sectors of economic activity, a unique set of constraints can be identified as between different types of internationalisation activity. We argue that CEOs, especially of young enterprises, do not haphazardly engage in internationalisation activities, but rather employ a method of resource stretching as a key capability. The estimates of our models question the current policy focus of many governmental and non-governmental organisations, which tend to be market-based rather than resource-based in orientation.

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