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ENTREPRENEURS INTENTIONS TO INTERNATIONALIZE – A MULTI-LEVEL APPROACH

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Principal Topic

Personal networks of entrepreneurs are an important factor triggering the internationalization of young ventures (McDougall, Shane, and Oviatt, 1994). However, the literature on new venture internationalization has largely neglected that properties and configurations of networks can differ substantially. Drawing on the McMullen and Shepherd (2006) model of entrepreneurial action, we argue that networks can trigger internationalization decisions by increasing entrepreneurs’ knowledge. Since networks differ in their information provision we argue that some networks might trigger entrepreneurs’ intention to internationalize early more than others. Moreover, research has shown that individuals and organizations use their networks differently, suggesting that characteristics of both the entrepreneur and the venture might impact how networks influence entrepreneurs’ decisions to internationalize. We suggest that perceived venture absorptive capacity and the personality trait generalized trust positively moderate the relationship between network characteristics and the decision to internationalize early.

Method

We used a metric conjoint experiment to collect data on entrepreneurs’ decisions to internationalize early. In the experiment entrepreneurs were confronted with 32 hypothetical decision profiles, described by network characteristics and venture absorptive capacity. Entrepreneurs’ generalized trust was measured in a post-experiment questionnaire using an eight item scale from the Revised NEO Personality Inventory. 136 entrepreneurs completed the questionnaire. For data analysis we used Hierarchical Linear Modeling (HLM).

Results and Implications

All network variables have a direct, significant, and positive influence on the entrepreneurs’ decision to internationalize early. More importantly, the results provide significant support for the hypothesized interaction effects between network parameters and absorptive capacity and between network parameters and entrepreneurs’ generalized trust. The effect of network parameters on the decision to internationalize is stronger for ventures with high absorptive capacity and for entrepreneurs with high levels of generalized trust.

Our work contributes to research on international entrepreneurship. Existing studies have highlighted the role of networks in early internationalization decisions, but largely neglected variance in entrepreneurial networks. Our study addresses this gap. Moreover, our study is the first to identify contingencies that moderate the effect of network parameters on entrepreneurial internationalization decisions.

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