

6-7-2014

## POST-ENTRY SPEED AND THE PERFORMANCE OF INTERNATIONAL NEW VENTURES – THE ROLE OF COMPLEXITY MANAGEMENT (INTERACTIVE PAPER)

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### Recommended Citation

Domurath, Anne; Schneck, Benjamin; and Patzelt, Holger (2014) "POST-ENTRY SPEED AND THE PERFORMANCE OF INTERNATIONAL NEW VENTURES – THE ROLE OF COMPLEXITY MANAGEMENT (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 34 : Iss. 15 , Article 8.

Available at: <https://digitalknowledge.babson.edu/fer/vol34/iss15/8>

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≈ INTERACTIVE PAPER ≈

**POST-ENTRY SPEED AND THE PERFORMANCE OF INTERNATIONAL  
NEW VENTURES – THE ROLE OF COMPLEXITY MANAGEMENT**

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**Principal Topic**

Fast international expansion post initial entry (post entry speed - PES) has been found to have an overall negative influence on profitability, survival chances, and sales growth. These negative performance implications seem to arise because of complexities associated with fast internationalization. Higher complexity results in “inefficiencies that occur when things are done faster” (Jiang et al., 2014, p. 115). As firms’ capacity to cope with complexity is limited negative performance implications arise.

However, extant research suggests that complexity might not uniformly lead to deteriorated performance as firms respond to complexity by forming capabilities. Research on international new ventures (INVs) supports this view in suggesting that young internationalizing ventures enjoy “learning advantages of newness” that enable them to quickly learn in international markets and form capabilities according to market feedback.

Hence, fast-paced international expansion poses a major threat to INVs, but young ventures are characterized by a particularly strong ability to learn and form capabilities. Thus, it appears that some ventures are able to realize capability formation as a response to complexity whereas others are not able to handle complexities in a way such that they do not have negative performance implications.

**Method**

We use a multiple case study approach to ground our theory development in data. Nine internationalized ventures have been selected for analysis. The primary data source for our study was semi-structured interviews with all founders of each venture as well as 1 to 3 employees. Besides the interviews we collected secondary data on the case ventures in the media and quantitative data through questionnaires.

**Results and Implications**

The data demonstrated that higher PES leads to higher internationalization-related complexity. However, high complexity did not necessarily lead to negative performance outcomes. Indeed, we found that those firms that needed to cope with high complexity were able to achieve positive growth and performance outcomes because they developed particular capabilities. Furthermore, we found that the formation of these capabilities is influenced by the entrepreneurial team’s attitude towards complexity and the prior startup internationalization experience.

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