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ENTREPRENEURS GOING GLOBAL: THE ROLE OF EXPERIENCE AND PERCEIVED KNOWLEDGE IN THE SELECTION OF INTERNATIONALIZATION DESTINATIONS (SUMMARY)

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≈ SUMMARY ≈

ENTREPRENEURS GOING GLOBAL: THE ROLE OF EXPERIENCE AND PERCEIVED KNOWLEDGE IN THE SELECTION OF INTERNATIONALIZATION DESTINATIONS

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Principal Topics

Idiosyncratic internationalization motivation has been recognized as an important component of entrepreneurial internationalization. Often examined through the lens of international experience, the well-travelled entrepreneur is more likely to internationalize their business and more rapidly (Oviatt & McDougall, 2005). Individual factors have been theorized to also affect the “where” decision, which is largely driven by knowledge and psychic distance (Johanson & Vahlne, 1977). While the area of idiosyncratic perception of psychic distance in internationalization has gathered some attention (Williams & Grégoire, 2014), the area of perception of knowledge – what the individual thinks they know, also called *familiarity*, is not well understood (Schwens & Kabst, 2011). Guided by cognitive theory, I examine the effects of the familiarity heuristic on the internationalization location decision of entrepreneurs. I posit four hypotheses: that familiarity effects cognitive load (1), and target attractiveness (2) in a curvilinear inverted-U fashion, and that these effects are positively moderated by international experience (3, 4).

Method

Using Verbal Protocol methodology (Ericsson & Simon, 1983) I conduct and analyze in-depth interviews with 17 entrepreneurs. Each entrepreneur is asked to analyze 10 internationalization decisions, across different countries (170 total analyzable cases) using think aloud protocols. IVs are *familiarity* and *international experience*. DVs are *cognitive load* and *target attractiveness*. Age of the entrepreneur, their *entrepreneurial experience*, *business education level*, and *experience in the industry* of the case, are controlled for. Cognitive load is captured through counting thought segments, and target attractiveness through an internationalization priority rating. Data is analyzed through multi-level modelling decomposing variance into decision and participant-specific components; primary effects are examined through regression modelling.

Results and Implications

All four hypotheses are supported. Entrepreneurial heuristics literature shows that entrepreneurs use heuristics to simplify complex decisions (Baron, 1998), and our findings support this notion. However, at high levels of international experience, the heuristic effects of familiarity are nullified, and familiarity appears to compliment international experience as an information source which increases target attractiveness. These findings support the developing theory that entrepreneur perceptions are important (Williams & Grégoire, 2014); that decision heuristics are an active element of international decision-making, and that experience and heuristic cognitive scripts can interact and complement each other.

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