ACCELERATED MULTINATIONALIZATION: CAPTURING GLOBAL OPPORTUNITIES (SUMMARY)

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CAPTURING GLOBAL OPPORTUNITIES

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Principal Topic

How do entrepreneurial firms enact fast-paced internationalization in capturing global opportunities? We introduce the term accelerated multinationalization to explain the distinctive process of rapid internationalization, where firms transition fast toward becoming multinational enterprises (MNEs). Drawing on eight theory-building case studies of entrepreneurial U.S. firms in the software-as-a-service (SaaS) sector, we find that accelerated multinationalization is fundamentally fueled by an industry recipe template, navigated by specific execution of this recipe, and carefully managed via pacing. This paper offers an integrated theoretical explanation that reveals the enabling mechanisms underpinning accelerated multinationalization.

While many entrepreneurial firms internationalize rapidly, most literature in international entrepreneurship focuses on internationalization via exporting. However, many entrepreneurial firms today internationalize more aggressively through the establishment of foreign subsidiaries and thus fast become a multinational enterprise (MNE). However, it is unclear how the breadth and depth of knowledge is effectively accumulated during this process, and how significant rapid international expansion can be successfully achieved.

Research Methods

Following typical steps for theory building multiple case studies, we performed an inductive analysis (Eisenhardt, 1989) to build a holistic model of accelerated multinationalization. We collected archival data and undertook 46 semi-structured interviews with headquarter, subsidiary managers and firm advisors, across eight firms.

Results and Implications

Our findings show that an industry recipe template serves as a driver of this process, providing guiding knowledge on international expansion, and reduces uncertainty for the firm in its international pursuit. Secondly, bridging relationships, learning substitution, and fast learning from experience enable the execution of this industry recipe, reducing the risks of aggressively capturing opportunities. Finally, firms manage the timing of internationalization through pacing activities, namely acceleration (striving to capture global opportunities as rapidly as possible) and deceleration (reducing speed to avoid organizational instability and turmoil). From this analysis, we develop a model of accelerated multinationalization and offer two contributions to the literature. First, we illustrate that firms’ access and utilization of industry recipes is a means of quickly building the knowledge required for rapid internationalization. Second, we highlight the timing mechanisms employed by firms to manage rapid internationalization. These findings convey important implications for practitioners seeking to capture international opportunities through fast-paced international expansion.

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