A BEHAVIORAL MODEL OF INTERNATIONAL ENTREPRENEURSHIP (INTERACTIVE PAPER)

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A BEHAVIORAL MODEL OF INTERNATIONAL ENTREPRENEURSHIP

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Principal Topic

This paper tries to formally integrate the behavioral theory of the firm (BTF) with international entrepreneurship theory. We argue that internationalization theory in general has suffered in its discussion of the BTF by not integrating any of its key theoretical components of decisions making: risk avoidance, search, and heterogeneous aspirations. Furthermore, empirical international entrepreneurship research in has been biased towards a focus on traits and characteristics, rather than dynamics of strategic organizational change highlighted by the BTF.

Method

Based on behavioral logic and evidence from embedded case study observations we outline a model where firm’s internationalization are triggered by problemistic search, following periods of below-aspiration performance. The model is tested by estimation of random-effects logit model on search, and negative binomial regression models on internationalization attempts.

Results and Implications

The results indicate that SME:s internationalization activities follow a boundedly rational process characterized by search behavior triggered by low performance relative to aspirations, as predicted by the BTF. The study offers a conclusive theoretical framework and an important first empirical attempt to demonstrate the viability of the BTF for international entrepreneurship theory.

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