ENTREPRENEURIAL EXPERIENCES AND VENTURE INTERNATIONALIZATION (SUMMARY)

Anne Domurath
Technische Universität München, anne.domurath@tum.de

Holger Patzelt
Technische Universität München

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ENTREPRENEURIAL EXPERIENCES AND VENTURE INTERNATIONALIZATION

Anne Domurath, Technische Universität München, Germany
Holger Patzelt, Technische Universität München, Germany

Principal Topic

While researchers have identified several factors internal and external to new ventures that can explain why some ventures internationalize early while others do not, the entrepreneurs' experience plays a central role in understanding the new venture internationalization process. Specifically, early internationalization has been repeatedly found to be associated with international experience of entrepreneurs (McDougall, Oviatt & Shrader 2003; Reuber & Fischer, 1997). Yet, individuals collect multiple different experiences over time which potentially influence venture internationalization. By drawing on the theory of expertise (Chi, 2006; Dane, 2010; Glaser, 1984), it is proposed that different kinds of experience (international and founding experience) influence venture internationalization differently. Specifically, we propose that international experience accelerates internationalization (because it provides knowledge about international markets), whereas founding experience delays venture internationalization (because knowledge will be specific to the national context and less applicable to the international context). Further, we argue that age at first international entry, founding experience, and international experience independently and conjointly influence venture internationalization degree.

Method

To test our model we surveyed entrepreneurs involved in international ventures located in business incubators in Germany. The dependent variables of this study are age at internationalization (age at first international sales) and internationalization degree (percentage of revenues generated from international sales). The independent variables are founding experience (number of ventures founded) and international experience (sum of international work experience and work experience in a MNE).

Results and Implications

Our results show that there is a significant, negative influence of international experience and a significant, positive influence of founding experience on age at internationalization. Consistent with prior research, we find that age at internationalization is negatively associated with degree of internationalization. More interestingly, our results provide support for the two-way interactions between age at internationalization and founding experience, and age at internationalization and international experience, respectively. That is, the degree of internationalization is higher for ventures that internationalized at an early age, and this relationship is stronger when entrepreneurs have high international experience and/or low founding experience.

This study contributes to the literature on international entrepreneurship by illustrating the differential impact of different types of experience on venture internationalization.

CONTACT: Anne Domurath; anne.domurath@tum.de; (T): +49-89-289-26754; (F): +49-89-289-26747; Chair of Business Administration-Entrepreneurship, TUM School of Management, Technische Universität München, Arcisstraße 21, 80333 München, Germany.