DYNAMITE OR FISHHOOK FISHING: STRATEGIC APPROACHES TO VENTURE INTERNATIONALIZATION (SUMMARY)

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SUMMARY

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Principal Topic

While existing research on international new ventures (INV) has significantly advanced the understanding of the drivers of early venture internationalization (Oviatt & McDougall, 2005; Zucchella, 2007), venture strategies and behavior after early international entry have received less attention. The survival and success of INVs seems to depend on entering many foreign markets to create competitive advantages and a sufficiently large customer base (cf. Oviatt & McDougall, 1994). However, resource scarcity associated with young ventures (Zahra, 2005) poses a serious constraint to large-scale internationalization. Hence, young ventures have to balance the need to enter foreign markets with their limited resource base. How this challenge translates into international strategy selection by young ventures, why ventures select a particular approach, and how the approaches drive internationalization success are the main research questions of this paper.

Data and Methods

A multiple case study approach was used to ground the theory development in data. The sample consists of nine young ventures. The primary source of data is semi-structured interviews with founders and key employees who were directly involved in the internationalization process. Additional primary and secondary information was collected through questionnaires, filed notes, and public sources.

Results and Implications

The analysis revealed two distinct approaches to INV internationalization – the Options Portfolio Approach (OPA) and the Focused Market Approach (FMA). The OPA is characterized by multiple, parallel foreign market entries. The INVs see their foreign activities as a portfolio of options in which resources are constantly shifted to where they generate most return and fastest growth. Contrary, the FMA involves sequential market entries where each market receives particular attention and resources. For example, case ventures using the FMA explicitly seek and invest in local partnerships to acquire local market knowledge and adapt their product portfolio to local needs.

Results indicate that for each strategic approach distinct factors are responsible for success and that ventures change their internationalization approach based on market failures.

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