

MASTERTHESIS

‘Towards an Integrative Perspective of International New Venture Creation: An Analysis of International New Venture Creation Episodes based on the Configuration Approach.’

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Abstract

This research responds to the call for an integrative framework in the field of international entrepreneurship. Systematic literature reviews have made clear that researchers not only have neglected the use of theoretical frameworks, but also does the literature lack a balanced integration between international business literature and entrepreneurship literature (Keupp and Gassmann, 2009). The objective of this research was to develop an integrative framework that analyzed how entrepreneurial action is originated in the simple and planning enterprise and how it impacts the configuration of these enterprises in the course of the international new venture creation episode. This research used two approaches for its theoretical framework. The first approach is the configuration approach to organizational analysis and the second one is the typology of organizations. Because of to the young and complex nature of the discipline under investigation, the explorative multiple case study research was chosen. Results of this research indicate significant differences between the configurations of the simple enterprise and the planning enterprise. While the simple enterprise is mainly driven by the person, mainly the leaders of the organization, the planning enterprise is rather driven by its strategy. Results of this research moreover indicate that the configurations of the simple and the planning enterprise did not to change in the course of their venture international new creation episode. Nevertheless, it may be said that the international new creation episodes itself are significantly different.

Keywords: Configuration Approach; Integrative Framework; International Entrepreneurship; International New Venture Creation Episode; Internationalization Patterns; Multiple Case Study Research; Typology of Organizations.

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TABLE OF CONTENTS

Abstract	2
Acknowledgements	3
TABLE OF CONTENTS.....	4
ABBREVIATIONS IN THIS THESIS.....	7
1: INTRODUCTION	8
1.1 Internationalization Research	8
1.2 Aspects of the Problem.....	8
1.3 The Need for Further Investigation.....	9
1.4 The Objective of this Research	9
1.5 Contributions to the Literature.....	10
1.6: Structure of the Thesis	11
2: LITERATURE REVIEW: The State of the Art	13
2:1 Definitions.....	13
2.2.1 International New Venture Creation.....	13
2.1.2 International New Venture Creation Episode	14
2.1.3 Successful International New Venture Creation.....	14
2.1.4 Configuration (Approach)	15
2.2: Internationalization.....	15
2.2.1 Internationalization Theories.....	15
2.2.2 Different Approaches to Internationalization	16
2.2.3 International Entrepreneurship	17
2.2.4 Factor Models.....	20
2.2.5 Different Organization Types.....	23
2.2.6 The Internationalization Process	24
2.3: Research Gaps.....	34
2.3.1 Evolvment of the Internationalization Process	34
2.3.2 Interrelatedness of Factors.....	35
2.3.3 Different Organizations Types.....	36
2.3.4 Integrative Theoretical Framework Between IB and Entrepreneurship.....	36

3. THEORETICAL FRAMWORK.....	41
3.2.1 The Configuration Approach To Organizational Analysis.....	41
3.2.2 Advantages of the Configuration Approach.....	42
3.2.3 The Configuration Approach in the Context of International New Ventures....	42
3.2.4 Assumptions of the Configurations Approach.....	41
3.2.5. The application of the Configuration Approach.....	43
3.2.6 Organization Types	44
3.2.7 Variable Selection	46
3.2.8 The Model	50
4: METHODOLOGY	51
4.1: Case Study Research.....	51
4.1.1 Definition of Multiple-Case Study Research	51
4.1.2 Justification of Multiple-Case Study Research	51
4.2: Case Selection.....	53
4.2.1 Units of Analysis.....	53
4.2.2 Selection Factors	53
4.3: Data Collection.....	54
4.3.1 Units of Observation	54
4.3.2 Data Collection Techniques	55
4.4: Data Analysis	56
5. RESULTS.....	57
5.1 The Case Simple Enterprise.....	57
5.1.1 INVCE Stage 1: Domestic Focus.....	57
5.1.2 INVCE Stage 2: Pre-INVC.....	60
5.1.3 INVCE Stage 3: Experimental Involvement	61
5.1.4 INVCE Stage 4: Active Involvement	62
5.1.5 Jordan Stage 5: Committed Involvement.....	62
5.1.6 Conclusion	63
5.2 The Case Planning Enterprise.....	65
5.2.1 INVCE Stage 1: Domestic Focus	68
5.2.2 INVCE Stage 2: Pre-INVC.....	68
5.2.3 INVCE Stage 3: Experimental Involvement	68

5.2.4 INVCE Stage 4: Active Involvement	68
5.2.5 INVCE Stage 5: Committed Involvement	69
5.2.6 Conclusion	71
6. DISCUSSION	73
6.1 Theoretical Implications	73
6.2 Practical Implications.....	77
6.3 Future Research	78
7. REFERENCES.....	80

ABBREVIATIONS IN THIS THESIS

INV: International New Venture

INVs: International New Ventures

INVC: International New Venture Creation

INVCs: International New Venture Creations

INVCE: International New Venture Creation Episode

INVCEs: International New Venture Creation Episodes

SINVC: Successful International New Venture Creation

Uppsala Model: Uppsala Internationalization Process Model

1: INTRODUCTION

“One could not understand he dance without understanding the dancer.”

Carland, Hoy and Carland (1988)

1.1 Internationalization Research

Over the last decades, academic contributions to internationalization have experienced great advances. It may be said that researchers have made great efforts in order to build on internationalization theories (Oviatt and McDougal, 2005). Internationalization theories for instance have explained that there are different ways an organization can enter a foreign market in the sense that an organization can choose between different market entry modes. Such as: export or foreign investment (Buckley and Casson, 2009). Other internationalization contributions have made clear that there is a process underlying internationalization (Jones and Coviello, 2005; Johanson and Vahlne, 2009) and that internationalization has entrepreneurial characteristics (Wright and Ricks, 1994; Jones and Coviello, 2005). The last finding led researchers introduce the research field ‘international entrepreneurship’ that is positioned between international business and entrepreneurship disciplines (Oviatt and McDougal, 1994). Internationalization theories are relevant because they can provide insight to what happens when organizations internationalize. In this way, one can make predictions and guide internationalization in the way that is desired. Since organizations are increasingly internationalizing their business activities (Heiskanen, 2006; Jansson et al., 2006; Jansson and Sandberg, 2008; Baum et al., 2011) this research wants to emphasize that internationalization theories should not remain behind. This explains the relevance internationalization theories.

1.2 Aspects of the Problem

Despite the great contribution to internationalization theories it may be said that certain aspects need further investigation. The basic objective of this research was to develop an integrative framework that analyzes how entrepreneurial action is originated in the simple and planning enterprise and moreover how it impacts the configuration of these enterprises in the course of the international new venture creation episode (INVCE). The two-part research question under investigation was: (RQ 1) How is the configuration of strategy, structure, person and environment within the simple and planning enterprise? and (RQ 2) How does the configuration evolve in the course of the INVCE? This research used two approaches for its theoretical framework. One is the configuration approach to organization analysis and the other is the use of typology of organizations. Different models for the identification of factors that influence organization can be used. Yet it may be said that that the mainstream researchers tend to rely on more simplistic models

that investigate the relation between one or two factors. The configuration approach to organization analysis argues that, certain simplistic models, in this way may only shed light on a part of the picture (Harms et al., 2009). This research opted to develop a more detailed model that exceeds the relation of two factors in the sense that it pays attention to a cluster of multidimensional factors (configurations) that influence organizational performance as a whole. Under this umbrella, the use of typology of organizations research enabled us to investigate configurations among different organization types.

1.3 The Need for Further Investigation

The focus of this research is justified by several gaps in the literature. The first gap in the literature is that the evolution of the internationalization process seems can use further investigation. Although internationalization process models have made clear that there is a dynamic process underlying internationalization which evolve in stages over time (Jones and Coviello, 2005; Buckley and Casson, 2009) systematic literature reviews indicate that the process nature of the internationalization process can be further described. This gap in the literature is aggravated by conflicting prediction on whether the internationalization process evolves incremental or not (Malhotra and Hinings, 2010). Another gap in the literature is that researchers tend to neglect the interrelatedness of multidimensional factors that influence internationalization. Researchers have acknowledged that internationalization can be influenced by factors that can come from different dimension and moreover are related to each other. Yet systematic literature reviews indicate that researchers tend to neglect to investigate supplemental factors and their interrelatedness with each other (Keupp and Gassmann, 2009). A third gap in the literature is that researchers seem to neglect to investigate internationalization processes among different organization types. Although researchers (Jones and Coviello, 2005) have issued that firms can differ from each other and that this may lead to different internationalization processes, they did not elaborate on this. Last but not least, systematic literature reviews indicate that researchers tend to neglect to integrate theoretical frameworks from international business and entrepreneurship literature (Keupp and Gassmann, 2009). This is problematic because researchers have internationalization cannot be explained by international business or entrepreneurship literature in isolation since characteristics from both fields of research are involved (Mathews and Zander, 2007). These gaps in the existing literature indicate the need for further investigation.

1.4 The Objective of this Research

In order build on the need for further investigation, this research opted to explore the INVCE of the simple and the planning enterprise. In other words it may be said that this research focused on a very concrete context of internationalization: internationalization through the creation of a new international organization in a foreign country. This is

unlike previous work that tends to investigate internationalization in more general. For the objective of this research, the INVCE of the simple and the planning enterprise in the Netherlands is examined. Hereby, also attention is paid to the interrelatedness of multidimensional influential factors in the course of the INVCE. This explains why the configuration of 'personal', 'strategic', 'structural' and 'environmental' dimensions were being examined. Answering the abovementioned research questions is helpful for managers because it provides a better understanding of INVCEs in different types of enterprises. This can help managers pursue successful international new venture creation. Hence, result of this research can be used for prescriptive purposes. Fernhaber and Li (2010) acknowledged that enterprises in the practice tend to imitate each other due to a lack of insight about how to pursue internationalization. This research wants to express that what might work in one type of enterprise however may not work in the other due to differences among enterprises (Harms et al., 2009). This made it interesting to shed light on INVCEs in different types of enterprises.

1.5 Contributions to the Literature

Results of this research offers contributions to several disciplines of the literature. First of all, This research offers a contribution to entrepreneurship literature by applying the "Origins of Entrepreneurship", that what determines entrepreneurship, as explicated by Miller (1983) in the international context. Keupp and Gassmann (2009) remarked that the overwhelming majority of entrepreneurship studies excludes the international context, which in turn limits results. This makes clear that the international context can move entrepreneurship literature forward.

Next, this research offers a contribution to international business literature by explicitly introducing the configuration perspective. The interrelatedness of host country-specific variables, home country-specific variables, company specific-variables and venture-specific variables in the internationalization process calls for an application of a theoretical lens that is capable of capturing this interrelatedness. The configuration approach that seeks to identify a cluster of influential factors and their interrelatedness is therefore a viable approach.

Third, this research offers a contribution to international entrepreneurship literature by elaborating on the determinants of international new creation among different type of enterprises. The mainstream body of international entrepreneurship research tends to investigate the determinants of international new creation (Baum et al., 2011) without paying attention to different organization types. Since the typology of organizations is central to the configuration approach it is a viable approach to organizational analysis.

This research offers a contribution to the configuration literature by answering the questions of variable selection in the international business context. It may be said that previous configuration research has focused on treating organizational configurations in the context of national (or not explicitly specified) markets. In research on international new venture creation, other variables of the configurational domains (see paragraph on contributions to international business literature) need to be integrated. By doing this, this research enhances the applicability of the configuration approach.

1.6: Structure of the Thesis

This report consists of six chapters. This chapter reflects a general introduction to the research. After regarding the field of research, the objective of the research and the research strategy are explained justified. The next chapter, chapter 2, will present the theoretical basis of this research. This illustrates the gap in the existing literature on internationalization and justifies the focus of this research. Chapter 3 will illustrate the theoretical framework of this research. Chapter 4 will elaborate on the methodology that has been applied in this research. This chapter contains a detailed design for data collection and a justification of the empirical research approach including the final operationalization. Chapter 5 presents the results of the research. In this chapter, the two cases and the collected empirical data are described, analyzed and discussed. Chapter 6 contains the discussion. In this chapter both theoretical and practical implications will be discussed. For an illustrative overview of the structure of this thesis, see figure 1 on the next page.

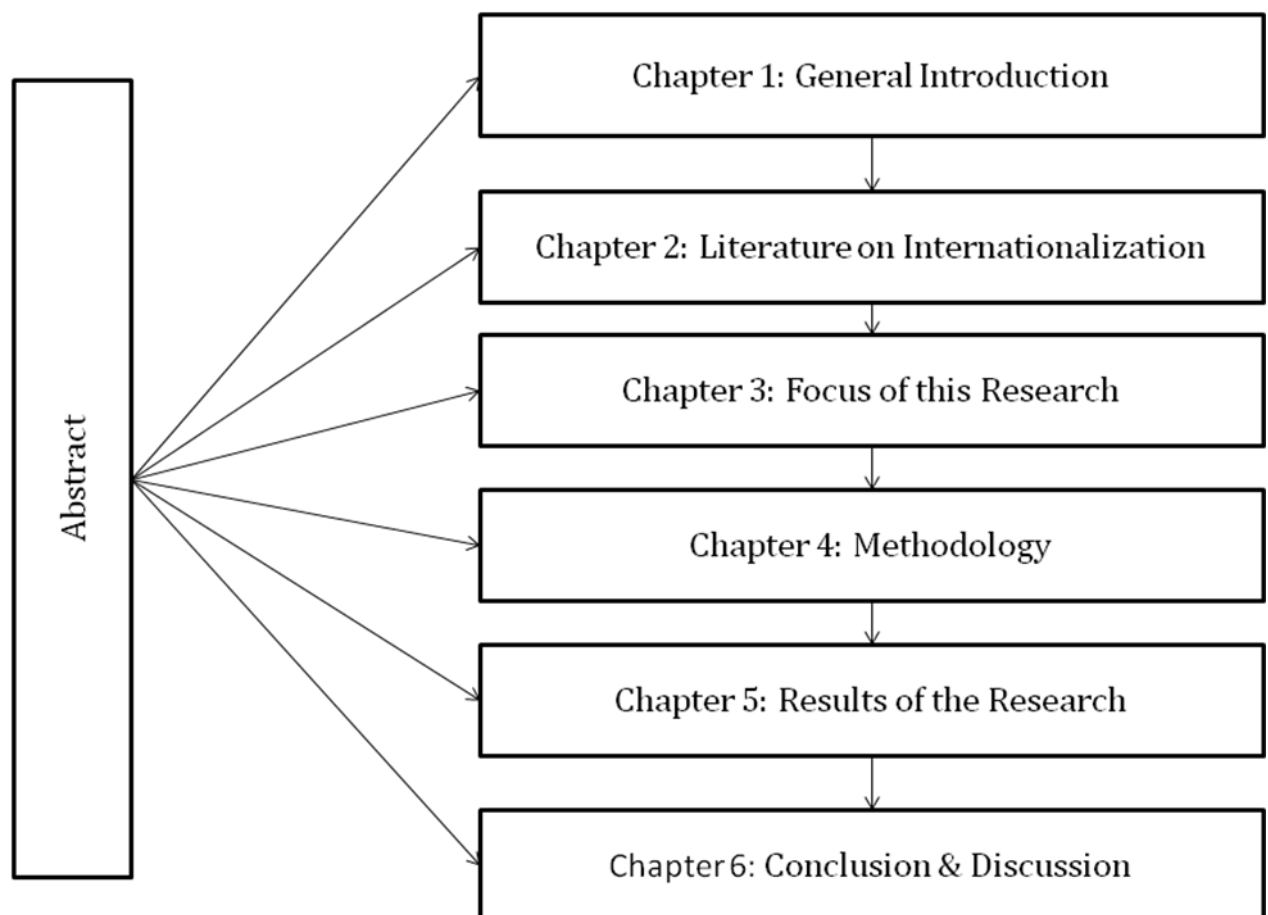


Figure 1: Overview Structure Thesis

2: LITERATURE REVIEW: The State of the Art

Over the last decades, academic research on the internationalization has advanced greatly. Yet it may be said that certain aspects need further investigation. The objective of this chapter is to present the theoretical basis of this research. This chapter consists of three sections. In the first section of this chapter, the main theoretical concepts of this research will be defined. In the second section of this chapter, the theoretical basis of this research will be presented. In the third section of this chapter, the selected gaps in the literature will be discussed.

2:1 Definitions

To discuss the theoretical concepts of this research, it is important that they are defined first. McAuley et al. (2007) acknowledged that concepts can mean very different things to different people, when they are not precisely defined. This can lead to a discussion about different things, which is not a good discussion. A good discussion should be the consideration of the same subject. To enable a good discussion, the main concepts of this research will be defined first.

2.2.1 International New Venture Creation

In this thesis, an international new venture (henceforth INV) is defined as ‘an enterprise unit that seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.’ The aforementioned definition is derived from the work of Oviatt and McDougall (1994) who defined an INV as “a business unit that from inception seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”. As the definition of INV makes clear, this research has changed the term ‘business’ to ‘enterprise’. This is because this research does want to restrict international new ventures (henceforth INVs) to solely profit organizations. In the same vein, this research wants to emphasize that it differs from the work of Oviatt and McDougal (1994) in that it does not restrict INVs to small and young firms. This means that an INVs in this research can relate to both profit and non-profit organizations independent of firms size and firm age.

In this thesis, international new venture creation (henceforth INVC) is defined as ‘the start of a new organization on a foreign market.’ As the definition indicates, a new physical organization, that earlier did not exist, should be created. This means that internationalization via export modes of new market entry are not the focus of this research, because they simply do not lead to the creation of a new organization. Internationalization is considered as a general concept in the sense that it can refer to new market entry via any possible market entry mode. This research finds the

involvement of all types of market entry modes too general for the development of a prescriptive internationalization process model, which is the aim of this research.

2.1.2 International New Venture Creation Episode

In this thesis, an international new venture creation episode (henceforth INVCE) is defined as 'INVC (Oviatt and McDougall, 1994) to a specific foreign country market'. As the definition indicates, this research opts to look at INVC on episode level instead of on enterprise level. This is research wants to emphasize that it is rather concerned about the actual process of getting an INV started on a specific foreign country market instead of the internationalization of an enterprise. INVC on enterprise level, which is the total number of foreign country markets that an enterprise has entered, could too general for prescriptive purpose of this research. This is because an INVCE can be different on each different foreign country market. To describe the INVCE, this research applied the work of Jansson and Sandberg (2008) who described five stages of the INVCE. The first stage of the INVCE is the domestic focus. In this stage of the INVCE, an enterprise has a domestic focus and discovers or enacts an foreign opportunity for INVC on a foreign market. The second stage of the INVCE is the pre-international new venture creation. This is when the enterprise evaluates the possibilities to create a new venture on a new foreign market. The third stage of INVCE is the experimental involvement. This is when INVC is a marginal activity, which means that the INVC is a part of the activities within a lower standard. The fourth stage of the INVCE is the active involvement. This is when INVC is a normal activity of the enterprise. The fifth and last stage of the INVCE is the committed INVC. This is when an enterprise can say that it has created and INV.

2.1.3 Successful International New Venture Creation

In this thesis, successful international new venture creation (henceforth SINVC) is defined as 'the achievement of the aimed market share target as set by the enterprise (Jung and Bansal, 2009) prior to INVC and personal satisfaction of the involved actors that pursued INVC with regards to the achieved results.' This acknowledges that performance is multidimensional, which means that there are different performance measures (Carton and Hofer, 2006). Nevertheless, there is no consensus in the literature on which dimension is the best as a performance measure. Craig and Mores (2006) for instance explained that family business success has typically a different performance measure than other business types. Family business success is often measured in terms of owner ship transition and efficiency of the family business system instead of wealth creation and financial performance (Habbershon and Pistrui, 2002; Sharma et al., 1997; Sorensen, 2000). Another performance measure could be the return on investments. Jung and Bansal (2009) explained that most firms that cross the domestic borders aim to increase their market share. This explains why the achievement of the aimed market share is selected as a performance dimension.

2.1.4 Configuration (Approach)

In this thesis, a configuration is defined as a multidimensional constellation or cluster of conceptually distinct characteristics that commonly occur together (Meyer et al., 1993). Hereby, numerous characteristics, factors or also variables, that are contextually related to the domains environment, strategy, structure, and person cluster into a whole. This phenomenon is also referred as an archetype or gestalt (Meyer et al., 1993). One should note that configurations are represented in typologies, which means that different type of configurations can be distinguished from each other. The typologies in this research are primarily developed from the work of Miller (1983) namely, the simple and the planning firm. In the same vein, the configuration approach to organizational analysis refers to a researcher's perspective that acknowledges configurations. This means that a researchers acknowledges that parts of an organization cannot be understood in isolation, but should be analyzed as 'organization wholes' paying attention to the interrelations of their elements.

2.2: Internationalization

2.2.1 Internationalization Theories

It may be said that internationalization theories can shed light on internationalization. McAuley et al. (2007) articulated that theories are at the heart of management, which means that they would be relevant for the management. The researchers regarded that theories can help managers understand, make predictions about and influence their enterprise or environment. In this way, managers can increase the chance to get things done in the way that they desire. In the same vein, internationalization theories help explain, describe and understand what is going on when enterprises internationalize. Internationalization theories for instance made clear that there are several ways for an enterprise to enter a foreign market, such as through exporting, foreign investment, licensing, franchising and subcontracting. (Jones and Coviello, 2005; Buckley and Casson, 2009). Other internationalization theories issued that networks are relevant important for successful internationalization (Johanson and Vahlne, 2009). A better understanding of what is going on when organizations internationalize is believed to help one make better predictions and decisions, but also influence organizations. This explains the relevance of internationalization theories.

Researchers have suggested that internationalization theories become more interesting when they are combined with theories from other fields of research. For instance, Buckley and Casson (2009) paid attention to the development of internationalization theories over the past three decades years. The researchers articulated that progress in internationalization theories can be achieved by combining its core approach with theories developed in other fields of research. In this way one can generate a wide range of predictions about different aspects of organizational behavior. Internationalization theories could be combined with theories developed from the field of entrepreneurship

research. In this way, researchers could elaborate on the entrepreneurial aspects of internationalization. Buckley and Casson (2009) expressed that success in answering one questions generates new questions, which in turn have to be answered through further extension of internationalization theories. This makes clear that wider range of internationalization theories are believed to become available when they are combined with theories from other fields of research.

2.2.2 Different Approaches to Internationalization

Studying internationalization theories, one should be aware that researchers who build on internationalization theories may have different approaches. Jones and Coviello (2005) discussed a few approaches to internationalization and their differences. The transaction cost and resource-based approaches to internationalization for instance paid attention to discrete alternatives of foreign market entry. This means that there are different ways an organization can enter a foreign market. As mentioned in the previous section, organizations can enter a foreign market through different foreign market entry modes, such as through export or through licensing. The transaction cost and resource-based approaches to internationalization focus on rational and strategic decision making criteria that influence foreign market entry decisions. Decision making criteria can involve costs, investment, risk and control. This makes clear that transaction cost and resource-based approaches to internationalization pay attention to foreign market entry alternatives.

Next, there are network resource dependency and organization learning approaches to internationalization research. Instead of focusing on foreign market entry alternatives, the network resource dependency and organization learning approaches (Jones and Coviello, 2005) to internationalization are rather interested in the development of the internationalization process that takes place or has taken place over a period of time (Jones and Coviello, 2005). These approaches to internationalization perceive the internationalization process as a relationship- and learning-based process consisting of specific events that take place over a period of time. This makes clear that the network resource dependency and organization learning indicate that foreign market entry is a process that is based on relationship- and learning-based events over time.

Furthermore, there are export development approaches to internationalization. These approaches to internationalization describe a process of internationalization through incremental stages of innovation of the firm (Jones and Coviello, 2005). In contrast to the resource dependency and organization learning to internationalization, who also pay attention to the internationalization process, export development approaches to internationalization are more concerned with the predetermined stages that a firm might have reached than with describing its process of getting there (Jones and Coviello, 2005). Export development approaches to internationalization express that foreign market entry results compared to predetermined goals are also relevant. This explains

the difference between network resource dependency and organization learning approaches to internationalization on one hand and export development approaches to internationalization on the other hand.

Looking at the different approaches together, the internationalization transaction cost and resource-based and export approaches to internationalization tended to focus on factors that influence internationalization (Jones and Coviello, 2005). The network resource dependency and organization learning approaches to internationalization, on the other hand, were rather interested in identifying and describing the process underlying internationalization (Jones and Coviello, 2005). And the export development approaches to internationalization regarded the relevance of foreign market entry results compared to predetermined goals. This makes clear that researchers can have different focuses when it comes to building internationalization theories.

The most recent approaches to internationalization so far are believed to be the international new venture approaches. Jones and Coviello (2005) expressed that the most recent approaches to internationalization, the international new venture approaches to internationalization, pay attention to both factors that influence internationalization and the process underlying internationalization. In contrast to the classical approaches to internationalization, such as the Uppsala internationalization process model of Johanson and Vahlne, new venture approaches to internationalization are tend to pay attention early or non-incremental internationalization and the born global phenomenon, which refers to an early and accelerated internationalization process of new or young and highly entrepreneurial small ventures (Dimitratos and Jones, 2005; Oviatt and McDougall, 1994, 2005; Rialp-Criado et al., 2010). This shows that most recent contributions to internationalization literature tend to integrate multiple theoretic approaches.

2.2.3 International Entrepreneurship

Researchers have suggested that a few decades ago very little literature was available about the internationalization of firms. Jones and Coviello (2005) articulated that the internationalization of firms had only a very simple characterization of 'a rapid process of international expansion by using a range of market entry modes in multiple markets.' Important to this notion is that such kind of behavior was perceived as entrepreneurial (Jones and Coviello, 2005). Miller (1983) explicated that a firm is entrepreneurial when it 'engages in product-market innovation, undertakes somewhat risky ventures and is the first to come up with pro-active innovations.' The entrepreneurial characteristics of internationalization led researchers introduce the research field 'international entrepreneurship' which researchers had positioned between international business and entrepreneurship disciplines. (Jones, 1999, 2000; Jones and Coviello, 2005). Jones and Coviello (2005) defined international entrepreneurship similar to the Miller (1983) definition of entrepreneurship, namely, as 'a combination of innovative, proactive and

risk-seeking behavior that crosses national borders and is intended to create value in organizations.' This makes clear that the entrepreneurial characteristics of internationalization triggered research field of international entrepreneurship.

It may be said that researchers that would like to build on internationalization theories should not neglect entrepreneurship literature. Jones and Coviello (2005) regarded that entrepreneurship literature can be valuable for internationalization theories. This is not only because internationalization has entrepreneurial characteristics, as explained in the previous paragraph. One should note that in addition, studies on internationalization and entrepreneurship also corresponds to each other (Jones and Coviello, 2005). This means that studies on internationalization and entrepreneurship not only have the same, but also similar characteristics. Jones and Coviello (2005) for instance explained that the characteristics of an entrepreneur and his role in identifying, accessing and leveraging resources to create opportunities corresponds to the body of internationalization research that discusses human and social capital in the context of the resource based theory. In a different vein, Buckley and Casson (2009) issued that internationalization theorists that aim to explain the existence of an internationalized firm first have to be able to explain the existence of a firm. The researchers regarded that to explain the existence of an internationalized firm one should be able to explain the existence of a firm first. This indicates that entrepreneurship literature can be used as a theoretical base for internationalization literature. As a consequence, researchers who aim to build on internationalization theories can use concepts from entrepreneurship literature. Hence, Jones and Coviello (2005) used Brazeal and Herbert's (1999) simple model of the entrepreneurial process as a basis to develop their internationalization process model. This makes clear that entrepreneurship literature can help build on internationalization theories.

When discussing international entrepreneurship literature one should one may pay attention to its starting point. Javidan and House (2002) regarded that the decrease of the geographic boundaries in the business has triggered more and more firms to cross the national borders. As a consequence, international entrepreneurship literature increased (Baum et al. 2011). It is not so strange that when internationalization becomes a part of the society one desires a better understanding of this phenomenon. Keupp and Gassmann (2009) analyzed 179 articles on international entrepreneurship in 16 journals over 14 years. Results of their research made clear that Oviatt and McDougall's (1994) article is considered as the starting point of international entrepreneurship research (Autio, 2005). Oviatt and McDougall (1994) introduced the term international new venture, which they defined as 'a business unit that seeks to derive significant competitive advantage from the use of resources and the sale of outputs in different countries.' The objective of the researchers was to provide a theoretical base for the study of international new ventures (Oviatt and McDougall, 2005). This shows that the study of the international new venture is considered as the starting point of international entrepreneurship research.

It may be said that the starting point of international entrepreneurship research had some less strong points. Keupp and Gassmann (2009) remarked that the Oviatt and McDougall's (1994) article, which is considered as the starting point of international entrepreneurship research, appeared to be restricted to the internationalization of small and young ventures. This is because Oviatt and McDougall (1994) had related the unit of analysis of their research to small and young firms. Keupp and Gassmann (2009) noticed that the mainstream researches have followed the starting point of international entrepreneurship research and in the same way and as a consequence limited their research to the internationalization of small and young ventures. As an example, the researchers regarded the work of Shrader et al. (2000) who paid attention to foreign entry strategies of small new ventures. Another example is the work of Autio et al. (2000) who analyzed firms that internationalize from their inception. Similarly, Mudambi and Zahra (2007) focused on how new ventures internationalize. This makes clear that the mainstream researchers seem to have followed the starting point of international entrepreneurship research and in this way restricted their research to the internationalization of small and young ventures.

International entrepreneurship has been reconceptualised and reconceptualised over time. Oviatt and McDougall (2005b) regarded the original intention of international entrepreneurship was to create a new field of academic research where international business and entrepreneurship literature intersect. Although the initial definition of international entrepreneurship (1994) was related to small and young ventures, a number of studies over the past years have tried to achieve a more general theoretical understanding of international entrepreneurship (Keupp and Gassmann, 2009). These studies have tried to abandon the focus on the internationalization of small and young ventures and achieve a more general understanding of international entrepreneurship. McDougal and Oviatt (1997) for instance redefined international entrepreneurship as "new and innovative activities that have the goal of value creation and growth in business organizations across national borders." Oviatt and McDougal (2005b) were more aggressive and pointed the opposite direction of small and young firms. The researchers related internationalization to an activity of larger and more established firms and defined international entrepreneurship as "the discovery, enactment, evaluation and exploitation of opportunities across national borders to create future goods and services." Keupp and Gassmann (2009) acknowledged that these conflicting definitions of international entrepreneurship make it difficult to determine which type of organization pertains to internationalization. This makes clear that attempts have been made to move international entrepreneurship research away from the internationalization of small and young ventures.

2.2.4 Factor Models

Factor models report a variety of factors that influence internationalization. Meliá et al. (2010) articulated that since the publication of Oviatt and McDougall's (1994) work, the study of factors that foster rapid internationalization as well as accelerate the process of internationalization has captured the attention of many researchers. As regarded in the previous section, the understanding of the speed of the internationalization process is relevant because early internationalization can be a performance advantage (Autio et al., 2000). Oviatt and McDougall (1994) articulated that an early market entry is associated with the development of an entrepreneurial orientation. This is confirmed by later studies (Knight and Cavusgil, 2004; Oviatt and McDougall, 2005; Zahra, 2005). Relying on the work of Miller (1983) this would mean that the more innovative orientated, risk taking and pro-active a firm, the earlier it would enter a foreign market. Meliá et al. (2010) explained that an innovative orientation can help companies to quickly enter new markets because they have developed capabilities and processes that can help them to transform their resources to reshape their processes and structure in accordance with the demands of new markets. As a consequence, firms can quickly develop actions to respond to this information (Autio, 2005; Zahra, 2005; Autio et al., 2000) and obtain a competitive advantage. These examples make clear that the understanding of factors that influence the speed of the internationalization process is considered as relevant.

Another popular research subject is the study of factors that influence the market entry mode choice. Morschett et al. (2010) defined a market entry mode as 'a structural agreement that allows a firm to implement its product market strategy in a host country either by carrying out only the marketing operations (via export modes) or both production and marketing operations by itself or in partnership by others (joint ventures, contractual modes, wholly owned operations).' The researchers explained that there are multiple ways a firm can enter a foreign market, and the main distinction is made between full control modes and shared modes (Arregle et al., 2006; Canabal and White, 2008). The study of factors that influence internationalization is considered as relevant, because the market entry mode has significant implications for performance (Brouthers, 2002; Morschett et al., 2010). Brothers and Hennart (2007) explained that once established, the market entry mode is difficult to change due which it has long-term consequences for a firm. Morschet et al. (2010) meta-analyzed data from 72 independent studies in 67 articles and a total of 13 variables which enabled them to look for factors that are identified repeatedly. Results of their study showed that market size, market growth country risk and legal restrictions, are positively related to internationalization via cooperatives modes (shared control modes) rather than via wholly owned (full control modes) subsidiaries. Power distance in the home country on the other hand is however positively related to internationalization via wholly owned

subsidiaries rather than via cooperative modes. This makes clear why understanding of factors that influence the market entry mode choice is relevant.

Factors that influence internationalization can be classified. Buckley and Casson (2009) noticed that factors that influence market entry mode decisions are often classified into firm-specific, industry specific and location specific variables. Morschett et al. (2010) articulated that factors that influence market entry mode decisions are often classified into host-country specific factors, home country-specific factors, company-specific factors and venture specific factors. The researchers expressed their focus on influential factors from the external environment of a venture and articulate that these external factors are often claimed to have a strong influence on the market entry mode decision (Shama, 2000; Tihanyi et al., (2005); Zhao et al., 2004). Morschett et al. (2010) also highlighted that influential factors from the external environment can be further divided into the key dimensions such as *cultural distance*, market attractiveness, uncertainty of the host country environment, legal environment in the host country, competitive situation in the host country and culture of the home country. This makes clear that factors that can influence internationalization come from multiple dimensions.

Factors can influence internationalization in different ways. Oviatt and McDougal (2005) acknowledged that influential factors can influence internationalization in different ways. The researchers issued four types of factors that each can influence the speed of internationalization in a different way. The first type of factor is the enabling factor. Transportation, communication and digital technology are the foundation of the enabling factor. Computers enable fast communication around the world due which the speed of the internationalization process can be increased. The second type of factor is the motivating factor of competition. Competitors can encourage or even force faster internationalization (Oviatt and McDougal, 2005). When competitors encourage faster internationalization, the speed of internationalization will of course increase. The third type of factor that can influence the internationalization process is the mediating factor. This mediating factor refers to the entrepreneurial actor, the person or group that discovers or enacts an opportunity within the dynamics of international exploitation. Oviatt and McDougal (2005) articulated that personal characteristics of the actors and their psychological traits influence perceptions and the entrepreneurs' decision making. Of course a proactive entrepreneur will take action more promptly and in this way increase the speed of internationalization. The fourth type of factor is the moderating factor. The moderating factor refers to both knowledge-intensity of the opportunity combined with the know-how and the actors international network. When actors know what to do they will take action more promptly or not in case it is not wise. This shows that multilevel factors can influence internationalization in all a very different way

Factors that can influence internationalization are often related to each other. Morschett et al. (2010) paid attention to factors that influence the market entry mode decision. The researchers suggested that a larger market requires substantially higher investment.

According to the resource-based perspective, a higher investment would be easier to obtain through a cooperative arrangement. This makes clear that a larger market leads to cooperative market entry modes because they require higher investments. In the same vein, Hennart and Larimo (1998) indicated that that cooperative market entry is generally considered as faster. As a consequence it is often preferred in high growth markets to avoid opportunity costs with delayed entry. Similarly, Morschett et al. (2010) explained that knowledge transfer will be faster in the case of cooperation. The authors articulated that country risk leads to cooperative modes of market entry due to resource protection and enhancement of flexibility. Thus, to protect resources and enhance flexibility when there is country risk one decides to go with cooperative market entry modes. Furthermore, Morschett et al. (2010) articulated that subsidies and incentives for cooperative arrangements (with local partners) and restrictive regulations in the host country against wholly owned can be expected to override entry mode choices (Brouthers, 2002). These are a few examples make clear that often two or more factors influence internationalization as a whole.

Factor models can sometimes lead to questioning results. Morschett et al (2010) noticed that there are conflicting statements about the effects of certain influential factors. For instance, while Agarwal (1994) and Hennart and Larimo (1998) claimed that socio-cultural distance enhances the propensity to enter foreign market through joint venture rather than through wholly owned subsidiary Madhok (1998) stated the opposite. In the same vein, Gatignon and Anderson (1998) suggested that firms avoid full ownership in high-risk countries while Agarwal (1994) had concluded that firms choose a high control form in response to conditions of high external uncertainty in foreign markets. Baum et al (2011) acknowledged that there are inconsistencies in the literature. The researchers issued the fact that some studies have stated that prior international new venturing has a strong impact on international new venturing (Reuber and Fischer, 1997) other studies have claimed that there is a weak impact (Kundu and Katz, 2003). This shows that systematic analysis of prior studies show divergent results.

There are many examples of divergent results in the literature. While Brouthers (2002) for instance stated that service companies are more likely to use cooperative market entry modes to enter new markets than manufacturing companies, Ekeledo and Sivakumar (2004) suggested the opposite. In order to shed light on this issue, Morschett et al. (2010) investigated possible moderating effects. This means that the researchers analyzed the influence of a possible third variable. Surprisingly, results of their research showed that the variable income level was also involved. Morschett et al. (2010) noticed that service companies seem to prefer cooperative modes of entry in high-income countries, while manufacturers prefer wholly owned subsidiaries. The researchers suggested that a possible explanation for this may be the high share of tacit knowledge that needs to be transferred for successful international operations in service markets and the high relevance of the company's reputation in the service sector (Conractor and Kundu, 1998b). Tacit knowledge is knowledge that is abstract and can be only

communicated through active involvement of the teacher (Dhanaraj et al., 2004). This shows that the analysis of supplemental factors and their interrelatedness with each other can shed light more light on factor models.

2.2.5 Different Organization Types

The investigation of determinants among different organization types can shed light on the divergent results. Baum et al. (2011) acknowledged that the body of international entrepreneurship research investigates factors that influence international new venture creation (Johnson, 2004; Keupp and Gassmann, 2009; Rialp, Rialp and Knight, 2005). The researchers however argued that current research neglects systematic investigation of determinants among different organization types. Certain research is however relevant because different determinants may hold among different organization types. This can explain the divergent results of factor models. On the occasion of this shortcoming of international entrepreneurship research, Baum et al. (2011) investigated four different typologies of international new ventures as suggested by Oviatt and McDougal (1994) differentiated on their internationalization strategies. The researchers paid attention to the typologies: Export Start-up, Geographically Focused Star-up, Multinational Trader and Global Start-up. Results of their research made clear that the determinants of international new ventures growth orientation, prior international experience, knowledge intensity, product differentiation and learning orientation are significantly different among different types of international new ventures. This means that the researchers found evidence that different determinants can hold among different organization types. These findings show that the investigation of determinants among different organization types is still underdeveloped.

In the same vein, researchers tend to neglect the investigation of internationalization processes among different organization types. Malhotra and Hinings (2010) studied the literature on internationalization processes. The researchers noticed that there is no consensus in the literature on whether the internationalization process is incremental or not. While some studies support the incremental approach to internationalization, as introduced by Johansen and Vahlne in 1977 (Coviello and McAuley, 1999; Erramilli et al. 1999; Hadjikhani, 1997; Petersen and Pedersen, 1997) other researchers suggest alternatives to incremental internationalization (Bonnaccorsi, 1992; Knight and Cavusgil, 1996; Loane and Bell, 2006; Zahra et al., 2000). Malhotra et al. (2010) acknowledged that there are different organization types and these can lead to different internationalization processes. The researchers investigated the internationalization process of the three organization typologies the mass production organization, the disaggregated production organization and the project-based organization. Malhotra and Hinings (2010) analyzed how the aforementioned organization types respond to the critical elements of the internationalization process, namely, the focus of the entry, the degree of the presence and physical presence requirements in the foreign market. Results of the study made clear that the three aforementioned organization types

respond differently to the critical elements of the internationalization process. This indicates that internationalization processes can differ among different organization types.

Discussing organization types one should note that research on the internationalization of service companies is neglected. Morschett et al. (2010) acknowledged that a large number of potential antecedents of the entry mode choice have never been tested for service companies. The researchers issued that the majority of the 72 independent studies that they investigated have solely used samples from manufacturing industries. Morschett et al. (2010) stated that studies based on service companies are exceptional. Recalling the work of Baum et al. (2010) different influential factors may hold in different organizations. In the same vein, Malhotra and Hinings (2010) showed that different organization types can have different internationalization processes. Taking this into account, one should note that the mainstream results in the literature, whether about factor that can influence internationalization or the internationalization process may not hold for service companies. Malhotra and Hinings (2010) acknowledged this issue and expressed the need for substantial efforts involving companies. Only a few studies have investigated services companies (Brouthers, 2002; Brouthers et al., 2003; Kogut and Singh, 1988; Meyer, 2001; Shan, 1991 ; Ekeledo and Sivakumar, 2004) and these studies show conflicting results (Morschett et al., 2010). Erramamilli and Rao (1993) had earlier regarded the lack of research on market entry strategies of service companies. This makes clear that further research on the internationalization of service companies is needed.

2.2.6 The Internationalization Process

Internationalization process models shed light on the underlying process behind internationalization. As articulated earlier in this thesis, internationalization evolves in stages with a certain time line that starts and ends at some point (Buckley and Casson, 2009). This means that internationalization is the result of a series of actions that starts from a certain trigger to internationalize and ends when an organization has entered a foreign market (Oviatt and McDougall, 2005; Jansson and Sandberg, 2008). There can be multiple triggers for an organization to internationalize. For instance, an organization can be triggered to enter a foreign market by the recognition of certain a foreign product market opportunity. This research wants to stress that the identification and description of the internationalization process is relevant, because this can help one understand and predict the development of the internationalization of organizations. In this way, managers can make better decisions. Decisions in the internationalization process are relevant because they often have a long-term influence on the future performance of a venture (Boeker, 1988). This explains that internationalization process models are relevant because they can help one guide internationalization in the way that is desired.

One of the most influential internationalization process models is the Uppsala model. The Uppsala model explains the characteristics of the internationalization process of the

firm (Johanson and Vahlne, 2009). According to Malhotra et al. (2010) the work of the Uppsala School has been the most influential in studying the internationalization process from international business perspective. Rialp-Criado et al. (2010) articulated that for a long time research on the internationalization process had been focused on testing the incremental behavioral based approach of the Uppsala school as introduced by Johanson and Vahlne in 1977. Researchers have acknowledged the positive impact of the Uppsala model on firm performance (Barkema et al, 1996; Delios and Beamish, 2001; Li, 1995; Luo and Peng, 1999). This indicates that the Uppsala model is valuable and that it can be used for prescription purposes, in order to internationalize in the way that is desired. When Johanson and Vahlne introduces their internationalization process model in 1977 there was only basic understanding of market complexities that might explain internationalization difficulties. Hence, the researchers revisited their model in the light of changes in business practices and theoretical advances that have been made since they introduced their model (Johanson and Vahlne, 2009). This thesis will discuss both the 1977 and 2009 version of the Uppsala model.

Researchers at the Uppsala University analyzed international business literature in the mid-1970. According to this literature, firms would choose or should choose the optimal foreign market entry mode through the analysis of their costs and risks based on market characteristics and looking at their available resources (Hood and Young, 1979). Nevertheless, empirical observations from a database of Swedish-owned subsidiaries abroad and a number of industry studies of Swedish companies in international markets indicated that Swedish firms frequently relied on ad hoc internationalization through ad hoc exporting (Johanson and Vahlne, 2009). This means that Johanson and Vahlne's empirical observations did not correspond to the international business literature of that time. Empirical observations showed that firms would rather enter a foreign market through deals with agents in the foreign market. When the sales grew, firms would replace the agents with their own sales organization. The next step of the firm would be manufacturing in the foreign market, to prevent trade barriers (Johanson and Vahlne, 2009). The researchers labeled this feature of the internationalization pattern the established chain. Another feature of the internationalize pattern which the researchers noticed was that internationalization frequently started in foreign markets that were close to the domestic markets in terms of physic distance (Johanson and Vahlne, 2009). The physic distance was defined as factors that make it difficult to understand foreign environment (Johanson and Vahlne, 1977). Companies would gradually enter foreign markets that were further away in physic distance (Johanson and Vahlne, 2009). This makes clear that Johanson and Vahlne found deviations between what extant theories in the mid-1970s prescribed and their own empirical observations of Swedish companies.

The deviations between extant theories and the empirical observations from Swedish-owned subsidiaries lead Johanson and Vahlne (1977) develop their own original Uppsala internationalization process model. The underlying assumptions of the 1977

Uppsala model are uncertainty and bounded rationality (Johanson and Vahlne, 2009). Uncertainty refers to a lack of understanding regarding the foreign market. Bounded rationality refers to the idea that in decision making the rationality of individuals is limited by the information they have. According to the Uppsala model, a larger physical distance will make it more difficult to understand the foreign market. This means that a larger physical distance leads to more uncertainty. The 1977 Uppsala model moreover has two change mechanisms. The first change mechanism is that firms change by learning from their experience of operations, current activities in foreign markets. The second change is that firms change through commitments decisions that they make, in order to strengthen their position in the foreign market. For the Johanson and Vahlne (1977) Uppsala model, see figure 1 below.

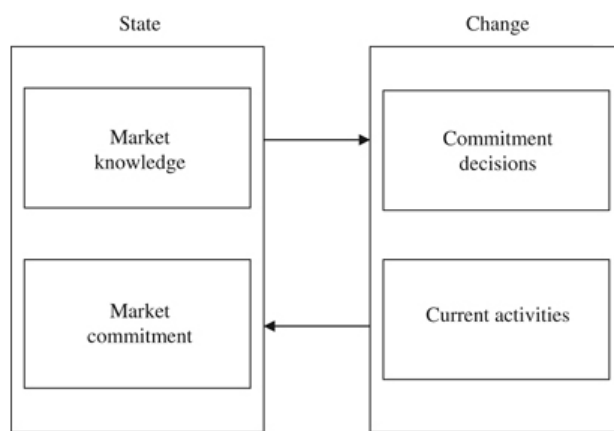


Figure 2. The basic mechanism of internationalization: state and change aspects (Johanson & Vahlne, 1977: 26).

The 1977 Uppsala model is based on the assumption that knowledge development is fundamental to a firm's internationalization. Peterson et al. (2003) issued that market-specific knowledge is the critical kind of knowledge. Several studies have supported this conclusion (Barkema et al., 1996; Erramilli, 1991; Luo and Peng, 1999). Experience builds a firm's knowledge of a market and this knowledge influences decisions on the level of commitment and the activities that grow out of them (Johanson and Vahlne, 1977). The more a firm experiences, the more it learns. This will take the level of commitment to the next level. Johanson and Vahlne (1977) defined commitment as the product of size of the investment times its degree of inflexibility. This means that a large investments does not necessarily stand for commitment while the dedication to meeting the needs of customers does. Important to this notion is that the 1977 Uppsala model does not show the form that increased commitment might take. This means that commitment may even decline or cease if international performance is poor (Johanson and Vahlne, 2009). An important notion to the Uppsala model is that it assumes that learning and building commitment take time. As a consequence, moves to more risky

market entry modes and foreign markets that are more distance in terms of psychic distance are made not so promptly (Johanson and Vahlne, 2009). This makes clear that the Uppsala model perceived the internationalization process as incremental.

As aforementioned, Johanson and Vahlne revisited their original Uppsala model. When Johanson and Vahlne (1977) introduced their Uppsala model, there was only basic understanding of market complexities. As a consequence, the researchers revisited their model in 2009 in the light of changes in the business practice and theoretical advances. Johanson and Vahlne (2009) acknowledged that a number of studies had showed the role of networks in the internationalization of firms. For instance, Coviello and Munro (1995, 1997) found that network relationships have an impact on foreign market selection as well as on the foreign market entry mode. The network relationships was however not integrated in the 1977 Uppsala model. Another feature that was missing in 1977 Uppsala model was mutual commitment between the firm and its counterparts. This is because relationships seem to develop through social exchange processes (Kelly and Thibaut, 1978). A result of the social exchange processes is the development of knowledge and building of trust, and in that order greater commitment (Anderson and Weitz, 1992; Dwyer et al., 1987; Morgan and Hunt, 1994; Johanson and Vahlne, 2009). Johanson and Vahlne (2009) expressed that it takes several years to create working relationships and that many attempts even fail. This means that firms need to invest in working relationships. Moreover, the larger the physic distance, the more difficult it will be to build new relationships. This makes clear that network relationships were central to the 2009 Uppsala model.

Although the basic structure of the 1977 Uppsala model remained the same, some slight updates were made in 2009. First, Johanson and added “recognition of opportunities” to the “knowledge” concept. This was in order to make clear that the recognition of opportunities is a relevant subset of knowledge. Of course one can recognize opportunities due to knowledge. Furthermore, theoretical advance made the researchers realize the importance of network relationships in internationalization. Johanson and Vahlne (2009) acknowledged that internationalization is pursued within a network. As a consequence, the researchers added “relationship” to the “commitment decisions” concept. In the same vein, the researchers updated the original concept “current activities” to learning, creating and trust-building. In this way the researchers wanted to be more specific about what the current activities were. As mentioned earlier in this thesis, Johanson and Vahlne (1977) stated that they perceive internationalization as a learning process. This aspect remained the same. Johanson and Vahlne (2009) moreover realized that network relationships are characterized by specific levels of knowledge, trust and commitment distributed among the involved parties. This explains why the researchers added “learning and creating trust building” to what they earlier only had referred as “current activities”. Last but not least, Johanson and Vahlne (2009) updated the concept “market commitment” network position. This update was due to the fact that the researchers had realized the importance of networks in the

internationalization of firms. Johanson and Vahlne (2009) acknowledged that the internationalization process is pursued within a network. These updates make clear how Johanson and Vahlne updated their 1977 Uppsala model in 2009.

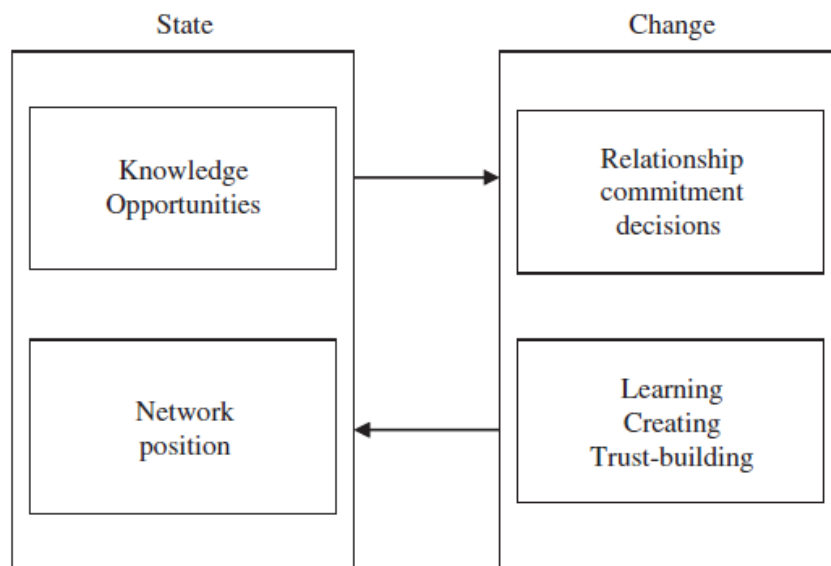


Figure 3: The business network internationalization process model (Johanson & Vahlne, 2009: 1424).

A minority of the researchers from international business studies has paid attention to the entrepreneurial component of internationalization. Jones and Coviello (2005) are one of the very few researchers who acknowledged the importance of an integrative perspective between international business and entrepreneurship literature when describing the internationalization process. The researchers articulated that although internationalization research is well developed, research specific to international entrepreneurship lacks the import of theoretical concepts from entrepreneurship literature. This means that research specific to international entrepreneurship is not balanced when it comes to the use of theoretical concepts. However, McDougal and Oviatt (1994, 2000) issued that internationalization is characterized by entrepreneurial behaviour and can be identified as an emergent field of study positioned at the intersection of international business and entrepreneurship disciplines. This means that theoretical contributions to international entrepreneurship should balance international business and entrepreneurship. To move international entrepreneurship literature forward, Jones and Coviello (2005) imported concepts from entrepreneurship and developed three internationalization process models. These models evolve from a simple through a general to one related to the international new venture. Hereby, Jones and Coviello (2005) took into account the work of Weick (1999) who stated argued that

it is almost impossible to develop a model that is simple, general and precise at the same time. Hence, the researchers developed three different internationalization process models.

The simple model of the internationalization process is based on the entrepreneurial process. Jones and Coviello (2005) issued the similarities between internationalization and entrepreneurship. The researchers expressed that both internationalization and entrepreneurship can be described as a process of innovation. Internationalization can be described as a process of innovation, because it entails the entry to a new country market (Andersen, 1993; Casson, 2000). In the same vein, researchers have admitted that innovation is also central to entrepreneurship (Oviatt and McDougal, 1994; Knight and Cavusgil, 2004). This is supported by the work of (Miller, 1983) who explained that entrepreneurial behaviour can be recognized by the engagement of product-market innovation. Due to this, but also in order to explain the entrepreneurial behaviour behind internationalization, Jones and Coviello (2005) based their simple model of the internationalization process on the simple model of the entrepreneurial process as developed by Brazeal and Herbert (1999). The simple model of the entrepreneurial process integrates distinct concepts from entrepreneurship literature (innovation, change and creativity) and describes how they result in entrepreneurial events (Jones and Coviello, 2005). For the simple model of the entrepreneurial process, see figure 3.

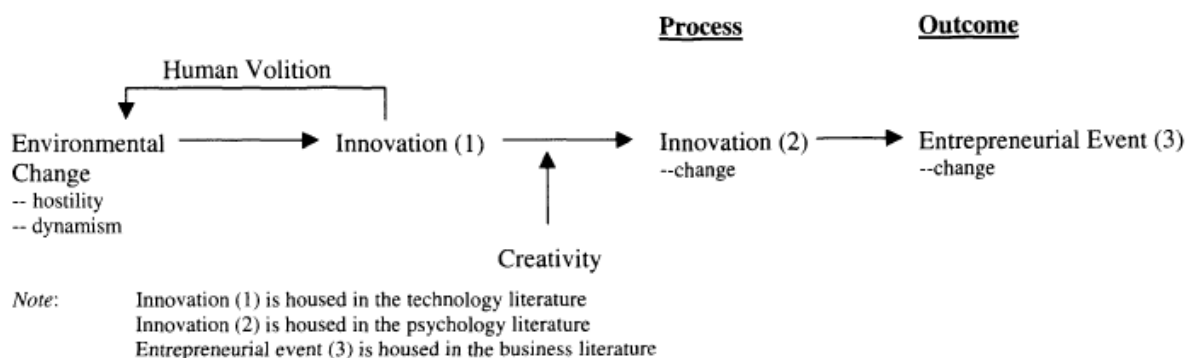


Figure 4: The simple model of the entrepreneurial process (Brazeal and Herbert, 1999)

According to the simple model of the entrepreneurial process, environmental change triggers innovation. Jones and Coviello (2005) articulated that environmental change can be both internal and external to the firm. In the simple model of the entrepreneurial process, environmental change triggers a cyclical process of response from human volition that results in innovation (innovation 1). This is defined as the successful implementation of creative ideas, which is an outcome of an innovative process (innovation 2). Jones and

Coviello (2005) articulated that the entrepreneurial event refers to the separation of the innovation from its predecessor and its separate exploitation (Brazeal and Herbert, 1999). Important to the simple model of the entrepreneurial process is that it represents entrepreneurship as proactive behaviour with the aim to create value. This makes clear that the simple model of the entrepreneurial process is based on an innovation process which is triggered by environmental change and human response.

The simple model of the internationalization process is based on the simple model of the entrepreneurial process. Jones and Coviello (2005) used the Brazeal and Herbert (1999) simple model of the entrepreneurship process as a base to develop a simple model of the internationalization process. In this model of the internationalization process, an internal or external environmental change leads to the adoption of a foreign market entry mode in a selected country (Jones and Coviello, 2005). This phenomenon reflects innovation (Andersen, 1993; Knight and Cavusgil, 2004). Jones and Coviello (2005) articulated that from the outcome innovation, a cyclical innovation process involving experiential knowledge and organizational learning occurs. The researchers expressed that further change can lead to the adoption of a more risky and committed foreign market entry mode in psychologically more distance countries. Jones and Coviello (2005) regarded that similar to the Brazeal and Herbert's (1999) definition of the entrepreneurial event, internationalization events occur when they are exploited and separated from their predecessors. This makes clear that the simple model of the internationalization process is triggered by environmental change which leads to innovation in terms of market entry mode choice and market selection. The simple model of the internationalization process is illustrated in figure 4.

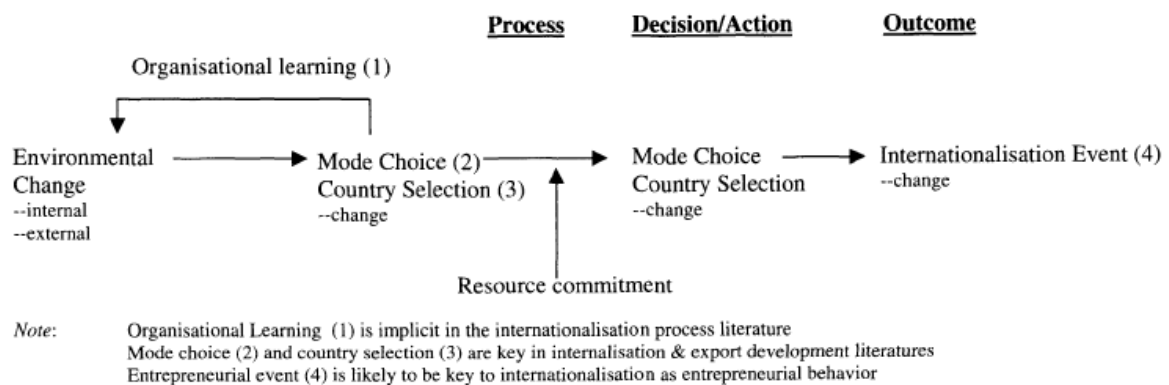


Figure 5: The simple model of the internationalization process

The general model of the internationalization process also involved the concept of time. Jones and Coviello (2005) regarded the work of Ofori-Dankwa and Julian (2001) who suggested that there are two dimensions to a phenomenon that may serve as building blocks between levels of conceptual abstraction. These dimensions are 'concept depth' and 'concept width'. Following Ofori-Dankwa and Julian (2001) Jones and Coviello (2005) discussed that the primary dimension of entrepreneurial internationalization are time, which is against which the internationalization process can be described and behaviour. This dimension can be seen as concept width (Ofori-Dankwa and Julian (2001). The second primary dimension is behaviour, which is an accumulation of actions or events in relation to time. This dimension can be perceived as concept depth (Ofori-Dankwa and Julian, 2000). Jones and Coviello (2005) integrated the aforementioned two primary dimensions with the core concepts as presented in the simple model of the internationalization and took their internationalization process model development to the next level. This shows that the integration of the concept of time in relation to which events occur can build on internationalization process models.

As a result of the conceptual integration, six basic components of the general model of the internationalization process emerged. These six basic components of the general model of the internationalization process are perceived as value-added events. Jones and Coviello (2005) articulated that the six basic components of the general model of the internationalization process manifest as value-added events who manifest as 1) internationalization behaviour influenced by 2) the entrepreneur and 3) the firm as moderated by 4) the external environment. The second primary dimension of the entrepreneurial internationalization process, the behavioural process is characterised by innovation and change (Jones and Coviello, 2005) and consists of actions and decisions that determine the international development and 5) performance of the firm. The entrepreneurial internationalization process is perceived as fluid and iterative due to learning from behaviour and performance. Jones and Coviello (2005) emphasized that the entrepreneurial internationalization occurs and is characterized by the aspect of 6) time. The researchers issued that the general model of the internationalization process can refer to the internationalization process of any type of firm and under any circumstances. The dimension of time is illustrated in two sub-dimensions. The first sub-dimension is the chronological time shown as a continuous horizontal time-line. The second sub-dimension of time is reference time, which is indicated as points on the time-line at which events associated with the firm's internationalization occur. The distance between time points represent the duration of any activity or process. This makes clear that the general model of the entrepreneurial internationalization process positioned potential factors that could influence internationalization against time and behaviour. For the general model of the internationalization process see figure 5.

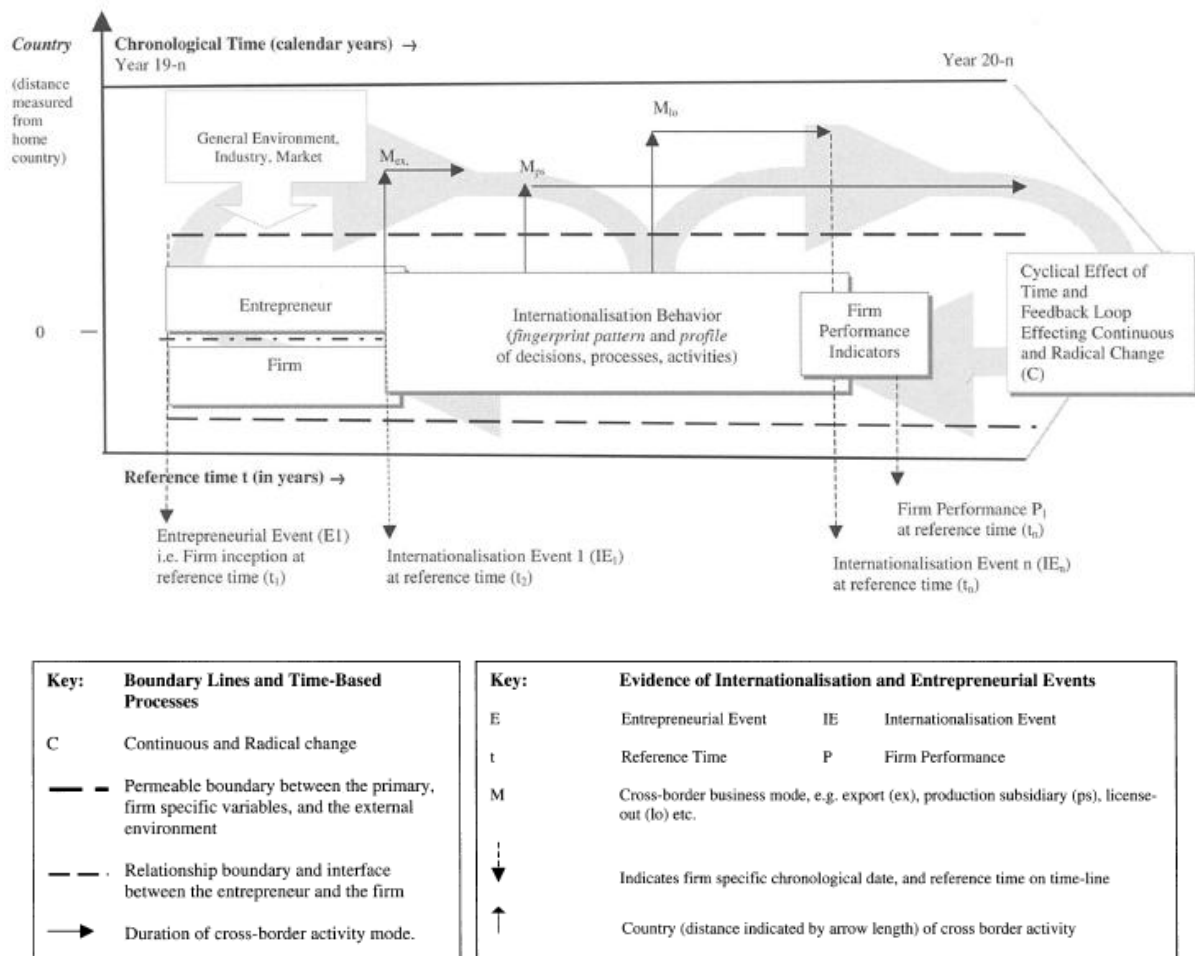


Figure 6: The general model of the entrepreneurial internationalization process.

Although the general model of the internationalization process could refer to any type of firm, the precise model of the internationalization process acknowledged that different internationalization processes among different firms. Jones and Coviello (2005) issued that firms may be grouped and compared in relation to their internationalization behaviour. This means that internationalization behaviours can differ among firms. In developing their example of an international new venture internationalization process model, the researchers selected as set of constructs from their general model of the internationalization process and involved the firm type: the international new venture. Hereby the researchers analyzed the market entry mode choice and country selection in relation to time. Jones and Coviello (2005) relied on the work of Cooper et al. (2000) and Chrisman et al. (1999) who had explained that, in the international new venture, the entrepreneur influences the firm's structure, which in that order will shape the

internationalization behaviour and ultimately performance. Hence, in the context of this example, the researchers articulated that the entrepreneur's levels of innovativeness and risk tolerance will influence her or her firm's organizational structure. This means that the characteristics of the entrepreneur will influence the firm's level or organicity (Jones and Coviello, 2005). In turn, the extent to which a firm is organic will influence the firm's internationalization behaviour (Jones and Coviello, 2005). In addition, differences in internationalization behaviour would influence performance in terms of market success and the assimilation of new knowledge into the organization, organizational learning. This example makes clear that the internationalization behaviour of a firm is influenced by a cluster of factors in relation to each other, including firm type.

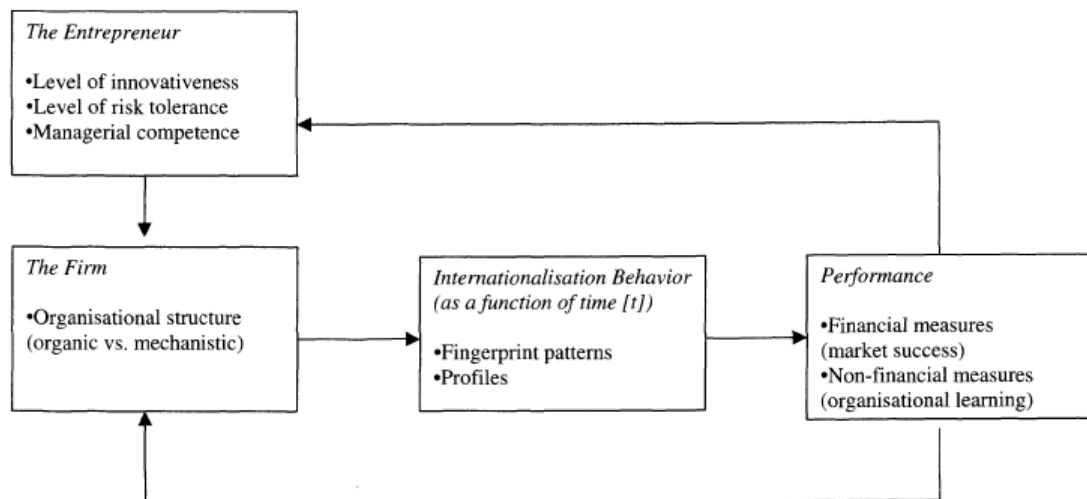


Figure 7: The international new venture internationalization process

2.3: Research Gaps

Although academic research on internationalization has advanced greatly, it may be said that there are also gaps in the literature. The objective of this chapter is to elaborate on the gaps in the literature on internationalization. Some these gaps are derived from the lacks in the field of international entrepreneurship research. Keupp and Gassmann (2009) investigated the literature in the field of international entrepreneurship over 14 years. For an extensive overview of their analysis of lacks in the field of international entrepreneurship literature, this research refers to Keupp and Gassmann (2009). The difference between the work of Keupp and Gassmann (2009) and this research is that this research has also investigated internationalization gaps the field of international business literature.

2.3.1 Evolvment of the Internationalization Process

The first gap in the literature is that the evolvment of the internationalization process is appears to be underdeveloped. Internationalization process models have made clear that there is a dynamic process underlying internationalization which evolves in stages, as a series of actions in relation to a time line (Jones and Coviello, 2005; Mathews & Zandler, 2007; Buckley and Casson, 2009). Nevertheless, systematic literature reviews make clear that the literature is still underdeveloped when it comes to the description of the stages of the internationalization process and their evolvment over time. Keupp and Gassmann (2009) issued that especially the early stages of the internationalization process and their evolvment over time is still underdeveloped. Even one of the most influential internationalization process models from international business literature, the Uppsala model of Johanson and Vahlne (1977, 2009) has not described the early stages of the internationalization process. Although the Uppsala model states that the process behind internationalization process is incremental it does not show how this it evolves in relation to a time line.

This gap in the literature on the evolvment of the internationalization process is aggravated by multiple conflicting predictions. Systematic literature reviews have made clear that there is no consensus in the literature on whether the internationalization process is incremental or not incremental (Malhotra and Hinings, 2010). While some studies have argued that the internationalization process is incremental (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 2009; Walters, 1987) others have claimed the opposite (Bonnaccorsi, 1992; Knight and Cavusgil, 1996; Loane and Bell, 2006; Luostarinen and Welch, 1990; Oviatt and McDougall, 1994; Turnbull, 1987; Zahra et al., 2000). Moreover, there seem to be conflicting states of knowledge between international business theory at one hand and entrepreneurship theory at the other hand. While international business theory (Johanson and Vahlne, 2009) issues a linear, ordered and sequential nature of the internationalization process, entrepreneurship

theory argues a dynamic and often chaotic process (Keupp and Gassmann, 2009; Liesch and Knight, 1999; McDougal and Oviatt, 1994; Sapienza et al., 2006). This makes clear that there is no consensus in the literature on whether the internationalization process evolves incremental or not.

2.3.2 Interrelatedness of Factors

The second gap in the literature is that models tend to neglect the interrelatedness of multidimensional factors that can influence internationalization. Factor models have made clear that internationalization can be influenced by factors from multiple dimensions. Morschett et al. (2010) for instance articulated that internationalization can be influenced by host-country-specific, home-country specific, company-specific and venture specific variables. In a similar vein, researchers have noticed that that factors can influence internationalization in very different ways, based on their nature (Oviatt and McDougal, 2005). For instance, while computers enable can increase the speed of internationalization by enabling faster communication, competitors can encourage an organization to be faster. Researchers have acknowledged that factors are also often related to each other in the sense that two or more factors influence internationalization as a whole (Morschett et al., 2010). This means that internationalization is influenced by a cluster of multidimensional factors which are often related to each other. This research wants to emphasize that studies which do not pay enough attention to this feature of internationalization can lead to divergent results, because in this way they investigate only a part of the picture.

Systematic literature reviews show that studies tend to neglect the interrelatedness of factors in the course of the internationalization process. This makes it not so surprising that there are several conflicting states of knowledge and predictions regarding relevant aspects of internationalization. For instance, there is no consensus on why some firms can internationalize early and rapidly and others cannot (Keupp and Gassmann, 2009). The analysis of supplemental factors and their interrelatedness can shed more light on many questioning results. For instance, while Broughters (2002) articulated that service companies are more likely to use cooperative market entry modes to enter new markets than manufacturing companies, Ekeledo and Slvakumar (2004) suggested the opposite. Nevertheless, when Morschett et al. (2010) investigated the interrelatedness of a third influencing factor they came to realize that a third variable, income level, could explain the questioning results. The researchers found evidence that service companies prefer cooperative modes of entry in high-income countries, while manufacturers prefer wholly owned subsidiaries. Still, the mainstream researchers tend to limit their research simplistic models by analyzing only one or two factors and neglect to investigate the interrelatedness of multiple factors.

2.3.3 Different Organizations Types

It may be said that the third gap in the literature there is not so much attention paid to internationalization among different organization types. Baum et al. (2011) argued that although the mainstream researchers appear to investigate factors that influence internationalization, these researchers neglect to pay attention to different organization types. The researchers found evidence that determinants of international new venturing is significantly different among different organization types. Results of their research showed that growth orientation, prior international experience, knowledge intensity, product differentiation and learning orientation are significantly different between the organization types export start-up, geographically focused start-up, multinational trader and global start-up. Although Jones and Coviello (2005) acknowledged that there are differences between firms and that these differences could lead to different internationalization processes the researchers did not investigate internationalization processes among different organizations. Jones and Coviello's (2005) general model can relate to any organization type more specific model of the internationalization process is solely related to the international new venture. Neither has the incremental Uppsala model (Johanson and Vahlne (1977, 2009) investigated the internationalization process among different organization types. Malhotra and Hinings (2010) issued that there is no consensus in the literature on whether the internationalization process is incremental or not and acknowledged that these inconsistencies can be due to differences among organization types. This means that although researchers appear have acknowledged differences among different organization types and its possible influence on internationalization they have not paid much attention to this.

Likewise, this research has noticed that the mainstream researchers tend to focus on the internationalization of small and young firms. Keupp and Gassmann (2009) found evidence that almost all of the 179 articles they studied on internationalization have only analyzed small and young firms. This research argues that it does not make sense to restrict internationalization research to firm size and firm age. This is because neither the mainstream international business theories nor conceptual foundations of entrepreneurship literature depend on firm size and firm age.

2.3.4 Integrative Theoretical Framework Between IB and Entrepreneurship

The fourth gap in the literature is that the mainstream contributions miss integrated theoretical frameworks between international business and entrepreneurship literature. Jones and Coviello (2005) acknowledged that entrepreneurship theories can help build on internationalization theories, which is due to the fact that internationalization has entrepreneurial characteristics. This has even led researchers introduce the research field international entrepreneurship, with its original intention to intersect between international business and entrepreneurship literature. Researchers have argued that internationalization cannot be explained by international business or entrepreneurship literature in isolation (Mathews and Zander, 2007). At one hand, international business

literature cannot explain the entrepreneurial characteristic since the elements of internationalization are not singly specific to internationalization alone. At the other hand, entrepreneurship literature is limited to firm-level operationalization and the national context. Meliá et al. (2010) articulated that internationalization is a complex process, due which it cannot be understood from a solely theoretical perspective. The researchers have acknowledged that a holistic approach with elements from different theoretical backgrounds integrated together will help deal with this issue.

Yet attempts to guide the literature towards an integrative perspective have not been successful. Systematic literature reviews show that the mainstream contributions have not integrated international business and entrepreneurship theories (Keupp and Gassmann, 2009). Besides, Keupp and Gassmann (2009) argued that most international entrepreneurship contributions have not used theoretical frameworks at all, neither international business nor entrepreneurship theories. The researchers issued that these studies have legitimized their work in the field of international entrepreneurship because their samples are composed of international new ventures. Keupp and Gassmann (2009) acknowledged that from the studies that have applied theoretical frameworks, the majority has used frameworks from international business literature. This research argues that such disintegrative efforts cannot provide a complete picture on internationalization, because internationalization involves international business and entrepreneurship characteristics. One of the most dominant internationalization process model, the Uppsala model by Johanson and Vahlne (1977, 2009) articulates that the internationalization process evolves in stages. Nevertheless, the Uppsala model does not describe the early stages of the internationalization process where the entrepreneurial characteristics come to the fore (Keupp and Gassmann, 2009). This makes clear why researchers should move towards an integrative perspective of internationalization research.

In sum, there are four gaps in the literature on internationalization. The first gap is that the literature is underdeveloped when it comes to the evolvement of the underlying process behind internationalization (Keupp and Gassmann, 2009). Although researchers have acknowledged that internationalization evolves in stages and as a series of actions in relation to a time line (Jones and Coviello, 2005; Matthews and Zandler, 2007; Jansson and Sandberg, 2008; Buckley and Casson, 2009) they tend to neglect to describe how these stages are and how they evolve over time. The lack of insight on the evolvement of the internationalization is aggravated by conflicting predictions on whether the process behind internationalization evolves incremental or not (Malhotra and Hinings, 2010).

The second gap is that the literature is underdeveloped on the interrelatedness of multidimensional factors that can influence internationalization as a whole. Researchers have made clear that internationalization is influenced by factors that can from multiple dimensions (Morschett et al., 2010) and which can influence internationalization in very different ways (Oviatt and McDougal, 2005). Important to this notion is that hereby two

or more factors are often related to each other and influence internationalization as a whole (Morschett et al., 2010). Nevertheless, researchers tend to neglect this feature of internationalization and limit their research to the analysis of one or two factors, which is only a part of the picture. This has led to several conflicting states of knowledge and predictions.

The third gap is that internationalization patterns among different organization types are not enough investigated. Researchers have acknowledged that organizations can differ from each other and moreover that these differences can lead to different internationalization patterns (Jones and Coviello, 2005; Baum et al., 2011). Likewise, researchers have issued that the differences among organization types could possibly shed light on why at one hand some internationalization process models state that the internationalization process is incremental and others argue the opposite (Malhotra and Hinings, 2010). Yet, although researchers have acknowledged the differences among organization and their possible consequence on internationalization patterns, they tend to focus on the investigation influential factors among firms without paying attention to differences among different organization types.

The fourth gap is that the mainstream contributions miss integrated theoretical framework between international business literature and entrepreneurship literature. Researchers have explained that neither international business nor entrepreneurship literature can explain internationalization in isolation (Mathews and Zandler, 2007). Yet, systematic literature reviews have made clear that the mainstream internationalization contributions have not integrated international business and entrepreneurship theories (Keupp and Gassmann, 2009). This research argues that the integration of theoretical frameworks is critical for the development of internationalization theories.

3. THEORETICAL FRAMWORK

This chapter will present the theoretical framework of this research. The objective of the theoretical framework is to build on the research gaps, as discussed in the previous chapter. First, the concepts that provide the base for the theoretical framework will be explicated. In that order, a model for empirical research will be suggested. This research will rely on two approaches to for its theoretical framework. The first approach is the configuration approach to organizational analysis and the second is the use of typology of organizations.

3.2.1 The Configuration Approach To Organizational Analysis

Researchers have proposed several models for the identification of factors that influence organizational performance. Harms et al. (2009) acknowledged that factor models can be differentiated due to the nature of the connections that are assumed to exist between the factors of influence and performance. The most basic models to organization analysis follow the universal effect approach. The universal effect approach analyzes independent effects of the success factors on performance. The more elaborated models to organizational analysis follow the contingency approach. The contingency approach acknowledges that the strength and direction of the relationship between one factor and performance can be influenced by another factor. This means that the strength and director of between one an independent and dependent variable can very under different circumstances. In this stream, there is not just one 'best way' of managing but one best way of managing in each context (Harms et al, 2009). The more detailed models to organization analysis follow the configuration approach. The configuration approach to organizational analysis pays attention to a cluster of multidimensional factors that can influence performance as a whole. This shows that there are different perspectives to organizational analysis.

The configuration approach to organizational analysis can be a theoretical framework for organizational analysis. The configuration approach (Miller and Friesen, 1977; Doty et al, 1993; Doty and Glick, 1994; Harms et al, 2009) is based on the idea that conceptual domains of an organization cannot be understood in isolation, but must be analyzed as a whole. This is because the analysis of one or even two factors is only a part of the total picture and due to that can lead to inconsistent results. As an example, Donaldson (1987) analyzed the speed in which young and old firms grow. Results showed that young firms and firms that cover a market completely instead of a niche are more likely to grow rapidly than older firms that focus on niche markets. Harms et al. (2009) questioned what would happen if all young firms would try to cover their markets completely. While some researchers have indicted a growth due to an aggressive and broad market entry (Biggadike, 1976) others have stated a negative relationship due to firm newness and firm size (Aldrich and Auster, 1986). This makes clear that the configuration approach enables a more detailed view to organizational analysis.

The configuration approach to organizational analysis pays attention to configurations. According to Rasheed (1993) a configuration is a molded cluster of relationships among elements or items that represent multiple domains. Domains can be related to person, structure, strategy and environment (Harms et al., 2009). Harms et al. (2009) articulated that each domain contains variables, also factors, that are contextually related to that domain. Configurations are specific patterns of the variables that make up the domains (Harms et al., 2009) with elements that are not always linked to each other in a linear way (Reeves et al., 2003). The analysis of the interaction between one or two domains just provides a part of the whole picture. The analysis of more than two domains enables a more detailed picture. This brings us to the advantages of the configuration approach.

3.2.2 Advantages of the Configuration Approach

The configuration approach to organizational analysis has several advantages over more simplistic models. First of all, the configuration approach alerts researchers to the analysis of the interrelatedness between three or more multidimensional influential factors that are related to organizational performance. Researchers have acknowledged that simplistic models to organizational analysis can lead to inconsistent results, because they are limited to the analysis of one or two factors (Harms et al., 2009; Morschett et al., 2010). This means that only a part of the total picture is being analyzed. Second, the holistic perspective of the configuration approach enables researchers to integrate multiple theoretical approaches together (Low, 2001). In this way researchers can develop theories which can in turn can lead to new insights. Last but not least, the configuration approach acknowledges differences among different organization types. Important to this notion is that there are a limited number of organization types that can be equally successful (Harms et al., 2009). High tech start-ups in the IT sector for example might be very different from a newly founded coffee shop and strategies that are developed for high-tech ventures might even have a negative performance effect when applied to ventures that were founded to simply provide income for the founder (Harms et al., 2009). This makes clear that the configuration approach to organizational analysis can help provide a more detailed insight to organizational analysis.

3.2.3 The Configuration Approach in the Context of International New Ventures

The configuration approach does not only have advantages for organizational analysis in general. Harms et al. (2009) discussed the application of the configuration approach in the context of new ventures. The researchers explained that the configuration approach can be a very promising approach in the entrepreneurship literature in particular. Sarasvathy (2004) acknowledged that the analysis of new venture performance and change is a relevant topic in entrepreneurship research. In this respect, universal effects or contingency approaches can lead to questionable results (Harms et al., 2009) such as

inconsistent results (Morschett et al., 2010). This is because universal effects or contingency approaches tend to analyze a limited part of the total picture and neglect the analysis of interdependencies between multidimensional domains. Still, the majority of entrepreneurship research opts to follow universal effects or contingency approaches to organizational analysis (Bouckennooghe et al., 2004). Sarasvathy (2004) issued that entrepreneurship research of is often limited to the analysis of the inner environment (person, firm) or the outer environment (industry) separated. Harms et al. (2009) imprinted that in this way one is completely ignoring what is really interested about entrepreneurship research, the interface between the inner and outer environment. The interface, which is the area where the inner and outer environment meet and influence each other, is however the focus and strength of the configuration approach (Dess et al., 1993; Harms et al., 2009). This imprints that the configuration approach can move entrepreneurship research forward.

Having explained that entrepreneurship and internationalization are paralleled in the second chapter of this thesis, this research argues that the configuration approach can be a promising approach for internationalization research as well. In this vein, this research argues that analysis of new venture performance and change is a relevant topic in internationalization research as well. In this respect, universal effects or contingency approaches appear to lead to questionable results (Harms et al., 2009) because they only analyze a part of the picture. Recalling major gaps in the literature there are inconsistent results on factors that influence internationalization (Morschett et al., 2010). Moreover, the evolvement of the internationalization process remains underdeveloped (Keupp and Gassmann, 2009). For instance, simplistic models do not consider dynamic aspects related to new venture performance development (Harms et al., 2009). The analysis of the connection between person, structure, strategy and environment can not only shed more light on inconsistent result, but also analyze change over time. Recognizing the advantages of the configuration approach in contrast to the simplistic models, the configuration approach appears to be a fruitful approach in the context of international new ventures as well.

3.2.4 Assumptions of the Configurations Approach

The first assumption of the configuration approach is the concept of equifinality. The concept of equifinality means that there can be a limited number of firm types that can be distinguished and equally successful (Harms et al., 2009). Important to this notion is that the firms must be different from one another, and that there must be more than one way to achieve performance (Harms et al., 2009). There are several ways to distinguish firms. Firms could be for instance distinguished due to the differences among their structures and strategies, but still can be equally effective (Wolf, 2000). Another way to distinguish firms is among the degree of conflict between the functional demands a firm is facing and the available options to deal with them (Gresov and Drazin, 1997). Each case of high/low conflict and latitude of available options can represent a different type

of firm (Harms et al., 2009). This shows that different firm types can be distinguished.

The second assumption of the configuration approach is the concept of fit. Harms et al. (2009) explained that the concept of fit means that organizational performance results from the alignment of multiple domains that are related to the firm (internal fit) and the environment (integrated firm). This means that the internal factors of the firm should be aligned with one another and with factors from the external environment. Important to this notion is that, according to the configuration approach, the concept of fit results from the interaction of three or more domains. Harms et al. (2009) articulated that an organizational fit can be defined as the degree of consistency between multiple domains (Nadler and Tushman, 1979). As an example, the researchers issued that flat hierarchies, a permissive culture, a performance based reward system and a strong orientation towards growth mutually reinforce each other and lead to entrepreneur firm behavior (Stevenson and Jarillo, 1990) which would, especially under hostile (Covin and Slevin, 1989) and turbulent (Naman and Slevin, 1993) environmental conditions, increase firm performance (Harms et al., 2009). This explains that that the fit of multiple domains is central to the configuration approach.

The third assumption of the configuration approach is the concept of reductive mechanism. The concept of reductive mechanism means that there are a number of economic, institutional and technical forces that reduce the quantity of conceivable organization forms and strategy options to a small number of existing configurations (Wold, 2000). This indicates that that the concept of equifinality, which means that there are a limited number of firm types that can be equally successful, should not be confused with arbitrariness. Reductive mechanisms limit the number of organization forms that can be successful. As explained in the concept of fit, the interaction of three or more domains results to organizational performance results. Partial changes in one domain, could lead to a poor fit with other domains. This is because the degree of consistency between multiple domains may get disturbed. The organization structure and strategies can be for instance influenced by coercive legal pressures. Some tobacco advertising are prohibited by law. This makes clear that forces reduce the number of firm types that can be successful.

The fourth assumption of the configuration approach is the concept of configuration changes. The concept of configuration changes means that configurations are dynamic and can change in a process that can be described as punctuated equilibrium (Miller, 1982). Important to this notion is that, according to the configuration approach, organizations do not change incrementally but in 'quantum jumps' (Harms et al., 2009). The configuration changes are a fundamental transformation of the whole configuration, which take place in small amount of time and do not happen often (Miller et al., 1984; Harms et al., 2009). Harms et al. (2009) expressed that the idea of fundamental changes are important for creating taxonomies, because firms in a transformation period can show blurred variable patterns. The change of one element of the configuration may

lead to a poor fit. In case of poor fit between configurational dimensions firms can adapt to fit again. Harms et al. (2009) highlighted that when the costs of an improper fit with the environment becomes larger than the costs of changing the organization, a fundamental change will take place. Nicholls-Nixon et al. (2000) articulated that in case of a poor fit, organizations may try to adapt in the less cost areas, that is the 'periphery' (Harms et al., 2009) and adapt in the core features in case of more costly performance issues. This explains that change is a central aspect of the configuration approach.

3.2.5. The application of the Configuration Approach

The configuration approach can be applied in stages. The first stage of the application of the configuration approach is the identification of configurations based on selected domains. This first stage is derived from the work of Mugler (1998) who described three stages one can follow to apply the configuration approach. As an example of the first stage Harms et al. (2009) regarded the work of Heirmann and Clarysse (2004) identified four types of research-based start-ups based on different configurations of technological, financial, and human resources (Harms et al. 2009). While VC-backed start-ups appeared to have considerable financial and human resources and early-stage technology, product start-ups were characterized by experienced founders and late-stage technology. To identify configurations, one need to capture and distinguish characteristics of firms. Miller (1983) explained that in different firms also a different group of variables exist that influence each other and impact firm performance. Ketchen et al. (1993) acknowledged that the guidance by theory can increase the chance to find and describe configurations. This shows that the distinction of firm types is central to the identification of configurations.

In the second stage, researchers can analyze performance implications of configurations. For instance, Unger and Frese (2005) analyzed psychological actions strategies (Frese and de Kruif, 2000) by capturing its components. One component of psychological action strategies is the approach to planning (Harms et al., 2009). Firms could either employ comprehensive planning or critical planning (Harms et al., 2009). Firms that employed critical planning appeared to have fewer financial and social resources than firms that employed a comprehensive planning approach (Unger and Frese, 2005). Both firms may be equally successful on a friendly environment. This indicates that configurational domains and variables within them have different importance in different types of firm. Harms et al. (2009) expressed that it is relevant to study a configurational domain not only in isolation, but in relation to other domains. For example. the configurational domain leadership will apply more to organizations that are small and high centralized (Miller, 1987). This is supported by Locke and Smith (2001) who argued that traits within a configurational dimension do not work in isolation from other factors. These examples show how one can analyze performance implications of configurations.

In the third stage, researchers can analyze the evolvement of a limited number of firm types from one configuration to another over time. Harms et al. (2009) acknowledged that the studies in the third stage are both empirically and theoretically very demanding and that the literature reveals no examples of configuration research in third stage so far. This research wants to emphasize that although there might be studies that track the development of firm types over time, but these studies do not constitute comprehensive configurations (Hanks et al., 1993; Ferreira, 2000; McMahon, 2001). For instance, Malhotra and Hinings (2010) are one of the very few researchers who paid attention to internationalization processes among different organization types. The researchers found evidence that different organization types react differently to critical elements of the internationalization process. Yet, the researchers did not analyze configurations. This shows that the analysis of comprehensive new venture configurations and their evolvement over time is underdeveloped.

3.2.6 Organization Types

The configuration approach is the basis for the theoretical framework of this research. This choice is justified by the advantages of the configuration related to the gaps in the existing literature, as elaborated in the first section of this chapter. In order to apply the configuration approach, organizational configurations need to be identified first. This means that different organization types need to be distinguished from each other, based on their characteristics. To draw a typology of organizations, this research primarily follows the work of Miller (1983). The work of Miller (1983) is chosen because it dealt with multiple classes of variables from the dimensions environment, strategy and structure. Likewise, Miller (1983) issued the chief determinants of entrepreneurship, which they described as the process by which organizations renew themselves and their markets by pioneering, innovation and risk taking. Recalling the gaps in the literature, this enables us to investigate the interrelatedness of multidimensional factors, among different organization types and last but not least integrate entrepreneurship literature with international business literature. Miller (1983) acknowledged that the manner and extent to which factors influence entrepreneurship depends upon the nature of the organization. The researchers issued that conflicting predictions on the determinants of entrepreneurship are due to the failure to distinguish organization types in examining the correlates of entrepreneurship. Based upon the work of a number of authors, the researchers derived three crude typologies of firms. These typologies are the simple firm, the planning firm and the organic firm.

Type One. The simple firm: The leadership Imperative

The first organization type is the simple firm. The simple firm is typically a small firm that operates on homogeneous environments and is generally run by an owner manager (Miller, 1983). The owner manager, who is the leader of the simple firm, has a very internal locus of control. This means that the leader believes events are subject to his or her own control and influence. Due to this, the internal leader is very active in

undertaking entrepreneurial projects. Also, the power to make decisions is highly centralized. This means that the power to make decisions is in the hands of the leader. According to Miller (1983) such centralization is often practical since the simple firm does not have so much variety in its character. Moreover, if power was divided among several partners it would only paralyze actions in situations with conflicting views. The more powerful the leader, the more entrepreneurship will be enabled (Miller, 1983). In addition, the leader functions as the brain of the simple firm. Since the leader has a central role in the simple firm, his or her knowledge about the environment (emerging markets, products and technologies) determines entrepreneurship. Results of the study of Miller (1983) showed that communications of the leader with scientists, engineers or marketing experts is a key source to innovative ideas and makes them more likely to engage in entrepreneurial activity.

The researchers moreover issued that in the simple firm, entrepreneurship is strongly tied with the leader's personality, power and information, making other factors such as the environment, organization structure and strategy do not seem to matter. The simple firm furthermore can be recognized by its simple organization structure. The simple firm has minimal to no planning or control personnel. Also, there are only few support staffers with minimal differentiation among units. Furthermore, strategy making in the simple firm has an intuitive character rather than its analytical. This means that strategy making is conducted by top administrators who have a 'feel' for business rather than by staff planners or technocrats. Likewise, there is little planning with short time horizons in the simple firm. Also, organization strategies are not elaborated but rather reside as the implicit and vague vision of the leaders. This shows that the leader is the driving force behind the simple firm and mainly determines entrepreneurship.

Type Two. The planning firm: The Strategic Imperative

The second organization type is the planning firm. The planning firm is typically a bigger firm with the goal of being smooth, efficient and regular operation (Miller, 1983). This goal is enabled by the structure of the organizations, namely by the use of control and planning systems, structural integration devices such as committees, a low moderate level of interdepartmental differentiation and a powerful central group of managers and technocrats who dominate decision making (Miller, 1983). According to Miller (1983) the planning firm typically operates on stable and predictable environments. The simple firm typically has a plenty of slack resources, which are resources in excess of what is required (Cyert and March, 1963). Miller (1983) also emphasized that entrepreneurship in the planning firm is a function of the strategy. In the planning firm, the explicitness and integration of product-market strategies determines entrepreneurship. In this way executives are reminded of the broader objectives of the planning firm and think more of product-market renewal and incorporate entrepreneurial activity in an orderly way (Miller, 1983). This makes clear that structure and strategy are the driving force behind the planning firm and determine entrepreneurship.

Furthermore, strategy making power is highly centralized. Due to this, the personality of the leader plays a relevant role in determining entrepreneurship. Whether the leader of the planning firm has an internal or external locus of control however does not play a big role like in the simple firm. Miller (1983) remarked that this is probably because more individuals besides the leader reside in the planning firm who are involved in strategy making. In the planning firm, the environment does not serve as a stimulus to entrepreneurship (Miller, 1983). This is because the planning firm buffers itself from the environment. The characteristics of the planning firm such as controls and plans also make the planning firm not enough flexible to react to unpredictable environmental pressures. This makes clear that the leader and the environment play a less relevant role within the planning firm.

3.2.7 Variable Selection

As aforementioned, configurational consist of a group of variables that influence each other and impact organizational performance. In the practice, it is common that large number of independent variables influence organizations. Nevertheless, considerable attention can only be given a subset of variables. Hence, a number of variables needed to be selected to keep this research tractable. The variables in this research are selected in two stages. First, a number of variables were selected on the basis of their relatedness to each of the configurational domains 'person', 'structure', 'strategy', and 'environment' (Harms et al., 2009). These variables were selected to identify the configurational domains. In that order, this research investigated which of the selected variables in consideration were the most significant in relation to performance. This means that a second selection is made based on the significance of the variables in the course of international new venture creation. Hereby, variables that were irrelevant in the context of this research were eliminated. In this way this research has restricted the data to 26 independent and one dependent variables, performance. The *italicized* terms are the names of the selected independent variables.

Person. Since the persons are the driving force behind every organization their profile will be a key determinant to organizational performance. Jones and Coviello's simple model of the internationalization process showed that the person, the entrepreneur can influence the firm structure and in that order performance. Hence, this research paid attention to the profile of the person within the organization in terms of their *education level, spoken languages, work experience, internationalization experience and market specific knowledge*. Education, spoken languages and work experience can lead to knowledge, which is acknowledged as a key to international competitive advantage (Autio et al. 2000; Coviello and McAuley, 1999; Jones, 1999; Bell et al. 2003; Johanson and Vahlne, 2009). Peterson et al. (2003) expressed that market specific knowledge is the critical kind of knowledge for internationalization. Market specific knowledge, would enable firms to exploit international growth opportunities more flexibility and get less constrained by national boundaries (Autio et al. 2000; McNaughton. 2001, 2003). In the

same vein, Baum et al. (2011) issued that international experience among management personnel (Bloodgood et al. 1996; Kundu and Katz. 2003; McDougal et al. 2003) is a critical variable when it comes to internationalization.

In addition, this research used the work of Groen et al. (2008) who made clear that the building sustainable organizations requires different types of capital. The first type of capital is *social capital* which is 'the set of network relations through which persons can utilize, employ or enjoy the benefits of capital that is controlled or owned by the other actors' is crucial to organizational performance. Through social capital, entrepreneurs can not only benefit from the resources they own and control, but also access to resources that are owned and controlled by others (Grant and Baden-Fuller, 2004; Lavie, 2006). Johanson and Vahlne (2009) articulated that networks are essential for internationalization. The second type of capital is *economic capital* 'which is the set of mobile resources that are potentially usable in exchange relationships between an person and its environment in processes of acquisition, disposa or selling' (Groen et al., 2008). Economic capital can be for instance measured in monetary means such as money. The third type of capital is *strategic capital* which is de fined as 'the set of capacities that enables persons to decide on goals and control resources and other person to attain them' (Groen et al., 2008). Persons with much strategic capital can set agendas to influence others and to deploy resources in order to achieve goals (Groen et al., 2008).

Structure. Lee and Yang (2011) acknowledged that organizational structure, which is 'a formal control framework that encompasses information flows, reporting relationships, interactions between employees and authority distribution with regards to carrying out activities within the organization (Burns and Stalker, 1961; Galbraith, 1973; Germain, 1961; Hall, 1987)' has an important link with organization performance. This is supported by Jones and Coviello (2005) who explained that organization structure influences internationalization behavior and in that order organization performance. Hence, this research will follow the work of Lee and Yang (2011) who used four dimensions for organization structure. The first dimension is *decentralization* which is the 'extent to which employees within the organization have the authority to correct problems when they occur'. The second dimension is *formalization* which is 'the extent to which the organization makes rules and procedures that show how employees should work, to show the learned experience that staff learned in previous working condition or to lead the employees to implement improvement at work'. The third dimension is *hierarchy* which refers to whether 'the organization has many management layers (exceed six layers) between employees at the basic level and the top administrators'. The fourth dimension to determine the organization structure is *horizontal integration* which refers to whether the employees are assigned to work in or important decisions are done through cross-functional teams.

Strategy. Keeley and Roure's (1990) showed that strategy, which they referred as 'the organizational performance, has a strong influence on organizational performance. This is supported by Dess et al. (1997) who expressed that two variables which would appear to have a strong effect on performance are environment and strategy. This research will paid attention to four dimensions for organization strategy. The first two dimension of strategy are the international *market entry* mode which is has been considered as the most important strategic decisions within the internationalization process (Wind and Perlmutter, 1977; Anderson and Gatignon, 1986; Hill et al., 1990; Quer et al., 2007; Brouthers and Hennart, 2007; Morschett et al., 2010) and the *foreign market* that is targeted. In addition to the first two dimension, this research has added the dimensions *causation* and *effectuation* as determinants to strategy. Both causation and effectuation are alternative approaches to new venture creation (Sarasvathy, 2001). Chandler et al. (2009) regarded that causation is consistent with planned approaches to strategy making while effectuation is consistent with emergent approaches and non predictive strategies. Those entrepreneurs that follow the causation approach clearly define the objectives they want to achieve and systematically search (Fiet, 2002; Herron and Sapienza, 1992) for entrepreneurial opportunities, based on all possible information to achieve them. Entrepreneurs who follow the effectuation approach however might begin with general aspirations to create a new venture, but are likely to their initial goals and visions due to developments and new information along the run.

Environment. Last but not least, variables from the dimension environment should not be forgotten. Researchers have acknowledged that factors from the environment can affect organizational performance (Covin, 1991; Dess et al., 1997; Lee and Yang, 2011). According to Jones and Coviello's (2005) simple model of the internationalization process, the internationalization process is triggered by environmental change. This research paid attention to three sub-domains of the environment. The first sub-domain is the uncertain environment, which can be recognized from the rate of *technological change* taking place and *market change* occurring (Lee et al., 2009). The second sub-domain of the environment is the complex environment, which can be recognized from the extent of *information diffusion*, the *control systems*, but also the extent to which *relationships* are *impersonal* and *competitive*. The third sub-domain of the environment is the hostile environment which can be recognized from the extent to which there are *entry barriers*, extent to which there is *competition* from other organizations, but also the extent to which the government and lending institutions provide support, which can be referred as the *business climate*.

3.2.8 The Model

One the basis of the previous sections two distinct configuration models are built. These models integrate distinct concepts from entrepreneurship and international business literature. As seen in Figure 8, 9 and 10, the variables from each domain are clustered into three different configuration. Based on the work of Miller (1983) and Harms et al.

(2009) it is expected that both configurations can be equally successful. Nevertheless, entrepreneurial action in the simple enterprise is driven by the leader. In contrast, the planning enterprise is driven its structure and mainly strategy. As the models makes clear, the configurations vary from each other due to their authentic cluster of variables from the domains person, structure, strategy and environment. This research wants to emphasize that configuration patterns are not yet visualized in the model, because their interrelatedness is simply not investigated yet. As expressed in the methodological chapter of this research, the job of this research is to discover how the configurations are and how they evolve over time. This explains the exploratory nature of this research, which means that this research aims and opts to analyze the interrelatedness of the configurational domains in the course of the international new venture creation episode.

Figure 8. The Simple Enterprise

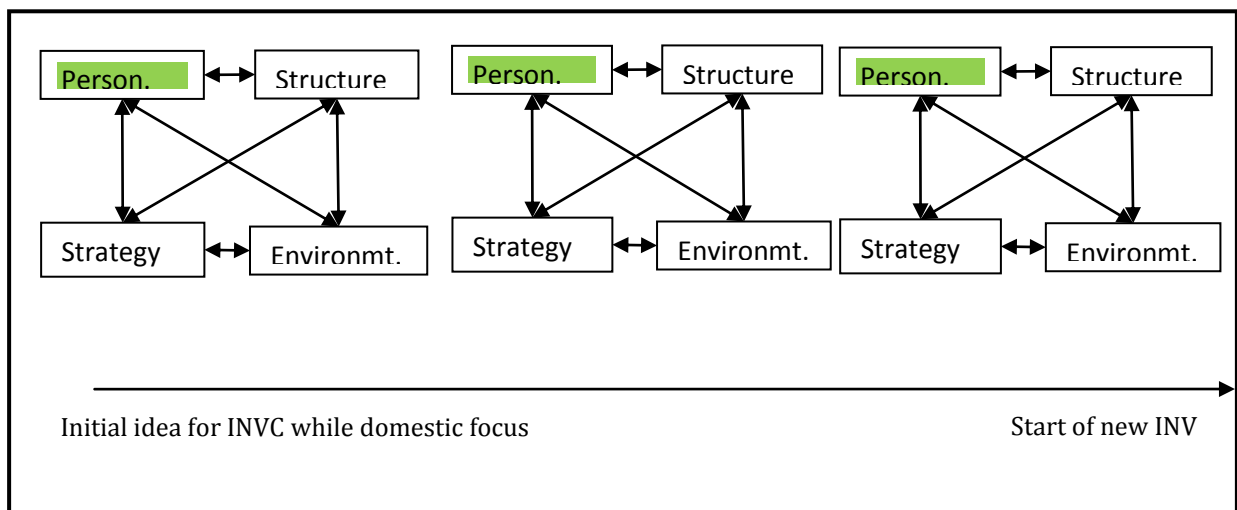
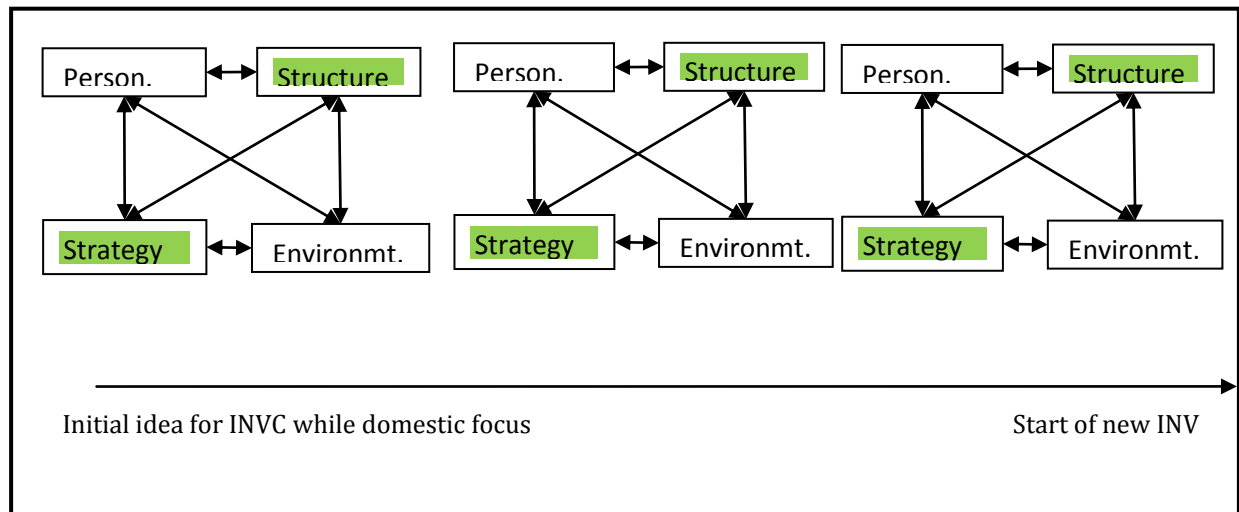


Figure 9. The Planning Enterprise



4: METHODOLOGY

This chapter will elaborate on the methodology of this research. The methodology of this research will be described in four sections. In the first section, the methodological framework of this research will be presented. In that order, the selected cases of this research will be described. In the third section, the process of data collection will be discussed. Finally, the process of data analysis of this research will be described.

4.1: Case Study Research

In order to develop an integrative framework that analyzes how entrepreneurial action is originated in the simple and the planning and how it impacts the configuration of these enterprises in the course of the international new venture creation episode, the multiple-case study approach (Yin, 2008) has been adopted. This section will present the multiple-case study approach.

4.1.1 Definition of Multiple-Case Study Research

This research relied on Yin's (2008, p. 18) technical definition of the case study research which defined that the case study research is "an empirical inquiry that 1) investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident and 2) copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection analysis." Yin (2008) expressed that when the same study contains more than one single case it is a multiple-case study is the same study. This means that a multiple-case study is the empirical inquire that investigates more than one contemporary phenomenon.

4.1.2 Justification of Multiple-Case Study Research

There are several conditions that can justify research strategies. Yin (2008) discussed three conditions that can justify research strategies. The first condition is the type of research questions. Yin (2008) explained that the case study research has the most advantage over different research strategy when research questions focus mainly on how and why. These types of research questions are more exploratory and explanatory and to investigate the operational links instead of the number of frequencies. The second condition is the extent of control an investigator has over actual behavioral events. Yin (2008) explained that the case study research has the most advantage over different research strategies when the investigator does not have to control behavioral events. The third condition is the degree of focus on contemporary as opposed to historical events. Yin (2008) articulated that the case study research has the most advantage over different research strategies when the investigator focuses on contemporary events rather than happened in the history.

As explained in the introduction of this thesis, the two part research question under investigation was (RQ 1) How is the configuration of strategy, structure, environment and person within the simple and planning enterprise and (RQ 2) how does the configuration evolve in the course of the international new venture creation episode? The objective of this research was to develop an integrative framework that analyzes how entrepreneurial action is originated in the simple and the planning enterprise and how it impacts the configuration of these enterprises in the course of the international new venture creation episode. As the two part question and objective of this research makes clear, this research had an exploratory nature in the sense that it aimed to analyze linkages between elements and their interrelatedness rather than the number of frequencies. The job of this research was to discover configurations, multidimensional constellation of conceptually distinct characteristics that are contextually related to the domains person, environment, strategy and structure. This research wants to emphasize that the nature of this research was not deterministic or predictive, because the interest of this research is placed in a young discipline which is still underdeveloped in the literature. Carland and Carland (2000) acknowledged that mathematically rigorous models function poorly when a discipline is too young and underdeveloped. Due to the complex nature of this study, the a case study was the most advantage for this research.

As aforementioned, this research has adopted a multiple case study research. Yin (2008) explained that there are both single- and multiple case studies. When a study has more than one single case, one can say that it has a multiple-case design. Yin (2008) expressed that both single- and multiple case designs are variants within the same methodological framework. The researchers explained that single case studies are however the most appropriate when it represents a rare case, the critical case or the revelatory case. A rare case can be a specific injury or disorder. A critical case can be a well-formulated theory with a clear set of propositions and circumstances. A revelatory case exists in situations when an investigator gets the opportunity to observe and analyze a phenomenon that was previously inaccessible. Likewise, the single case study can be more appropriate, because multiple-case studies can require extensive time and recourses beyond the means of a single investigator. This research wants to express that an important part of its job was to discover and compare configurations among different types of enterprises. It would be simply impossible to compare different type of enterprises without studying more than one case. Hence, the multiple case study research was the most appropriate research strategy. Likewise, the selected cases in this research did not represent a rare, critical or revelatory case, but were common among many enterprises. This makes clear why the multiple-case study design was the most appropriate research strategy.

4.2: Case Selection

4.2.1 Units of Analysis

The units of analysis of this research were international new ventures. As defined in the second chapter of this thesis, an international new venture is enterprise, that is either a profit or non-profit organization, that seeks to derive significant competitive advantage from the use of resources and the sale of outputs in different countries. Besides, this research opted to analyze at least two different types of international new ventures. As explained in the second chapter of this thesis, the investigation among different organization types will lead to more detailed results. This can shed light on obscurities. The first type of international new venture was the simple enterprise. The second type of international new venture is the planning enterprise. One should note that the simple enterprise is a profit organization. The planning enterprise is a non-profit organization. This shows that this research has investigated different types of international new ventures, including both profit and non-profit organizations. Both of the enterprises in this research were service organizations that provide online mediation for international internships and traineeships.

4.2.2 Selection Factors

In selecting the cases, several factors were regarded. First of all, service organizations are involved because these organization types are more willing to become involved in international markets (Buckley et al., 1992; Meliá et al., 2010). According to Buckley et al. (2010) this due to their characteristics: intangibility, inseparability of production and consumption, heterogeneity and last but not least perishability, which increases the mobility of resources and capabilities of these firms. This research found it interesting to shed light on the international new venture creation episode of those enterprises that can benefit the most from the results of this research. Organizations that are more willing to become involved in international markets are expected be the most interested in theories.

In a different vein, service organizations are involved because they seem to be neglected in internationalization research. As articulated earlier, Morschett et al. (2010) expressed the need for substantial efforts for service companies. From the 72 independent studies that the researchers investigated, the majority has involved manufacturing industries while only a few have investigated service companies (Brouthers, 2002; Brouthers et al., 2003; Kogut and Singh, 1988; Meyer, 2001; Shan, 1991 ; Ekeledo and Sivakumar, 2004). From the very few studies that have investigated services companies (Brouthers, 2002; Brouthers et al., 2003; Kogut and Singh, 1988; Meyer, 2001; Shan, 1991 ; Ekeledo and Sivakumar, 2004) results show conflicting results (Morschett et al., 2010). Hence, this research wanted to involve service organizations.

Likewise, this research has noticed that internationalization research does not balance the practice by excluding non-profit organizations. Systematic literature reviews have made clear that the mainstream researchers tends to restrict their research to the internationalization of profit organizations (Lu and Beamish, 2001; Jones and Coviello, 2005; Johanson and Vahlne, 2009; Meliá et al., 2010) imprinted as firms. Nevertheless, the practise shows that there are thousands of organizations that operate under de umbrella of non-profit. This means that the internationalization of these type of organizations is neglected in the literature. This research argues that results derived from the investigation of profit organizations may not hold for non-profit organizations, which is due to considerable differences between these type of organizations. Hence, this opted involve both profit and non-profit organizations. For more information about the selection of profit versus non-profit organization, see section 2.1.1.

4.3: Data Collection

4.3.1 Units of Observation

The units of observation in this research were individuals from both the simple and the planning enterprise. Since the simple enterprise is a small organization with a maximum of 5 individuals, all individuals are involved for data collection. In contrast, the planning enterprise is a very large organization with offices spread over 110 countries with three hierarchical layers worldwide. Hence, in the planning enterprise, data is collected from individuals at three layers of the organization. First, data is collected from the international office. This is the top of the organization that controls all 110 national offices worldwide. Next, data is collected at the national office in the Netherlands. Here are the individuals who control five local offices in the Netherlands. Last but not least, data is collected from a local office in the Netherlands. At each office, at least two individuals are interviewed who were involved with the international new venture creation episode to Jordan. This makes clear that this research has collected data from multidimensional levels.

4.3.2 Data Collection Techniques

Several data collection techniques have been applied for the data collection of this research. Data has been gathered through interviews (both unstructured and semi-structured), website information, documentation & direct observations. Documentation includes all administrative documents such as evaluations of the achieved results, but also e-mail correspondence. The case studies took place in the natural setting of each case, which is at the office of each enterprise. Hereby, attention is paid to behaviors and environmental conditions as well.

The main source of data collection was through interviews. Hereby semi-structured interviews were conducted in order to guide the conversations with the individuals within both enterprises. Additional questions were asked, mainly due to the 5 Ws (Hart, 2008) (who, what, when, where, why and how). Questions were asked due to the line of inquiry. Hereby, after some introducing questions, questions were asked about the initial INVCE and the configuration of each enterprise. The interviews took between 50 and 70 minutes. All interviews were conducted in the language of the interviewees, which is Dutch. This was in order to make the interviewees feel as comfortable as possible and this way to obtain a maximum level of information. In the same vein, the interviews took place at the office of the enterprises. This was also to interview as many available interviewees as possible. To clarify obscurities or to improve the interview questions, two test interviews were conducted prior to the interviews at the enterprises. These test interviews were conducted with two entrepreneurs who had prior internationalization experience. Each test interview was evaluated with the test interviewees. Hereby, the interviewees were requested to give feedback for improvement.

4.4: Data Analysis

The purpose of the data analysis was to interpret the collected data to be able to answer the research questions. To analyze the collected data, a case study report is written. In this way a detailed picture on the cases and their evolvement over time is created. Next, the preliminary results based on existing literature were regarded. This means that the data analysis is conducted qualitatively through a theoretical framework. Likewise, for the analysis of the collected data the critical incident approach of Van de Ven and Poole (1990) was applied. This theory is used in order to identify process patterns and their developments in relation to time. The fact that the objective of this research is to analyze development of process patterns provides a ground for the application of this approach. The critical incident approach of Van de Ven and Poole (1990) discussed seven interrelated tasks for dealing with problems of measurement (tasks 1-4) and sequence analysis (tasks 5-7). This research has relied on the first five tasks of Van de Ven and Poole (1990). These tasks are:

- 1) Define a qualitative datum, and enter raw data into incidents.
- 2) Evaluate the reliability and validity of incidents.
- 3) Code incidents into qualitative event constructs.
- 4) Evaluate the reliability and validity of coded events.
- 5) Transform qualitative codes into quantitative categories.

According to Van de Ven and Poole (1990) measurement deals with the problem of selecting reliable and valid indicators of each event (a theoretical construct) and sequence analysis deals with methods to evaluate the degree to which event indicators are conform the model.

5. RESULTS

This chapter will present the results of this research. The results of this research will be described in two cases. These cases represent the international new venture creation episodes (INVCE) of two types of enterprises. The first case represents the international new venture creation episode (INVCE) of the simple enterprise. The second case represents the INVCE of the planning enterprise. Each case starts with brief a description of the enterprise. Subsequently, the configuration of each enterprise will be described. In that order, the stages of the INVCE will described from the domestic focus through pre-international new venture creation, experimental involvement, active involvement and committed involvement. Therewith, attention will be paid to the evolvement of the configurations. Likewise, results will be illustrated in a graphs. At the end of each case a conclusion will be provided.

5.1 The Case Simple Enterprise

The simple enterprise was founded in 2003 as an international online mediation agency. The purpose of this small profit organization is to provide international internships and graduation assignments, but also international traineeships. The simple enterprise was founded after the success of its mother organization, which is a small online intership mediating organization and Dutch market leader founded in 1998. Since the simple enterprise was founded, it has created international new ventures (INVs) to 17 foreign countries via franchising. This section will describe INVCE of the simple enterprise. To protect the names of the entrepreneurs and employees of the simple enterprise, they will be referred with their positions.

5.1.1 Episode Stage 1: Domestic Focus

The first stage of the INVCE is the domestic focus. In this stage, the simple enterprise had a domestic focus and discovered the foreign opportunity in Jordan. This happened when the two top administrators of the simple enterprise were promoting their firm on an education and internship fair back in December 2009. The simple enterprise got approached by the top administrators of a small Jordan firm who expressed their interest in becoming a franchise partner. This means that the simple firm discovered a new franchise partner. The Jordan firm was also a mediation agency, but provided personal mediation instead of mediation via an online website. Personal mediation is face to face mediation. As the sales manager of the simple enterprise explained, the Jordan firm was interested in becoming a franchise partner to increase its international network and moreover to learn from the simple enterprise's knowledge and experience:

'Because they wanted to work international. They wanted to be able to get foreign students to Jordan. Thus, they wanted to us as a franchise to use our database but also to learn from the way we work. And we provide them support. For instance, we explain how they should solve problems and make them better findable for students,

but also for companies. Or how they can find housing in other countries for Jordan students who want to cross the Jordan borders. '

The Person. The simple enterprise was run by two top administrators of which one person was the founder and the other one the general manager, who obtained corporate ownership through investment in the simple firm. These two persons were the leaders of the simple firm and strongly believed events were to their own control and influence. The founder of the simple enterprise had reasonable education level and several years of work experience. He had obtained a bachelor in Small Business Management at a Business School in the Netherlands and gained more than 13 years of full time work experience as an entrepreneur. Similarly, the general manager of the simple enterprise had studied Economics at a University of Applied Sciences in Netherlands and gained more than 17 years of full time work experience as a manager and entrepreneur. Since the simple enterprise was founded back in 2003, the two top administrators and their two employees gained internationalization experience to 17 foreign markets through franchising – not counting Jordan. Each of these 17 foreign franchise partners counted as the international social network of the simple enterprise and could be for instance used when a students want to follow an internship in this country.

The two top administrators of the simple enterprise spoke three languages. The spoken languages were Dutch, English and German. Furthermore, there was a sales and an IT manager employed. With a full time intern every now and then for operational support, the simple enterprise counted not more than five people at the office. The sales manager of the simple enterprise had a Bachelors in Commercial Economics at the University for Applied Sciences and in that order obtained 3 years of full time work experience. The IT manager had a Bachelors in Computer Science at a University for Applied Sciences and obtained 8 years of full time work experience. The interviewees could not give insight to their economical capital.

Structure. The power to make decisions in the simple enterprise was highly centralized and in the hands of the top administrators. The top administrators were the ones who decided whether a franchise partner was going to be accepted or not. This means that employees within the simple enterprise did not have the authority to correct problems that occurred without the approval of the top administrators. The owner and general manager of the simple enterprise also controlled whether the tasks were being carried out properly, which means in their desired way. If not, the top administrators corrected the employees where and whenever needed. Likewise, to make clear how employees and interns should work, work procedures were made. The simple enterprise had a procedure handbook that for instance explained how companies should be approached. This shows the high level of formalization. The simple enterprise had a flat organization structure with two top administrators who managed the employees. This means that the simple enterprise has no management layers. Neither did the simple enterprise have cross-functional teams.

The Strategy. The simple enterprise entered foreign markets through franchising. This means that national people from a foreign market could become a franchise partner who can work the same way as the simple enterprise, after paying a fee and signing of course a franchise contract. The simple enterprise aimed to become world market leader and due to that opted to get a franchise partner in as many foreign markets as possible. The sales manager of the simple enterprise pointed that franchising was the only possible option for INVC, because it requires less recourses in terms of time and people:

‘According to us, franchising is the only strategic way to become world market leader. We do not have the time or the people for INVC through another entry mode. Thus, and we mainly want to grow. Thus, at the moment our purpose is to get franchise partners in as many foreign countries as possible who at one hand provide as many internships for students that come from another country and at the other hand help students from their country go to other foreign country for internships. And in this way we expand our network. Jordan was because they approached us.’

The simple enterprise had minimal strategic planning with short time horizons. Strategy making was conducted by the top administrators based on their ‘feel’ for business instead of through staff planners or technocrats. Objectives were not clearly defined and opportunities were not systematically investigated. Long run opportunities were not analyzed to determine what would provide the best results. The owner and general manager of the simple enterprise acknowledged that most of the actions happened on ad hoc basis and that they were not designed or planned, but between the minds of the top administrators:

‘With regards to the strategic planning no, a lot happens on ad hoc basis. We do not define the objectives that we want to achieve. The strategic part is in the head. Yes, look if you would have a big team then you should work with more structure.’

In a similar vein, the sales manager of the simple enterprise mentioned that the strategic planning was lacking and that the company nor had a clear nor a consistent vision about what direction it wanted to go on:

‘We do not do much, but too less when it comes to strategic planning and we do not think about how we could plan things. We do not think enough about our position on the market and how we could get a better position. The vision is too vague to take next step while a clear vision and strategy could lead to clear lines due which we would be able to take better ad hoc decisions.’

Environment. As aforementioned, the most recent INVCE of the simple enterprise involved Jordan. Jordan was selected after an external firm from Jordan had approached the simple enterprise. This means that Jordan was not a strategic choice. The interviewees of the simple enterprise expressed that they had only little knowledge about the Jordan and thus could not tell much about it. Nevertheless, they interviewees

of the simple enterprise regarded that Jordan had a stable market. The interviewees of the simple enterprise expressed that they did not expect any market change in Jordan. Neither did they expect Jordan to be a complex or hostile environment in that the information in Jordan is not diffused, there are minimal entry barriers and little competition is expected from other organizations. This would be because people in Jordan mainly communicate face to face instead of via online communication tools. Jordan was however not a big deal for the simple enterprise in the sense that the simple enterprise was more concerned with the targets of the franchise companies. As the sales manager of the simple enterprise admitted:

“We did and do not know much about the market. We network on events, such as education events, in order to get the franchise partners.”

5.1.2 INVCE Jordan Stage 2: Pre-INVC

The second stage of the INVCE is the pre-international new venture creation (pre-INVC). This is when the simple enterprise evaluated the possibilities to create an INV in Jordan. Since the first approach of the Jordan company in December 2009, the simple enterprise evaluated the possibilities for INVC in Jordan. This means that the second stage of the INVCE occurred immediately after the first stage. As for the evaluation of a new INV in Jordan, the simple enterprise considered if Jordan would be a good franchise partner and whether the Jordan company should be accepted as a franchise partner. The evaluation of the Jordan company however had a very simple character. As the top administrators of the simple enterprise acknowledged, only a few phone conversations were held and the simple enterprise visited the Jordan company once. This visit was to get to know each other better:

‘No, they were not a partner yet. Yes, look we have a process. We had a few phone conversations and you visit them once to get to know them better and then you would have to set up and sign contracts. We visited them in March 2010. That thing – Jordan – was not connected yet for a long time.’

The IT manager explained that neither did the simple enterprise conduct a detailed investigation of the Jordan company nor were strict requirements asserted to judge if the Jordan company could be a franchise partner or not. The minimal investigation and lack of requirements would be due to the current stage of the simple enterprise in which it just wants to grow as much as possible and get as many franchise partners as possible:

‘We do not have high expectations. Especially not in a begin phase which we are in as a company. Look if big players knew us then it was a different story. But now it is just grow, grow, grow.’

In the same vein, the top administrators of the simple enterprise acknowledged that the INVC in Jordan was not a strategic decision and that it would be a different story if the simple enterprise had a stronger brand. If, the simple enterprise was had a strong brand, than they would come with high requirements before a franchise partner gets accepted and conduct more investigation:

‘Jordan was not a strategic decision. I have never been to such a crazy country. So, Jordan was not a strategic decision. But are you a brand, do many people know you, then you can come with high requirements before a franchise partner gets accepted.’

The sales manager issued that, in their current stage the simple enterprise accepted a franchise partner based on their motivation and serious interest. This means that a franchise partner just needed to be ready to do it the way the simple enterprise does. The sales manager of the simple enterprise explained that although in the first instance the approach of the Jordan company seemed obscure, later in time the small enterprise realized that the Jordan company was really interested in becoming a franchise partner:

‘In the first instance it was an obscure approach. Later I thought hey these people are really interested and do understand. Although they did not work in the same way as we do in The Netherlands. They worked with person mediation, which means that they meet their client face to face. But due to the internet that is not popular anymore. But these people were ready for the next step.’

5.1.3 INVCE Jordan Stage 3: Experimental Involvement

The third stage of INVCE is the experimental involvement. This is when the INVC was a marginal activity, which means that the INVC was a part of the activities within a lower standard. In May 2010 a franchise contract was signed in Amsterdam. The owner of the Jordan company and an assistant visited the simple enterprise. This was however not only to sign a contract. At the same day, a presentation was provided also about the way the simple enterprise works. In addition, a computer and sales training was provided. In other words, the simple enterprise explicated how they work. The sales manager of the simple enterprise expressed that it was solely a onetime visit:

‘There were two people from the Jordan company involved. The owner and one of his assistants. You get to know each other and then you are going to sign a contract. The visit us. At a certain point we will deliver the website. Then, they can work and will we have weekly contact. But to sign the contract, they just visit us and get a presentation and training. After the visit the contact is less intensive. They visit us once.’

5.1.4 INVCE Jordan Stage 4: Active Involvement

The fourth stage of the INVCE is the active involvement. This is when INVC was a normal activity of the simple enterprise. Soon after the franchise contract was signed, in May 2010, the Jordan company became an official franchise partner. In that order, the simple enterprise started to develop a franchise website. This shows that the fourth stage of the INVCE occurred promptly after the third stage. Right, after the franchise contract was signed on May 2010, Jordan became a normal activity of the simple enterprise. Three months later, in August 2010, the franchise website and a data base delivered and the International New Venture (INV) could actively focus on their business. This is when the INV could start its activities.

5.1.5 Jordan Stage 5: Committed Involvement

The fifth and last stage of the INVCE is the committed involvement. This is when the simple enterprise could say that it had created an INV in Jordan. After the website was delivered in August 2010, the Jordan company could start its business. The INV in Jordan started to promote its website. The sales manager of the simple enterprise explained that, since the delivery of the website, the INV is focused on improving the findability of its website by both students and companies. In addition, the INV aims to attract people from outside Jordan for international internship in Jordan and in this vein helps them with housing and VISAs. Students from all around the world can follow an intership in Jordan:

‘They are promoting the website to make sure students and companies can find the website to follow an intership in Jordan. And thus help them with housing and VISAs. They get students from all around the world.’

Important to this notion however is that the simple enterprise was not actively involved with the franchise partner. Although the results of the INV are being monitored, the simple enterprise does not involve with the operations. As the sales manager of simple enterprise highlighted, it is the responsibility of the franchise partner to make the INV successful:

‘They are working on it. It is a long process to make it successful. I do have insight to the results but I cannot provide them. Yes, look especially when a franchise partner is new, let us say about a half year old, you do keep touch with them because it is a start-up where they have to make themselves successful.’

In the same vein, the top administrators of the simple enterprises explained that the franchise partner had three years to make the Jordan INV enterprise successful. This means that the targets need to be achieved by the:

'We have a franchise agreement. They have right three years in their own environment. In this time, they need to make the enterprise successful. You try to motivate and activate them and that is all we can do. We have to focus on our won enterprise here. We make the targets, but discuss with the franchise partners, because it is not the same as America. Each country is different.'

5.1.6 Conclusion

Results show that the INVCE to Jordan was triggered by a Jordan firm that wanted to become a franchise partner. In this first stage of the INVCE, the simple enterprise was a small profit organization with only four employees. All employees spoke two foreign languages, had a Bachelors of Applied Sciences and franchising experience to 17 foreign markets. Due the limitation of time and person, franchising was the only possible market entry mode (strategy). This is the reductive mechanism assumption of the configuration approach, which means that forces can reduce the conceivable organization form (Wold, 2000; Harms et al., 2009). INVC to Jordan firm was not a strategic decision. The simple enterprise accepted the Jordan firm as a franchise partner on ad hoc base just to grow. The power to make decisions was centralized and the hands of the two top administrators of the simple enterprise who had 13 and 17 years of full time work experience as an entrepreneur. These leaders made procedures to show employees how to work, in order to control them. The simple enterprise had a flat organization structure, little strategic planning and short time horizons (effectuation). Strategy making was rather set by the leaders based on their feel for business instead of investigation. This shows that the configurational dimension 'person' played the biggest role in the sense that it was the drive behind the simple organization and influenced the strategy and structure of the simple enterprise. Also, results show that the configuration of the simple enterprise did not change in stages of the INVCE. This corresponds to the work of Harms et al. (2009) who acknowledged that configurations change in a small amount of time and do not happen often. Results also show that, in contrast to what other researchers (Johanson and Vahlne (1977, 2009) have suggested, the stages of the INVCE did not evolve linearly. The second and fourth stage of the INVCE occurred promptly after the first and third stage and took five and three months. This means that the simple enterprise started to evaluate the possibilities in Jordan right after the Jordan firm had approached her and Jordan became a normal activity of the enterprise right after the franchise contract was signed. Results show that the INVCE to Jordan took 9 months in total.

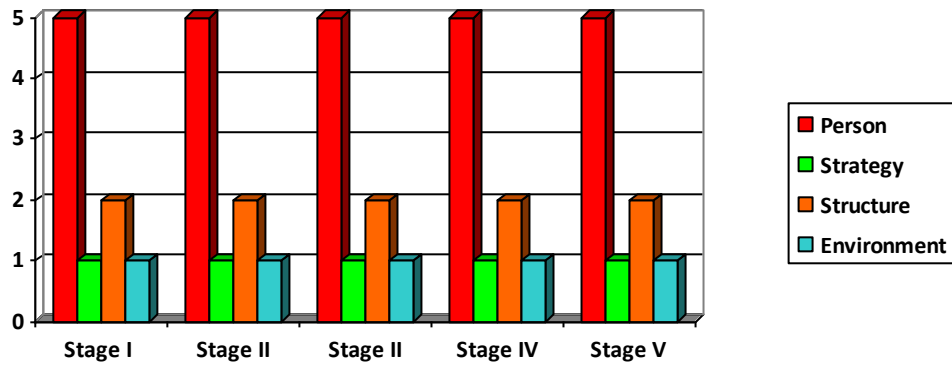


Figure 11: Configuration Simple Enterprise

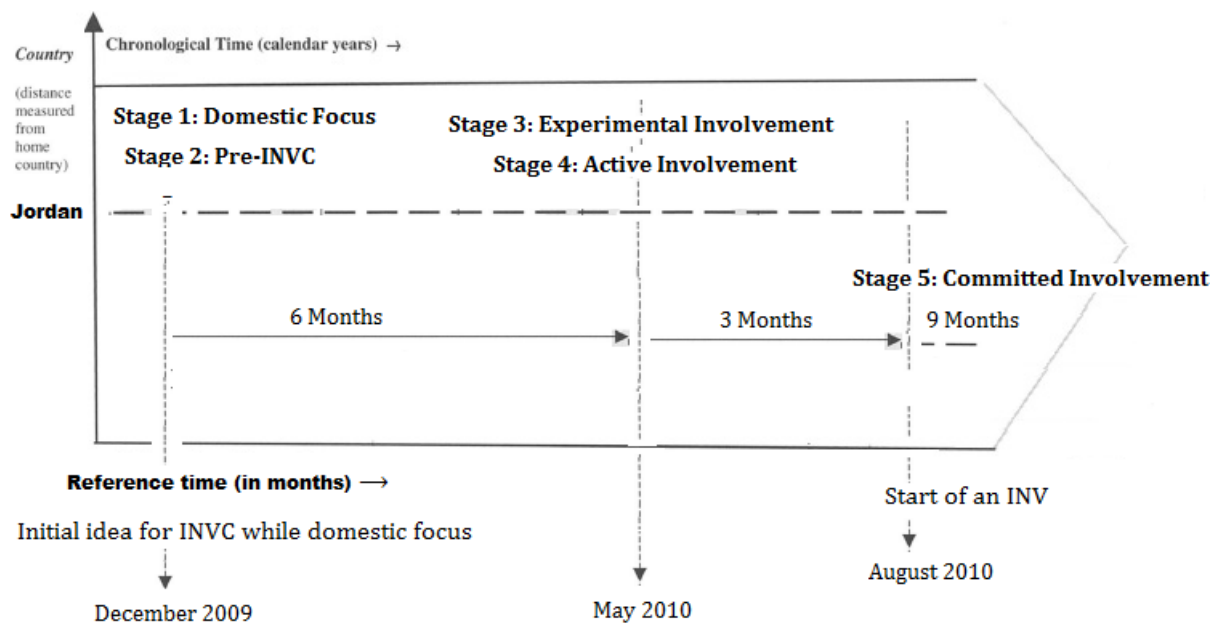


Figure 12: Evolvment Stages INVCE Simple Enterprise

5.2 The Case Planning Enterprise

The planning enterprise was founded in 1948 shortly after the Second World War as an organization to help develop “friendly relations” between countries. The objective of this *non-profit* organization, that was founded by 5 people from different countries including the Netherlands, was to provide international exchange programs to enable students from different countries worldwide to get to know other cultures. This was in order to bring cultures closer to each other and in this way help prevent wars. Over the years, more and more countries joined the network and the planning enterprise grew to a worldwide *large* online mediation agency for international internships, graduation assignments, but also international traineeships. The planning enterprise has national offices in 110 different countries. The planning enterprise is not only for students, but it is also run by students. Due to this, all members of the planning enterprise leave their position after 1 year and new members will take their position over. To work within the planning enterprise, students put their study on the hold for a year and sometimes two years. This section will describe the international new venture creation episode (INCE) of the planning enterprise. To protect the names of the members, they will be referred with their positions.

5.2.1 INVCE Stage 1: Domestic Focus

The first stage of the INVCE is the domestic focus. In this stage of the INVCE, the planning enterprise had a domestic focus and enacted an opportunity for international new venture (INV) in Jordan. After the terrorist attacks on 11 September 2001, the planning enterprise started to think about creating an international new venture INV in Jordan. The national board members from the Netherlands and international board members explained that the objective for INVC in Jordan was to bring the western and the middle eastern cultures together:

‘For The Netherlands to go to Jordan was 11 September 2001. Thus, to create better cultural understanding between the Western and the Middle Eastern culture.’

‘It was for The Netherlands important that we could make a cultural bridge to the Arabic countries. In this way there was a need for The Netherlands to create a new venture. But there was also an opportunity because Jordan had a very good external environment that was very promising for the business market due which exchanges could be realized.’

Structure. Because the planning enterprise was very large worldwide organization with offices in 107 different countries it’s structure will be described first. This is in order to prevent obscurities. The planning enterprise had three hierarchical layers on worldwide level. The first layer and the top of the enterprise is the international office. The international office of the planning enterprise was based in the Netherlands and controlled national offices over 107 countries including one in the Netherlands. The

international office counted 7 board members who controlled the strategic, financial and operational sustainability of the organization. Each national office – one in each country - controlled local offices in its country. For instance, the national office in the Netherlands controlled 10 local offices spread over the Netherlands. Also, the national office in the Netherlands also counted 7 board members.

The power to make decision in the planning enterprise was centralized and in the hands of the national board and in that order international board members. The local members of the simple enterprise explained that they did not have the authority to make big decisions. The president of each local office needed to discuss new decisions with the national board. According to the local members of the planning enterprise decision making could sometimes take a lot of time because the organization was so centralized:

‘Our organization is centralized, because we may not and cannot take big decisions. We have a meeting every Monday evening and then it often happens that we have to discuss issues with the national office. Because our president always has to discuss it with the national office. For instance, we have to take care of many things when a foreign trainee comes to the Netherlands. From a bike to a health insurance. There have been many issues with the health insurance, it was not entirely clear what kind of a health insurance someone would get. And now after four years it is decided that every trainee gets the same health insurance. But it took a long time before that decision was finally made because our organization is so centralized. If we had the authority to solve that problem on local level it did not have to take 4 years. It all has to be decide by the top. And our president does not take big decisions. She only takes decisions in our area that are on operational level. But our president can give input to the national office. ’

In the same vein, the employees on national level explained that decision making could sometimes take a lot of time because the members of the planning enterprise leave the organization every year and new members come for exactly the same positions, because the planning enterprise was a run by students who get a position on an temporary basis:

‘But decision making goes very slowly. And that is also due to the fact that our members change very time. Thus, sometimes people also forget to correspond to new members what has to be done. And due to this new solutions evolve every year. ’

To make sure that new employees work in the ‘same way’ as the colleague who left the organization rules and procedures were set that showed how employees should work. In addition, each new employee was trained by the employee that was going to leave the company. This happened two months before the new employee was going to start his or her new function.

'You get a training two months in advance before you start. The training is three hours in two weeks at the office. But you will have to make an appointment with the person who has to train you and this is the person who's function you are going to take over.'

Strategy. The market entry mode of the planning enterprise had always been direct investment. Not all entry modes were an option. As the national office of the planning enterprise expressed, other entry modes such as franchising were not an option. This is because the planning enterprise was a non-profit organization:

'Of course we are a non-profit organization. So, other market entry modes such as franchising sound strange. Thus, it was rather an expansion.'

Before an INV was to be invested, the foreign market and the feasibility of international new venture creation were throughout investigated. The international market entry was always according to the same procedure, which started with an initiative from someone or some group of people from inside or outside the planning enterprise. In that order an expansion report had to be written, which is a thesis about the external environment. This means that the external environment had to be thoroughly analyzed based on all possible information available.

The Person. As described above, the planning enterprise had three hierarchical levels on international level. The international office of the planning enterprise was run by 7 members. All members were University students who had a Bachelor's degree in International Business, Business Administration and Communications and 1 year of full time work experience within the planning enterprise. To work at the international office of the planning enterprise, members were required to fulfill one full time year at a lower level within the planning enterprise. The national office of the planning enterprise was run by 8 members. Due to the fact that the planning enterprise was run by students, they had minimal work experience. As one of the member from the national office explained, work experience that was been obtained was a part-time next to their study:

'I am 24 years and I work since I was 13 years part-time student jobs. I do not have full time work experience since I am still a student. I was only a full-time year at a local office of the planning organization and now I am here. As for international work experience, I have been involved with two INVC projects in Asia.'

Environment. As mentioned earlier, the INVCE of the planning enterprise involved Jordan. According to the person of the planning enterprise, Jordan was a stable market in the sense that there was not so much technological change and market change. In the same vein, Jordan was not a complex environment in the sense that information was not diffused and not impersonal. Neither was Jordan a hostile environment, because there were minimal barrier to enter and minimal competition.

5.2.2 INVCE Stage 2: Pre-INVC

The second stage of the INVCE is the pre-international new venture creation (pre-INVC). This is when the planning enterprise evaluated the possibilities to create a new INV in Jordan. Although the planning enterprise saw an opportunity for INVC in Jordan in 2001, it took more than four years before the planning enterprise started to evaluate the possibilities in Jordan. This was because most person of the planning enterprise get replaced after one year. As a consequence, tasks sometimes remain on the table. In October 2006, four members of the planning enterprise wrote an expansion report. Hereby, the members analyzed the external environment and pinpointed whether there were opportunities for INVC in Jordan. Four months later, in January 2007, the expansion report was presented to the presidents of the national offices worldwide. The president of the national office in the Netherlands articulated that all 107 presidents of the national offices were present to vote if INVC to Jordan would be feasible or not:

‘Thus four people analyzed the environment in Jordan and wrote an expansion report about it. Next, it was presented to the 107 presidents of the national offices worldwide. Thus all those 107 presidents were in one room and voted if the presented plan was feasible or not. After the majority of the 109 had voted that INVC to Jordan was feasible a partner office had to be founded. Soon the national office in The Netherlands was selected as a partner for INVC in Jordan. This is because the national office in The Netherlands could carry the financial burden of the INVCE, was interested and also could help with HR.’

5.2.3 INVCE Stage 3: Experimental Involvement

The third stage of INVCE is the experimental involvement. This means that the INVC to Jordan was a part of the activities, but however within a lower standard. Soon after the Netherlands was selected as a national partner for the INVC in Jordan, in February 2007, a national member from the Netherlands was sent to Jordan to create the new venture. This person had to find people in Jordan that were interested in being part of the INV in Jordan and set up a national office in Jordan:

‘Thus someone from national office in The Netherlands was sent to Jordan. This person got money from the national office in The Netherlands to set up everything. Thus the investment from The Netherlands went to the flight of the person that was sent, that the person can live there. The investment was € 30,000 for the full INVC.

Then you have the office, the computers and computer systems that are needed. But also the website and the internet connection. '

5.2.4 INVCE Jordan Stage 4: Active Involvement

The fourth stage of the INVCE is the active involvement. This is when INVC became a normal activity of the planning enterprise. Six month after the first national member from the Netherlands was sent to Jordan two new members from the national office were sent to Jordan to improve the operations, but also monitor that things were going as planned. This was in September 2007. Both members already had gained one year of full-time national experience in the planning enterprise in the Netherlands. Important to this notion is that the people did not have to set up an INV, but bring the knowledge and experience gained in the Netherlands to the Jordan INV:

'So, next two new members were sent to Jordan to develop the operations. What they did was use and bring the knowledge that they had gained in The Netherlands to Jordan to make the operations better. '

The first two members were sent for a year. Because the earlier sent members were students and as a consequence could not stay more than a year in Jordan. This means that after ten months, new national members were sent to Jordan to take over the positions of the initial people that were sent to improve the operations. The people from the national office in the Netherlands stayed until 2008. Around this time, the INV was an established INV with local people from Jordan.

5.2.5 INVCE Stage 5: Committed Involvement

The fifth and last stage of the INVCE to Jordan is the committed involvement. In this stage, to be precisely in November 2009, the Jordan INV achieved full member status in the global association. Before the Jordan INV could become full member of the planned enterprise, the national office investigated if all criteria were met. The first criteria was that the Jordan INV had sent at least two students abroad for internships and helped two students with an intership in Jordan, in the previous years so in the year 2008. As the president of national office in the Netherlands articulated, the second criteria was that the internal auditing result was positive:

'Next, an internal auditing survey will be conducted. This means that an internal survey was be conducted that analyzed whether the INV was healthy. This was conducted by members from the national office from The Netherlands. Hereby, the Jordan INV also got controlled on fraud. This means that receipts of purchases were being controlled. Next, the members from the national office in The Netherlands controlled if the president of the INV had visited the international presidents meetings which will be hold each year. Finally, the national office from The Netherlands controlled if the INV had paid its fees. This is what all offices of the planning enterprise have to pay to use the website, the network and members. After

all the criteria were met, the INV in Jordan became a full member. This means that they vote for other INVCs.'

5.2.6 Conclusion

Results show that the INVCE to Jordan was triggered by the 11 September 2001 terrorist attacks. In this first stage of the INVCE, the planning enterprise started to think about INVC in Jordan, to bring the Western and Eastern cultures together. The planning enterprise was a large organization with worldwide offices in 107 countries. Employees within lower levels of the organization did not have the authorization to make decisions on their own. Decisions first had to be discussed with the top of the national and international board. This means that the authority to decision making was highly centralized. Also, the planning enterprise was formalized, which means that there were several procedures and rules that show how employees should work. The planning enterprise had three hierarchical layers on worldwide level. The entry mode of the planning enterprise was direct investment. Entry modes like franchising were not an option because of the non-profit strategic perspective. This corresponds to the reductive mechanism assumption of the configuration approach, which means that forces can reduce the conceivable organization form (Wold, 2000; Harms et al., 2009). All of the person of the planning enterprise were University students with a maximum of 2 years full time work experience. Results show that the configuration of the planning enterprise did not change in the course of the INVCE. Neither did the stages of the INVCE evolve linearly. Although the INVCE of the planning enterprise was triggered on 11 September 2001, it took more than 4 years before the second stage of the INVCE started. This means that it took several years before the planning enterprise started to evaluate the possibilities in Jordan. In contrast, the second stage of the INVCE lasted not more than 4 months. The fourth stage of the INVCE started in September 2007 and took more than 2 years till the fifth stage of the INVCE started in November 2009. The INVCE of the planning enterprise took 8 years in total and evolved incremental.

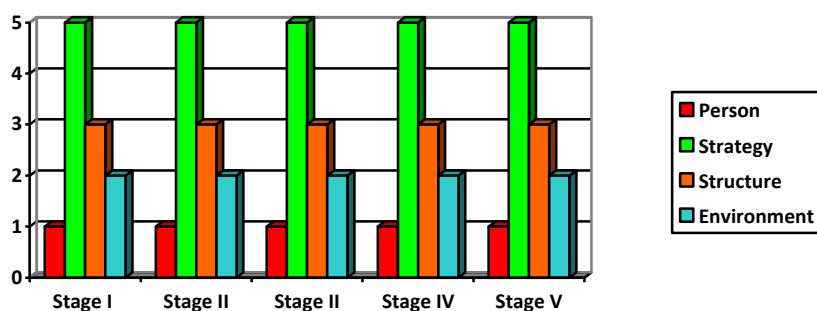


Figure 13: Configuration Planning Enterprise

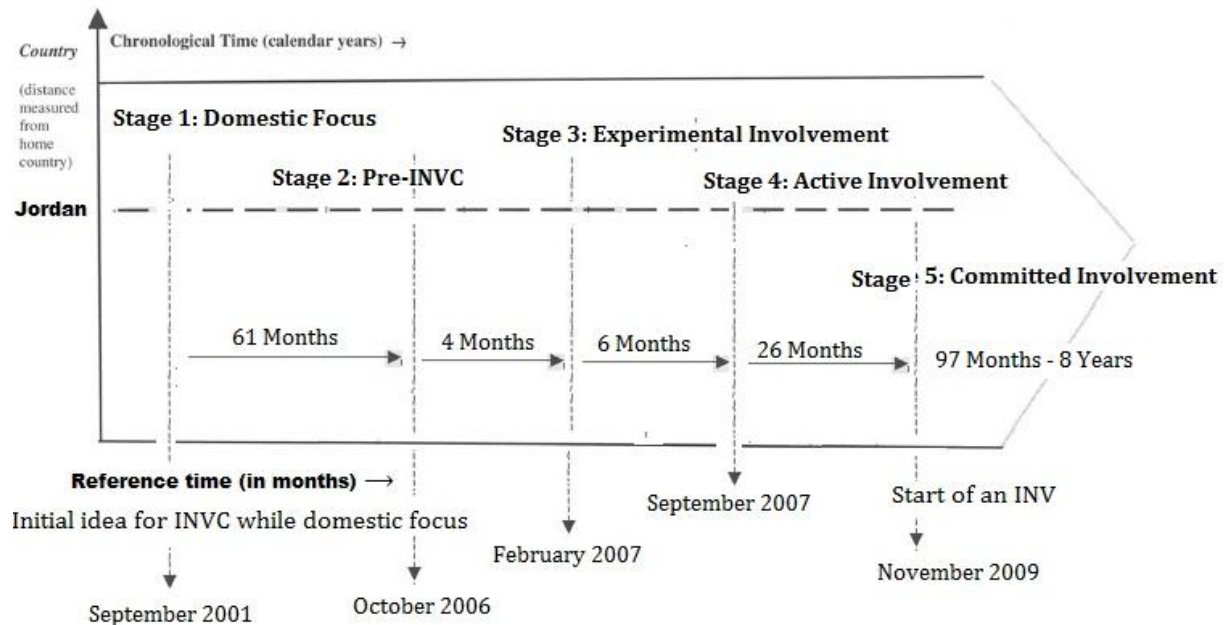


Figure 14: Evolvment Stages INVCE Planning Enterprise

In sum, results show the INVCE of the simple and the planning enterprise had very different triggers. While the INVCE of the simple enterprise was triggered when a Jordan firm wanted to become a franchise partner, the planning enterprise was triggered by the 11 September 2001 terrorist attacks. The simple enterprise accepted the Jordan firm just in order to grow, while the planning enterprise wanted to bring the Western and Eastern cultures together. Likewise, while the configuration of the simple enterprise was dominated by its person, the top administrators, the planning enterprise was mainly driven by its strategy. Strategy making and investigation played a central role in the planning enterprise (causation) while there was minimal strategic planning in the simple enterprise (effectuation). For instance: For the simple enterprise, franchising was the only market entry option due to its limitation of time and person. In contrast, the planning enterprise's would never franchise because it does not correspond to its non-profit strategic perspective. The top administrators of the simple enterprise had more than 13 to 17 years of full time work experience, while the students behind the planning enterprise had a maximum of 2 years full time work experience. In a different vein, the planning enterprise had 55.000 individuals in worldwide offices over 107 countries, while the simple enterprise counted not more than 4 full time employees and had only 17 franchise partners. This means that the configurations of the simple and the planning enterprise had significant differences.

Moreover, results show that the configurations of both enterprises did not change in the course of their INVCE. This corresponds to the configuration changes assumption of the configuration approach. As earlier articulated, the configuration changes means that configurations change in 'quantum jumps' which take place in small amount of time and do not happen so often (Harms et al., 2009). Results moreover make clear that there are significant differences between the INVCE pattern of the simple enterprise and the planning enterprise. While the INVCE of the planning enterprise is spread over 8 years, the INVCE of the simple enterprise occurred in only 9 months. The first stage of the INVCE of the planning enterprise took more than 4 years, while the simple enterprise started to evaluate the possibilities in Jordan right after the Jordan firm had approached her. In the same vein, Jordan became a normal activity right after the franchise contract was signed. In contrast, it took 6 months before Jordan became a normal activity of the planning enterprise. This makes clear that the INVCE of the simple enterprise and the planning enterprise have significantly different internationalization patterns.

6. DISCUSSION

6.1 Theoretical Implications

This research was not only one of the few studies that investigated internationalization processes on episode level. It may be said that this research is also one of the few studies that applied the configuration approach for internationalization research. In this vein, it might be assumed that the results of this research show the applicability of the configuration approach in the international context. Harms et al. (2009) discussed the application of the configuration approach in the context of new ventures. The results of their research showed that the configuration approach can be considered as a promising approach in the entrepreneurship literature. As the researchers explained, this is mainly due to the fact that the configuration approach can guide researchers to a more detailed analysis than more simplistic models to organizational analysis tend to do. The more simplistic model (often referred as the universal or contingency approaches) are less detailed in the sense that they tend to be limited to the analysis of one variable (universal approach) or a maximum of two variables (contingency approach) (Harms et al., 2009). Systematic literature reviews have indicated that simplistic models can lead to inconsistent results, because they only investigate a part of the total picture (Harms et al., 2009; Keupp and Gassmann, 2009; Korunka et al., 2010). Although researchers have acknowledged that entrepreneurship literature and internationalization literature seem to correspond to each other (Jones and Coviello, 2005; Buckley and Casson, 2009) it may be said that the application of the configuration approach is still underdeveloped in the international context. This research showed that the configuration approach can also be a promising approach for internationalization research.

It may be said that this research achieved a more detailed understanding of enterprises and their international new venture creation episodes (INVCEs). This is mainly due to three basic advantages of the configuration approach. First of all, in contrast to the more simplistic approaches to organizational analysis, the configuration approach alerted this research to analyze the interrelatedness of multidimensional influential factors. Hereby, factors from the four domains strategy, structure, environment, person and their interrelatedness, in the course of the INVCE, were investigated. Results of this research indicate that enterprises and their INVCEs are affected by a cluster of multidimensional factors that influence as a whole. Second, the holistic perspective of the configuration approach enabled this research to integrate multiple theoretical approaches together. Researchers have acknowledged that internationalization is a complex process that cannot be explained by international business or entrepreneurship literature in isolation (Mathews and Zander, 2007; Meliá et al., 2010). As explained in section 2.2.3 this is because at one hand internationalization has entrepreneurial characteristics and at the other hand entrepreneurship literature appears to be limited to the national context. This explains why the integration of international business and entrepreneurship literature enabled this research build on internationalization literature. Last but not

least, that the configuration approach alerted this research to investigate differences among different organization types. Although researchers have argued that both factors that influence internationalization or the internationalization process may differ among organization types (Baum et al., 2010; Jones and Coviello, 2005) the literature study of this research showed that researchers tend to neglect to investigate differences among different organization types. However, the configuration approach alerted this research to investigate organizations and their INVCEs among different organization types.

By following the configuration approach, this research investigated the interrelatedness of variables from the domains strategy, structure, environment and person in the course of their INVCE. The basic objective of this research was to develop an integrative framework that analyzed how entrepreneurial action is originated in the simple and the planning enterprise and how it impacts the configuration of these enterprises in the course of their INVCE. As expressed in the introduction of this thesis, the two part research question under investigation was (RQ 1) How is the configuration of strategy, structure, environment and person within the simple and planning enterprise and (RQ 2) How does the configuration evolve in the course of the INVCE? It should be noted that the job of this research had an exploratory nature and was to discover configurations among different organization types.

Based on the assumptions of the configuration approach, this research expected that the simple and the planning enterprise could be equally successful. The phenomenon is also referred as the concept of equifinality (Harms et al., 2009). This research was able to confirm this expectation, which means that there are more ways to pursue successful INVC. Moreover, this research expected the configuration of the simple and the planning enterprise to be significantly different from each other, the concept of fit (Harms et al., 2009). This research was also able to confirm this expectation. Results of this study show that that entrepreneurial action within the simple and the planning enterprise appears to have a different drive. While the person appear to be the central drive of the simple enterprise, the strategy seem to be the main drive within the planning enterprise. Yet, both enterprises could be equally successful. Furthermore, this research was able to confirm the concept of reductive mechanism (Harms et al., 2009). Results of this research indicate that the alignment of the simple and the planning enterprise is not due to arbitrariness, but due a constellation of to the forces human capital, financial capital and strategy. Yet this research was not able to fully confirm the fourth assumption of the configuration approach, the concept of configuration changes. This aspect is one of the main limitations of this research and will be discussed at section 6.3 Future research.

Broadly, this research was able to build on four gaps on internationalization literature. The first gap in the literature was that the description of the internationalization process and its evolvement over time appeared to be somehow underdeveloped. Although researchers have made clear that there is a process underlying internationalization (Jones and Coviello, 2005; Mathews and Zandler, 2007; Buckley and Casson, 2009) the

literature study of this research indicated that researchers tend to neglect to describe the stages of the internationalization process in relation to a time line. While Jones and Coviello (2005) for instance acknowledged that events occur in the course of the internationalization process, they did not elaborate on which events occur, when they occur and how the internationalization process evolves over time. As issued in section 3.1, this research gap appears to be aggravated by conflicting predictions on whether the internationalization process evolves incremental or not (Malhotra and Hinings, 2010). In contrast to most prior investigations, this research described the development INVCE of the simple and the planning enterprise. Hereby, attention is paid to the events that occur in the course of the INVCE. Hence, it may be said that this research provides a detailed picture on how different INVCEs get triggered and evolve until a new international new venture (INV) is created. In a similar vein, it may also be regarded that this research sheds light on the discussion on whether the internationalization process evolves incremental or not. Results of this research confirm that whether the INVCE evolves incremental or not depends on the organization type. For instance, while the INVCE of the simple enterprise took only 9 months which and does not seem to be incremental, the INVCE of the planning enterprise occurred over 8 years and seems incremental. This shows that INVCEs can be different among different types of enterprises.

Likewise, it may be suggested that this research contributes to discussions about the interrelatedness of multidimensional factors that can influence internationalization. Researchers have admitted that internationalization is often influenced by a cluster of factors that can come from multiple dimensions and are moreover often related to each other (Morschett et al., 2010). Results in the literature moreover issue that researchers acknowledge that factors can influence internationalization in different very different ways on the basis of their nature (Oviatt and McDougal, 2005). The results of this research support earlier studies who argued that the mainstream researchers tend to limit their research to the analysis of one or two factors and neglect to investigate the interrelatedness of multidimensional factors (Morschett et al., 2010). Results of this research indicate that multidimensional factors are clustered into a configuration and influence organizations and their INVCEs as a whole. This means that this research confirms earlier statements that parts of an organization cannot be understood in isolation but should be investigated as a whole.

The third gap in the literature under investigation was the study of internationalization processes among different organization types. Baum et al. (2011) acknowledged that the mainstream researchers investigate factors that influence internationalization, but neglects to pay attention to different organization types. In a different same vein, Jones and Coviello (2005) admitted that differences among organizations can lead to different internationalization processes. Nevertheless, the researchers did not investigate how internationalization patterns among different organization types were. Their general model of the internationalization process could refer to any organization type and their precise model was solely related to the international new venture. Neither did the most

influential incremental Uppsala internationalization process model of Johanson and Vahlne (1977, 2009) pay attention to different organization types. Malhotra and Hinings (2010) issued that there is however no consensus in the literature on whether the internationalization process is incremental or not. Results of this research contribute to the discussion on whether the internationalization process is incremental or not in that they show that internationalization patterns depends on organization types. The INVCE of the simple enterprise had prompt jumps after each other, lasted 9 months and was not incremental. In contrast, the INVCE of the planning enterprise was spread 8 years and was incremental. Thus, results of this research show internationalization patterns differ among organization types.

Furthermore, it may be said that this research contributes to the field of international entrepreneurship. This is because this research integrates entrepreneurship literature with international business literature. Jones and Coviello (2005) acknowledged that entrepreneurship theories are useful when one wants to build on internationalization theories, because internationalization has entrepreneurial characteristics. Hence, it may be said that internationalization cannot be completely explained by international business or entrepreneurship literature in isolation (Mathews and Zander, 2007). At one hand, international business literature cannot explain the entrepreneurial characteristics of internationalization and at the other hand entrepreneurship literature is limited to the national context. Keupp and Gassmann (2009) issued that the Uppsala model of Johanson and Vahlne (1977, 2009) for instance does not describe the early stages of the internationalization where the entrepreneurial characteristics come to the fore. This research paid attention to the chief determinants of entrepreneurship, which refers to the process by which organizations renew themselves and their market by pioneering, innovation and risk taking based on the work of Miller (1983) in the international context. This explains that this research investigated what determines international entrepreneurship.

Although the empirical part of this research was guided by its theoretical framework, results of this research also led to some unexpected findings. As aforementioned, this research used two approaches for its theoretical framework. The first approach is the configuration approach to organizational analysis. The second approach that provided the base for this research was the typology of organizations. In order to apply the configuration approach, different organization types had to be distinguished from each other. To draw a such typology of organizations, this research followed the work of Miller (1983) who issued the chief determinants of entrepreneurship in different types of firms. Based on the work of Miller (1983) this research investigated the strategy, structure, person and environment of the simple and the planning enterprise. It was expected that entrepreneurial action in the simple enterprise was largely determined by the leaders of the organization who were in control of the organization and in the planning enterprise by the strategy. Surprisingly, results of this research showed that the strategy, structure and person may also be influenced by the factor profit versus

non-profit organization. For instance, the market entry mode of the planning enterprise necessarily had to due to its non-profit perspective. This means that a market entry mode such as franchising was not an option. In the same vein, the person in the planning enterprise had necessarily had to be students who were replaced every year. These examples show that the determinants of entrepreneurial action may also depend on whether the organization is a profit or a non-profit enterprise.

6.2 Practical Implications

The caveat to all this is that to understand international new ventures creation episodes one needs to understand the organization first. Carland, Hoy and Carland (1988) issued that one cannot understand the dance without understanding the dancer. This does not mean that the dancer is easy to understand. It may be said that the dancer is very hard to understand, because a cluster of interrelated factors are involved which can influence the dancer. Such as his dancing experience, dancing course or physical status. With this example, this research wants to explain that organizations are very complex and challenging to understand. Yet, it is very relevant for managers to understand their organizations first, if they want to manage their organization successfully. Especially, if managers want to engage in international activities, create international new ventures, it is relevant that managers understand their organizations. International new venture creation can be a very complex and challenging process. Hereby, organizations should note that they cannot just imitate other organizations, because what might work in one type of organizations may not work in the other due to contextual differences. This makes clear that the first step towards successful international new venture creation is for managers to make sure they understand their organization.

Having said that managers should understand their organizations this research suggests that managers understand their organization type. Hence, managers need to analyze their organization and its environment. This research suggests managers to investigate the characteristics of the person, structure, strategy and last but not least environment of their organization. Hereby, managers need to chart their organization environment and pinpoint the main drive behind entrepreneurial action of their organization. For instance, based on the results of this research, it is expected that is person, especially the leaders, are the main drive behind the simple enterprise. In contrast, the strategy is the main drive behind the planning enterprise. This research wants to emphasize that the main drive behind entrepreneurial action is central organizational success, which makes it critical. Hence, in order to increase the chance of successful international new venture creation, this research suggest that managers of the simple enterprise make sure that their person have sufficient market specific knowledge, speak international languages, prior work experience, internationalization experience, network relationships and last but not least mobile resources before they want create international new ventures. In the planning enterprise a strongly formulated strategy is critical to organizational

success and therefore suggested. This makes clear that managers need to make sure that the main drive behind entrepreneurial action is sufficient.

Having explained managers should understand their organization type and the main drive behind it, this research suggests managers to keep an eye on their organizational fit. As described in section 3.2.4. and organizational fit can be defined as the degree of consistency between multiple domains of the organization type (Nadler and Thusman, 1979). For instance, based on the results of this research, in the simple enterprise the leaders of the enterprise make the decisions and there is minimal strategic planning, while in the planning enterprise most decisions that are made are due to the strategy of the enterprise. This research wants to emphasize that the multiple domains that are related to the organization and its environment can change. As a simple example, when managers enter a new country market their environment changes. Or when certain individuals leave the organizations and others ones with different backgrounds come for their place, the personal domain of the organization changes. As a consequence of these changes, the organizational domains may lose their degree of consistency. As Harms et al. (2009) explained, the change of one element of the configuration may lead to a poor fit. This means that the cluster of domains do not fit anymore. This research wants to express that it is the task of the managers to make sure that the organizational domains fit again. In order to achieve this, managers may have to find a new fit. For instance, when the environment becomes very complex with a lot of competition, managers have to make sure that their person have enough work experience to compete and of course speak the language that is spoken in that environment. This makes clear that managers should keep an eye on the organizational domains and make sure that a fit is aligned.

6.3 Future Research

Despite the theoretical and practical implications, this research suffered from several limitations. In particular, this research was not able to analyze configurational changes. This means that this research was not able to confirm the fourth assumption of the configuration approach, the concept of configuration changes (as explained in section 3.2.4). Although this research was able to investigate two international new venture creation episodes from their start till the end, the data collection of this research was not enough spread to detect configurational changes. Although, it this research was aware that configurational changes may not happen in the course of the international new venture creation episodes that that were investigated in this research. As discussed in section 3.2.4., researchers have acknowledged that organizations do not change incrementally but in 'quantum jumps' which means that configuration changes take place in small amount of time and do not happen often (Harms et al., 2009). However, it

may be said that results of this research indicate that the configurational changes can take place. The most remarkable evidence was when the leaders of the simple enterprise articulated that they would change their strategy from minimal strategic planning (effectuation) to a clearly defined and planned strategy (causation) if their organization would grow in person. In the same vein, more hierarchical layers may be added to the organization structure as well and decision making would be more decentralized. This means that the strategic and structural dimension of the simple enterprise of the simple enterprise may change after changes for the person occur. Therefore, this research suggests further studies to investigate international new venture creation episodes in line with the development of the enterprise over a longer period of time, in order to detect configurational changes. Although, this research acknowledges that certain study will be both theoretically and empirically very demanding.

Furthermore, it may be interesting for further studies to investigate the impact of the (non-personal) influences from the strategy, structure on the environmental domain on the personal characteristics of the entrepreneur. Researchers have addressed the relevant role of the personal characteristics on business success. Korunka et al. (2010) analyzed predictors of venture survival, which they defined as the ability to react to changing environmental conditions to ensure that the new business does not fail. The researchers issued that venture survival is an indicator of business success and investigated 354 small business owners over 8 years. Results of their research indicated that long term business survival is strongly impacted by the personal characteristics of the entrepreneur. As the researchers explained, the personal characteristics of the founder of an organization can be decisive for business success. This would be because the characteristics of an entrepreneur can influence the his or her decisions (Rauch and Frese, 2007; Korunka et al., 2010). Karunka et al. (2010) found evidence that high risk taking is a personal characteristic that decreases the change for business survival. Researchers have found evidence that the personal characteristics of the entrepreneur can be influenced by situational factors. For instance, Herron and Robinson (1993) found evidence that unfavourable environmental conditions, strong environmental situations, may constrain the role of the founder's personality in business decisions. Rauch and Frese (2007) noticed that favourable environments, weak environmental situations, on the other hand may increase the entrepreneur's latitude for decision making and hence expand the role of the personal characteristics of the entrepreneur. It may be interesting to investigate if different personal characteristics may hold among different organization types.

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