



# Speed of internationalization of new ventures and survival in export markets

Geir Gripsrud, Auke Hunneman, Carl Arthur Solberg\*

BI Norwegian Business School, Oslo, Norway

## ARTICLE INFO

### Keywords:

International market entry  
Speed of export entry  
Resource perspective  
Learning perspective  
New ventures  
Born globals

## ABSTRACT

Speed of internationalization may refer to how early a new venture goes abroad as well as how fast it expands its activities post-entry. The present paper incorporates both aspects and analyzes to what extent several dimensions of speed influence the ability of new ventures to survive in export markets. Based upon extant theories, two perspectives are deduced – a Learning perspective and a Resource perspective – leading to partly contrasting hypotheses. The hypotheses are tested based upon a unique data set consisting of all new ventures established in Norway a specific year that started to export goods in the following nine years. Among the findings are that survival rates increase when ventures go international immediately after inception and when they expand rapidly into new countries rather than focusing on expanding their export share in a limited number of markets, thus lending support to the Resource perspective.

## 1. Introduction

The internationalization process model (Johanson & Vahlne, 1977, 1990) underlines the need to learn from experience and recommends a gradual process of international expansion. In the 1990s, a new breed of company - the Born Global (BG) or New International Venture (INV) - became the center of attention (Oviatt & McDougall, 1994; Rennie, 1993). The main characteristic of these companies is that they start the internationalization process very soon after inception and expand rapidly. The contrast between the two approaches to internationalization has led to a multitude of studies regarding the importance of time related to early internationalizing firms (EIFs) (Jiang, Kotabe, Zhang, Hao, Paul, & Wang, 2020; Romanello & Chiarvesio, 2019).

While it is often said that these companies go international immediately after inception – they are “born global” – in empirical studies, they sometimes include firms starting to internationalize within 2 years (Chetty & Campbell-Hunt, 2004; Sui & Baum, 2014), within 3 years (Autio, Sapienza, & Almeida, 2000; Knight & Cavusgil, 2004), up to 5 years (Freixanet & Renart, 2020) or even up to 10 years after their foundation (Gassmann & Keupp, 2007). In a review of 280 studies of EIFs, Romanello and Chiarvesio (2019) found that most studies required the first international activity to take place within a 3-year period after the firm’s foundation for it to be classified as a Born Global (BG). The firms are typically categorized together as “early” internationalizing

firms and contrasted with firms that start internationalizing “late” in accordance with the Uppsala internationalization process model. Recently, a number of studies have contrasted these “two opposite theoretical approaches with potentially different consequences for the survival prospects of internationalizing firms” (Freixanet & Renart, 2020: 1). Meschi, Ricard and Tapia Moore (2017) distinguish between a “fast and furious” process on the one hand and a “slow and cautious” process on the other hand. The results of the empirical studies differ, partly because the definitions of international expansion and speed vary and partly because the types of companies analyzed vary. In addition, the dependent variable varies between studies (Jiang et al., 2020); in particular, some works focus on firm performance, while others focus on firm survival, and others again focus on export venture survival or performance.

We may divide the internationalization process into two stages: the pre-entry stage and the post-entry stage. Until recently, the main focus was on the pre-entry stage, and the length of that period was, with few exceptions (e.g., Autio et al., 2000; Khavul, Pérez-Nordtvedt, & Wood, 2010), treated as a dichotomous variable (early entry vs. late entry). Researchers used the term “speed” to denote the time from inception to the time of first international entry (Chetty & Campbell-Hunt, 2004; Khavul et al., 2010). Over the last decade, several studies have focused on the post-entry stage and particularly on the *speed* of internationalization after the first sale abroad has occurred. There is no uniform

\* Corresponding author.

E-mail address: [carl.a.solberg@bi.no](mailto:carl.a.solberg@bi.no) (C.A. Solberg).

definition of speed in the post-entry stage, just as there is no uniform definition of early internationalizing firms based on the length of the pre-entry stage.

The aim of this paper is first to develop a comprehensive definition of speed in an internationalization context encompassing both the *pre-entry* and post-entry stages. The general definition of speed is the time it takes to cover a specific distance (Chetty, Johanson, & Martín, 2014). In an internationalization context, we must define the relevant dimensions of expansion, the meaning of distance, and the meaning of time. We contribute to the literature by building a coherent framework of time, dimensions of internationalization, and speed applied to the internationalization of recently established firms. Furthermore, we synthesize two different theoretical perspectives based on the many theories proposed in the extant literature. In their review of the literature, Jiang et al. (2020) list 11 different “theories” used, including the resource-based view, the dynamic capabilities view, the knowledge-based view and organizational learning theory. To a large extent, the theories overlap, yet competing theories and hypotheses are not derived and tested. We argue that we may distinguish between a Learning Perspective and Resource Perspective and derive empirically tested hypotheses from them.

In our study, we analyze the relationships between different dimensions of speed, time, and the survival of the export ventures of newly established firms. The study differs in several respects from most previous studies in the area, allowing for a more in-depth analysis of the importance of time and speed. First, the database consists of firms founded in the same year. Most previous studies focus on companies founded in different years and thus that may have faced different environments in their initial and formative years. Second, the database includes *all* Norwegian companies incepted in the given year that started to export in the same year or in any of the following 8 years. Most previous studies analyze a limited sample of firms. The panel data allow us to use Cox regression to analyze the relationships between various aspects of speed – including the length of the pre-entry period – and export exit. Thus, we do not need to define a priori an arbitrary length of the pre-entry period to qualify a company as a BG/INV or EIF. The time from the inception of a firm to its first international activity measured by exports is a continuous variable allowing us to analyze the impact of pre-entry speed in a more detailed manner.

Third, post-entry expansion along a dimension of internationalization has previously been measured only as the *average* speed over the distance covered. Since exporting normally progresses at an uneven pace over the years, the speed of internationalization is not likely to be constant. We therefore propose that *marginal* changes in speed, i.e., changes in speed from one year to another, may, in addition to average speed, also affect survival. In general, the results give support to the Resource Perspective: The shorter the time from inception to international entry is, the higher the chance of survival is. Furthermore, a high *average* speed of post-entry expansion in terms of *new markets* increases the chance of survival, while the average speed of expansion in *export share* is not significant. For the *marginal* change in speed, an increase in new markets and export share leads to a reduction in the chance of survival.

The remainder of the paper is structured as follows. First, we present a review of earlier studies of the pre- and post-entry speed of internationalization, followed by our own definition of the speed concept and its dimensions. Next, we outline the theoretical basis of the present study and derive competing hypotheses from the two perspectives proposed. Our dependent variable is the survival of export ventures. We then describe the sample, variables, and method used. This is followed by the results of our econometric analysis and finally by a discussion of the results.

## 2. Speed of internationalization

### 2.1. Previous studies of the speed of internationalization

By drawing attention to the early and rapid internationalization of many new ventures, speed became a key concept (Oviatt & McDougall, 1994). Early research tended to define speed as the time from the inception of a firm to its first international venture and usually its first sales abroad (Casillas & Acedo, 2013; Zhou & Wu, 2014). This means that research was initially more concerned with the length of the pre-internationalization period than with the speed of the actual internationalization process. The importance of the length of the preinternationalization period is also the focus of more recent studies. Wu and Zhou (2018) explore the relationship between the earliness of internationalization and the geographic diversity of expansion, while Puig, Gonzalez-Loureiro, and Ghauri (2018) analyze the relationship between the earliness of internationalization and survival. In both cases, the sample is divided into “early” versus “late” internationalizing firms to facilitate comparison. Oviatt and McDougall (2005) outlined a general model for explaining “entrepreneurial internationalization speed.” The authors’ model specifies three dimensions of internationalization speed: initial entry, country scope and commitment. The first dimension refers to the time from the inception of a firm to its first foreign entry, while the second dimension measures how rapid entries into foreign markets accumulate. The third dimension concerns how quickly the percentage of foreign revenue increases. Prashantham and Young (2011) refer to this model as pioneering but add that “it appears to blur the distinction between initial- and post-entry speed” (p.277). The authors choose to include only two of the dimensions – country scope and international commitment – in their concept of post-entry speed.

Chetty et al. (2014) conclude that most of the studies they reviewed did not provide an explicit definition of speed. Speed refers in general to “the rate at which someone or something moves or operates or is able to move or operate” (Oxford English Dictionary). In physics, speed refers to the rate at which an object covers a distance, measured by the distance divided by the time taken (Chetty et al., 2014). Based on this general definition, a prerequisite to defining the speed of internationalization is to define the relevant concept of *distance*. The concept is clearly multi-dimensional, but there is no clear agreement regarding the relevant dimensions.

In their thorough discussion of speed in the internationalization process, Casillas and Acedo (2013) refer to Zahra and George (2002) and distinguish between three types of post-entry speed, reflecting three dimensions of distance covered:

- 1) *The speed of exporting intensity*, that is, the growth in the proportion of foreign sales over a specific time period,
- 2) *The speed of increased commitment of resources to foreign activity*, e.g., *increases in the proportion of company assets held abroad*,
- 3) *The speed of the dispersion of international markets*, e.g., *the number, variety and distance of the new countries where the company is active*.

Concerning commitment of resources to foreign activity (dimension 2), it fathoms far more than just proportion of foreign assets held abroad. In fact, we believe that most newly established firms do not have resources available to such “luxury”; rather they commit resources to foreign activity through involving more personnel at the home base, more travel or allocating more resources to marketing campaigns abroad (trade fairs and the like).

Hilmersson and Johanson (2016) base their analysis of the speed of internationalization related to performance on the same three dimensions and refer to them as (1) the speed of growth in a firm’s international commercial intensity, (2) the speed of a firm’s commitment to resources abroad, and (3) the speed of a change in the breadth of a firm’s international markets. The model is tested by data gathered from a sample of 183 Swedish SMEs visited on site. Hilmersson, Johanson,

Lundberg and Papaioannou (2017) consider only the speed of change in measuring the breadth of a firm's international expansion but include the time from firm inception to the first international entry and analyze the relationship between this and the speed of expansion. The results indicate that the longer it takes to start internationalization, the lower the post-entry speed is. Additionally, the authors found that older firms achieved international expansion slower than those founded more recently.

Chetty et al. (2014) consider the speed of internationalization to be a multidimensional and formative higher-order construct generated by two indicators: the speed of international learning and the speed of committing internationally. Both of these are also, in turn, higher-order constructs derived from a series of underlying indicators. The authors used survey data generated by personal interviews with managers of 170 Spanish SMEs to estimate the speed constructs by partial least squares (PLS). Defined in this way, the model shows that international performance increases with the speed of internationalization.

Casillas and Moreno-Menéndez (2014) are also concerned with the importance of learning, but their view on internationalization speed is very different from that of Chetty et al. (2014). The authors define speed as the time between a focal operation abroad and the immediately prior operation of the same firm. An international operation comprises "any type of establishment or presence in a foreign country that implies a stable exterior presence." Longitudinal data from 2495 Spanish firms and 8973 operations undertaken by these firms between 1986 and 2008 were analyzed using the Cox proportional hazards model. As hypothesized, the speed of internalization depends on the diversity and depth of accumulated international experience acquired in the past process. García-García, García-Canal, and Guillén (2017) apply a different definition of speed in their study of 120 Spanish multinationals and the relationship between speed and performance. The speed of internationalization was measured as "the number of new countries that the multinational had entered through FDI as of a given year divided by the number of years elapsed since it entered the first foreign country" (p.6); only the breadth of international expansion was considered.

Meschi et al. (2017) also focus on the breadth dimension and define market expansion speed by the number of new countries to which a firm exports within a given time period. Similar to Hilmersson et al. (2017), the authors include the age of the firm at its first foreign entry as an independent variable in explaining the survival of exporting firms while using the risk diversity of the export markets as a moderating variable. A firm's age at the first international entry is used to split the sample into two. Early entry is defined as equal to, or under, 3 years, while late entry is defined as more than 3 years. Cox regression models based on data from 127 French firms indicated that the failure rate for firms entering international markets late and expanding at a slow speed was significantly lower than that of firms adopting other internationalization patterns.

Sadeghi, Rose, and Chetty (2018) analyze the effect of the post-entry speed of internationalization (PSI) on financial and nonfinancial export performance, defining the PSI as a multidimensional construct consisting of internationalization intensity, spread and geographical diversity. The data were gathered from a sample of 112 INVs in New Zealand. While spread measures the number of export markets, diversity captures the impact of cross-country differences. The hypotheses stating that the three dimensions of speed are positively related to export performance received only partial support. Freixanet and Renart (2020) consider the length of the pre-entry period, the number of export areas at the start of the period analyzed, and the speed of international expansion in sales. This means that only one dimension of speed (intensity) is included in the analysis, while scope is measured at a particular point in time. The results, based on a sample of 271 manufacturers followed between 2005 and 2014, show that a shorter pre-entry period reduces a firm's likelihood of survival. However, survival odds may improve by increasing the scope and speed of international sales.

Zahoor and Al-Tabbaa, 2021 focus on how relational mechanisms

influence post-entry internationalization speed through foreign market knowledge. The authors define speed "as the speed at which the firm achieved its targets after entering a specific market" and measure this with four items included in a questionnaire where the respondents were asked to evaluate a firm's achievement in the first two years after entry. Thus, speed is measured by levels of subjective satisfaction with the achievement of objectives regarding growth, market share, profitability and return on investment. A structural equation model was applied using data from a sample of 394 UK-based manufacturing SMEs.

The above review of previous studies shows that there is no uniform definition of internationalization speed. The dimensions of internationalization (breadth, depth, and commitment) vary, as does the definition of speed given the dimensions. Some consider the length of the pre-entry period, but not as a continuous variable, and rather as a distinction between "early" and "late" entry. The speed of post-entry internationalization is measured by the average speed from the time of the first entry to a given point in time, while variations in speed are not discussed. The effects of the speed of internationalization on the survival of companies show different patterns. Finally, it is worth noting that the studies in general rely on rather small samples and that the age of the firms analyzed varies. Thus, the studied firms may have been exposed to different economic, technological, and political conditions in their early stages.

## 2.2. Defining internationalization speed

As pointed out by Chetty et al. (2014), "speed" generally refers to the time it takes to cover a particular distance. The point in time at which a firm is founded is the natural starting point, and its development toward more internationalization may be measured at different points in time thereafter. Until a firm makes its first move abroad, the "distance" covered and, hence, the "speed," is zero. Nevertheless, the time span from foundation to first entry abroad is important in determining the average speed of internationalization at later points in time, just as the time from when the starter pistol fires to when the runner leaves the starting block in athletics contributes to the speed achieved over the distance traveled. A firm may increase its total speed by shortening its pre-entry time and by increasing its post-entry speed. Several authors divide firms into "early" and "late" firms concerning the length of the pre-entry time in line with the BG/INV approach. When analyzing the total speed of internationalization, this is not satisfactory. Time is a continuous variable both before and after entry, and a faster post-entry speed may compensate for a slow start.

In addition to the distinction between pre-entry and post-entry time as two components of the total time from inception to the point of time at which measurement takes place, the key question concerns the relevant dimensions of internationalization "distance." Casillas and Acedo (2013) discussed this based on previous conceptualizations. According to these authors, there are three types of post-entry speed: 1) the speed of exporting intensity, that is, the growth in the export share of total sales, 2) the speed of an increased commitment of resources to foreign activity, and 3) the speed of the dispersion of international markets. The simplest way to measure the latter is by determining the growth in the number of markets in which the firm is active. Additionally, the variety of and distance to new markets may be included.

We define "entrepreneurial internationalization speed" in accordance with Oviatt and McDougall (2005) as consisting of three dimensions: 1) the time from inception to initial export, 2) growth in export share post-entry, and 3) growth in the number of export countries post-entry. Both the growth in export share and the number of export countries may vary as the internationalization process evolves. Thus, these two dimensions of speed are likely to vary over time, and we may calculate post-entry as the average and marginal speed for each dimension at particular points in time.

### 3. Theoretical platform and hypotheses

Several articles contend that the theoretical basis for the study of BG/INVs is fragmented and lacks a cohesive theoretical framework (see, for instance, Gassmann & Keupp, 2007). This, we argue, is (partly) due to the number of aspects studied within the realm of GB/INV: *why* certain firms become BGs, the internationalization *process* itself, the chosen *strategies*, and their *outcomes*. Each of these aspects may borrow inspiration from different strands of theory. Strandskov (1995), in an attempt to classify different streams of research, proposes a theory matrix for international business (in general) including the *nature of decisions* (planned or emerging) and *drivers of internationalization* (external or internal), resulting in four main theoretical perspectives: institutional economics/TCA, strategic management/competitive advantage, learning/knowledge and interorganizational relations/networks. Although the two former perspectives have been discussed in the context of INV/BGs (Acs & Terjesen, 2013; Oviatt & McDougall, 1994; Santos, Barandas, & Martins, 2015), the two latter, together with the RBV, have dominated the studies to date. Jiang et al. (2020) suggest that as many as 11 theoretical perspectives have been applied to study INV/BGs. Some of these are strongly related or partly overlap, as would be the case of the RBV and its many variants or extensions. For instance, the resource-based view studies the resources of a firm as a basis for its competitiveness, whereas dynamic capabilities concern how firms can reallocate these resources to address new environmental challenges (Ellonen, Jantunen and Kuivalainen, 2011). The dynamic capabilities framework, in turn, is related to organizational capabilities, which refer to “the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result” (Helfat & Peteraf, 2003: 999). The knowledge-based view extends the RBV, maintaining that intangible resources become paramount, of which knowledge is a prime example, particularly in the case of BG/INVs that have scant tangible resources (Gassmann & Keupp, 2007: 364). In fact, these latter do not adhere to the idea that BG/INVs are hampered by the “liability of smallness”; rather, they contend that “past contributions have overstated the lack of tangible resources and understated the strategy, flexibility and innovativeness of BGs to develop strategies to neutralize these constraints or even use them as an advantage”.

These resources and their deployment depend on how a firm develops and explores its relationships in international markets. In the late 1980s and well into 2000, inspired by the writings of IMP<sup>1</sup> (Håkanson, 1982), researchers increasingly focused on the role of *networks* (Johanson & Mattsson, 1986). Networks offer not only linkages to customers and partners but also social capital (Coleman, 1993), thereby creating trust and access to information and common norms and values and therefore constituting an effective means of sanctioning and preventing opportunism and shirking (Wathne & Heide, 2000). Whereas Johanson and Vahlne (1977) termed the disadvantage of newcomers the “liability of foreignness” (a lack of knowledge of foreign markets and operation methods), they acknowledged in their revised model in 2009 the importance of firms overcoming what they labeled the “liability of outsidership.” Networks have indeed been touted as a critical factor for INVs or BGs (Cavusgil & Knight, 2015; Coviello & Munro, 1998; Luostarinen & Gabrielsson, 2006). Not only have networks been lauded as important for the implementation of international market entry strategies, but they also fashion themselves critical to the development of such strategies (Solberg & Durrieu, 2006). Matthews (2006) and Li (2007, 2010) propose the LLL framework (Learning, Linkages and Leverage) and thereby link the RBV and their “offspring” to network perspectives. These perspectives are essentially about how to build and deploy a firm’s resources to gain competitiveness in the marketplace. A great number of

researchers study INVs/BGs based on these theories/perspectives and conclude that a distinct competitive advantage is the mainstay component of the success of this class of firms.

Another theoretical perspective is that of the internationalization process of firms, initially inspired by concepts developed by authors such as Simon (1955), Penrose (1959), Cyert and March (1963) and Aharoni (1966). For instance, the gradual market entry and expansion observed by Johanson and Wiedersheim-Paul (1975) may be linked to the concept of bounded rationality (Simon, 1955), whereby firms make decisions based on limited information (about foreign markets), or the concept of slack resources (Aharoni, 1966; Penrose, 1959), offering opportunities to enter new fields of activity. Then, gradually, firms could build financial resources and market knowledge through experience in the market, enabling them to take bolder steps in the marketplace, both in terms of geographic expansion and more committed modes of operation (Johanson & Vahlne, 1977). Thus, the hallmark of this stream of literature, called the Uppsala School, marks the trade-off between control and risk (Andersen, 1993), developing a sufficient knowledge base for risk taking on further commitments in international markets (new markets and more capital-intensive operation modes). An important factor in this context is the learning effects of this process, termed experiential learning by Johanson and Vahlne (1990) - learning about markets, their structures, their players, mechanisms, and learning about the internationalization process as such (Blomstermo, Eriksson, & Sharma, 2004). This learning needs time to be embedded within the exporters’ organization and eventually becomes a critical resource.

This view of the gradual internationalization process – although criticized by some (Reid, 1983; Rosson, 1987) - gained support in the following decades by scholars on both sides of the Atlantic (Bilkey & Tesar, 1978; Cavusgil, 1980; Czinkota & Johnston, 1983; Welch and Wiedersheim-Paul, 1978; Piercy, 1981). However, other more audacious approaches to international markets were observed (Benito & Gripsrud, 1992; Welch & Luostarinen, 1988; Nordström, 1990), and the concepts of International New Ventures (Oviatt & McDougall, 1994; Rennie, 1993) and Born Globals (Knight & Cavusgil, 1996) emerged in the 1990 s and well into the 2020 s

However, the two approaches to internationalization - INV/BG and gradual internationalization - are quite divergent, and their theoretical underpinnings and their normative implications differ. Seeking to understand and explain the pattern of international expansion has led researchers in various directions. For instance, experiential learning is a key determinant in the Uppsala School of thought (Johanson & Vahlne, 1990). The experience and cognitive capacity of management play a central role in this approach. Organizational learning theory and the knowledge-based view are variants of this basic perspective, which is also manifested in the Uppsala model in its original form (Johanson & Vahlne, 1977, 1990).

With the advent of rapidly internationalizing firms, the *international entrepreneurship* literature introduced the background of the founder(s) as a critical variable to understand the emergence of INVs and BGs. Factors such as education, international experience, language proficiency, attitudes toward risk, etc., have been associated with rapid growth in international markets (Acedo & Jones, 2007). Furthermore, entrepreneurially oriented managers of INV/BGs typically feature traits such as innovativeness, proactiveness and risk taking (McDougall, Oviatt, & Shrader, 2003; Wiklund & Shepherd, 2003). The focus of this literature stream, then, shifted from the firm to the individual manager or teams of managers. We may still classify this entrepreneurial stream of literature as a specific branch of the RBV/KBV in that the resources and knowledge of the entrepreneur confer to the firm its competitiveness.

We may conclude that there is clear overlap between different theoretical streams in the BG/INV literature. For instance, organizational learning theory is associated with the Uppsala model (Casillas & Moreno-Menéndez, 2014), whereas the resource-based view (Efrat & Shoham, 2012), the theory of dynamic capabilities (Freixanet & Renart,

<sup>1</sup> IMP: Industrial Marketing and Purchasing is a string of literature purporting the role of relationships and networks in business transactions.

2020), and the knowledge-based view (García-García et al., 2016) are variants of the same. The differences between the various perspectives are therefore not always clear, and attempts to contrast and test specific theories are rare. We may conclude that the Uppsala School of the internationalization process explores *how* this process unfolds (in stages, gradually building resources and knowledge), whereas the RBV and its variants rather endeavor to explain *why* the process happens (resources, capabilities, knowledge, products, and networks as competitive advantages).

In summing up this discussion, we propose that there are two partly competing theoretical perspectives that may explain the relationship between the various dimensions of the speed of internationalization and the survival of new ventures.

The first perspective, which can be traced back to the basic ideas of the behavioral theory of the firm (Cyert & March, 1963), underlines the need for managers to learn about foreign markets and the importance of gradual expansion due to uncertainty. The experience and cognitive capacity of management play a central role in this approach. Organizational learning theory and the knowledge-based view are variants of this basic perspective, which is also manifested in the Uppsala model in its original form (Johanson & Vahlne, 1977, 1990). Baum, Schwens, and Kabst (2015) found in their study that the traditional learning orientation of firms fosters gradual internationalization.

The second perspective focuses on the unique tangible and intangible resources of each firm, including all new ventures. This is the core of the resource-based view (Barney, 1991; Wernerfelt, 1984), which aims to explain the competitive advantages of certain firms by the possession of unique, heterogeneous, and immobile resources. These resources are valuable, rare, inimitable, and organized (VRIO). Unique products and/or a unique network in foreign markets exemplify such resources.

The two perspectives highlight different factors in explaining the behavior of firms, including internationalization. The first perspective underlines the importance of a gradual process due to the need for learning and the uncertainty in a foreign market, while the second perspective indicates that the process may be rapid given that unique valuable products and/or unique international networks and capabilities are present. We will refer to the first as the Learning Perspective (LP) and to the second as the Resource Perspective (RP). The two perspectives are not mutually exclusive, and while they may be considered to represent competing theories, they actually supplement each other. Recent developments made within each perspective indicate an attempt to integrate the two perspectives.

As an example, Freixanet and Renart (2020) argue that the resource-based view (RBV) is not sufficient since it “does not properly explain how and why some organizations may perform better than others in a context of rapid change and uncertainty” (p.2). Instead, the authors argue that it is necessary to focus on “dynamic capabilities,” which represents a theoretical framework that extends beyond the RBV. The internationalization of companies implies facing novel and uncertain conditions along the road, and companies are required to foster their capacity to create and reconfigure their resources to address rapidly changing environments (Teece, Pisano, & Shuen, 1997). We interpret this as an attempt to extend the Resource Perspective to the Learning Perspective. At the same time, a similar attempt to extend the Learning Perspective to the Resource Perspective has taken place. A well-known example is the revision of the original Uppsala model by Johanson and Vahlne (2009: 1411), where the importance of being an insider in relevant networks is considered “necessary for successful internationalization”. To these authors, markets consist of business networks, and since these networks are borderless, “the distinction between entry and expansion in the foreign market is less relevant” (p.1423). Since belonging to a specific network is a resource one may have, this means that the gradual acquisition of knowledge of foreign markets by new ventures is less important than in the original model.

Based on the two basic perspectives, the LP and RP, it is possible to generate hypotheses about the relationships between survival and the

different dimensions of speed. Please see Table 1 for an overview of the different conceptualizations of speed in this article.

### 3.1. Time from inception to international market entry

According to the Learning Perspective, successful internationalization involves learning about foreign markets and about the internationalization process itself (Blomstermo et al., 2004). Given the high degree of uncertainty related to new ventures, compounded by the uncertainty of expanding internationally, relatively late export start-up will be beneficial. Freixanet and Renart (2020), Puig et al. (2018), and Meschi et al. (2017) find that late entry into international markets yields better outcomes.

Thus, the Learning Perspective leads to the following hypothesis:

**H1a.** *The survival rate of new ventures in export markets increases with time from inception to the first export entry.*

According to the RP, some new ventures will have unique resources that make them successful from inception. Such resources may include unique products and services, networks of business relationships that cross international borders, and/or forward-looking entrepreneurs with specific capabilities. According to the Resource Perspective, the probability of survival will be greatest for those who possess such resources. These firms – being aware of their resources – are believed to start exporting immediately after or close to their inception. On the other hand, experiential knowledge acquired in its home market may restrain a firm’s search for opportunities abroad and make it less prepared to engage in exporting (Hilmersson et al., 2017). Late export start-ups may then encounter more problems because management is mostly concerned with their on-going domestic business operations and will therefore not dedicate the same amount of attention or commitment to the new export venture (Korth, 1991; Shoham & Albaum, 1995). Additionally, these firms will have to “unlearn” ways of operating in the home market and thus not be able to identify opportunities or analyze specific market situations in other countries. Thus, we propose the following:

**H1b.** *The survival rate of new ventures in export markets decreases with time from inception to the first export entry.*

#### 3.1.1. International diversity speed

At a particular point in time after the first international entry, the firm may be exporting to more than one country. According to the Learning Perspective, each new market needs to be investigated and understood properly before entry, including market research and the search for potential partners. It may therefore take time to fathom the specific mechanisms of each individual market. The gradual stages model suggests that firms build market knowledge step by step (and later also networks, Johanson & Vahlne, 2009). During this process, learning takes place, enabling firms to take further and bolder steps into international markets, including new and more distant markets. Additionally, in carefully entering new markets, the organization is given

**Table 1**

The different definitions and operationalizations of speed used in this article.

<b>Pre-entry stage</b>	
Time to market	Time from inception to the first export entry
<b>Post-entry stage</b>	
Avg international diversity speed	The average change in the number of export countries until time t.
Avg international sales speed	The average change in export share of total sales until time t
Marginal international diversity speed	The year-to-year change in the number of export countries at time t.
Marginal international sales speed	The year-to-year change in export share of total sales at time t

time to digest the investment of each market entry. Hence, at a given point in time, after export has started, the probability of survival will be higher the slower the speed of diversifying is. Thus, we propose the following:

**H2a.** *The survival rate of new ventures in export markets will decrease with the average speed at which the firm enters new export markets.*

On the other hand, the Resource Perspective maintains that if a firm has unique resources such as an attractive product/technology, a relevant business network, or specific capabilities, not only will international borders become irrelevant to international expansion, but the firm will also be likely to actively press for new market entries (internationally oriented entrepreneurs or investors in search for rapid payback). Thus, such firms will enjoy better scale economies and thereby strengthen their financial performance. In addition, spreading exports to several countries, instead of focusing on one or a few countries, entails a diversification of resources. In such a case, “all the eggs are not in a single basket,” and a setback in one export market will not create the same damage. Hence, we propose the following:

**H2b.** *The survival rate of new ventures in export markets will increase with the average speed at which the firm enters new export markets.*

### 3.2. The depth of international sales

The depth of international sales – the export ratio or export share of total sales - has been one of the defining variables of BGs (Knight & Cavusgil, 1996; Oviatt & McDougall, 1994), and it has been used as one of several indicators of export success (Aaby & Slater, 1989; Cavusgil & Zou, 1994). Whereas export share may undeniably convey the success of a firm, it may also represent an expression of the depth of a firm’s experience from and commitment to operating abroad. Commitment to the export venture is seen as both an outcome and an integral part of the internationalization process leading to increased market investment and thereby enhanced market experience and learning (Johanson & Vahlne, 1977, 1990), thus representing the LP.

Even though the speed of diversification is normally associated with the speed of depth, they do not always follow each other. One can imagine that a firm concentrates all of its international sales into one market. This may, for instance, be the case for Canadian exporters selling to the US market only. Since the Canadian population amounts to only 11 % of the total US population, it is perceivable that – once having entered the US market – a Canadian exporter would enjoy a fruitful market presence there, gradually carving out a larger market share and thus increasing its export share.

There is a question of how fast firms should increase their dependence on international sales. According to the LP, firms need time to absorb the challenges of entering international markets. We suggest that there is a tradeoff between speed and organizational strain whereby developing too fast risks endangering the healthy development of a firm and thus jeopardizes its survivability (Meschi et al., 2017; Puig et al., 2018). Thus, we posit the following:

**H3a.** *The survival rate of new ventures in export markets will decrease with the speed of growth in the export share.*

On the other hand, one may also claim that the more total sales are devoted to foreign sales, the more attention this will attract from the senior management of the firm. The dependence on export markets will therefore motivate management to invest further in export operations to both safeguard and further develop the firm’s position in the marketplace, reflecting the RP. Such investments will make the firm less vulnerable to potential failures in foreign markets.

However, one issue concerns the measurement of exports as a ratio of total sales; another matter is the effect of the speed of an increase in export share, i.e., how fast a firm reaches a certain level of international sales. The traditional definition of the BG suggests that the ratio of

international to total sales should be at least 25 % three years after inception (Knight & Cavusgil, 2004), denoting that faster development is better. In line with the reasoning above concerning the number of markets, we propose that the speed of export share is an indication of superior products/services, a well-developed network of partners in foreign markets, and/or entrepreneurial capabilities enabling faster growth. Hence, based on the RP, we posit the following:

**H3b.** *The survival rate of new ventures in export markets will increase with the speed of growth in the export share.*

However, it seems unlikely that international expansion will occur smoothly for the number of markets entered or the export share. The average speed at which this growth happens may indeed hide erratic development with periods of sharp increases in the number of markets and in export share, followed by slow growth and even setbacks. Such irregular development may occur for a number of reasons: an unexpected (political or financial) event may disrupt or hamper sales in one or more markets; on the positive side, sometimes contracts take time to come to fruition, resulting in – when they eventually are concluded and implemented – a sudden increase in exports. Another situation could involve sales breakthroughs that result in a sharp increase in a number of markets and/or export shares, leaving the firm unprepared for the challenges of handling unexpected problems that occur in the wake of such surges because of a lack of market knowledge in different countries. Such problems may include issues with partners whom the exporter has only recently met (incipient trust and a lack of routines), late payments or unknown payment practices, practical problems (customs clearance, transport, and storage), etc. This latter example is an indication of support for the Uppsala School of gradual internationalization (and the learning perspective), suggesting that unprepared exporters encounter problems in coping with unknown situations. In fact, Coad and Kato (2020) find a U-shaped relationship between growth and the probability of exit in a sample of Japanese firms, suggesting that excessively rapid growth increases the probability of exit. Therefore, firms should seek international expansion at a relatively even pace without too many “jumps made too fast” (Puig et al., 2018). Such erratic post-entry speed patterns may strain a firm’s organizational and financial resources, eventually leading to withdrawal. Thus, for both dimensions of speed, we predict the following:

**H4a.** *The survival rate of new ventures in export markets will decrease when the marginal speed of new market entries increases from one year to the next.*

**H4b.** *The survival rate of new ventures in export markets will decrease when the marginal speed of the export share increases from one year to the next.*

## 4. Empirical study

### 4.1. Data

To analyze the drivers of firm survival, we constructed a dataset from two of Statistics Norway’s databases, namely, the database containing Structural Business Statistics and the National Register of Establishments and Enterprises. The national register is Norway’s index of all enterprises and establishments in the private and public sector in Norway. The register contains variables describing each Norwegian enterprise’s contact details, legal form, staff employed and their managerial roles, main economic activities, numbers of employees, etc. The structural business statistics we obtained describe the external trade of goods and services of firms engaged in such activities from 2003 to 2011. In this study, we merge the two databases and select goods exporting firms that were established in 2003. This allows us to study the firms’ exporting behaviors from the beginning to the end of the observation period (2003–2011). Moreover, following a cohort of firms over the same period allows us to specifically focus on differences in these firms’

exporting behavior while holding some of the variation that arises due to time-specific events constant. After removing observations due to missing values, we have a sample of 2389 firms, which we use in the analysis.

## 4.2. Measures

### 4.2.1. Dependent variable

The dependent variable in this study measures a firm's exit from exporting. More specifically, this variable is coded 1 in the year a firm stops exporting and 0 otherwise. Each firm is tracked from its year of establishment (2003) to the year in which it exits or to the end of the observation period (2011). Observations for firms that stop exporting after 2011 are right censored. The data on export survival are constructed from several databases set up and maintained by Statistics Norway (please see the previous section). When a firm is not present in the export statistics, this may be because 1) the firm itself ceases to exist due to bankruptcy, 2) it is acquired/merged into another legal unit, or 3) the firm stops exporting. Based on the available data, we unfortunately are not able to distinguish between these three types of exits, and we therefore treat them equally.

### 4.2.2. Independent and control variables

The *time to market* is the number of years that pass before the firm starts exporting after its inception. The variable does not vary with time and is thus constant over the whole observation period for each firm. A firm's export share is defined as the sum of sales in all its export markets divided by the firm's total sales generated in the same period. From this, we construct two variables, namely, the *marginal change in export share* and *average change in export share*. The latter is defined as the export share at time  $t$  divided by the number of years it has exported. The 'marginal change in export share' at time  $t$  is the change in export share between periods  $t$  and  $t - 1$ . Similarly, we create two variables related to the number of export countries. We define the *marginal change in the number of export countries* at time  $t$  as the difference in the number of markets the firm is active in (excluding the home market) at time  $t$  minus the same value for the same variable at  $t - 1$ . We calculate the *average change in the number of export countries* by dividing the number of export countries at time  $t$  by the number of years that the firm had been exporting to until then. To take account of differences between industry sectors, we include dummies for four such sectors in our calculations (the primary sector and utilities, distribution and transport, construction, and manufacturing). *Firm size* is defined as the number of persons (rather than FTEs) a firm employs in the same year as the observation of the dependent variable.

### 4.2.3. Model

We employ a semiparametric Cox model to investigate which variables determine a firm's propensity to stop exporting. The model is one of the most widely used for modeling firm survival (see Freixanet and Reinart (2020)). The model allows us to determine how certain factors influence the likelihood of an event happening, which in the current study is when the firm stops exporting. More specifically, the model estimates a firm's individual hazard or risk of export exit at time  $t$  as follows:

$HAZARD_{it} = H_t * \exp(\beta' X_{it})$ , where  $H_t$  is the baseline hazard at time  $t$  (analogous to the intercept in ordinary regression),  $X_{it}$  is a vector of covariates that may affect a firm's export survival and  $\beta$  is a vector of regression coefficients. We include the following covariates in our model: the time to market, marginal change in export share, average change in export share, marginal change in the number of export countries, average change in the number of export countries, firm size, and four indicator variables representing the industry to which a firm belongs. The beta coefficients measure the proportional expected change in the hazard rate in response to changes in the covariates. We

estimate the models using the `coxph()` function in R (currently part of the R package `survival`), which estimates the model using maximum likelihood.

## 5. Results

The pairwise correlations between independent variables do not show high levels of interdependence (Table 2). Hence, multicollinearity does not appear to be an issue. We also report descriptive statistics for each variable in Table 2. For example, we find that, on average, firms wait 1.86 years before they start exporting, but there is considerable variation around this mean ( $SD = 1.86$ ). The average change in the export ratio across firms is approximately .04, while the average change in the number of export countries is .95. A firm employs on average 15 people, but here, we also find extremely large variations ( $SD = 58.08$ ). The results of the Cox regression analysis are reported in Table 3. In the remainder of this section, we present the results.

In line with Hypothesis 1b, the results indicate that time to market and the propensity to export are positively correlated. This means that the longer a firm waits to enter export markets, the less likely it is to survive ( $\beta_1 = .379; p < 0.01$ ). This finding seems to contradict the work of Blomstermo et al. (2004), who argue that due to uncertainty about foreign markets and the internationalization process, late exporters are more likely to be successful. To determine whether we can truly expect a linear effect of time to market on the propensity to exit, we estimated an alternative model in which we include indicator variables for the different years in which a firm starts to export (Table 4). We find a negative effect on the propensity to exit exporting from 2003 to 2005, which indicates that if a firm starts exporting in one of these years, it is less likely to stop exporting than if it starts exporting at a later point in time. Actually, the chance of survival is the highest for firms that start to export the same year that they are founded. It is the second highest for firms starting one year after inception and the third highest for firms starting to export two years after inception. In general, these results give support to the Resource Perspective concerning the impact of the time from inception to export entry.

Hypothesis 2b states that if an international venture rapidly expands its exports to multiple countries, it is less likely to exit exporting and thus more likely to succeed. We find support for this hypothesis, as our results indicate that a higher average speed at which firms enter new export markets negatively affects the propensity to stop exporting ( $\beta_2 = -.973; p < 0.01$ ). This means that concerning the diversity dimension of internationalization speed, we find support for the Resource Perspective as far as the average speed is concerned. For the depth dimension of internationalization speed, we do not find any support for either Hypothesis 3a or 3b. It might thus be that the mechanisms for H3a and H3b cancel each other out, resulting in a nonsignificant effect of the average change in the export share on export survival. Thus, neither the Resource Perspective nor the Learning Perspective receives support as far as the average rate of growth in export share is concerned. We do, however, find another significant effect of export share on the survival of exporters. We find support for Hypothesis 4a, which states that if a firm suddenly increases the number of countries to which it exports, the likelihood of survival will decrease ( $\beta_5 = 0.200; p < 0.01$ ). Furthermore, in line with Hypothesis 4b, we find that if the export share increases substantially from one year to another, a firm is more likely to stop exporting ( $\beta_4 = 0.519; p < 0.10$ ). Such problems may arise for several reasons, such as the presence of political turmoil in one of the export markets and/or the failure of the exporting firm to deliver on its promises. Moreover, we find that larger firms are less likely to stop exporting ( $\beta_6 = -0.016; p > 0.05$ ) and thus more likely to be successful.

## 6. Discussion

Several studies have discussed the speed of the internationalization

**Table 2**  
Correlation matrix and descriptive statistics.

	(1)	(2)	(3)	(4)	(5)	(6)	M	SD
(1) time to market	1						1.86	1.86
(2) marginal change in export share	.03**	1					.028	.17
(3) average change in export share	-.03**	.74***	1				.043	.12
(4) marginal change in number of markets	.03***	.27***	.24***	1			.53	2.15
(5) average change in number of markets	-.08***	.19***	.33***	.63***	1		.95	1.66
(6) firm size	-.01	-.04**	-.02	-.01	.07***	1		

\*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

**Table 3**  
Impacts of the covariates on the propensity for export exit.

Time to market	0.379***
Average change in the number of export countries	-0.973***
Average change in the export share	0.052
Marginal change in the export share	0.519*
Marginal change in the number of export countries	0.200***
Firm size	-0.016***
Primary sector and utilities	-2.389***
Distribution and transport	-1.566***
Construction	-1.053***
Manufacturing	-1.543***
n	5151
Explained variation (similar to R2 in the linear regression)	0.58

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

**Table 4**  
Impacts of the covariates on the propensity for export exit.

Year 2003	-1.630***
Year 2004	-1.145***
Year 2005	-0.843***
Average number of export countries	-0.749***
Average change in the export share	0.269
Marginal change in the export share	0.398
Marginal change in the number of export countries	0.160***
Firm size	-0.0175***
Primary sector and utilities	-2.366***
Distribution and transport	-1.602***
Construction	-0.920***
Manufacturing	-1.587***
n	5151
Explained variation (similar to R2 in the linear regression)	0.56

\*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

of new ventures. The studies differ concerning the definition of speed and the dependent variable analyzed. Some work focuses on performance, while others focus on survival, and the unit of analysis may be either the firm or the export venture. This makes it difficult to synthesize the findings, and the empirical results present a rather disparate picture, as demonstrated by our review of previous studies. Our study uses the survival of export ventures of recently established firms as the dependent variable. While we do not study the performance of firms or the performance of export ventures, performance, e.g. profitability, is clearly related to survival, as it is not possible to survive without profitability.

A notable strength of our study is that all firms analyzed were incepted in the same year. Most other studies cover companies of different ages, which means that their environments in their formative years may have differed. Additionally, and even more rare, our database covers all new firms established in one country (Norway) in a given year (2003) that started to export goods in the nine-year period of 2003–2011. The dependent variable of our study is the exit of the export ventures of firms during the same period. Exit may take place because a firm dissolves due to bankruptcy or takeover by another company. Alternatively, a firm may stop exporting but continue to serve the domestic market. Unfortunately, we do not have information about the

relative importance of these two reasons for exiting. However, the survival rate of the firms in our database is consistently higher for the years following 2003 than it is for all firms established in 2003 (Statistics Norway, 2010). This means that, in general, pursuing exports increases the survival rate of new ventures. Our research question concerns how various aspects of the speed of export expansion contribute to the survival of export ventures.

We define speed as the time it takes to cover a distance (Chetty et al., 2014). *Post-entry*, we analyzed two types of distance: the number of export markets (diversity) and the export share of total turnover (depth). The two types of distance derive from our review of previous studies. They are interdependent, since an increase in the number of export markets *ceteris paribus* entails an increase in the export share of the company. Our empirical results support this, as the correlation between the average change in the number of export markets and the average change in export share is positive and highly significant ( $r = .33$ , see Table 2).

In contrast to recent studies, early studies of the importance of the speed of internationalization focused on the time from the inception of a firm to its first international sales, often while only making a distinction between 'early' and 'late' internationalization (Romanello & Chiarvesio, 2019). According to our definition, the speed is actually zero *pre-entry* as no manifest distance is covered. However, when measuring the speed at some point after entry, the results will of course vary depending on whether we start from the inception of the firm or from the first entry into an international market. To obtain the most nuanced account of the process and build on previous research, we decided to treat the time from a firm's inception to its first export as a separate aspect of the speed of internationalization. We refer to this as the 'time to market' and measure it as a continuous variable from the year of a firm's inception. The two other dimensions of speed are measured from when the first export took place. It is a strength of our study that we analyze the effect of the pre-entry time to market and the effect of the two dimensions of post-entry speed simultaneously.

Previous studies have measured only the average speed of expansion in the dimensions analyzed. Since the speed of expansion is usually not constant, relying only on the average speed may be misleading. Short-term changes in speed take place and may have a separate effect on the dependent variable, whether it is performance or survival. Therefore, we added the *marginal* change in speed along the two dimensions in addition to the average speed. To the best of our knowledge, this is the first time this has been done. As expected, the average and marginal speed measures are correlated ( $r = .74$  for export share and  $r = .63$  for export markets; see Table 2), but the VIF values indicate that multicollinearity is not a problem.

Concerning the effect of speed on survival, we synthesized from the many theories applied in previous studies the Learning Perspective and Resource Perspective. The two perspectives lead to contrasting hypotheses regarding the relationship between an aspect of speed and survival. The two perspectives are not mutually exclusive but focus on different aspects in predicting the importance of speed. The Learning Perspective advocates for gradual expansion since it takes time to learn about new markets, while the Resource Perspective underlines the importance of rapid expansion when a firm has unique products, access to foreign and domestic networks and/or entrepreneurial capabilities. In

general, our results show that the Resource Perspective trumps the Learning Perspective, but this does not mean that all firms should pursue rapid expansion when internationalizing. Some firms possess the resources needed, and some do not.

Our first hypotheses (H1a and H1b) explore the correlation between the time to market and export survival. We find that early export entry is associated with better survivability in line with the Resource Perspective. We also examined the first three years of firm operations separately (see Table 4). The trend is confirmed: the sooner firms start exporting, the better their likelihood of survival is. Concerning our next three hypotheses, we test the correlations between different aspects of speed in post-entry internationalization and survivability. In support of the Resource Perspective, the faster firms enter new markets in terms of average speed, the higher their survivability is (H2b). One reason for this is that firms with the required resources in terms of products and networks benefit from expanding as fast as possible into new markets. In addition, diversity of market presence makes the exporter less vulnerable to development in just one market and thereby less likely to stop exporting completely if one market fails.

On the other hand, there is no correlation between the speed of growth in export share (depth) and exit from exporting. Neither the Resource Perspective nor the Learning Perspective is supported (H3a and H3b). It may be that the two dimensions of speed are correlated, and firms that have the required resources expand rapidly into new markets and thereby also increase their export share. This finding also lends support to the Resource Perspective regarding export share. This means that a rapidly increasing export share is associated with low survivability for these firms. Taken together, the effects cancel out, and there is no significant correlation between the average speed of export share expansion and survivability. This finding may seem counterintuitive given the relationship between export share and performance observed by others (Aaby & Slater, 1990; Cavusgil & Zou, 1994). However, our measure is the growth of export share, not export share as such. We suggest that it is only when a firm has an entrenched position in international markets that export share becomes a contributing factor to export performance.

H4 explores the effect of sudden changes in the speed of expansion into new markets and export share. Our Hypothesis H4a is supported for the diversity dimensions of speed: exporters experiencing sudden changes in speed in market expansion from one year to the next are more vulnerable to exit than those that expand more evenly. Our results reveal that firms that at some point experience a sudden increase in new market entries (at an above average speed) also have a higher propensity to stop exporting altogether. This effect does not appear with a sudden growth in export share. We do not know if export exit occurs at the height of the expansion cycle or follows some time after such a surge during a period of stagnation or reduced sales. Rapid deployment in many markets is resource demanding both financially and organizationally. We speculate that a poor resource base within an organization – particularly a lack of capability and capacity to entertain and follow up network partners in the wake of unexpected success or overambitious expansion plans – lies behind most failures of so-called “successful” export expansion (Coad & Kato, 2020).

The two choice variables available to managers when they initiate exports are a) time from inception to first export and b) the specific export markets where export ventures take place, and even these variables may be determined by external factors (e.g., unsolicited order). A transaction requires two parties, and in the export market, the initiative often comes from the importer as well as the exporter (Wiedersheim-Paul, Olson & Welch, 1978). If the ‘name of the game’ has changed from the liability of foreignness (Johanson & Vahlne, 1977) to the liability of outsidership, as argued by Johanson and Vahlne (2009), the main decision-makers may actually be companies located in other countries that are part of networks spanning both supply and demand. If this is the case, treating the selection of strategies as an endogenous decision determined mainly by the characteristics of potential exporters

(resources and competencies) will be misleading.

The premise of gradual and stepwise internationalization is that firms, before they start exporting, do not have the market knowledge or the resources necessary to engage rapidly in international ventures. Essentially, through experiential learning (Johanson & Vahlne, 1990) and the gradual buildup of financial resources, firms accumulate the knowledge and financial capacities needed to engage in further international commitments. This line of thought evolved in the 1970 s and well into the 1980 s, when markets were still much less intertwined than they are today. At the time, firms could expand internationally by entering one market at the time, without risks of evoking counterattacks from larger competitors (Solberg, 1997). Today, with global competition and easier access to foreign markets, the context has changed dramatically and sets new premises for firm development. We therefore conclude that firms now both have the opportunity and/or are forced by competition to enter markets rapidly to position themselves in many markets and gain economies of scale in their operations. Resourceful firms – with superior products and services, networks, and entrepreneurial capabilities – that actively engage internationally will therefore be more likely to thrive and survive in the market than those that take a more passive stance.

We surmise that firms endowed with such resources also display higher levels of affective commitment (Meyer and Allen, 1991, Gabrielson et al. 2008), providing management with additional incentive to invest in international markets. Without such resources, firms will likely not muster energy to enter international markets, at least not in the early phases of their life. Speed of internationalization and survivability, then, are supposed equally and independently to be influenced by affective commitment, which in turn is driven by resources (product/service, networks and entrepreneurial capabilities). Survivability is also supposed to be directly affected by these latter, as have been shown in the literature (Acedo & Jones, 2007; Cavusgil & Knight, 2015; Coviello & Munro, 1998; Johanson & Vahlne 2009; Luostarinen & Gabrielsson, 2006; Wiklund & Shepherd, 2003). Hence, we propose a direct causal link between speed of internationalization and survival. We argue there are two reasons for this. First, new ventures need rapidly to enter new markets, preemptively securing market positions before would-be competitors enter the market; this factor is particularly critical for new innovations that are easily copied. Second, sensibly managed, rapid international market entry helps achieve early scale economies, thereby securing cash flow for further growth (and survival).

On the other hand, the learning perspective may still be more relevant in sectors of the economy less exposed to the caprices of a more globalized competitive market context. Such companies may still have good products, but these are not necessarily intentionally addressing an international market. Management, therefore, does not take any active steps to internationalize. Only after a certain amount of time they eventually explore potential foreign markets, triggered by “traditional mechanisms” of internationalization (Johanson & Vahlne 1977; Welch & Wiedersheim-Paul, 1978; Wiedersheim-Paul, Olsson & Welch, 1978). At that time however, they have developed routines and knowledge idiosyncratic to the domestic market, thus creating an internal barrier to exporting (Hilmersson et al., 2017, Korth, 1991; Shoham & Albaum, 1995). Hence, they fall victims of lower survivability in foreign markets.

Our work has several implications for research. First, our study is carried out on a small open economy. This may have a contextual effect on the role of the speed of growth in international markets. To explore this, a cross-country study of countries of different sizes is called for. Second, we do not know why firms leave the employed database: it could be that they simply stop exporting but continue to operate in their home markets; they could alternatively cease to exist altogether through bankruptcy or voluntary liquidation, or they could be acquired by another firm. Our observations are limited to withdrawal from exporting, and thus new studies should ensure the inclusion of more nuanced statistics. Third, we do not know for certain that early export entrants have a competitive advantage or superior resource base over late

entrants. Rather, this is a logical inference based on our rather unambiguous findings. Also, we have introduced another variable in the discussion, affective commitment. We therefore suggest that further studies seek to include a richer repertoire of variables to better capture the two theoretical perspectives discussed in this article. Fourth, the speed of growth in export share does not exhibit any correlation with export survival in our study. This contrasts with received knowledge about the relationships between performance and export share. It may be that survival differs from performance, and we look at the speed of growth and not the level of export share. Furthermore, some of the effect of export share (depth) is attributed to number of export markets (diversity) in our study. Nevertheless, research comparing the effects of speed on performance with the effects on survivability is needed.

For managers, we provide three lessons.

- 1) If a firm has a specific resource advantage, it should seriously consider entering the export market at or very close to the time of its foundation. This is particularly true for firms from small open economies since their home markets are normally too small to allow for meaningful scale economies (Luostarinen & Gabrielsson, 2006). For firms from larger countries, this conclusion is less applicable since they can gradually build resources in a large home market before they start exporting. The risk of this strategy is, nevertheless, that they may develop a narrow worldview based on their experience from their home market only, making later adaptations to foreign markets a much more costly undertaking with uncertain outcomes.
- 2) Once a firm has embarked on an export venture, it should enter new markets consistently – the mean number is just short of one entry per year. Concentrating on only one or a few markets and penetrating more deeply into these markets may take more time and is therefore more cumbersome than entering new markets. This is in opposition to received knowledge, whereby firms should build a strong market position before entering new markets. Our research suggests that rapid entry into new markets confers several advantages to a firm: it makes a firm less vulnerable to failure in a single market; it broadens a firm's perspective and knowledge; it creates a broader reference base and network for further expansion; and it grants a firm access to scale economies.
- 3) Major orders or overambitious plans that strain a firm above its normal path of growth financially and organizationally are not necessarily always a blessing. A sudden surge in export orders should be followed by resource reinforcement, which is an obvious strategy for some. For a small, newly established firm, such attempts to develop the organization and its finances may result in insurmountable tribulations (Coad & Kato, 2020).

## Data availability

The authors do not have permission to share data.

## References

- Aaby, N. E., & Slater, S. (1989). Management influences on export performance: A review of the empirical literature 1978–88. *International Marketing Review*, 6, 7–27.
- Acedo, F. J., & Jones, M. V. (2007). Speed of internationalization and entrepreneurial cognition: Insights and a comparison between international new ventures, exporters and domestic firms. *Journal of World Business*, 42(3), 236–252.
- Acs, Z. J., & Terjesen, S. (2013). Born local: Toward a theory of new venture's choice of internationalization. *Small Business Economics*, 41(3), 521–535.
- Aharoni, Y. (1966). *The foreign investment decision process*. Boston, MA: Division of Research, Graduate School of Business Administration, Harvard University.
- Andersen, O. (1993). On the internationalization process of firms: A critical analysis. *Journal of International Business Studies*, 24(2), 209–231.
- Autio, E., Sapienza, H., & Almeida, J. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of Management Journal*, 43, 909–924.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Baum, M., Schwens, C., & Kabst, R. (2015). A latent class analysis of small firms' internationalization patterns. *Journal of World Business*, 50(4), 754–768.
- Benito, G. R. G., & Gripsrud, G. (1992). The expansion of foreign direct investments: Discrete rational location choices or a cultural learning process? *Journal of International Business Studies*, 23(3), 461–476.
- Bilkey, W. J., & Tesar, G. (1978). The export behavior of smaller-sized Wisconsin manufacturing firms. *Journal of International Business Studies*, 8(1), 93–98.
- Blomstermo, A., Eriksson, K., & Sharma, D. D. (2004). Domestic activity and knowledge development in the internationalization process of firms. *Journal of International Entrepreneurship*, 2(3), 239–258.
- Casillas, J. C., & Acedo, F. J. (2013). Speed in the internationalization process of the firm. *International Journal of Management Reviews*, 15(1), 15–29.
- Casillas, J. C., & Moreno-Menéendez, A. M. (2014). Speed of the internationalization process: The role of diversity and depth in experiential learning. *Journal of International Business Studies*, 45(1), 85–101.
- Cavusgil, S. (1980). On the internationalization process of firms. *European Research*, 8, 273–281.
- Cavusgil, S. T., & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies*, 46(1), 3–16.
- Cavusgil, S. T., & Zou, S. (1994). Marketing strategy-performance relationship: An investigation of the empirical link in export market ventures. *Journal of Marketing*, 58(1), 1–21.
- Chetty, S., & Campbell-Hunt, C. (2004). A strategic approach to internationalization: A traditional versus a "born-global" approach. *Journal of International Marketing*, 12(1), 57–81.
- Chetty, S., Johanson, M., & Martín, O. M. (2014). Speed of internationalization: Conceptualization, measurement and validation. *Journal of World Business*, 49(4), 633–650.
- Coad, A., & Kato, M. (2020). Growth paths and routes to exit: 'Shadow of death' effects for new firms in Japan. *Small Business Economics*, 57, 1–29.
- Coleman, J. S. (1993). The rational reconstruction of society: 1992 presidential address. *American Sociological Review*, 58(1), 1–15.
- Coviello, N., & Munro, H. (1998). Network relationships and the internationalisation process of small software firms. *International Business Review*, 6(4), 361–386.
- Cyert, R. M., & March, J. G. (1963). *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice-Hall.
- Czinkota, M. R., & Johnston, W. J. (1983). Exporting: Does sales volume make a difference? *Journal of International Business Studies*, 14(1), 147–153.
- Efrat, K., & Shoham, A. (2012). Born global firms: The differences between their short- and long-term performance drivers. *Journal of World Business*, 47(4), 675–685.
- Ellonen, H. K., Jantunen, A., & Kuivalainen, O. (2011). The role of dynamic capabilities in developing innovation-related capabilities. *International Journal of Innovation Management*, 15(3), 459–478.
- Freixanet, J., & Renart, G. (2020). A capabilities perspective on the joint effects of internationalization time, speed, geographic scope and managers' competencies on SME survival. *Journal of World Business*, 55, 1–14.
- Gabrielsson, M., Kirpalani, V. H. M., Dimitratos, P., Solberg, C. A., & Zucchella, A. (2008). Born globals: Propositions to help advance the theory. *International Business Review*, 17(4), 385–401.
- García-García, R., García-Canal, E., & Guillén, M. F. (2017). Rapid internationalization and long-term performance: The knowledge link. *Journal of World Business*, 52(1), 97–110.
- Gassmann, O., & Keupp, M. M. (2007). The competitive advantage of early and rapidly internationalising SMEs in the biotechnology industry: A knowledge-based view. *Journal of World Business*, 42(3), 350–366.
- Håkanson, H. (1982). *International marketing and purchasing of industrial goods: An interaction approach*. Hoboken, NJ: John Wiley.
- Helfat, C. E., & Peteraf, M. A. (2003). The dynamic resource-based view: Capability lifecycles. *Strategic Management Journal*, 24(10), 997–1010.
- Hilmersson, M., & Johanson, M. (2016). Speed of SME internationalization and performance. *Management International Review*, 56(1), 67–94.
- Hilmersson, M., Johanson, M., Lundberg, H., & Papaioannou, S. (2017). Time, temporality, and internationalization: The relationship among point in time of, time to, and speed of international expansion. *Journal of International Marketing*, 25(1), 22–45.
- Jiang, G., Kotabe, M., Zhang, F., Hao, A. W., Paul, J., & Wang, C. L. (2020). The determinants and performance of early internationalizing firms: A literature review and research agenda. *International Business Review*, 29(4), Article 101662.
- Johanson, J., & Mattsson, L. G. (1986). International marketing and internationalisation processes – a network approach. In P. W. Turnbull, & S. J. Paliwoda (Eds.), *Research in international marketing* (pp. 111–132). London, UK: Croom Helm.
- Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm—a model of knowledge development and increasing Foreign market commitments. *Journal of International Business Studies*, 8(1), 23–32.
- Johanson, J., & Vahlne, J. E. (1990). The mechanism of internationalisation. *International Marketing Review*, 7(4), 11–24.
- Johanson, J., & Vahlne, J. E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411–1431.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm — Four Swedish cases 1. *Journal of Management Studies*, 12(3), 305–323.
- Khavul, S., Pérez-Nordtvedt, L., & Wood, E. (2010). Organizational entrainment and international new ventures from emerging markets. *Journal of Business Venturing*, 25, 104–119.
- Knight, G. A., & Cavusgil, S. T. (1996). The born global firm: A challenge to traditional internationalization theory. In S. T. Cavusgil (Ed.), *Advances in international marketing* (pp. 11–26). Greenwich, CT: Emerald Group Publishing.

- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124–141.
- Korth, C. M. (1991). Managerial barriers to U.S. exports. *Business Horizon*, 32(2), 18–26.
- Li, P. P. (2007). Toward an integrated theory of multinational evolution: The evidence of Chinese multinational enterprises as latecomers. *Journal of International Management*, 13(3), 296–318.
- Li, P. P. (2010). Toward a learning based view of internationalization: The accelerated trajectories of cross-border learning for latecomers. *Journal of International Management*, 23(1), 5–27.
- Luostarinen, R., & Gabrielsson, M. (2006). Globalization and marketing strategies of born globals in SMOPECs. *Thunderbird International Business Review*, 48, 773–801.
- Mathews, J. A. (2006). Dragon multinationals: New players in 21st century globalization. *Asia Pacific Journal of Management*, 23(1), 5–27.
- McDougall, P. P., Oviatt, B. M., & Shrader, R. C. (2003). A comparison of international and domestic new ventures. *Journal of International Entrepreneurship*, 1(1), 59–82.
- Meschi, P. X., Ricard, A., & Moore, E. T. (2017). Fast and furious or slow and cautious? The joint impact of age at internationalization, speed, and risk diversity on the survival of exporting firms. *Journal of International Management*, 23(3), 279–291.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61–89.
- Nordström, K. (1990). *The internationalisation of the firm in a new perspective (Ph.D. dissertation)*. Stockholm: Institute of International Business.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1), 45–64.
- Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship Theory and Practice*, 29(5), 537–553.
- Penrose, E. (1959). *The theory of the growth of the firm*. New York, NY: Wiley.
- Piercy, N. (1981). Company internationalisation: Active and reactive exporting. *European Journal of Marketing*, 15(3), 26–40.
- Prashantham, S., & Young, S. (2011). Post-entry speed of international new ventures. *Entrepreneurship Theory and Practice*, 35(2), 275–292.
- Puig, F., Gonzalez-Loureiro, M., & Ghauri, P. N. (2018). Running faster and jumping higher? Survival and growth in international manufacturing new ventures. *International Small Business Journal*, 36(7), 829–850.
- Reid, S. (1983). Firm internationalization, transaction costs and strategic choice. *International Marketing Review*, 1(2), 44–56.
- Rennie, M. (1993). Born global. *McKinsey Quarterly*, 4, 45–52.
- Romanello, R., & Chiarvesio, M. (2019). Early internationalizing firms: 2004–2018. *Journal of International Entrepreneurship*, 17(2), 172–219.
- Rosson, P. J. (1987). The overseas distributor method: Performance and change in harsh environment. In S. Reid, & P. J. Rosson (Eds.), *Managing export entry and expansion* (pp. 54–70). New York, NY: Praeger.
- Sadeghi, A., Rose, E. L., & Chetty, S. (2018). Disentangling the effects of post-entry speed of internationalisation on export performance of INVs. *International Small Business Journal*, 36(7), 780–806.
- Santos, J., Barandas, H. K., & Martins, F. V. (2015). "Different conceptual approaches to the internationalization of the firms: A bibliometric review". *Revista Ibero Americana Deleñt Estrategoa*, 14(4), 93–118.
- Shoham, A., & Albaum, G. S. (1995). Reducing the impact of barriers to exporting: A managerial perspective. *Journal of International Marketing*, 3(4), 85–105.
- Simon, H. A. (1955). A behavioral model of rational choice. *The Quarterly Journal of Economics*, 69(1), 99–118.
- Solberg, C. A. (1997). A framework for analysis of strategy development in globalizing markets. *Journal of International Marketing*, 5(1), 9–30.
- Solberg, C. A., & Durrieu, F. (2006). Access to networks and commitment to internationalisation as precursors to marketing strategies in international markets. *Management International Review*, 46, 57–83.
- Statistics Norway. 2010. Nyetablerte foretaks overlevelse og vekst, 2003–2008. *Newly established enterprise survival and growth, 2003–2008*. Retrieved from <https://www.ssb.no/virksomheter-foretak-og-regnskap/statistikker/foredem/aar/2010-10-22>. (Accessed 22 October 2010).
- Strandskov, J. (1995). *Internationalisering af virksomheder (Internationalisation of companies)*. Copenhagen: Handelshøyskolens Forlag.
- Sui, S., & Baum, M. (2014). Internationalization strategy, firm resources and the survival of SMEs in the export market. *Journal of International Business Studies*, 45(7), 821–841.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.
- Wathne, K. H., & Heide, J. B. (2000). Opportunism in interfirm relationships: Forms, outcomes, and solutions. *Journal of Marketing*, 64(4), 36–51.
- Welch, L. S., & Luostarinen, R. (1988). Internationalization: Evolution of a concept. *Journal of General Management*, 14(2), 34–55.
- Welch, L. S., & Wiedersheim-Paul, F. (1978). Initial exports, a marketing failure? *Journal of Management Studies* (vol. 17,(4), 333–344.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171–180.
- Wiedersheim-Paul, F., Olson, H. C., & Welch, L. S. (1978). Pre-export activity: The first step in internationalization. *Journal of International Business Studies*, 9(1), 47–58.
- Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal*, 24(13), 1307–1314.
- Wu, A., & Zhou, L. (2018). Understanding earliness of internationalization and its impact on post-entry geographic diversity of international young ventures. *Journal of International Marketing*, 26(2), 62–79.
- Zahoor, N., & Al-Tabbaa, O. (2021). Post-entry internationalization speed of SMEs: The role of relational mechanisms and Foreign market knowledge. *International Business Review*, 30(1), Article 101761.
- Zahra, S. A., & George, G. (2002). International entrepreneurship: The current status of the field and future research agenda. In M. A. Hitt, R. D. Ireland, S. M. Camp, & D. L. Sexton (Eds.), *Strategic entrepreneurship: Creating a new mindset* (pp. 255–288). Oxford, UK: Blackwell.
- Zhou, L., & Wu, A. (2014). Earliness of internationalization and performance outcomes: Exploring the moderating effects of venture age and international commitment. *Journal of World Business*, 49, 132–142.