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## Determinants of Internationalization: Early-stage Entrepreneurs from Southeast Europe

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**Abstract:** *Research area of this study includes determinants that have an influence on international ventures of early-stage entrepreneurs, nascent and new business owners. The research implies determinants such as: entrepreneurial motivation, innovation activity, use of new technology and demographic factors - gender and age. Data for the research was provided by the Global Entrepreneurship Monitor database; the sample covers data of early-stage entrepreneurs who settled their business in Southeast Europe. The methodology of empirical research provides a presentation of statistical research by using Probit regression and concept of marginal effects. According to the aim of this paper, the model was created by setting the determinants that influenced the internationalization activity. The research results show that increase-wealth opportunity motivated early-stage entrepreneurs, internationalize more than the necessity entrepreneurs or early-stage entrepreneurs driven by the motive of independence. Early-stage entrepreneurs, who use new technology and prefer radical innovations, are more oriented on foreign markets and customers. Also, there is a significant influence of demographic factors such as entrepreneurial gender and age on internationalization activity. Analysis of entrepreneur's internationalization at the country level shows the differences between the countries of Southeast Europe.*

**Keywords:** *Entrepreneurship, internationalization, motivation, innovation, technology, early-stage entrepreneurs, Southeast Europe.*

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## **Determinante internacionalizacije: preduzetnici u ranim fazama poslovanja sa područja jugoistočne Evrope**

**Apstrakt:** Istraživačko područje u ovome radu obuhvata determinante od uticaja na internacionalne poduhvate preduzetnika u ranim fazama poslovanja, nascentne preduzetnike i preduzetnike vlasnike, menadžere novih preduzeća. Istraživanje obuhvata sledeće determinanate: motivaciju preduzetnika, inovacione aktivnosti, upotrebu novih tehnologija i demografske faktore, pol i godine preduzetnika. Podaci za istraživanje su prikupljeni iz Global Entrepreneurship Monitor baze podataka, a uzorak sadrži podatke o preduzetnicima koji su otpočeli poslovanje na području jugoistočne Evrope. Metodologiju empirijskog istraživanja čini Probit regresija i koncept marginalnog efekta. U skladu sa ciljem ovoga rada, razvijen je model determinanti od uticaja na internacionalizaciju preduzeća. Rezultati istraživanja pokazuju da su preduzetnici u ranim fazama poslovanja, koji se rukovode motivima finansijske prirode, više orjentisani na internacionalizaciju; za razliku od nužnih preduzetnika ili preduzetnika u ranim fazama poslovanja koji se rukovode motivima nezavisnosti. Takođe, preduzetnici u ranim fazama poslovanja koji primenjuju nove tehnologije i radikalne inovacije su više okrenuti ka inostranim tržištima i kupcima. Postoji značajan uticaj demografskih faktora, pola i godina preduzetnika na internacionalizaciju poslovanja. Analizom internacionalne aktivnosti preduzetnika, na nacionalnom nivou, utvrđene su i značajne razlike između zemalja jugoistočne Evrope.

**Ključne reči:** Preduzetništvo, internacionalizacija, motivacija, inovacije, tehnologija, preduzetnici u ranim fazama poslovanja, Jugoistočna Evropa

### **1. Introduction**

In line with the aim of this paper, the determinants that influence early internationalization activity (strong intensity) were examined. Early internationalization can be an important prerequisite for consequent development of companies (Ciravegna, Lopez, & Kundu, 2014). Thus, several studies have examined the determinants of internationalization in Southeast Europe (SEE) countries, focused mainly on the partial industrial sector such as food sector, tourist services, etc. Moreover, empirical methodologies are sometimes inappropriate because they neglect the common influence of different determinants such as demographic, organizational, individual etc. Amoros et al. (2016) grouped the early internationalization drivers factors into three categories: individual (business experience, motivation to become an entrepreneur), organizational (product strategy, newness of technology) and firm - environmental factors (location, type of sector). Davis and Harverston (2000) according to the impact of factors on internationalization activity,

analyse the role of manager (age and gender) and the role of technology (investment in IT and the use of the Internet). Indeed, the early internationalization is the result of complex interactions (Zucchela, Danicolai, & Palamara, 2007), and the main prerequisite for consequent development of companies (Ciravegna et al., 2018).

In order to address the above mentioned, we follow the existing debate and in line with the theory and related research, we propose a set of determinants such as entrepreneurial motivation, innovation activity, use of new technologies and demographic factors (gender and age), that can influence the international entrepreneurial activity of the nascent and new business owners. The sample is comprised of data collected by interviewing early entrepreneurs who are involved in business in SEE. Total early-stage entrepreneurial activity (TEA), represents a combination of the early entrepreneurs in the phase that combines the stages before the start of a new firm, nascent entrepreneurship, setting up a business and paying wages at least 3 months, and the stage directly after the start of a new firm, owning/managing a new firm and having paid wages in continuity of 42 months (Reynolds et.al., 2001; Reynolds et al., 2004; Wagner, 2004; Stephan et al., 2015). The data was collected from entrepreneurs who are involved in business in Hungary, Slovenia, Romania, Greece, Croatia, Bosnia and Herzegovina and Macedonia. Thus, Serbia, Montenegro and Bulgaria did not participate in GEM project in 2013, when the data was collected.

The important role of this paper is to explain the influence of proposal determinant on the international entrepreneurial orientation in the case when more than 25% of customers are from abroad (strong international orientation). The data for research was provided from the Global Entrepreneurship Monitor database, Adult Population Survey (GEM, APS). The research can provide answers to the following questions: Does the influence of motivation on entrepreneurial internationalization activity differ if we take into account the specificity of the opportunity and necessity motivation? Can the use of new products and the new product market combination lead to strong international entrepreneurial orientation? Does the use of new technology influence internationalization activity, also providing more than 25% of customers who live outside the country? Do the demographic determinants such as gender or age have a direct effect on internationalization activity?

In line with the theory, past research and the result of empirical research, we propose a model consisted of determinants that have an influence on early entrepreneurial internationalization, based on entrepreneurial activity in the countries of SEE. In addition to improving theoretical material from the field of entrepreneurship, the model also contributes to this work. This paper is organized as follows. First, theoretical background establishes a variety of

entrepreneur motives for business and their main features. Then, we analyse the influence of innovative activities in different terms, use of new technologies, demographic factors such as age and gender, as determinants that can affect the internationalization activity. Second, the paper provides a presentation of methodology and statistical research processed in IBM SPSS software by using Probit regression and concept of marginal effects. The paper ends with a discussion of the results and conclusion about some implications and limitations of this paper, as well as recommendations for future research.

## **2. Literature review**

### **2.1 Motivation and entrepreneurial activity**

The main generator of successful entrepreneurship is motivation. Being a successful entrepreneur includes appropriate levels of motivations, which involves a great variety of context and factors (Segal, Shcoenfeld, & Borgia, 2005). Recently, increasing number of psychology-based research has renewed the importance of entrepreneur competencies, such as motivation (Baum & Locke, 2004). According to the theory of “push” and “pull” motivation, entrepreneurs are pushed into business by negative external conditions, and that activity refers to the necessity entrepreneurship. The pull theory claims that potential entrepreneurs are attracted to business activities because they seek fulfilment result which is referred to as opportunity entrepreneurship (Stoner & Fry, 1982; Gilad & Levine, 1986; Reynolds et al., 2001; Bijaoui, 2012). Entrepreneurs who seek for new opportunities in business, and want to increase their household income, or want to be more independent - can take advantage of business opportunities (Shane, Locke, Collins, 2003; Pinillos & Reyes, 2011; Block & Sandner, 2009). In contrast, the necessity entrepreneurs that start the venture for reasons of unemployment or dissatisfaction with the current job (Minity, Arenius, & Langowitz, 2005) cannot take full advantage in business as opportunity entrepreneurs can. Amoros and Bosma (2014) emphasize that the necessity entrepreneurs are pushed into starting a business because they have no other option for work. Many studies include research based on the fact that the entrepreneurs want to start their own business i.e. to become self-employed (Hessels et al., 2008; Sheehan & Namara, 2015; Puente et al., 2017; Sanchez & Sahuquill, 2017). Self-employed entrepreneurs are more likely to take responsibility for the job than necessity entrepreneurs, and therefore can have more advantages in achieving business success (Evan & Dean, 2002).

Hessels et al. (2008), conclude that entrepreneurs are primarily motivated to increase wealth, job growth and export as needed to achieve the financial gains they desire. These authors distinguished necessity motive,

independence motive and increase wealth motive. The result of their research also confirms the strong entrepreneur's motivation for independence. Taking into account two basic types of entrepreneurs based on their motives: necessity and opportunity (Gurtoo & Williams, 2009, Hessels et al., 2008), necessity entrepreneurs are considered to be those who initiated an entrepreneurial venture out of the absence of alternatives while opportunists were guided by profitable exploitation of the observed opportunities. Opportunities exist in domestic and international markets (Zahra & Gravis, 2000; Zahra & Dess, 2001), so starting from that point of view, some authors in their research have proved that necessity-driven new ventures are less likely to pursue internationalization activities than the opportunity-driven ventures (Reynolds et al., 2002; Dana, Hamilton & Wick, 2009). Amoros et al. (2016), assume that the motivation is an important factor for new firms' internationalization. They found that opportunity motivation, according to participation in developing innovation activities is related with entrepreneurs that have international orientation. Indeed, opportunity entrepreneurs have the ability to discover real business opportunities and exploit them, so the internal market is just one transient step in exploring further new markets beyond national borders. In the context of environmental factors, motivation for internationalization can be influenced by external factors (Omokaro-Romanus, Anchor, & Konara, 2018) and it can also affect internationalization activities in different timing (Oviatt & McDougall, 2005). Based on previous statements, we have developed our research hypothesis:

H1: Motivation has direct and significant influence on entrepreneurial internationalization activity.

## **2.2 Internationalization affected by innovation activities**

Innovation of new products and services, as entrepreneurial activity, is one of the main management assignments. Innovation is a key element of competition and dynamic efficiency of the market, also an innovative process where new ideas tend to be transformed into practice, introducing an invention into an economy. Thus, Schumpeter (1934) in his earlier essays states that innovative firms grow faster and have more profit than non-innovator firms. Kylaheiko et al. (2011) noticed that the company can be developed by launching new products, attracting new customers and using a mixed strategy. But, in time, companies are much more able to accumulate managerial knowledge, resources and ability to handle unknown situations (Coad, Segarra, & Teruel, 2016). Better performing firms are more likely to innovate and devote more of the resources to innovation. Innovators are also larger, more export-oriented, have a better qualified employment and are older than non-innovator companies. Young companies managed by early entrepreneurs are more likely to undertake riskier innovation activities, which

may have higher performance benefits, or greater losses. Innovations that are created by young companies are unevenly distributed, while innovation efforts of older companies are more predictable. Older companies benefit from their innovation investments that allow mature companies to innovate more effectively as they build on previous capabilities and competencies, and in time, companies are much more able to accumulate resources. However, more innovative ventures were able to increase their international commitment as a response to not meeting expectations. This suggests that having innovative capabilities may allow micro-sized ventures to perceive and act like older and larger firms (McCormick & Fernhaber, 2017). In contrast, for less innovative ventures an export strategy is considered an optional or less urgent strategy.

Innovation is a driver of internationalization (Autio et al., 2000). Further, the links between innovation, internationalization and growth were examined. The research result showed that R&D intensity is an important antecedent factor for internationalization of sales. Both R&D and export intensities have a positive effect on sales growth. Thus, internationalization enables company to provide new market opportunities (Filatotchev & Piesse, 2009). Innovation and export are complementary strategies for small and medium-sized enterprises (Golovko & Valentini, 2011). Golovko and Valentini (2011) argue that innovation and export positively influence each other in a dynamic virtuous cycle. There is a rapid growth of literature that shows that innovation and internationalization are the most important strategies determining business success in today's competitive markets (Vila & Kuster, 2007; Zucchella & Siano, 2014). Zucchella and Siano (2014) in recent research include a few external factors that might relate to export. They found that export performance of small firms is not significantly related to internal R&D, but is related to external sources of innovation as expressed by partnership, and also related to partnership with suppliers. Furthermore, the export performance is not significantly related to the partnership with research institutions, even not related to acquiring knowledge through patents or through consulting services. Participating in export markets can enhance innovation performance. Through innovation, companies can enter new markets with competitive products; making exports more successful and increasing the sales. McCormick and Fernhaber (2018) came to the result consistent with the organizational learning - entrepreneurs who perceive the venture to have either not met or to have exceeded growth expectations, internationalize subsequently more than entrepreneurs who perceive expectations to have just been met. Following the discussion above, it is posited that:

H2: Innovation has direct and significant influence on entrepreneurial internationalization activity.

### **2.3 Use of new technology as determinants of internationalization**

There is a long history of research that connects technology and internationalization. According to the theory and recent research, it is well recognized that technological resources could affect the internationalization activities (Davis & Harverston, 2000; Kylaheiko et al., 2011; Lee et al., 2012; Amoros et al., 2016). In summary, these studies highlight that companies that use technology more aggressively were more likely to engage in international activities. The importance of applying innovation is huge. Following innovative activities is one of the basic characteristics of successful entrepreneurship, but it could be more effective if entrepreneurial activity is supported by technology (Abbas, 2018). Technological innovations are the core of technological progress and one of the most important factors for achieving competitive advantage. The concept of technology includes better performance of existing tools or introducing the new ones with an improvement of working process - technology and production organization (Lajović & Vulić, 2010). So, in order to achieve innovation, it is necessary to invest in new technology (Lajović & Vulić, 2010; Lee et al. 2012; Amoros et al. 2016; Abbas 2018). Further, Lee et al. (2012) suggest that the accumulation of technological resources may be more useful when companies tend to seek international orientation. Thus, the possessions of resources and knowledge in particular, have been identified as important for a company's sustained competitiveness, according to resource-based theory. A company with such resources can achieve sustainable competitive advantage by implementing value and creating strategies that are resistant to imitations by rivals. Also, they can pursue new market opportunities and prepare for unexpected market situations. For technology based companies, technology resources are the most critical, but also the key assets that might create the competitive value. It has been noticed that companies which internationalize technological resources, can more easily overcome business turbulence (Lee et al., 2012). Similarly, Amoros et al. (2016) claim, that the new venture will become international in case when companies use a relatively new technology, instead of using old or very new technology. This is based on reasons that when entrepreneurs want to join the international ventures with old technologies, the competitive advantage of the company is already old - and the presence of competitors reduces their endeavours in the international market. The latest technologies may be less available to entrepreneurs, but the risk of failure is at high level, indeed customers are not prepared for a new technology venture. However, the key elements of success in internationalization activities can be using the relatively new and widespread technology in new conditions at new marketplace (Amoros et al., 2016). It is evident that the driving force of internationalization can be attributed to the usage of new technologies (Mainela, Puhakka & Servais, 2014). Entrepreneurial ventures with a strong technological innovative capability will

penetrate foreign markets faster as opposed to enterprises lacking those abilities (Leiblein & Reuer, 2004). For developing countries, the source of their growth can be sought in foreign markets. For this reason, some authors have focused their research on the internationalization of business ventures in emerging economies, and found that the appropriation and use of new technologies creates a greater probability for the export orientation of companies operating in these countries (Brach & Naude, 2012) and some of them have a higher probability for an early-internationalization process (Amoros et al., 2016). According to the data presented, we presume that:

H3: Use of new technology has a direct and significant influence on entrepreneurial internationalization activity.

#### **2.4 Demographic factors - Age and Gender**

The study also focuses on demographical factors, such as gender and age, and their potential influence on internationalization activity. There are plenty of studies that have explored and determined the direct influence of age and gender on internationalization of business venture (Glas et al., 1999; Westhead, Wright, & Ucbasaran, 2001; Treichal & Brouthers, 2004). There are different research results when it comes to looking at this relationship. Some authors have noted that younger entrepreneurs are more inclined to internationalization of business (Alon, 1999), while other authors, based on experience effects, gained by aging, have proved that older entrepreneurs are more export-oriented (Glas et al., 1999). In support of the above results, we quote the research done by Davis and Harverston (2000) who examine how characteristics of entrepreneurs influence international and organizational growth among such firms. They found that the age and gender of entrepreneurs-owners are significantly correlated with internationalization activity, in the sense that internationalization was more evident with older owners-founders. Gender is also a variable that can positively influence the internationalization process (Alon et al., 2013). Treichal and Brouthers (2004) found that firms with female entrepreneurs face unique barriers that may restrict their strategic choices and they are less oriented towards internationalization of business than male entrepreneurs. According to the data presented, we presume that:

H4: Demographic factors, such as entrepreneur's age and gender, have a direct and significant influence on entrepreneurial internationalization activity.



### 3. Research methodology

The GEM provides a large dataset for examination, and it is one of the largest studies of entrepreneurship in the world. The data for our research was provided from GEM adult population survey (APS), which implies individual answers from a random sample of adult population aged 18-64. The APS contains data about entrepreneurial attitudes, activity and aspirations of individuals. The data for this research implies 14,027 individual interviews and 266 early-stage entrepreneurs with strong internationalization orientation which means 25% of consumers outside national borders. Empirical research was conducted in 2013. At the macro level, most dynamism, future job creation and innovation can be expected from this group of entrepreneurs (Amoros & Bosma, 2014). For the purpose of empirical research, the conceptual model was made. Variables used in this research can be seen in Table 1.

Table 1. Description of variable set

Variable	Description
TEAEXPST - TEA strong international orientation (more than 25% of customers from abroad)	Yes (0) No (1)
TEACUST - TEA: How many (potential) customers consider product new/unfamiliar?	All (1) some (2) or none (3)
TEACOMP - TEA: How many businesses offer the same products?	Many (1) few (2), none (3).
TEAyyNPM - TEA: new product market combination	Yes (0) No (1)
TEATECH - TEA: Were the technologies or procedures available more than a year ago?	The latest, up to one year (1), new technology - one to five years (2), no new technology more than five years (3).
TEA motive	Opportunity motive: increase income (1), Opportunity motive: independence (2), Mixed motive combination (3) Non-opportunity necessity motive (4)
Gender	Male (1), Female (2)
Age	18-24(2), 25-34(3), 35-44(4), 45-54(5), 55-64(6)
Country	30 (Greece), 36 (Hungary), 386 (Slovenia), 40 (Romania), 385 (Croatia), 387 (Bosnia & Herzegovina), 389 (Macedonia).

Source: GEM research 2013

In order to research a set of hypotheses, IBM SPSS software is used to analyse the data.

### **3.1 Context of the research**

Over the past years, the EU has recovered from the recession and the crisis period that inevitably affected it. But at the same time, it was ready to receive new members, the former communist countries from SEE. The entry of new member states promises opportunity for companies in terms of broader internationalization and greater aggregate demand (Hessels & Parker, 2013). Following the data published by The World Bank in SEE Regular Economic Report (2013), the note is that SEE economy (the report includes six countries of the SEE as a candidate states for EU membership) was recovering from the 2012 recession growing by 2.2 percentage on average in 2013. External demand, especially from EU, was the key element of the recovery. Exports due to reduced domestic demand have resulted in a significant reduction in the current account imbalance. The increase in exports and the decline in imports contributed to the reduction of the trade deficit by 4.9% of GDP and current account deficits by 3.5% of GDP in 2013. Towards the statistical data published by The World Bank (2013), Hungary (85.66%), Slovenia (74.52%) and Bulgaria (64.65%) had an export of goods and services rate (as percentage of GDP) at the level of EU-28 average. Thus, EU as the world's largest trading block in terms of interregional trade volume (Hessels & Parker, 2013), has a great tradition of international activities with a large proportion of entrepreneurs and more than 25% of customers that live outside the country (Amoros & Bosma, 2014). According to statistical data provided by the Eurostat Directorate-General of the European Commission, the trade of goods of EU-28 countries accounts for about 15% of world trade (Eurostat, 2018). Hungarian exports are mainly export of machinery and transport equipment, industrial products, food and beverages (Sertic, 2016). Romania places the most emphasis on products such as parts for cars, cars and insulated wire. Romanian exports to EU cover for 64% of total exports. In the last decade, Croatia and Slovenia face high levels of international orientation, according to relatively small economies with a great need for participating (Amoros & Bosma, 2014). Greece is the leader in SEE in providing tourist services to foreigners (Hall & Mitchel, 2001; Buhalis, 1999; The World Bank, 2016). Furthermore, following the statistical data for 2016 published by the World Bank Group (2016), contributions of net exports have become negative for growth in all SEE, except for Serbia where the export performance is doing well, and Montenegro, due to tourism.

#### 4. Results and discussion

Probit model is presented in Table 2. As Prob > chi2 value, which represents the probability of getting the chi-square statistics if there is no effect of predictors, equals 0.0000, we can conclude that the model is statistically significant at  $p < 0.01$ .

Table 2. Probit model

Int	Coef.	Std. Err.	z	P >  z	[95% Conf. Interval]	
<b>TEATECH</b>						
2	0.1242779	0.1354363	0.92	0.359	-0.1411725	0.3897283
3	-0.0569274	0.1216485	-0.47	0.640	-0.295354	0.1814991
<b>TEACUST</b>						
2	-0.344627	0.1540687	-2.24	0.025	-0.6465962	-0.0426579
3	-0.4751189	0.1809788	-2.63	0.009	-0.8298308	-0.1204069
<b>TEACOMP</b>						
2	0.1365202	0.1150865	1.19	0.236	-0.0890453	0.3620856
3	0.1303398	0.1693338	0.77	0.441	-0.2015484	0.4622281
TEAyyNP M	-0.3152389	0.1845718	-1.71	0.088	-0.6769931	0.0465152
<b>Motives</b>						
2	-0.1825586	0.155088	-1.18	0.239	-0.4865256	0.1214083
3	-0.0521234	0.1363018	-0.38	0.702	-0.3192701	0.2150232
4	-0.2150022	0.1184055	-1.82	0.069	-0.4470728	0.0170684
Gender	-0.0478542	0.0908572	-0.53	0.598	-0.225931	0.1302226
<b>Age</b>						
3	0.1208525	0.1400518	0.86	0.388	-0.153644	0.3953491
4	-0.2076153	0.1464423	-1.42	0.156	-0.4946369	0.0794063
5	0.0842922	0.1530888	0.55	0.582	-0.2157564	0.3843408
6	0.1343995	0.1798659	0.75	0.455	-0.2181313	0.4869303
<b>Country</b>						
36	0.4124673	0.1947311	2.12	0.034	0.0308014	0.7941332
40	0.6506054	0.1857222	3.50	0.000	0.2865966	1.014614
385	0.8973965	0.1891869	4.74	0.000	0.5265971	1.268196
386	0.5412196	0.207246	2.61	0.009	0.135025	0.9474143
387	0.2994664	0.1928658	1.55	0.120	-0.0785435	0.6774764
389	0.6144958	0.2059383	2.98	0.003	0.2108641	1.018128
<b>_cons</b>	-0.6000282	0.2696292	-2.23	0.026	-1.128492	-0.0715648

Number of obs = 1028, Log likelihood = -571.40064, LR chi2(21) = 61.20, Prob > chi2 = 0.0000, Pseudo R2 = 0.0508

Source: Authors analysis based on GEM data

In order to measure the association of the independent variables with the international orientation, we relied on the concept of marginal effects. Their values are shown in Table 3.

Table 3. Marginal effects

	Margin	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>TEATECH</b>						
1	0.2735563	0.0330472	8.28	0.000	0.2087851	0.3383276
2	0.3142108	0.0299338	10.50	0.000	0.2555415	0.3728801
3	0.2558433	0.0176771	14.47	0.000	0.2211967	0.2904898
<b>TEACUST</b>						
1	0.4059396	0.0545933	7.44	0.000	0.2989387	0.5129405
2	0.2859728	0.0346364	8.26	0.000	0.2180867	0.3538588
3	0.2453818	0.0193409	12.69	0.000	0.2074743	0.2832893
<b>TEACOMP</b>						
1	0.2526406	0.0207274	12.19	0.000	0.2120156	0.2932656
2	0.2957303	0.0257044	11.51	0.000	0.2453506	0.3461101
3	0.2937088	0.0472192	6.22	0.000	0.201161	0.3862567
<b>TEAyyNPM</b>						
0	0.2970005	0.0202936	14.64	0.000	0.2572259	0.3367752
1	0.2037954	0.0376165	5.42	0.000	0.1300684	0.2775223
<b>Motives</b>						
1	0.3165206	0.0325937	9.71	0.000	0.2526381	0.3804031
2	0.257485	0.0380308	6.77	0.000	0.182946	0.332024
3	0.2990852	0.0319282	9.37	0.000	0.236507	0.3616633
4	0.2476245	0.0196404	12.61	0.000	0.2091301	0.2861188
<b>Gender</b>						
1	0.2778336	0.0168587	16.48	0.000	0.2447911	0.3108761
2	0.2628353	0.0226766	11.59	0.000	0.2183899	0.3072807
<b>Age</b>						
2	0.267622	0.0368116	7.27	0.000	0.1954726	0.3397715
3	0.3069514	0.0256653	11.96	0.000	0.2566483	0.3572546
4	0.2065465	0.0238491	8.66	0.000	0.1598031	0.2532899
5	0.2947866	0.0321511	9.17	0.000	0.2317716	0.3578017
6	0.3115145	0.045737	6.81	0.000	0.2218716	0.4011573
<b>Country</b>						
30	0.1323003	0.0330901	4.00	0.000	0.0674449	0.1971558
36	0.2378591	0.033917	7.01	0.000	0.1713831	0.3043352
40	0.3153022	0.0347283	9.08	0.000	0.247236	0.3833684
385	0.40513	0.0384892	10.53	0.000	0.3296926	0.4805674
386	0.2784018	0.0438242	6.35	0.000	0.192508	0.3642957
387	0.2051271	0.0294995	6.95	0.000	0.1473091	0.2629451
389	0.3028902	0.0434166	6.98	0.000	0.2177953	0.3879851

Source: Authors analysis based on GEM data

In the case of TEATECH variable (technologies or procedures), the average probability of a company to have a strong international orientation would be the largest for ones that have technology from 1 to 5 years old (0.31).

However, it would be significantly higher (at  $p < 0.1$ ) only from the average probability of companies that have technology older than 5 years.

Table 4. Marginal Effects - TEATECH

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>TEATECH</b>							
1	2	0.0406545	0.0440801	0.92	0.356	-0.0457409	0.1270498
	3	-0.0177131	0.0381789	-0.46	0.643	-0.0925424	0.0571163
2	1	-0.0406545	0.0440801	-0.92	0.356	-0.1270498	0.0457409
	3	-0.0583675	0.0353602	-1.65	0.099	-0.1276723	0.0109373
3	1	0.0177131	0.0381789	0.46	0.643	-0.0571163	0.0925424
	2	0.0583675	0.0353602	1.65	0.099	-0.0109373	0.1276723

Source: Authors analysis based on GEM data

When it comes to TEACUST variable, the predicted probability of a strong international orientation for companies whose all potential customers consider product new/unfamiliar would be 0.40, which is for 0.11 and 0.16 higher compared to other two groups. In addition both differences are statistically significant at  $p < 0.05$  (Table 5).

Table 5. Marginal effects – TEACUST

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>TEACUST</b>							
1	2	-0.1199668	0.054801	-2.19	0.029	-0.2273749	-0.0125588
	3	-0.1605578	0.0633184	-2.54	0.011	-0.2846595	-0.0364561
2	1	0.1199668	0.054801	2.19	0.029	0.0125588	0.2273749
	3	-0.040591	0.0447458	-0.91	0.364	-0.1282912	0.0471092
3	1	0.1605578	0.0633184	2.54	0.011	0.0364561	0.2846595
	2	0.040591	0.0447458	0.91	0.364	-0.0471092	0.1282912

Source: Authors analysis based on GEM data

Considering TEACOMP variable, predicted probabilities of a strong international orientation would not significantly differ between three groups (Table 6). However, in the case of TEAyyNPM (new product market combination), the predicted probability of a strong international orientation for ones with no indication would be 0.29 compared to 0.20 for the group with indication. Their difference is statistically significant at  $p < 0.1$ .

Table 6. Marginal effects – TEACOMP

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>TEACOMP</b>							
1	2	0.0430897	0.0364412	1.18	0.237	-0.0283336	0.1145131
	3	0.0410682	0.0544317	0.75	0.451	-0.065616	0.1477524
2	1	-0.0430897	0.0364412	-1.18	0.237	-0.1145131	0.0283336
	3	-0.0020215	0.0508938	-0.04	0.968	-0.1017715	0.0977285
3	1	-0.0410682	0.0544317	-0.75	0.451	-0.1477524	0.065616
	2	0.0020215	0.0508938	0.04	0.968	-0.0977285	0.1017715

Source: Authors analysis based on GEM data

When it comes to people motivation, the predicted probability of a strong international orientation in the case of opportunity motive (increase income) would be 0.31, compared to 0.24 non-opportunities. This difference is statistically significant at  $p < 0.1$ .

Table 7. Marginal effects – Motives

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>Motives</b>							
1	2	-0.0590356	0.0495203	-1.19	0.233	-0.1560936	0.0380224
	3	-0.0174354	0.0455915	-0.38	0.702	-0.1067932	0.0719223
	4	-0.0688962	0.0387223	-1.78	0.075	-0.1447905	0.0069981
2	1	0.0590356	0.0495203	1.19	0.233	-0.0380224	0.1560936
	3	0.0416002	0.0493548	0.84	0.399	-0.0551334	0.1383337
	4	-0.0098606	0.0436006	-0.23	0.821	-0.0953161	0.075595
3	1	0.0174354	0.0455915	0.38	0.702	-0.0719223	0.1067932
	2	-0.0416002	0.0493548	-0.84	0.399	-0.1383337	0.0551334
	4	-0.0514607	0.0380235	-1.35	0.176	-0.1259855	0.023064
4	1	0.0688962	0.0387223	1.78	0.075	-0.0069981	0.1447905
	2	0.0098606	0.0436006	0.23	0.821	-0.075595	0.0953161
	3	0.0514607	0.0380235	1.35	0.176	-0.023064	0.1259855

Source: Authors analysis based on GEM data

While in the case of gender, there is no significant difference in predicted probabilities of a strong international orientation, when it comes to age variable, group 4 (from 35 to 44 years) stands out. Its predicted probability (0.20) would be significantly lower than predicted probabilities of groups 3, 5 and 6 (at  $p < 0.05$ ).

Table 8. Marginal effects – Age

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>Age</b>							
2	3	0.0393294	0.0449484	0.87	0.382	-0.0487677	0.1274266
	4	-0.0610755	0.0440141	-1.39	0.165	-0.1473416	0.0251906
	5	0.0271646	0.0491136	0.55	0.580	-0.0690964	0.1234256
	6	0.0438925	0.058995	0.74	0.457	-0.0717356	0.1595205
3	2	-0.0393294	0.0449484	-0.87	0.382	-0.1274266	0.0487677
	4	-0.1004049	0.03507	-2.86	0.004	-0.1691409	-0.0316689
	5	-0.0121648	0.0415247	-0.29	0.770	-0.0935516	0.069222
	6	0.004563	0.0525962	0.09	0.931	-0.0985237	0.1076497
4	2	0.0610755	0.0440141	1.39	0.165	-0.0251906	0.1473416
	3	0.1004049	0.03507	2.86	0.004	0.0316689	0.1691409
	5	0.0882401	0.0399662	2.21	0.027	0.0099077	0.1665725
	6	0.104968	0.0515027	2.04	0.042	0.0040245	0.2059114
5	2	-0.0271646	0.0491136	-0.55	0.580	-0.1234256	0.0690964
	3	0.0121648	0.0415247	0.29	0.770	-0.069222	0.0935516
	4	-0.0882401	0.0399662	-2.21	0.027	-0.1665725	-0.0099077
	6	0.0167278	0.0557413	0.30	0.764	-0.0925231	0.1259788
6	2	-0.0438925	0.058995	-0.74	0.457	-0.1595205	0.0717356
	3	-0.004563	0.0525962	-0.09	0.931	-0.1076497	0.0985237
	4	-0.104968	0.0515027	-2.04	0.042	-0.2059114	-0.0040245
	5	-0.0167278	0.0557413	-0.30	0.764	-0.1259788	0.0925231

Source: Authors analysis based on GEM data

Considering countries, the largest predicted probability of a strong international orientation would be in Croatia (0.40). It would be significantly higher at  $p < 0.05$  and  $p < 0.1$ , than in all other countries

Table 9. Marginal effects – Country

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>Inn2</b>							
30	36	0.1055588	0.0473871	2.23	0.026	0.0126818	0.1984357
	40	0.1830019	0.0474766	3.85	0.000	0.0899494	0.2760544
	385	0.2728296	0.050909	5.36	0.000	0.1730499	0.3726094
	386	0.1461015	0.0548225	2.66	0.008	0.0386514	0.2535516
	387	0.0728268	0.0448034	1.63	0.104	-0.0149862	0.1606397
	389	0.1705899	0.0551456	3.09	0.002	0.0625065	0.2786732
36	30	-0.1055588	0.0473871	-2.23	0.026	-0.1984357	-0.0126818
	40	0.0774431	0.0489327	1.58	0.114	-0.0184632	0.1733493
	385	0.1672709	0.0516533	3.24	0.001	0.0660323	0.2685094

		dy/dx	Std. Err.	z	P> z	[95% Conf. Interval]	
	386	0.0405427	0.0547362	0.74	0.459	-0.0667382	0.1478236
	387	-0.032732	0.0458239	-0.71	0.475	-0.1225451	0.0570811
	389	0.0650311	0.0551118	1.18	0.238	-0.0429861	0.1730482
40	30	-0.1830019	0.0474766	-3.85	0.000	-0.2760544	-0.0899494
	36	-0.0774431	0.0489327	-1.58	0.114	-0.1733493	0.0184632
	385	0.0898278	0.0520268	1.73	0.084	-0.0121428	0.1917983
	386	-0.0369004	0.0563297	-0.66	0.512	-0.1473045	0.0735038
	387	-0.1101751	0.0460502	-2.39	0.017	-0.2004318	-0.0199184
	389	-0.012412	0.0560481	-0.22	0.825	-0.1222643	0.0974403
385	30	-0.2728296	0.050909	-5.36	0.000	-0.3726094	-0.1730499
	36	-0.1672709	0.0516533	-3.24	0.001	-0.2685094	-0.0660323
	40	-0.0898278	0.0520268	-1.73	0.084	-0.1917983	0.0121428
	386	-0.1267281	0.0585151	-2.17	0.030	-0.2414156	-0.0120406
	387	-0.2000029	0.0482988	-4.14	0.000	-0.2946668	-0.1053389
	389	-0.1022398	0.0580506	-1.76	0.078	-0.2160169	0.0115373
386	30	-0.1461015	0.0548225	-2.66	0.008	-0.2535516	-0.0386514
	36	-0.0405427	0.0547362	-0.74	0.459	-0.1478236	0.0667382
	40	0.0369004	0.0563297	0.66	0.512	-0.0735038	0.1473045
	385	0.1267281	0.0585151	2.17	0.030	0.0120406	0.2414156
	387	-0.0732747	0.0534633	-1.37	0.171	-0.1780609	0.0315114
	389	0.0244884	0.0622236	0.39	0.694	-0.0974677	0.1464444
387	30	-0.0728268	0.0448034	-1.63	0.104	-0.1606397	0.0149862
	36	0.032732	0.0458239	0.71	0.475	-0.0570811	0.1225451
	40	0.1101751	0.0460502	2.39	0.017	0.0199184	0.2004318
	385	0.2000029	0.0482988	4.14	0.000	0.1053389	0.2946668
	386	0.0732747	0.0534633	1.37	0.171	-0.0315114	0.1780609
	389	0.0977631	0.0518716	1.88	0.059	-0.0039034	0.1994296
389	30	-0.1705899	0.0551456	-3.09	0.002	-0.2786732	-0.0625065
	36	-0.0650311	0.0551118	-1.18	0.238	-0.1730482	0.0429861
	40	0.012412	0.0560481	0.22	0.825	-0.0974403	0.1222643
	385	0.1022398	0.0580506	1.76	0.078	-0.0115373	0.2160169
	386	-0.0244884	0.0622236	-0.39	0.694	-0.1464444	0.0974677
	387	-0.0977631	0.0518716	-1.88	0.059	-0.1994296	0.0039034

Source: Authors analysis based on GEM data

On the other hand, the predicted probability of a strong international orientation in Greece would be only 0.13. It is significantly lower at  $p < 0.05$ , compared to all other countries, except Bosnia and Herzegovina.



## **5. Conclusions**

The results of empirical research proved the influence of motivation on strong international entrepreneurial orientation, when opportunity entrepreneurs are driven by motive of increasing the income. The level of income as entrepreneurial motives in business was frequently discussed in preceding research and literature (Hessels et al., 2008; Shane et al., 2003; Pinillos & Reyes, 2011). Opportunity entrepreneurs lack the fear of failure (Puentes et al., 2017), they easily perceive business opportunities, and possess social connections (Tominc & Rebernik, 2007; Lecuna, Cohen, & Chavez, 2017), and have a certain knowledge and skills (Baum & Locke 2004). Entrepreneurs' motive for increasing income pulls opportunity entrepreneurs to constantly develop business activities by applying new ideas in order to provide better living and business conditions. So, the result of regression shows that opportunity entrepreneurs that set up business in area of SEE, have a higher level of international activity and more than 25% of their customers are from abroad. Thus, hypothesis H1 was confirmed.

Second, research provides the answer that the greatest influence on internationalization is in the cases when all consumers consider that the product is new. Thus, these products are usually made under cover of the radical innovation process. Radical innovation can provide a great shift, big change in productions and competitive advantage to business. According to creative process of radical innovations it is necessary to include the best experts who will express their individual ideas and efforts. Radical innovations usually come through long lasting extensive research (Pham, 2011). It is well known that only twenty five percentages of products have successful launch on the market, i.e. seventy-five percentage of new products end up as unsuccessful. The next part of research shows how many companies offer the same products, but according to research results, no statistically significant differences were found. Competition of radical products, launched on foreign markets from the area of SEE, is not significantly pronounced, thus, there is a great diversity between the radical products. The third part of the research regarding innovation shows that the impact on the international entrepreneurs' activity is pointed in the situation when a new product is placed on a new market. In fact, this data obtains synergy of the two previous researching parts. Thus, optimal export strategy includes a combination when new products are placed on markets that do not have the same or similar product. The SEE country as candidates for EU membership, such as Macedonia, Bosnia and Herzegovina, Serbia, Montenegro, have a number of small and medium-sized businesses in expansion. During the present and past decades, the government provides support in starting up operations, encouraging and financing the best business ideas, etc. From this milieu, new radical ideas and products were born, and opportunity entrepreneurs who

know how to launch them on foreign markets. In accordance with the research result, we consider that hypothesis H2 that innovative activity influence the international activity was confirmed.

The research results of H3 hypothesis, confirmed that the use of new technology has direct and significant influence on international entrepreneur activity. Obtained results are in full accordance with previous research studies conducted by Hessels and Terjesen (2008), and Brach and Naude (2012) who came to this research result by observing it in the context of developing countries. The influence of technologies was previously classified on the basis of their newness and some authors have found that technologies from one to five years of age, has an influence on the internationalization process (Amoros et al., 2016; Lekovic & Bobera, 2018). In the area of SEE, there are a number of small and medium-sized enterprises, where the R&D investment factor is not too high. Thus, entrepreneurs who do not use old or very latest technology, have more chance for the placement of products abroad. The results express strong internationalization activity in case when entrepreneurs use technology in transition mode (from old to new). In that case more than 25% of customers use their products.

According to the past research, men have more intentions and ambition in starting up a business, than women (Nilsson, 1997; Treichal & Brouthers, 2004; Stephan et al., 2015). In the last decades, there is a noticeable increase in engagement of females in entrepreneurship, but still not enough as men are involved. Women who export still remain a minority group among entrepreneurs (Nissan, Carrasco, & Castano, 2012). It can be said that the difference in exports between men and women arose from the nature of the personality and their personal characteristics. Women are less prone to risk and do not have higher aspirations for growth, this is mostly a male feature, at the same time influencing the internationalization of business (Welch, Welch, & Heverdine, 2008). When it comes to gender, the obtained results are in accordance with previous studies conducted by Treichal and Brouthers (2004), who found that female entrepreneurs are less likely to export. The results of conducted research by Orser et al. (2010) rely on previous facts. They have identified, in terms of the same size of enterprises that companies managed by men are more likely to export than businesses operated by women. When it comes to age, as we expected on the basis of learning effect, older entrepreneurs are more open to internationalization. Despite this, the result is in line with previous study conducted by Davis and Harveston (2000). The research result of H4 shows that the demographic factor – gender plays a crucial role in export activity. Men, aged around 55-64, have a tendency to export the most. Also, we should mention that in transition countries, a lot of people were made redundant in the period of reforms, and were forced to look for a new job in their middle age. The findings of research confirmed H4 hypothesis.

According to the aim of this paper, the model that can lead entrepreneurs to strong international orientation was created by setting the determinants that influenced internationalization activity in TEA stage. The model presents a combination of determinants, selected and analysed for the purpose to give maximum output. The developed model reflects a strong international orientation of early-stage entrepreneurs. The strong international orientation has male opportunity entrepreneurs driven by the increase income motive, aged between 55 and 64, who use radical innovations and technology that is not very recent, but it is relatively new. The research analysis shows that Croatian entrepreneur's best fit into the presented model, much more than other countries from the area of SEE. These results are very interesting, especially if we consider the fact that Greece is in the research sample, a country with a developed tourist sector whose number of service users from foreign countries significantly exceeds 25%. One possible explanation could be that the research in Croatia involved entrepreneurs who are engaged mainly in the tertiary sector, more specifically, the tourism sector of services. The current model may benefit the organizations and governments that support small and medium-sized businesses in SEE countries, for the reason that the research has covered and somewhat explained the effects of external factors. On the other hand, emphasis is placed on personal and demographic characteristics of entrepreneurs, which is the contribution of this work to entrepreneurs – and at the same time enables them to develop strategies of internationalization for business, taking into account the effects of external factors by simultaneously strengthening their personal characteristics and firm level factors. Our data was derived from single source respondents and response rates between countries vary, although the observed countries have similar historical inheritance and developments paths; we cannot assume the same perception of observed variables by entrepreneurs. Likewise, it is not possible to generalize and create a picture of the unique process of developing entrepreneurial ventures with internationalization aspiration. Some future research should be included in the model and the phase of establishing entrepreneurial activity stage, in order to determine differences in characteristics of nascent, new and established business ventures.

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