

Chapter 46


Speed of Use of Social Media as an Antecedent of Speed of Business Internationalization

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ABSTRACT

Despite various advances in international business and entrepreneurship literatures and increasing interest in speed of internationalization mainly among international entrepreneurship scholars, the relationship between the use of social media and the internationalization speed of the firm remains poorly investigated. This article presents the reflective construct “speed of use of social media” and proves its positive effect on the third order formative construct “speed of internationalization.” Furthermore, using multi-group analysis, the article demonstrates that this effect is moderated by the industry where the company performs (business-to-customer vs. business-to-business) and its export intensity, but not by the size of the firm. The results obtained open an interesting area for further research in the role of Web 2.0 and social networking in future knowledge management systems of international new ventures companies.

DOI: 10.4018/978-1-6684-6287-4.ch046

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INTRODUCTION

Globalization and emerging markets are offering amazing opportunities to new and old companies that move faster to foreign markets. For example, the world's best startup examples like Uber, AirBnB and BlaBlaCar are actually looking to be the first at customizing their business models to suit requirements of various APAC and MEA markets. Airbnb, for example, leveraged the advantages of being a first mover to the European and Asian Markets against its counterpart Wimdu. Late entrants such as Expedia and Amazon faced difficulty in instituting themselves in the region (and this came at a higher cost as well). But the speed of internationalization is not only relevant for startups, García-Carcía, García-Canal and Guillén (2017) found that firms from the 'old' Europe can also keep up with new trends in internationalization and profit from speeding their internationalization process, thus providing some hope to the managers of established multinationals from developed economies whose global leadership has been challenged by newcomers to the international scene.

In fact, different studies have focused on the speed of internationalization concept in the literature (Jones, Coviello and Tang 2011; Johanson and Vahlne 1977; Rialp, Rialp and Knight 2005; Zhang, Sarker, and Sarker 2013; Casillas and Acedo 2013; Casillas and Moreno-Menéndez 2014). In this sense, it is possible find studies relating speed of internationalization to investment in technology (Saarenketo, Puumalainen, Kyläheiko, and Kuivalainen, 2008); to technology-intensive sectors (Mohr and Batsakis 2014); and also, importantly, studies focused on the effect of speed of internationalization on performance (Hilmersson and Johanson 2016). However, as recognized by Mohr and Batsakis (2014 p. 601), "research on the speed with which firms expand their operations internationally is scarce at best, in particular, when compared to other questions related to international expansion such as, for example, entry mode choice".

In this sense, the possible antecedents of speed of internationalization, for example the relationship between information and communication technologies (ICTs) in general, and social media (SM) in particular, and internationalization speed remains poorly investigated (Morgan-Thomas and Jones 2009). Durkin, McGowan and McKeown (2013, p. 720) point out: "there is a deficit in the research with respect to a more strategic consideration of how SM can add value to the customer-SME relationships".

Therefore, this article attempts to delineate the role of SM usage in the internationalization process of firms and elaborate on how the speed of use of SM may accelerate the speed of internationalization. Internationalization has much of market relationships, as involve entering to new markets. Musteen, Francis and Datta (2010) indicate that firms sharing a common language with their international ties are able to internationalize faster than firms that do not share a common language. Therefore, the faster a company uses social networks sites, the faster the company can obtain a common language with their international ties that, at the same time, allow the company to develop a faster internationalization process. In this sense, according to Ibeh and Kasem (2011), social and business networks were found to be important in explaining the internationalization speed, but social ties seemed more influential at initial stages of the process.

Furthermore, brands can exploit the potential of social media by establishing an online brand community based on a structured set of social relations among admirers of a brand. Kananukul, Jung and Watchravesringkan (2015) prove that brand trustworthiness is formed through consumer's trust toward social network sites, brand trust induces a high degree of brand loyalty and those individuals with higher brand loyalty are likely to purchase the brand's products more frequently as well as in a higher volume.

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