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**ON CAUSALITY BETWEEN SUCCESSFUL
INTERNATIONALIZATION AND PROFITABILITY: THE CASE FOR
THE MODERATING EFFECT OF EARLINESS IN NEW VENTURES**

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ABSTRACT

Objectives:

We aim to explore whether the earliness of internationalization can change the direction of causality in the binomial internationalization-profitability.

Theoretical Framework:

The main theoretical explanation lies at the speed of the learning advantages of newness to address the contingent uncertainty of the (lack) of knowledge of the new international market, combining the Uppsala-Model and the International Entrepreneurship theories.

Method:

We performed a multigroup analysis using the most up-to-date technique among the available structural equation cross-lagged models for testing causality under the impulse-response approach. This enables the investigation of the long-term rather than the short-term Granger-Sims' causal effects in a longitudinal data set of 1,258 new ventures over five years after the first international market entry.

Results/Implications:

Earliness of internationalization can be a key to understand both the sign and the direction of causality and its persistence over time. We augment the Uppsala Model with the causality of these relationships. For practitioners, they should know that the organizational time to go international can be a source of only temporary but not persistent advantages for early entrants.

Keywords:

International commitment; earliness of internationalization; profitability; short-run causality; long-term causality; cross-lagged panel model; SMOPEC.

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