

# ***China Peril or China Mania ? Entrepreneurs' "host" country perceptions, social interactions, and internationalization***

*by François Goxe*

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*This paper examines how entrepreneurs' perceptions of a foreign country prior to internationalization are affected by social interactions with peers and other actors during initial approaches of that country and what consequences do these evolving perceptions have upon internationalization decision and later developments. Specifically, we follow a social-cognitive perspective at the intersection between international entrepreneurship (study of how cross-border opportunities are identified and exploited by entrepreneurs); cognitive (how entrepreneurial perceptions and motivations are formed at home and in host countries) and socialization (the process through which individuals learn the values, norms, beliefs and behaviors of societies, organizations or groups) literatures. This perspective is employed in an exploratory qualitative study of nascent international entrepreneurs in China. Our findings show processes of cognitive reinforcement and cognitive dissonance leading to various internationalization decisions. Propositions are made and discussed along with implications for research and practice.*

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## ***Introduction***

Economic and management press frequently shows testimonies from entrepreneurs and managers considering China and its economic boom either as a threat, jeopardizing or reshuffling the world economic order, or, conversely, as an opportunity for otherwise stagnating Western economies and their business organizations. Meanwhile, although the entrepreneurship literature has placed much emphasis on the role of the entrepreneur and his/her perceptions in creating new ventures or developing existing ones (for example Forlani and Mullins 2000; Krueger 2000), little is still known about entrepreneurs' perceptions in the context of internationalization (Keh, Foo, and Lim 2002, Acedo and Florin 2006, Sommer and Haug 2011). “What goes through entrepreneurs' minds as they explore their firm's competitive global landscape?”, “What are entrepreneurs' motivations to internationalize their firms' operations?” and “How do these motivations influence the mechanisms by which international opportunities are exploited?” are some of the questions

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that, so far, remain largely unaddressed (Zahra, Korri, and Yu 2005). This study seeks to shed light on *how entrepreneurs' perceptions of a foreign country prior to internationalization are affected by social interactions with peers and other actors (public and private internationalization assistants, lawyers, consultants) during initial approaches of that market and what consequences do these evolving perceptions have upon their internationalization efforts*. Specifically, we follow a social-cognitive perspective at the intersection between (international) entrepreneurship, defined as the study of how (cross-border) opportunities are identified and exploited by entrepreneurs; cognitive aspects of individuals, understood as how entrepreneurial perceptions and motivations are formed at home and in host countries (Zahra, Korri, and Yu 2005) and social dynamics, cognition and socialization, considered as the process through which entrepreneurs/individuals learn the values, norms, beliefs and behaviors of societies, organizations or groups (Cicourel 1973; Schein 1988). This perspective is employed in order to identify and analyze how social interactions between nascent international entrepreneurs, established entrepreneurs and other internationalization actors can strengthen or alter the formers' ex-ante perception (prior to first contacts with the country) of the targeted foreign country and consequently impact their exploitation of an international opportunity.

First, we present the theoretical background, intersection between (international) entrepreneurship, cognitive and social perspectives. We then analyze the potential influence of interactions with peers and other internationalization actors during entrepreneurs' first contacts with the host country upon their ex-ante perceptions and the emergence of ex-post perceptions of the host country, which eventually leads to various internationalization decisions. A two-level conceptual model (individual and collective/social) is offered. The second part of this study describes the methods and results of an exploratory empirical research based on qualitative interviews with (French) entrepreneurs approaching the Chinese entrepreneurial field. This empirical research illustrates and enriches the conceptual model initially developed. We analyze

what we termed “ China Mania ”, that is enthusiasm and excitement or, conversely, “ China Peril ”, anxiety and fear associated with the rise of the Middle Kingdom as a new economic power, expressed by some entrepreneurs before and after their first contacts with China. Propositions are made and discussed. Finally, we conclude with implications and contributions to the field of international entrepreneurship, namely the exploration of the social-cognitive dimension of (international) entrepreneurship and, for practitioners, the importance of entrepreneurs' initial perceptions and social interactions for international development.

### ***A Social-cognitive Model of International Entrepreneurship***

We examine in turn the three elements that constitute our model: international entrepreneurship (that is focus on the internationalization process as embodied by the entrepreneur), the individual-level or cognitive characteristics of the entrepreneur (in particular his/her international orientation / optimism or pessimism toward the targeted country's environment and population) and the inter-individual or social level of interactions between international wannabes and other individuals mobilized during the initial stages of the internationalization process.

### **Firms, Entrepreneurs and Internationalization: the Field of International Entrepreneurship**

Recent definitions of the field of International Entrepreneurship (IE) (McDougall and Oviatt 2005a.; McDougall and Oviatt 2005b.; Oviatt and McDougall 2007) define it as the “ discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services ”, p.240). As such, the field represents the intersection between international business and entrepreneurship (McDougall and Oviatt 2000). The former has usually investigated the development of established, large firms across national borders while the latter has focused on the study of “ how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited ” (Shane and Venkatraman 2000, p.218), that is,

typically, the creation and development of new ventures and small and medium-sized enterprises (SMEs) within a domestic context (McDougall and Oviatt 2000). International business literature has paid much attention to the questions of why and how *firms* internationalize (for example “stage-models” of internationalization (Johanson and Vahlne 1977) have considered international development as a learning process in which *the firm* gradually gains experience and knowledge required to overcome a “psychic distance”). Although the questions of “why” and “how” is internationalization undertaken have thus been extensively investigated, no clear consensus has arisen and the question of “by whom” remains largely unexplored. The “firm” remains the main level for analysis, researchers typically considering it as an impersonal object, acting mechanically in response to external incentives or developing rational strategies for development. The role of individuals and social interactions in the process has attracted less attention although the specific literature on the internationalization of SMEs and the emerging research on IE have initiated a shift in focus, from the “*firm*” to *individuals, entrepreneurs* as key drivers of internationalization (Autio 2005).

### **Individual-level of Analysis: Entrepreneurs' Characteristics and Cognitive Attributes in the Internationalization Process**

A variety of personal factors may influence the internationalization decision. Entrepreneurs, individuals carrying entrepreneurial actions (Andersson 2000), discovering and exploiting an entrepreneurial opportunity (Shane and Venkatraman 2000) are expected to play a critical role in internationalization as in other entrepreneurial processes (Miesenbock 1988; Andersson 2000). Some studies have investigated the role of decision makers' (for example Holzmuller and Kasper 1991) and Top Management Teams' (for example Hambrick and Mason 1984; Athanassiou and Nigh 2000; 2002) personal characteristics on the internationalization of (large) firms. However, most have focused on a limited number of factors including demographic characteristics (age,

education background, professional experience, ethnic origin, languages spoken, foreign country exposure, etc.) and, to a lesser extent, subjective elements measuring individuals' perceptions and attitudes toward risk, costs and profits associated with foreign markets (Leonidou, Katsikeas, and Piercy 1998). A number of studies explored the “personal factors”, “attributes” (Reid 1981; Cavusgil and Naor 1987; Holzmuller and Kasper 1991; Manolova, Brush, Edelman, and Green 2002) or “human capital” (Ruzzier, Antoncic, Hisrich, and Konecnik 2007) of international entrepreneurs (for example, international business skills - tacit knowledge of international business practices and foreign markets developed through professional experience, international orientation - exposure to foreign cultures through living, working, or traveling abroad, management know-how and perception of environmental risk, etc.). Unfortunately, research in this field failed to reach a consensus, finding at best ambiguous results (Ruzzier, Hisrich, and Antoncic 2006; Sommer and Haug 2011) and suggesting the need for alternative and complementary approaches. Among these approaches, understanding individuals' cognition, that is how entrepreneurs think and make decisions in terms of opportunity discovery, recognition and exploitation in (foreign) markets (Baron 2004a, 2004b; Sommer 2010) is considered crucial (Shane 2000). Recent empirical studies such as Hmieleski and Baron's (2009) found a negative relationship between entrepreneurs' optimism (expectancies for experiencing positive outcomes) and new venture performance. Conversely, Acedo and Florin (2006) found a strong positive correlation between CEO's international posture (international orientation, proactive disposition, cognitive style and tolerance for ambiguity) and the firm's degree of internationalization. We believe such discrepancies might be due to the fact that many studies consider entrepreneurs as acting in a social vacuum although social interactions between the entrepreneur and the various individuals met during the internationalization process are likely to play a critical role (Hmieleski and Baron 2009). This assumption is in line with socio-cognitive approaches briefly reviewed hereafter.

## **Collective Level of Analysis: Social Dynamics and Socio-cognitive Approaches to International Entrepreneurship**

Social-cognitive theory (Wood and Bandura 1989; Bandura 1986) explains psychosocial functioning in terms of reciprocal interactions between cognitive, environmental and behavioral factors. As such, it provides a comprehensive framework for identifying how individual dispositions influence firm-level performance (Hmieleski and Baron 2009). In this study, we adopt this perspective in the context of internationalization and distinguish specifically two main elements for analysis: 1) the entrepreneur's individual perceptions of the host country, and 2) his/her initial social interactions / socialization into the host country. The first element has been explained in the above paragraph. The second, socialization, is understood as the process through which entrepreneurs/individuals learn the values, norms, beliefs and behaviors of societies, organizations or groups (Cicourel 1973; Schein 1988), learn what is “customary and desirable” (van Maanen and Schein 1979, p.212) as well as what is not (Michailova and Wilson 2008, p.246). We follow the efforts undertaken by some researchers to blend social and cognitive perspectives to entrepreneurship and extend them to the international field (for example Zahra, Korri, and Yu 2005; Acedo and Florin 2006). Specifically, we recognize that entrepreneurs' individual perceptions (here Manichean perceptions of the host country's environment and people) interact with those of other actors met during the internationalization process in general and its early stages (first contacts, first visits) in particular. As such we offer to distinguish two kinds of perceptions: “ ex ante ” and “ ex post ” perceptions of the host country” which consist, respectively, in the entrepreneur's expectancies toward doing business in the host country before and after his/her first visits and meetings with potential partners in that country. We argue that social interactions with international partners (foreign entrepreneurs, managers and other international business actors) during foreign sojourns and perceived reactions and opinions from those partners regarding aspiring entrepreneurs' expectancies and initiatives influence entrepreneurs' initial perceptions and in turn influence the

internationalization decision. To our knowledge, extant literature generally assumes that social interactions between newcomers and established international actors leads to some form of experiential learning or “absorption” (Johanson and Vahlne 2006) which, in turn fosters or speeds up internationalization (Oviatt and McDougall 2005). Based on our empirical observations, we argue that social interactions may actually lead to less positive, if not negative perceptions and in turn delay or inhibit internationalization efforts. Some of these empirical observations are presented then discussed hereafter.

## ***Methods***

The empirical part of this study draws on a qualitative case-study methodology (Eisenhardt 1989). Our research was exploratory in nature and rooted in Eisenhardt’s (1989) methodology, which allows theory and data to interact. Three extensive case studies were conducted among networks of French SME entrepreneurs (from various industries) first approaching the Chinese market and participating to trade shows and exploratory business trips to China. 37 entrepreneurs, managers and internationalization agents were interviewed using an interview guide revolving around three main themes: personal background (education, professional experience, previous international exposure), decision to approach the Chinese market (opinions about China, readings, objectives, means and relations developed with other internationalizing partners/entrepreneurs/public or private agencies) and performance (objective achievements, subjective assessment of own and others actors' performance and results). To enhance validity, data were collected through multiple sources: non-participating observation, semi-directive interviews and internal documents. Systematic content analysis was then performed in a thematic way with qualitative research software.

## **Results**

The theoretical framework developed above and obtained results suggest we distinguish four situations depending on 1) entrepreneur's ex ante perception of the host country and 2) his/her perception of the reactions of other international actors consulted during the process. The following paragraphs provide some illustrations for these ideal-typical situations.

### **a) Positive Ex ante Perception / Positive Reaction from Other International Actors**

Some entrepreneurs readily declare that they see China and a number of other emerging markets (for example India) as key “pools of growth”, especially in mature industries which traditional markets (that is Western Europe, North America and Japan) are often saturated:

“There are a number of countries, like India, China, Brazil... where *opportunities are arising*. [...] Traditionally, I mean from the 60's, 70's and 80's, our customers were German, Japanese and American. Sometimes Korean... We follow our customers and *they help us progress, we learn from them*. [...]. Now the French market does not represent more than, say... 5 percent of the global market, Western Europe and other traditional markets are stable while *the demand from China, India, Brazil, etc. is rising*”.

Few descriptions of “Chinese people” (considered as a population as a whole) are made. Entrepreneurs prefer to allude to economic and/or legal trends they perceive as positively affecting the Chinese economy and/or the industry they operate in:

“Chinese reforms and public stakeholders made it clear that large foreign companies had to develop their “local share” (of production). *This is actually a very good thing for us* (as suppliers for large companies)”.

“We all know about *China as the next superpower*. To a certain extent I think it is true. People are scared about this but I think *this is rather a good thing for our companies* provided we have a strong business approach. I mean good products and good strategies”.

These entrepreneurs participated to business trips, trade shows and met with Chinese entrepreneurs and managers they perceived as “professionals”, sharing “similar views and values” and “a sense of innovation”:

“*Meeting and working with Chinese colleagues was very interesting*. By “colleagues” I mean they were *true entrepreneurs* or managers as we imagine them and as I think I am. [...] They've inspired us, we learned from them”.

“*I found them brilliant*... [...] They did not invent specific technologies for [that product], they did not invent new colors or miraculous processes but they innovated in distribution. [...] People I met have *ideas, a sense of*



*innovation”.*

These combined perceptions contributed to convince entrepreneurs to further push the idea of developing their business in China. Entrepreneurs observed declared they would continue their effort to explore the market, some obtained their first orders/contracts.

*Proposition 1:* An entrepreneur's positive ex-ante perception of the foreign environment and a positive reaction from internationalization partners induces an even more positive ex-post perception of the environment.

### **b) Negative Ex ante Perception / Negative Reaction from Other International Actors**

A number of entrepreneurs declared they approached the Chinese market not because they expected much (financially speaking) in developing their business there but because friends and acquaintances convinced them to “try their luck”:

*“I didn't expect much and I found what I expected!”*

*“I met a guy at a birthday dinner (in France). He had been selling raw materials and working with China for 25 years. He told me: “What do you do? What products do you offer?” and “What are your intentions (projects) in China?”. I told him “nothing”. Eventually, he kind of talked me into going to a trade show there, in Canton, then another one in Shanghai. But from the start, I thought “ok, it won't work”.*

As the previous quote suggests it, entrepreneurs still express doubts about the possibility of a successful development of their business in China in spite of friends and acquaintances' efforts to convince them. Initial prejudices about China, Chinese (business) people and the perception of cultural/structural differences may account for such pessimism:

*“We are different [...]. They (the Chinese) are better at networking for instance [...]. They work as a team and we are not in the same team!*

*“ The first thing people think is “ They will copy us !”. [...] They are smart but they don't play by our rules ”.*

*“ We are too small and them too big and it will only get worse. There is a major gap. We really feel like tiny ants...”*

Despite their initial reluctance, these entrepreneurs took part in exploratory business trips to China and met with various Chinese entrepreneurs, managers and officials. Initial negative perceptions

were confirmed when confronted with reality:

“ Just as I thought: we ended up visiting plants with 1000 employees, producing a million tons of goods, with a turnover of 36 million dollars... A real *war machine!* ”.

“ People welcomed us but clearly *we are not from the same planet*. The Chinese we met were talking about making millions of this or that...”

Negative perceptions are further strengthened by reactions from “internationalization facilitators” such as consultants and embassy staff (internationalization services provided by the French Embassy).

“Their services (advisers from the French Embassy) are supposed to be a starting point but *we feel they work for large companies...* When one turns up, like me, with 15 kilos of chocolate to participate in a trade show and test the market, *they are rather... “amused”!* They always received me but they made me understand that I was rather an exception. *They make us feel like there is no place for us in China.*

As a consequence, entrepreneurs abandon their efforts and decide to focus on the domestic market.

*Proposition 2:* An entrepreneur's negative ex-ante perception of the foreign environment and a negative reaction from internationalization partners induces an even more negative ex-post perception of the environment.

### **c) Positive Ex ante Perception / Negative Reaction from Other International Actors**

Some entrepreneurs exhibited high enthusiasm before their first face-to-face encounters with potential partners in China:

“I think *I was very curious* to see that country. We hear so much about China and the way it's taking on the world that *I wanted to see for myself*. Before I left I thought we could sell them concepts. I thought they're open to ideas, to our “French touch”.

“*I love Chinese culture*, I like Chinese design and furniture very much, I love that culture. I had never been to China and I thought “*why not combine business with pleasure?*”.

These entrepreneurs took part in business trips and trade shows where they met both potential Chinese partners and other internationalized actors (internationalization assistants/consultants, international managers from large groups, international competitors, etc.). Some confess a certain disappointment. In their own words:

*“I didn't quite get the warmest of welcomes [...]. People were friendly but they had me understand that no-one was expecting me or [my products], that the market was too difficult, etc.”*

The following example seems particularly significant:

*“At first, the companies I got in contact with were wonderful, very nice, courteous. But when we turned to negotiation, they became mean, cunning. I think they are cunning, crafty, after all. They want to get lots and give little and this kind of fills me with despair. For instance, there is Chinese company from Hong Kong that told me first “your prices must be Western prices, we have the same prices in Hong Kong”. I showed him my portfolio, I showed him lots of things I did, we chatted, we had lunch together once.. So we really came to know each other... Few days ago I wrote him [...]. He answered “we have no idea who you are, please send us the blueprints for hotels you built, etc.” What does this mean? They'll take them, they'll adapt them, and copy and adapt my plans to many hotels in China”.*

As a result, entrepreneurs decided to reconsider their options. Some declared waiting for opportunities such as unexpected orders from potential customers. Others decided to continue their search for partners.

*Proposition 3:* An entrepreneur's positive ex-ante perception of the foreign environment confronted with a negative reaction from internationalization partners leads to an ambivalent ex-post perception of the environment (“cognitive dissonance”).

#### **d) Negative Ex ante Perception / Positive Reaction from Other International Actors**

Some entrepreneurs declared having a number of negative initial prejudices regarding China and doing business there:

*“Honestly I didn't expect anything good going there. My business is here anyway and we hear terrible things about people getting ripped off in China... [...] A friend of mine told me the story of a guy who spent million there and came back penniless (“one hand in front, one hand behind”)*

*“Before I went there, I watched reports on tv. I remember one about the Forbidden City. Even the Forbidden City is a copy! There are countless reports on this... They are copying everything... I also watch something about a complex they built, a place where they rebuilt a Parisian district. That's incredible! They rebuilt the same buildings, the same shops, etc.”*

However, the same people declare they made some “interesting contacts” visiting China:

*“Frankly, I am puzzled. I am not saying that I see an avenue for me and my product but there might be some possibilities. [...] It's clearly a complicated market but people seemed so enthusiastic that I think we could give it a try”.*

*“I don't know how sincere that was but I was introduced to an entrepreneur who seemed particularly eager to know more about [my products]. We are still in contact and given that I was introduced to him by [French and Chinese government officials], it may be worth digging this idea...”*

Eventually, entrepreneurs declared to be “confused”, “surprised”, “puzzled” and describe China as “a world of extremes”:

“These people are evolving extremely rapidly. These people are extreme, we saw people... Some have nothing at all, It is certain there are some extremely poor people in China today... [...] (but) they are evolving extremely rapidly and *we'll have to work with them anyway, in the future.*

“On the one hand *it is quite a complicated market.* [...] There are some obvious situations of *corruption* [example of French partners dealing with guanxi practices] [...], *logistically* it is complicated, *morally* and... *It's far away.* [...] We must keep an eye on them (Chinese partners/employees), *we must have control means...* hence it's more complicated. [...] On the other hand, *there is clearly something happening there.* Everybody says so but that's quite true. [...] I met with many people who are there already [...] *it becomes the place to be. But I am very cautious*”.

*Proposition 4:* An entrepreneur's negative ex-ante perception of the foreign environment confronted with a positive reaction from internationalization partners leads to an ambivalent ex-post perception of the environment (“cognitive dissonance”).

## **Discussion**

Extant literature frequently considers that (international) entrepreneurs act in a social vacuum, focusing on individual-level variables while neglecting social-level (groups) and societal-level (economic and market conditions, etc.) variables (Baron and Shane 2007). Based on a brief literature review and empirical findings presented herein, this study provided some reflections on how social interactions can strengthen or alter entrepreneurs' initial perceptions of a host country and in turn influence the internationalization process. Precisely, we observed two socio-cognitive processes: cognitive reinforcement when perceived reactions from individuals met during early stages of internationalization are congruent with the entrepreneur's initial perceptions of the host country; and, conversely, cognitive dissonance when perceived reactions from the same individuals are incongruent with initial perceptions. These processes and their impact upon internationalization are now further discussed.

### **Cognitive Reinforcement**

The idea that positive perceptions and, consequently, a positive attitude toward international

environments and populations motivates intentions to create or develop ventures in those environments is fairly intuitive. Extant empirical studies such as Sommer's (2010) supported the impact of positive perceptions and subsequent attitudes toward foreign partners, international competition and one's own capability to successfully run cross-border business activities upon the intention to “actively participate in the race for new markets”. However, the influence of peers, partners and other stakeholders met during the early stages of the internationalization process upon these initial perceptions and attitudes is not well studied so far. Perceptions and attitude are usually considered in a rather static manner, probably due to research methods used (one-shot surveys). Research on newcomers' socialization and perceptions of fit or misfit with the host field or organization is not new (in domestic contexts) (for example, Van Maanen and Schein 1979) but its extension to international situations in general and international entrepreneurial ones in particular is recent. The scarce findings on the topic tend to consider the social (interpersonal) aspects of internationalization as rather positive, international encounters with “supportive mentors” sharing similar views and values typically fostering newcomers' learning and acceptance into their new environment. For example, Michailova and Wilson (2008, p.250) suggested that interactions with supportive insiders would help newcomers feel accepted in their new environment, develop their “understanding of the host culture for international experiential knowledge development”. The possibility that these perceptions and attitudes may be pessimistic and reinforced by socialization and that, in turn, they could influence internationalization efforts negatively is, to our knowledge, underscored. Entrepreneurs are usually considered as highly optimistic individuals (Low and MacMillan 1988) and performance is typically considered as positively related to optimism (Hmieleski and Baron 2009) although some research findings suggest rather a curvilinear relationship between optimism and performance (Brown and Marshall 2001) (over-optimism may lead to some undesirable consequences such as confusion as to which of the many opportunities one should pursue). Empirical situations here observed suggest that initial perceptions and attitudes

toward internationalization, *would they be positive or negative*, are reinforced when confronted with congruent opinions and behaviors from international stakeholders met during foreign sojourns. The question of whether these opinions and behaviors are objectively similar to the entrepreneur's or subjectively perceived as such by him/her will require further research. In the context of internationalization, cognitive reinforcement confirms entrepreneurs' initial intentions either to search for development in the targeted country and proceed with more advanced stages of internationalization, or stay/fall back to the domestic field and develop defensive strategies toward potential foreign “invaders”.

### **Cognitive Dissonance**

Cognitive dissonance theory (Festinger 1957) considers that a person experiences an uncomfortable feeling of conflict and anxiety when two sets of cognition or perceptions are contradictory or incongruent. The theory also claims that people will seek to reduce dissonance by different means. We interpret cognitive dissonance here observed as a conflict between two incongruent perceptions : an initial “ domestic ” perception characterized by a number of prejudices likely to be conveyed by the press, medias and echoing with personal, characteristics, education and international experience (or lack of it); and an “ international ” perception emerging when confronted with reality and “real” individuals (foreigners and other international actors doing business in the foreign field) frequently challenging initial (positive or negative) prejudices. Extending previous findings in domestic organizational contexts (for example Van Maanen and Schein 1979; Griffin, Colella, and Goparaju 2000; Cable and Parsons 2001), Michailova and Wilson (2008) suggested that insiders “disjunctive and divestiture tactics” (that is situations when newcomers are left to form their own opinions or encouraged to adopt those, different, of insiders) would cause newcomers to sense poor fit in the environment and result in cognitive dissonance and poor international experiential learning. Similarly, our observations show that cognitive dissonance

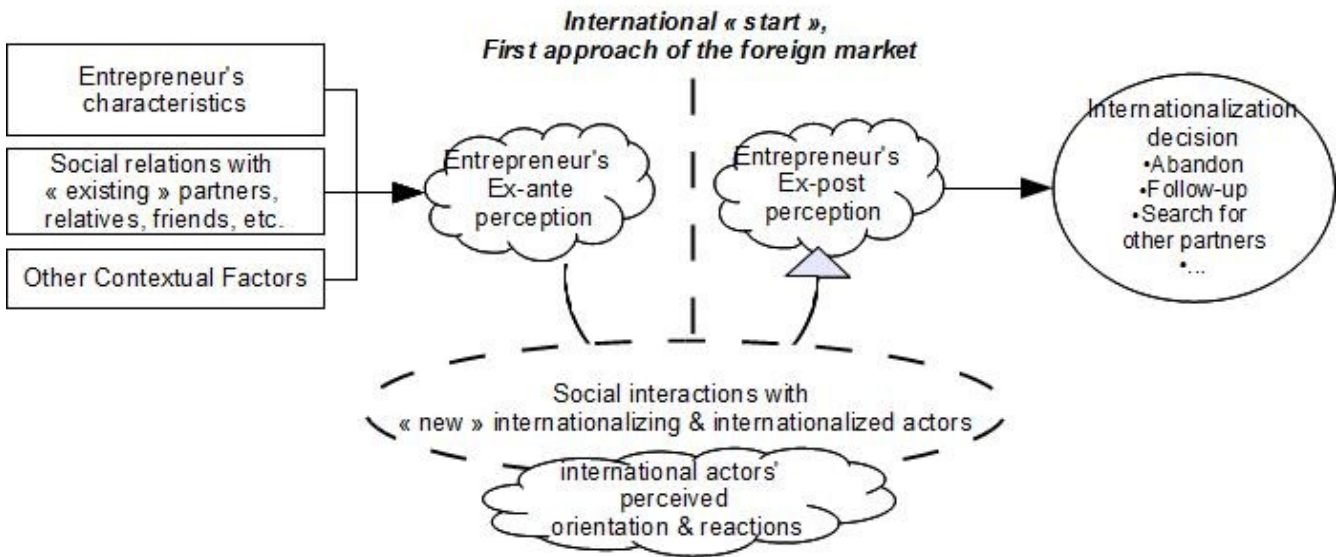
experienced by “new” / prospective international entrepreneurs was not resolved and resulted typically in postponing or abandoning internationalization attempts. In both cases, entrepreneurs seem likely to rationalize their feelings and experiences but also explanations offered by insiders in order to reduce feelings of dissonance arising from the discrepancy between initial prejudices and “reality” and/or insiders' subjective descriptions of it. Such rationalizations often lead to generalizations (for example “those old international hands are incompetent but I know the truth – my product is a winner”, “the Chinese are not as those people say they are, they will recognize my product for its true worth”). Rationalizations and generalizations can also help unsuccessful entrepreneurs cope with disappointment by rejecting their own accountability and blaming other actors.

### ***Implications and Conclusion***

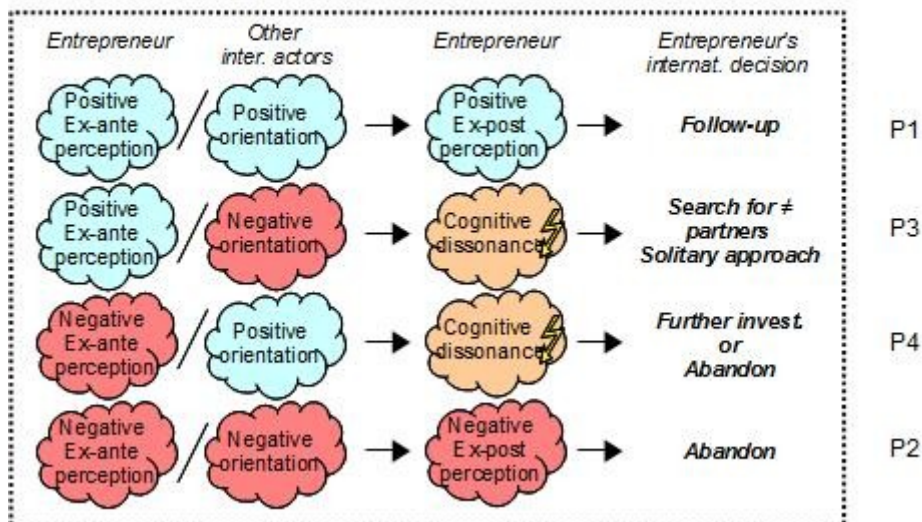
The purpose of the paper was to link fields of research that have remained so far relatively unexplored in an international context, entrepreneurs' perception / cognitive characteristics and their socialization into the host country field. Our results show that entrepreneurs' perception of a foreign environment, either as an opportunity or as a threat, depends on ex ante prejudices (based on personal characteristics, skills and personal/professional experience, extant relationships and contextual factors) and social interactions with internationalization partners and advisers. That perception has a significant impact on entrepreneurs' efforts and success in developing their organization overseas: entrepreneurs with a negative perception of the host country tend to fail or abandon whereas entrepreneurs with a positive perception tend to persist and eventually succeed. Precisely, we observe that ex-ante perceptions are strengthened when congruent with peers and other actors' perceived assessments and reactions (that is positive ex-ante perception from the entrepreneur and positive perceived reaction from other actors or, conversely negative ex-ante perception from the entrepreneur and perceived reaction from other actors) whereas incongruence

causes cognitive dissonance, various rationalizations of initial perceptions and therefore various internationalization decisions and progress. The model and subsequent propositions are presented in the following diagrams (Figures 1 and 2):

**Figure 1  
Theoretical Model**



**Figure 2  
Results and Propositions**



These reflections are not without implications for researchers as well as practitioners (entrepreneurs and internationalization partners - public agencies and consultants in particular).



Individual characteristics are not relevant if considered in a social vacuum (Manolova, Brush, Edelman, and Green 2002). We shall consider the crucial moderating effect of initial relationships mobilized and developed by the entrepreneurs in the early stages of the international entrepreneurial process (that is the discovery and evaluation of an entrepreneurial opportunity across national borders). The importance of networking in the internationalization process of firms, would they be small or large is now firmly established (for example Coviello and Munro 1995; Coviello 2006; Zhou, Wu, and Luo 2007; Ojala 2008). However, extant researches have so far been focused on a utilitarian approach, considering social relationships or networks as providing a number of resources, but the reasons and the potentially negative consequences of entrepreneurs' inclusion into these networks have been neglected. In particular, our study shows that social relationships can reinforce negative prejudices but also challenge entrepreneurs' initial perceptions and thus cause some cognitive dissonance that may in turn delay or hinder internationalization intentions and efforts. These results are particularly interesting for practitioners in charge of the promotion and assistance to international trade. In any situation, the purpose would be to foster positive perceptions of the host country and avoid cognitive dissonance. In order to do so, it seems crucial, first, to understand entrepreneurs' initial perceptions and prejudices about the targeted country and/or the global environment. Practically, information seminars conducted before foreign sojourns should not only present technical and background information about the targeted country (logistics, economic, social and cultural contexts, etc.) as such is typically the case, but encourage aspiring international entrepreneurs to express their fears or enthusiasm, and expectations toward internationalization in general and in a specific country in particular. Such dialogue would enable international hands to identify discrepancies between aspirants' prejudices and reality beforehand and therefore avoid later surprises, dissonance and disappointment. Besides, programs promoting international development ought to entrepreneurs individually and provide them with specific and detailed information that would help overcome aspiring entrepreneurs' generalizations and often

largely unconscious prejudices and develop a set of positive perceptions and attitudinal postures. Second, international partners (public agencies, consultants, other individuals and companies met, etc.) are likely to be perceived as mentors, role models, for newcomers in the international field, provided a good fit exists between mentors and aspiring international entrepreneurs (Michailova and Wilson 2008). Therefore it seems to crucial for international assistants to select entrepreneurs and potential partners exhibiting similar perceptions and postures in order to encourage mutually reinforcing interactions. This study suggested the influence of host country perceptions' fit but other elements are likely to be critical – personal characteristics, experiential knowledge in specific business context and industries, etc.

Several limitations to the current study suggest opportunities for future research. First, we have considered s a single kind of experience among the many available to an entrepreneur on a foreign sojourn. Precisely, our empirical observations focused on short business sojourns and participation to trade shows organized by public agencies. Entrepreneurs ex ante and ex post perceptions of the host country are likely to be determined by various other forms of experiences (for example. leisure trips, foreign schooling, etc.) which impact may be of equal if not superior importance.

Generally speaking, we did not investigate how ex ante perceptions arise although a large body of literature investigated this issue. For example, entrepreneurs' personal characteristics (international experience, business skills, etc.) are recognized to play a role in the initial internationalization decision and behavior (Aharoni 1966; Hambrick and Mason 1984; Reid 1981; Manolova, Brush, Edelman, and Green 2002, etc.). Our focus here was to study and illustrate that, at a later stage stage, social interactions with international partners (those we observed being an example among many) modify this ex ante perception and do not necessarily lead to positive internationalization outcomes. How initial perceptions of a host country are formed will require further research.

Our focus was on aspiring entrepreneurs. We assumed internationalization assistants, insiders' (established players) declarations and behaviors were objective, neutral, but an important question arise: are these actors necessarily neutral if not benevolent or could they follow a (defensive) strategy toward newcomers ? In other words, more empirical studies are needed to address the possibility that negative declarations and reactions could be made consciously with the purpose of provoking doubt, confusion and/or strengthen pessimistic views among newcomers and thus repel them.

Finally, we have not discussed the role of national cultures. Our empirical observations took place in China and France, among French entrepreneurs and institutions. The effects of national economic, social, political contexts in the home and host country as well as the potential impact of historical and current political and economic relationships between the home and host country were not considered, nor were national cultural and institutional environments (norms, values, etc.) and would require further study.

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