Drivers for the Internationalization of Nascent Entrepreneurs and New Business Owners in Southeast European Countries*

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Abstract

This article investigates drivers for the internationalization of nascent entrepreneurs and new business owners during the age of the digital transformation of Southeast European countries (SEE). Empirical research conducted on a sample of 4,066 international entrepreneurs in seven SEE countries has provided empirical evidence of the impact that individual characteristics, innovation, technology, motivation, perception of national culture, and business environment factors have on early internationalization. Empirical research has been conducted on data derived from The Global Entrepreneurship Monitor (GEM) and The World Bank. The empirical research methodology included a presentation of statistical research using Principal Components Analysis and the Ordinary Logistics Regression method. Results have shown that innovation, new technology, opportunity, and motivation are important drivers for the early internationalization of entrepreneurs in the SEE region. Early-stage entrepreneurs, who use new technology and prefer radical innovations, are more oriented towards foreign markets and customers. Increase-wealth opportunity motivated early-stage entrepreneurs to internationalize more frequently than necessity entrepreneurs, or early-stage entrepreneurs, driven by the motive of independence. Additionally, there is a significant influence from external factors such as GDP per capita, openness, financial development, unemployment, corruption, government effectiveness, rule of law, regulatory quality, political stability, the voice of accountability, economic stability, and institutional factors on the early internationalization of entrepreneurs in the SEE region.

Keywords: *early internationalization, innovation, technology, motivation, SEE region.*
JEL Codes: L26, M13, O19

Introduction

A constantly changing global environment which includes recent technological advances, increased mobility of human capital, higher availability of financing options, and a growing number of people with international business experience, enables firms to cooperate across countries more efficiently than in the past, stimulating internationalization. Thus, numerous entrepreneurs and companies

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are starting to internationalize their activities from the very beginning, or after a brief period (Hervé/Schmitt/Rico 2020). Changing conditions on the global market require new theoretical and practical knowledge about early internationalization (Baier-Fuentes/Merigó/Amorós/Gaviria-Marín 2019; Shepherd/Gruber/Souitaris 2020; Shuijing 2020). Since early internationalization of entrepreneurs (IE) has been analyzed from a variety of perspectives, with new theoretical concepts such as "*International New Ventures"* and "*Born Global"*, This theory explains why some firms embark on a rapid initial international expansion, market dominance in global niches and flexible and innovative adaptation to foreign market opportunities (Jaklič/Burger, 2020). Additional theoretical research, taking into consideration recent technological advances, is needed (Giniuniene/Jurksiene 2015; Giones/Brem 2017; Martin/Javalgi/Cavusgil 2017; Nguyen/Mort 2020, Hervé et al. 2020). Furthermore, empirical research examining the drivers of the early internalization of entrepreneurs is mostly country-specific or provides some partial view of early internationalization (Jiang/Kotabe/Zhang/Hao/Paul/Wang 2020). For example, previous studies have focused on one country such as Spain (Caldera, 2010; Cassiman/Golovko 2011; Monreal-Perez/Aragon-Sanchez/Sanchez-Marin 2012), Italy (Basile, 2001; Nassimbeni 2001), the United Kingdom (UK) (Ganotakis/Love 2011), China (Guan/Ma 2003) and Turkey (Ozcelik/Taymaz 2004). For that reason, Jiang et al., (2020:6), noticed, that "the knowledge of the drivers on early international of entrepreneurs (EIE) is still fragmented and with mixed findings, because the domain is a cross-disciplinary and requires integration of empirical research efforts across technological progress, international business, and entrepreneurship areas as well as across multiple countries and regions." There are a very limited number of studies focusing on this topic in the SEE region, such as research for Bosnia & Herzegovina (Pendergast/Sunje/Pasic, 2008), Bulgaria (Todorov/Kolarov, 2008), Croatia (Rialti/Pellegrini/Caputo/Dabic, 2017), Slovenia (Rebernik/Pušnik, 2008), Hungary (Kállay/Lengyel, 2008) and Serbia (Leković/Berber 2019). Based on a such partial representation, a general conclusion regarding the behavior of entrepreneurs who carry out early internationalization and their drivers cannot be derived. There is an obvious need to research the internationalization of business of entrepreneurs from the SEE region, of the region's complicated history, which could follow untraditional internationalization paths (Vissak 2014; Vissak/Zhang, 2016; Dikova/Jaklič/Burger/Kunčič, 2016). As we have already mentioned, numerous studies deal with internationalization and its drivers within the emerging countries of the CEE and SEE region. However, like most of the mentioned researches, they are focused on individual countries. By covering a larger number of countries in the SEE region, as well as by observing internal and external drivers of internationalization, an effort is made to fill the gap in the research literature. To ensure the possibility of further research and international comparability of data with other regions, the

authors decided to use the Global Entrepreneurship Monitor (GEM) database as the most relevant research study in the field of entrepreneurship. Since it is a region that geographically covers a significant part of Europe (OECD 2018), and includes post-socio-communist countries where entrepreneurs manage their businesses under specific conditions (Lloyd-Reason/Damyanov/Ovidiu/Lloyd-Reason 2005), it is very important to offer adequate theoretical concepts adapted to these specific circumstances. What is encouraging is the clear dominance of Western perspectives visible in the Central Eastern European management literature (Steger/Lang/Rybnikova, 2016).

To provide an appropriate theoretical basis, we have chosen a mixed integrated approach using the most relevant theoretical concepts for early internationalization. The empirical research was carried out to overcome the limitations of previous research related to the drivers of early internationalization in the SEE region. We will examine the impact of a large number of internal and external factors on the early internationalization of 4,066 entrepreneurs in the SEE region by applying the following methods of statistical analysis: Principal Components Analysis and Ordinary Logistics Regression. The analysis will be conducted using data from GEM and The World Bank. This paper aims to identify factors that have the greatest impact on the internationalization of entrepreneurs in the SEE region in its early stages.

This paper first gives an overview of the literature on potential drivers of the early internationalization of entrepreneurs. The paper then addresses the data and methodology used followed by a presentation of results, the discussion, and the conclusion.

Theoretical framework and the development of hypothesis

Many researchers still try to identify reasons for entrepreneurs' internationalization. However, there is no common opinion as to which factors are the most important and which determine early internationalization (Amoros/Basco/Romani 2016). They all agree that each international new venture is highly specific, operating under different conditions and thus a single generalized explanation for this phenomenon cannot be applied to all cases (Cavusgil./Knight 2015). However, some factors have been identified, in a large number of studies, as very influential on early internationalization. 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, firm resources, location, type of sector), and environmental (external) factors (features of the industry, competitive environment, facilitating factors). According to Zucchella/Palamara/Denicolai (2007), location-specific factors, such as presence within a cluster or a district, might also positively impact early firm internationalization.

Moreover, recent research shows that innovations and technologies are becoming increasingly important drivers of early internationalization in the digital transformation age (Onetti/Zucchella/Jones/McDougall-Covin, 2012:339; Lammote/Colovic, 2013). Young firms that internationalize early are typically knowledge-intensive with a strong orientation toward innovation and technology (Melia/Perez/Dobon 2010; Lammote/Colovic 2013). Thus, innovation and technology appear to be important drivers for the early internationalization of entrepreneurs in the digital transformation age. Also, the literature emphasizes that motivation can be an important generator for the successful internationalization of entrepreneurs in the age of digital transformation (Leković/Amidžić/Milićević 2018). Entrepreneurs driven by opportunity often engage in early internationalization thanks to the ability to discover real business opportunities on the global market, while new digital technology enables them to take advantage of the same. Explaining drivers of early internationalization researchers usually describe different level factors, such as entrepreneurial (individual), firm-related level (organizational), and contextual (environmental) determinants (Sekliuckiene/Jarosiński/ Kozma, 2019). To identify the key drivers for the early internationalization of entrepreneurs in the SEE region, we will empirically examine the impact of before mentioned three groups of factors (individual, organizational and environmental) relying thus on the model developed by Amoroso et al., (2016) and Vissak/Zhang (2016) and their identified drivers of internationalization. Bearing in mind the fact that this is a region with a specific business environment, the influence of external factors will be examined as well. External factors give a realistic picture of research issues, supporting a more holistic view of the topic (Suzuki/Okamuro 2017; Oladimeji/Eze 2017; Rajković/Nikolić/Ćoćkalo/Kovačić 2020).

Entrepreneurial individual characteristics as a driver of early internationalization

The phenomenon of entrepreneurship and entrepreneurial behavior has captured, and continues to occupy, the attention of researchers and creative individuals and groups, and, as expected, will continue to do so in the future. To understand these concepts, it is necessary to start from the fact that the creative potentials of people are different, but also from the fact that most people have a need and instinct for constant proof and confirmation. Emphasized individual approach to entrepreneurship, in the phase of creating an idea and shaping it into a plan and program of activities, indicates the need to develop a propensity for a particular activity, as well as teamwork in the phase of implementation and further development. Some of these qualities can be acquired through learning, while others imply a gift and a sense of chance in creating and running a business. Omerzel/Kušce (2013) based on a sample of data on early entrepreneurs from Slovenia, assumed that the individual characteristics of entrepreneurs are indi-

rectly reflected in the development of business performance, through employee growth, development of innovative performance, and export growth. Individual characteristics of entrepreneurs – observed from the aspect of competencies entrepreneurs, such as knowledge, skills, and experience (KSE) as the basis of entrepreneurial self-confidence, entrepreneurial alertness, and networking skills, have been, and still are a key topic of many authors who in their research also included the issue of international business of entrepreneurs. Knowledge is a key individual characteristic of an entrepreneur. It is also the basic determinant of the incremental traditional model of internationalization, modeled by Swedish scientists Johanson/Vahlne (1977). The process of acquiring knowledge about foreign markets has its basis in the Theory of Organizational Learning which claims that the generation of new organizational knowledge is maximized in domains close to the domain of existing knowledge. Entrepreneurs focused on foreign growth and development a priori adopt and share new knowledge, to actively operate in markets about which they have little information, and without even previous experience (Autio/Sapienza/Almeida, 2000). Entrepreneurs focused on doing business in foreign markets acquire completely new knowledge, including acquiring experiential knowledge of specific norms and business practices in countries where goods are placed, as well as general experiential knowledge of foreign consumers, suppliers, competitors, and others. Acquiring experiential knowledge of doing business in target, foreign markets, involves intensive accumulation and processing of adopted data, for the entrepreneur to assimilate new knowledge and to make its absorption more efficient. The acquired experience of entrepreneurs reduces the uncertainty of entering a new market, and at the same time increases the competitiveness of the business entity. In addition to knowledge and experience, entrepreneurial skills are a key individual factor and characteristic of an entrepreneur. Namely, the perception of an entrepreneur that he possesses certain skills are correlated with the degree of self-confidence of the entrepreneur. A combination of different entrepreneurial skills can ensure business success.

The term – entrepreneurial alertness is used to describe the perception, ie the ability of the entrepreneur to perceive and exploit opportunities and opportunities in business. The perception of entrepreneurs and the perception of business opportunities and opportunities as individual characteristics has a theoretical basis in the Theory of Planned Behavior and implies different outcomes of entrepreneurial behavior. Furthermore, Boudreaux et al., (2018) state that the ability of an entrepreneur to perceive (that is, to discover) business opportunities and opportunities is a key characteristic of an entrepreneur that is directly related to business success. Soderquist (2011) states that the ability to perceive business opportunities and opportunities leads the entrepreneur towards creating innovation and initiating international business ventures. Perceiving business opportunities and opportunities is also a determinant of the internationalization

model of Johansson/Vahlne (1977). The authors used the term "observation of business opportunities and opportunities" when defining and describing the model of incremental learning (Uppsala model); then, three decades later, the same authors, in their revised Uppsala model, demystified the importance of perceiving business opportunities and opportunities by entrepreneurs and successful business. Internationalization is essentially the perception and exploitation of business opportunities and opportunities, and it allows the entrepreneur to penetrate a new, foreign market Chandra et al., (2012).

With the development of a dynamic concept – Social Networking and the existence of more approaches to this issue, scientists are provided with a wide range of research. Research by several authors suggests that the social networking of entrepreneurs is a "bridge" of established links with other business entities, and to gather information, and data, relevant to business (Granovetter, 1973). access to social networking provides entrepreneurs with information on opportunities in foreign markets, information on potential partners, and representation of entrepreneurs to foreign partners (Komulainen/Mainela/Tahtinen, 2006). Established business relationships provide an opportunity for entrepreneurs and other entities in the network, to operate more successfully in foreign markets. Establishing social networks and networking entrepreneurs is certainly not the only factor that explains the process of internationalization and which affects the success of the venture, but it is certainly one of the key factors of internationalization, as shown by the study Komulainen et al. (2006) is based on the Theory of Business Networking, in which they examined and determined the impact of social networking on the initiation of international ventures. A potential positive relationship between the observed phenomena, in emerging countries, in the CEE region has been identified (Wach, 2017).

Hypothesis 1: *Individual entrepreneurial characteristics based on competence (KSE, entrepreneurial alertness, and social networking) has a direct and significant influence on the internationalization of nascent entrepreneurs and new business owners in Southeast European countries.*

Innovation as a driver of early internationalization

Most researchers in the field of international business suggest that companies and entrepreneurs who want to compete in the international market must be able to be innovative and creative in creating new methods and products (Tanev/Rasmussen/ Zijdemans/Lemminger/Svendsen 2015; Autio/Zander 2016; Hannibal/Knight 2018; Stallkamp/Schotter 2018; Watson/Weaven/Perkins/Sardana/Palmatier 2018). Numerous studies have investigated the impact of innovation on early internationalization. Cassiman and Golovko (2011), state that product and process innovation may have a direct effect on early and rapid inter-

nationalization. Product innovations result in the offer of new, higher quality, or unique products that displace or eliminate existing products from the market (creative destruction) because of their better characteristics. Introducing a better product in terms of design and features accelerates a company's presence in the international market (Roper/Love 2002). The development of unique products allows firms to serve niche markets and attain superior levels of performance on the international market (Knight/Cavusgil 2004). Products based on radical innovations have a better chance of finding new global customers, which in turn directly encourages rapid internationalization (Cavusgil/Knight 2015).

Process innovations lead to increased productivity of an entrepreneur as well as his/her competitiveness in the global market, which also encourages rapid internationalization (Lammote/Colovic 2013). A positive correlation between process innovation and internationalization has been found in several studies conducted by scholars who applied the dynamic capabilities view. However, entrepreneurs who manage their businesses under the platform of innovative capabilities can achieve the outputs of early internationalization (Vila/Kuster 2007; Zucchella/Siano 2014). Empirical research conducted on an example of developed countries shows that both product and process innovation stimulate entrepreneurs to undertake international activities at an early stage (Rodriguez/Rodriguez 2005; Lammote/Colovic 2013). Available studies examining the relationship between the observed variables within the SEE region have shown the unequivocal impact of innovation on the internationalization of activities (Leković *et al.,* 2018). The authors assumed that there is no significant difference compared to developed countries. Therefore, our first hypothesis is as follows:

Hypothesis 2: An innovation has a direct and significant influence on the internationalization of nascent entrepreneurs and new business owners in Southeast European countries.

Technology as a driver of early internationalization

Digitalization has removed many international barriers such as the transfer of knowledge, innovation, and technology, stimulating the internationalization and creation of technology firms that are very often, born global (Giones/Brem 2017). "Born global" are small technology-oriented companies that operate on the international market from the earliest days of their establishment (Autio *et al.,* 2000). The key driver for the establishment and development of these entrepreneurial ventures is technology; a combination of new technology and resources helps companies create value and leads them to enter the international market quickly (Hervé et al. 2020). This type of behavior is believed to be the most common in technology-intensive sectors (Weerawardena/Mort/Liesch/Knight 2007). For example, Autio et al. (2000) found a significant rela-

tionship between capital intensity and exporting, which is conditioned on the specific characteristics of the environment within which firms operate.

Additionally, scholars suggest that a successful international venture, in other sectors, involves the implementation of relatively new technology (Brach/Naude 2012; Lee/Kelly/Lee/Lee 2012; Mainela/Puhakka/Servais 2014). If entrepreneurs use older technological solutions they are not likely to gain a competitive advantage in foreign markets as that kind of technology is already present in those markets. On the other hand, if entrepreneurs use the latest technological solutions that are less widespread they also run a risk of failure as consumers are not prepared for a change of demand. Consequently, technology should be neither outdated nor brand new, thereby presenting a business opportunity for SMEs given that, most often, they lack financial resources and do not apply the latest technological solutions (Amoros et al. 2016).

Based on empirical studies conducted in developed countries, successful early internationalization enjoys a positive correlation with the use of relatively new technologies in new market areas, such as foreign market niches (Hannibal/Knight 2018; Watson et al. 2018). The same research results were obtained within Eastern European mid-level income countries (Pergelova/Manolova/Simeonova-Ganeva/Yordanova, 2018). Based on the above we assumed the following:

Hypothesis 3: A relatively new technology directly encourages nascent entrepreneurs and new business owners in Southeast European countries to internationalize early and rapidly.

In addition to direct influence on internationalization, new technology can also have an indirect influence through business process innovations (McCormik/Fernhaber 2017). Chances of survival in the global market for innovative entrepreneurial ventures can be increased through the engagement of new technology (Autio/Zander 2016; Tanev et al. 2015; Hannibal/Knight 2018; Stallkamp/Schotter 2018; Watson et al. 2018). Indeed, the acquisition of new process technology improves productivity, product rationalization, and costs (Ramos/Acedo/Gonzalez, 2011). It motivates firms to internationalize for two reasons: 1) firms that innovate in technology are more likely to enter foreign markets, "to increase sales volumes and spread the fixed costs of innovation over a larger number of units" (Pla-Barber/Alegre 2007:278), 2) firms that reduce costs through process innovation can charge lower prices, increase sales and obtain higher returns from internationalization (Caldera 2010). There is extensive literature that supports the effect of technology on innovation and internationalization in developed countries (Ramos et al. 2011). We assume that the situation is similar in SEE countries. Therefore, our third hypothesis is as follows:

Hypothesis 4: *New technology affects the strength of the relationship between innovation and the international aspirations of nascent entrepreneurs and new business owners in Southeast European countries.*

Motivation as a driver of early internationalization

Being a successful international entrepreneur includes an appropriate level of motivation, which involves a great variety of contexts and factors (Segal/Shcoenfeld/Borgia 2005). Motivation for business is the main prerequisite for a successful venture (Amidžić, 2019). According to the theory of "push" and "pull" motivation, entrepreneurs are pushed into business by negative external conditions, and that activity refers to necessity-driven entrepreneurs. The pull theory claims that potential entrepreneurs are attracted to business activities because they seek fulfillment results, and refers to opportunity-driven entrepreneurs (Bijaoui 2012). Opportunities exist in domestic and international markets (Zahra/Dess 2001). Starting from this point of view, some authors have proven in their research that necessity-driven new ventures are less likely to pursue internationalization activities than opportunity-driven ventures (Dana/Hamilton/Wick 2009). Amoros et al. (2016), assume that motivation is an important factor in the internationalization of new firms. They found that opportunity motivation, according to participation in developing innovation activities, is related to entrepreneurs that have an international orientation. Indeed, opportunity entrepreneurs can discover real business opportunities and exploit them, the internal market for them being just one transient step in exploring new markets, beyond their national borders. In the countries from Eastern Europe, as many other studies show, the

leading motives for internationalization are those recognized as opportunity motives (Todorov/Kolarov, 2008). Based on the previous statements, we developed our research hypothesis:

Hypothesis 5: *The presence of opportunity motivation has a direct and significant influence on the internationalization of nascent entrepreneurs and new business owners in Southeast European countries.*

Since some scholars pay particular attention to the relationship between entrepreneurial capabilities for recognizing opportunities and innovation (Shane/Venkataraman 2000), the Opportunity-Based Approach (OBA) intends to explain some valuable connections (Chandra *et al.,* 2012). OBA starts from the role of episodic knowledge – which is unpredictable and continues with the recognition of knowledge problems; a specific manager's knowledge leads to the discovery of different opportunities, which are very often based on innova-

tion (Murphy/Marvel 2008). Some studies report that different forms of innovation have a very strong effect on entrepreneurial opportunity- motivation, and indirectly on internationalization (Ardichvili/Cardozo/Ray 2003; Kusa 2019; Nguyen/Mort 2020). Empirical research results have proven the influence of motivation on a strong international entrepreneurial orientation when opportunity entrepreneurs are driven by the motive of increasing their income. The level of income, as an entrepreneurial motive in business, has frequently been discussed in preceding research and literature (Hessels/Gelderen/Thurik 2008; Pinillos/Reyes 2011). Opportunity entrepreneurs lack the fear of failure (Puente/Cervilla/Gonzalez/Auletta 2017), they easily perceive business opportunities and have social connections (Tominc/Rebernik 2007; Lecuna/Cohen/Chavez 2017), while possessing specific knowledge and skills. An entrepreneur's motive for increasing income pulls opportunity entrepreneurs to constantly develop business activities by applying new ideas, to provide better living and business conditions.

Hypothesis 6: *The presence of opportunity motivation has a direct and significant influence on innovation, as well as an indirect influence on the internationalization of nascent entrepreneurs and new business owners in Southeast European countries.*

Influence of external factors on early internationalization

When speaking about national culture and its shaping the attitudes of individuals, as well as entrepreneurial orientation, it is important to mention its dimensions. Individualist societies, as opposed to collectivist societies, have a more pronounced motivation for individuals to achieve their goals, and thus a sense of satisfaction and pride in the attained results. Certainly, a more pronounced individualistic national culture favors the development of entrepreneurial activity (Hartog/Van Praag/Der Sluis 2010). It can be said that collectivist culture is linked to the sociopolitical environment, and hence the fact that people in Eastern European countries are more socially or externally oriented, as opposed to residents of Western countries who are tended to be more individually or internally oriented (Depkat/Steger 2015). A positive correlation has also been observed between masculinity and entrepreneurship. Male-dominated societies are characterized by higher goals and hard work, while in societies characterized by femininity more attention is paid to the quality of social relationships and job security (Leković/Petrović, 2020). When it comes to other dimensions of national culture, they are a negative correlation with entrepreneurship due to their specificity. First of all, uncertainty avoidance, as a risk aversion or fear of failure, can be recognized as an extent to which people feel threatened by uncertainty or ambiguous situations (Caputo/Evangelista/Russo, 2018). A high level of uncertainty avoidance will lead to a lower degree of risk-taking by indi-

viduals, and vice versa. Power distance indicates the distribution of influence within a society and the distance of individuals from the centers of power. As is the case with uncertainty avoidance, power distance is also in a negative relationship with entrepreneurial orientation.

External factors such as national culture, and institutional and government support can influence entrepreneurial initiatives and early internationalization (Suzuki/Okamuro 2017). Culture as a value system, of a group or individual behavior, is following individual beliefs and national traditions (Hayton/George/Zahra 2002) and can promote or limit entrepreneurial ventures and internationalization (Hechavarria/Reynolds 2009). Also, social norms, values, and other cultural features (presence of respect, national media support, and association-based support) can be relevant for early internalization (Tominc/Rebernik 2007; Hechavarria/Reynolds 2009; Amoros et al. 2016). Based on these previous statements, we developed the following hypothesis.

Hypothesis 7: Perception of national culture has a direct and significant influence on the internationalization of entrepreneurs in the SEE region.

A suitable business environment, *i.e.*, macro factors (good standard of living, trade openness, financial development, higher employment rate), as well as the institutional factors (low levels of corruption, government efficiency, the rule of law, political stability, regulatory quality, voice, and accountability, *etc.*), can encourage internationalization and create better conditions for sustainable growth. In addition, environmental adaptability, as a manager's capability, has a strong impact on an international firm's performance. On the other hand, some authors state that entrepreneurs who operate in less stimulating environments, in mid or lower-growth markets, very often are not competitive in the international market, which limits internationalization (Amoros et al. 2016). For that reason, we examined the influence of external factors on the early internationalization of entrepreneurs from SEE countries.

SEE countries, especially countries in the process of joining the EU, operate within a complicated business environment. These post-socio-communist countries have recovered from the recession and global crisis of the past few years (OECD 2018). Entrepreneurs face a lot of problems such as the presence of a grey economy; corruption; unfair competition; a non-incentive tax system; discriminatory legislation; unstable legal and political system; and underdeveloped economic market mechanisms which limit early internationalization (Lepojević/Stefanović/Van Stel/Petrović 2018). High risks associated with economic, political, and regulatory uncertainty very often limit the incentive for potential entrepreneurs to innovate, which makes them unable to compete in the international market and unable to initiate early internationalization. An underdevel-

oped financial market makes it difficult for entrepreneurs to fundraise, something that is necessary for internationalization. The market is often imperfect, and inappropriate property rights and weak contract enforcement make a return on innovations risky, while deficient infrastructure, low per capita income, and institutional barriers make it difficult for innovations to spread and internationalize (Szirmai/Naudé/Goedhuys 2011). For that reason, we believe that a business environment has a very strong influence on early internationalization. Thus, our last hypothesis is:

Hypothesis 8: *Factors of a business environment (GDP per capita, openness, financial development, unemployment, corruption, government effectiveness, rule of law, regulatory quality, political stability, voice of accountability, economic stability, institutional factors) have a direct and significant influence on the early internationalization of entrepreneurs in the SEE region.*

Research Methodology

Context of Research

Over the past decades, the period of reforms and a global crisis affected the specific environment of the SEE region. The beginning of the third millennium brought many positive changes to the region in the form of rapid economic growth and economic and institutional reforms, thus approaching the concept of a market economy through price liberalization, privatization of medium and large enterprises, and the privatization of large state-owned banks. Liberalization and transition to a market economy created opportunities for east European SMEs' international growth (Dikova *et al.*, 2015). Entrepreneurs from these countries have a specific cultural and historical heritage, and a similar entrepreneurial environment; they are united by the challenges of a turbulent period that has inevitably impacted business success (World Bank 2016). The proximity of the SEE region to European Union countries, as well as the fact that several countries in this region have the status of full EU members, opens up the possibility of the internationalization of business (Leković/Berber 2019). Although business ventures are primarily focused on the domestic market, they inevitably access the global market, which is especially challenging for those at the doorstep of joining the European Union. The largest export market for entrepreneurs from Southeast Europe is the European Union market. The structure of exported products and services is characteristic, specific to each country, with an increase in the supply of innovative goods which incorporate the use of modern technological resources.

Entrepreneurs who operate in the field of high-tech activities, *i.e.*, the information-technology sector, have the most efficient penetration of foreign markets,

and act quickly and proactively, achieving rapid business growth. SEE countries base their business economy more on efficient factors of production and less on the innovative characteristics of products, services, and processes, which should certainly be an a priori task in the coming period.

Nowadays, SEE countries are democratic states based on the rule of law and social justice, principles of civil democracy, human and minority rights and freedoms, and respect for European principles and values. When it comes to political stability, as the likelihood that a government will be destabilized or overthrown by unconstitutional or violent means including politically-motivated violence and terrorism, it must be pointed out that in the process of EU accession this gap concerning member states is narrowing. Although the results indicate greater political instability within EU accession countries included in the sample. Corruption is viewed as the bane of all countries. When it comes to the SEE region, it can be stated that this is one of the biggest problems that these countries face which leaves room for citizens' distrust in a country's institutions. The pandemic crisis has left consequences on the most developed global countries and economies, as well as on the SEE countries which also did not remain immune. Government measures and job security support programs have yielded partial results. Indisputably, this prevented a significant increase in the unemployment rate. At the moment, there is a process of recovery and regrowth of the employment rate, which compensated for the initial loss of 50 % of jobs.

Looking at the region, more specifically, the research sample, we can talk about a respectable market of approximately 50 million consumers. However, looking at the SEE countries individually, it can be seen that none of the countries have a significant independent market size. The size of the domestic market influences an internationalization strategy in terms of its timing, deciding when and how to expand abroad (Ciravegna/Kundu/Kuivalainen/Lopez 2019). The size of the local market is one of the crucial motivational drivers of new international ventures (Murmann/Ozdemir/Sardana 2015). This is especially true for companies operating in the high-tech sector. They seek to increase sales through appearances on foreign markets to reduce research and development costs per unit of product (Klepper 1996). New business ventures quickly notice all the shortcomings of the economic environment of small countries, in the form of low local demand. New business ventures in small countries have a more pronounced tendency to internationalize business when compared to ventures from large countries. Although attitudes toward small local demand as a motivating factor for the internationalization of new business ventures are evident, there is still a lack of empirical research that supports this point of view (Keupp/Gassman-2009). Although by entering foreign markets new business ventures can make up for missing resources, newly established ventures from small countries internationalize business through the creation of partner networks in foreign markets,

which are primarily driven and motivated by business development. According to Ellis (2011), international opportunities can be viewed as a chance to conduct an exchange with new partners in foreign countries. Since, according to the previously mentioned author, the existing relationship shapes the recognition process of international exchange opportunities, we can speak not of a random but a deliberate process initiated by the EIE.

According to Zahra/Korri/Yu (2005), entrepreneurs are predisposed to use their networks to collect information on foreign markets. Opportunity exploration includes activities such as search, discovery, and creation while opportunity exploitation refers to what is done to realize an identified opportunity. Sometimes an opportunity can be identified but exploitation may be absent. However, whether they only identify or enter the exploitation phase, established partnerships and creating networks with entities from foreign markets make these processes easier.

Research sample and variables

SEE is a geographical region of Europe, consisting primarily of the coterminous Balkan Peninsula. There are overlapping and conflicting definitions as to where exactly SEE begins or ends or how it relates to other regions of the continent. Sovereign states and territories that are included in the region are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Montenegro, Macedonia, Moldova, Romania, Serbia, East Thrace (part of Turkey), and Slovenia. Our research sample includes 7 of the 11 above-mentioned countries from the SEE region (Albania, Moldova, Turkey, and Montenegro are excluded due to lack of data). The research sample had 125,444 participants with 6,528 entrepreneurs being in the early stage of business. Approximately 4,066 entrepreneurs developed their businesses within foreign markets. The percentage of EIE with more than 75 % of foreign consumers accounts for 9.62 %, the percentage of entrepreneurs that have 25 % -75 % of foreign customers is 25.41 %, while the percentage of entrepreneurs who have 25 % of foreign buyers amounts to 62.29 % (see Table 1.).

Table 1 Research Sample

TEA export intensity		Frequencies	Percent	Valid present	Cumulative present
Valid	More than 75 %	628	0,50	9,62	9,62
	25 %-75 %	1031	0,82	15,79	25,41
	Under 25 %	2407	1,92	36,87	62,29
	None	2462	1,96	37,71	100,00
	Total	6528	5,20	100,00	-
Missing		118.916	94,80	-	-
Total		125.444	100,00	-	-

Source: *Authors' calculation*

Empirical research was conducted on data derived from the following databases: 1) Global Entrepreneurship Monitor database for the years 2007–2014 (Adult Population Survey), and 2) World Bank database for the year 2007–2014. GEM represents the world's leading research consortium dedicated to understanding the relationship and the impact of entrepreneurship on national economic development (Leković/Bobera 2018). GEM carries out survey-based research on entrepreneurship and its ecosystems around the world. Also, it is the only global research source that collects data on entrepreneurship directly from individual entrepreneurs. For this research, the authors derived twelve variables from the GEM database.

Table 2. Variable description

Description	Variable	*Answers*
Entrepreneurial motivation	Are you involved in this start-up to take advantage of a business opportunity or because you have no better options for work?	*In order to take advantage of business opportunity (1), I have no better options for work (2), a combination of both of the above (3), I have a job but seek better opportunities (4) and other (5).*
	Opportunity entrepreneurs	*Combination of the above answers(1) and (4),*
	Necessity entrepreneurs	*Combination of the above answers (2) and (3).*
Innovative entrepreneurial aspirations	TEA – new product market combination;	*No indication (0), indication (1)*
	TEA – How many (potential) customers consider the product as new/unfamiliar?	*all (1), some (2), none (3)*
	TEA – How many businesses offer the same products?	*Many (1), a few (2), and none (3).*
Technology	The indication of new technology (TEA: new technology);	*No indication* (0), and *indication* (1);
	The availability of technology (TEA);	*Latest technology (not older than 1 year)* (1), *new technology (1 to 5 years old)* (2), and *no new technology (older than 5 years)*
	Technology sector	*No/low technology sector* (0) and *medium or high tech sector* (1).

Description	Variable	*Answers*
National culture	In my country, most people would prefer if everyone had a similar standard of living;	*Yes(0), No(1)*
	In my country, most people consider starting a new business a desirable career choice;	
	In my country, those successful at starting a new business have a high level of status and respect);	
	In my country, you will often see stories in the public media and/or the Internet about successful new businesses.	
Environmental factors	GDP per capita, PPP (constant 2011 international $)	*All indicators are the nominal type, measured on a scale from 1 to 100.*
	Openness (Trade, % of GDP);	
	Financial development (Domestic credit to private sector, percentage of GDP);	
	Unemployment, total percentage of the total labor force) (modeled ILO estimate).	
	Control of corruption;	
	Government effectiveness;	
	Rule of law;	
	Regulatory quality;	
	Political stability-no violence;	
	Voice and accountability.	
Internationalization	TEA export intensity	*None* (4), *under 25 %* (3), *25–75 %* (2) and, *more than 75 %* (1).

Source: *Authors' review based on WB and GEM data*

The World Bank's (WB) annual report contains a set of over 1000 indicators that play a crucial role in the comprehension of economic activity, at both the national and global levels. A set of ten variables was extracted from the WB database, while six of those are part of the unique WB database – Worldwide Governance Indicators (WGI). The WGI project constructs aggregate indicators of six broad dimensions of governance. The list and description of variables have been presented in Table 2.

The selected GEM data was applied to the conceptual model (Figure 1) to explain the influence of internal and macro external factors, whereas the data se-

lected from the WB/WGI database explains the influence of institutional factors, both on international entrepreneurial activities.

Results

To check the validity of the set of hypotheses, the following statistical methods were applied: Principal Component Analysis (PCA) and Ordinary Logistic Regression.

Principal Component Analysis (Appendix II)

PCA reduced the dimensionality of the dataset, which contained several interrelated variables. The goal of PCA was to capture a greater quantity of data variance. This was achieved by calculating a new set of uncorrelated variables (Jolliffe 2002). Thus, the main focus was on creating a unique macroeconomic variable and a unique institutional variable. Given that the contribution of partial macro and institutional variability was known, the authors argued that those would likely play a vital role in presenting the highest percentage of their variability. In addition to the undoubted advantages provided by this analysis, there are certainly some limitations. There is low interpretability of principal components. They are linear combinations of the features from the original data, but they are not as easy to interpret. Additionally, there is a trade-off between information loss and dimensionality reduction.

The PCA results have been detailed in Appendix II (Table 3.), including the charts of PCA eigenvalues, which contain: rank of value, value differences, and cumulative values. It must be noted that the correlation between GDP and financial development is 0.52, while the correlation coefficient between GDP and unemployment is -0.74. It is therefore evident that the first three components account for almost 99 % of the total variability. Taking into consideration the value of the eigenvector, it is noticeable that the unique variables might be representative indicators. Macro variables have eigenvalues 4, with the cumulative contribution of variability.

The PCA results for institutional variables have been presented in Table 4. A high correlation of selected variables has been observed (the correlation coefficient is 0.7 or 0.9). It was necessary to construct a single common institutional variable to present the highest percentage of variation for all selected institutional indicators. However, PCA macro variables have four main components while the PCA institutional factor has five, eigenvalues 6, and the cumulative proportion of participation in total variability 1. Also, the main component has the largest contribution to total variability (83.38 %), while the other components have only a minor significance. The eigenvalue distribution, their mutual differ-

ences, the cumulative eigenvalues, as well as their proportions of contributions for total variability.

Ordinary Logistics Regression (Appendix III)

To check the validity of the hypotheses, the Ordinary Logistics Regression was applied. Research results for confirming hypotheses related to internal factors have been presented in Table 5.

Table 5 Results of the Ordinary Logistics Regression – drivers of early internationalization

Variable	Exp (beta)	Coefficient	Std. err	t-statistics	p-value
H1: The impact of individual characteristics on internationalization					
Social networking (0=No, 1=Yes)	1,04	0.0421	0,0209	2,0167	0.0438
Knowledge, skills, experience (0=No, 1=Yes)	2,61	0,9593	0,0601	15,9562	0,0000
Entrepreneurial alertness (0=No, 1=Yes)	2,13	0,7569	0,0879	8,6104	0,0000
H2: The impact of innovation on internationalization					
Innovation 1 (TEA: How many (potential) customers consider the product as new/unfamiliar?)					
None	Basic Scenario				
Some	2,30	0,8335	0,2199	3,7898	0,0002
All	2,58	0,9472	0,3866	2,4503	0,0143
Innovation 2 (TEA: How many businesses offer the same products?)					
Many	Basic Scenario				
A few	1,36	0,3104	0,1490	2,0828	0,0375
None	2,65	0,9741	0,0792	12,3073	0,0000
Innovation 3 (TEA: new product market combination)	1,14	0,1347	0,0650	2,0708	0,0385
H3:The impact of technology on internationalization					
New technology (0=no indication, 1=indication)	2,31	0,8390	0,0715	11,7417	0,0000
Technology sector (0= no/lo, 1= medium or high)	1,02	0,0197	0,0099	1,9969	0,0460
Availability of technology					
Latest technology (not older than 1 year)	1,64	0,4920	0,1616	3,0443	0,0024
New technology (1 to 5 years old)	1,12	0,1089	0,0397	2,7417	0,0062
No new technology (older than 5 years)			Basic Scenario		
H3: The impact of technology on internationalization					
TEA: New technology	2,42	0,8852	0,1111	7,9655	0,0000
Technology sector	1,07	0,0662	0,0361	1,8332	0,0669
H4: Technology as a moderator between innovation and internationalization					
Innovation 1 x New technology					
None	Basic Scenario				
Some	1,87	0,6238	0,0549	11,3562	0,0000
All	2,54	0,9302	0,2438	3,8151	0,0001
Innovation 1 x Availability of technology					
Latest technology (not older than 1 year)	2,53	0,9298	0,2779	3,3458	0,0008
New technology (1 to 5 years old)	2,16	0,7704	0,4112	1,8736	0,0612
No new technology (older than 5 years)	Basic Scenario				
Innovation 2 x Availability of technology					
Latest technology (not older than 1 year)	2,61	0,9598	0,0657	14,6050	0,0000
New technology (1 to 5 years old)	2,57	0,9455	0,2477	3,8175	0,0001
No new technology (older than 5 years)	Basic Scenario				
H5: The impact of motivation on internationalization					
Motivation of entrepreneurs					
Opportunity motivation	1.19	0,1755	0,0865	2,0286	0,0426
Necessity motivation	Basic Scenario				
H6: The impact of motivation on innovation (motivation as a moderator between innovation and internationalization)					
Motivation of entrepreneurs					
Opportunity motivation	1,28	0,2503	0,1245	2,0104	0,0445
Necessity motivation	Basic Scenario				

Source: *Authors' analysis, based on GEM data*

Table 5 illustrates that the variable that describes innovation-the latest product is a significant determinant of early internationalization. The indication of social networking contributes to a higher probability of a firm's internationalization

activity accounting for 1.04 times, as compared to a situation in which does not exist. Entrepreneurs who have expressed a positive perception of self-confidence, based on their KSE, are 2.61 times more likely to internationalize their business in its early stages than entrepreneurs who have a negative perception. Entrepreneurs who have expressed a positive perception when it comes to entrepreneurial alertness are 2.13 times more likely to internationalize their business in its early stages than entrepreneurs who have a negative perception.

If some consumers consider that a product is new, it will contribute to 2.30 times greater probability of internationalization (compared to the scenario when consumers do not consider it – the basic scenario). Furthermore, the probability of internationalization is 2.58 times higher if all consumers consider that a product is new, compared to the situation when consumers do not consider this to be the case. In addition, entrepreneurs offering unique products contribute to a higher likelihood of internationalization. Therefore, the probability of early internationalization is 1.36 times higher if some of the entrepreneurs offer the same product; while the probability of internationalization is 2.65 times higher if none of the entrepreneurs have the same offer. In such an instance, the basic scenario is many entrepreneurs with the same offer. Finally, the probability of earl is 1.14 times higher if a new product-market combination is present. The first hypothesis (innovation has a direct and significant influence on internationalization) has been proven. The indication of new technology contributes to a higher probability of an innovative firm's performance accounting for 2.31 times, as compared to a situation in which there is no indication of new technology. In addition, if a business is conducted in a medium or highly developed technological sector, that will contribute to a 1.02 times higher probability of an innovative firm's performance, as compared to a situation in which there is a low level of technological sector development. In addition, findings suggest that the age of technology is a crucial factor for successful innovative entrepreneurial ventures. More specifically, the use of the latest technology, not older than 1 year, contributes to a 1.64 times greater probability of innovative entrepreneurial ventures, as opposed to the scenario when new technology is not present. The implementation of new technological solutions, between 1–5 years old, contributes to a higher probability of innovative entrepreneurship ventures by 1.12 times, compared with the situation when the use of new technology is not present (at the 0.05 level of significance). The research results also suggest that innovative capabilities in combination with technological capabilities (implementation of new technological solutions) have a statistically significant and positive impact on internationalization, at the 0.05 level of significance. If some or all consumers consider a product to be new, with an indication of new technology present, that leads to 1.87 times or 2.54 times greater probability of early internationalization; as compared to the situation when none of the consumers

consider the product as a novel. The second hypothesis (a new technology directly encourages entrepreneurs to internationalize) has been proven.

Considering innovation from the consumers' point of view, the application of the latest technology will lead to a 2.53 times higher probability of internationalization (at the 0.05 level of significance), compared to the situation in which new technological solutions have not been applied. Finally, assuming the presence of an innovative product, new and latest technology both contribute to a greater likelihood of EI by 2.57 times and 2.61 times respectively, as opposed to the scenario when new technology is not present. The indication of new technology contributes to a 2.42 times greater probability of EI, compared to no indication of new technology, whereas the medium or highly developed technological sector in this case is not a statistically significant variable (p=.0669). The third hypothesis (new technology affects the strength of the relationship between innovation and international aspirations of nascent entrepreneurs) has been proven.

Finally, the results show that the identified opportunities as a motive can be a significant driver of internationalization that affects it directly and indirectly. The level of internationalization of opportunity-driven entrepreneurs has 1.19 times higher probability compared to necessity-driven entrepreneurs. Opportunity-driven entrepreneurs contribute to a 1.28 times higher probability of an innovative firm's performance, at the 0.05 level of significance in comparison to necessity-driven entrepreneurs. Thus, the fourth and fifth hypotheses have been proven.

Research results for confirming hypotheses related to the influence of external factors on early internationalization have been presented in Table 6.

Table 6 Results of the Regression – external factors

Variable	Exp(beta)	Coefficient	Std. err	t-statistics	p-value
The influence of external factors on internationalization					
H7: National culture					
A similar standard of living (negative, 0=no)	1,00	-0,0014	0,0008	-1,8245	0,0682
Entrepreneurial venture (positive, 1=yes)	1,16	0,1475	0,0547	2,6950	0,0071
Status in society	1,03	0,0260	0,0136	1,9128	0,0559
Representation in media	1,00	0,0028	0,0011	2,5472	0,0109
H8: Factors of the business environment					
GDP per capita, PPP	1,14	0,1288	0,0689	1,8705	0,0615
Openness -Trade, % of GDP	1,19	0,1732	0,0783	2,2128	0,0270
Financial development	2,09	0,7349	0,0895	8,2102	0,0000
Unemployment, total	0,77	-0,2580	0,1393	-1,8528	0,0640
Control of Corruption	1,21	0,1876	0,0802	2,3386	0,0194
Government Effectiveness	1,05	0,0513	0,0309	1,6569	0,0977
Rule of Law	1,32	0,2776	0,0962	2,8850	0,0039
Regulatory quality	1,20	0,1838	0,0776	2,3685	0,0179
Political stability	2,09	0,7355	0,0781	9,4215	0,0000

Variable	Exp(beta)	Coefficient	Std. err	t-statistics	p-value
Voice of accountability	1,15	0,1396	0,0804	1,7350	0,0829
Macro factors	2,27	0,8179	0,0956	8,5553	0,0000
Institutional factors	1,15	0,1419	0,0763	1,8602	0,0630

Source: *Authors' analysis, based on WB and GEM data*

The results imply that on the one hand, a similar standard of living is not a significant variable, nor is the variable that represents status in society. On the other hand, an entrepreneur's view on how the starting of a new business is a desirable opportunity means a 1.16 times greater increase in the likelihood of early internationalization, at the 0.05 level of significance. Although statistically significant, entrepreneurs who identified media support as well as entrepreneurs who did not identify it will practically have the same likelihood of internationalization. Both partial and summary macro factors influence early internationalization. A partial increase in trade openness, and financial development, points towards a greater likelihood of internationalization, 1.19 and 2.09 times respectively. A partial increase of institutional indicators leads to an increased likelihood of internationalization by the following percentages: (a) control of corruption 1.21 times; (b) the rule of law 1.32 times; (c) regulatory quality 1.20 times; (d) political stability 2.09 times. Macro variables such as similar standard of living (GDP), unemployment, and institutional variables including government effectiveness and the voice of accountability, did not prove to be significant determinants of the model. Additionally, the impact of unique macro indicators on the probability of internationalization is positive, *i.e.*, a higher probability of internationalization is 2.27 times, while the impact of a unique institutional indicator is not a statistically significant determinant at the 0.05 level of significance (p=.0630). Thus, the sixth and seventh hypotheses have been proven.

Discussion

The results of the empirical study conducted on a sample of 7 countries in the SEE region and 4,066 entrepreneurs have shown that innovation directly impacts internationalization in the SEE region. When it comes to the individual characteristics of entrepreneurs, hypothesis H1 is fully confirmed. A dose of caution is needed when interpreting the results, as the conducted research indicates the duality of the results. When it comes to entrepreneurial KSE, greater self-confidence certainly has a positive effect on starting entrepreneurial ventures. However, when it comes to the internationalization of business, results can be observed that indicate the absence of significant impact, even its negative impact (Amoros et al., 2016; Korsakienė/Bekešienė/Hošková-Mayerová, 2019). Research in support of the results obtained was conducted by Evald/Klyver/Christensen (2011) emphasizing the role of prior international start-up

experience of great importance for business internationalization. We note that internationalization cannot be driven by any kind of experience, but by a specific and specific one, which is in line with the theory of Leonidou and Katsikeas (1996). The situation is similar when it comes to social networking, although there are far fewer studies that identify a negative relationship (Korsakiene et al., 2019) compared to those with a positive relationship (Chung, S/ Singh/Lee, 2000; Sharma/Blomstermo 2003; Johanson/Vahlne 2006; Evald et al., 2011) between the observed phenomena. The structure of network participants should be adapted to the stage of the entrepreneurial process. In the nascent phase of the entrepreneurial endeavor, for the development of export intentions, the presence of one or more entrepreneurs in the formed networks is significantly influenced. When it comes to entrepreneurial alertness, we can say that previous research unequivocally supports the confirmed hypothesis (Muñoz-Bullón et al., 2011; Dai/Maksimov/Gilbert/Fernhaber, 2014; Felzensztein/Ciravegna/Robson/Amorós, 2015; Hsieh/Child/Narooz/Elbanna/Karmowska/Marinova/Zhang, Y. 2019). The accuracy of the H2 hypothesis was confirmed. This is in line with several previous studies which explain that innovation directly encourages early internationalization (Melia et al. 2010; Lammote/Colovic 2013; Hervé et al. 2020). The application of specific and unique products/services should be a crucial activity in early internationalization, as well as gaining a competitive position in foreign markets. It is evident that knowledge acquisition, and creating a new value for goods/processes through the development of entrepreneurial ideas, innovations, modification of existing processes, products, *etc.*, is vital.

The accuracy of H3, and H4, was also confirmed. The use of new technology affects, directly and indirectly, a strong international orientation of entrepreneurs in the SEE region. Similar results have been obtained from previous research conducted in developed countries (Kropp/Zolin 2005; Brach/Naude 2012; Lee et al. 2012; Mainela et al., 2014; Amoros et al. 2016). The findings suggest that the age of technology is a key factor in early international performance. Successful businesses tend to use technology that is between 1 and 5 years old, thus neither new nor completely outdated. Such implementation does not require large financial investments, which is in line with the business of early-stage entrepreneurs. A combination of technology and innovation contributes to the success of internationalization. This combination pushed entrepreneurs to start new international ventures.

The presence of opportunity motivation has a direct and indirect influence on the internationalization of entrepreneurs in the SEE region (the accuracy of H5 and H6 was also confirmed), similar to in developed countries (Amoros et al. 2016). The presence of financial motives or motives of being independent, as well as the presence of a desire for attaining business goals, encouraged entrepreneurs to exploit opportunities abroad (Chandra/Styles/Wilkinson, 2012; Matiusinaite/Sekliuckiene 2015).

Considering the research results, hypothesis H7 was confirmed. Numerous works confirm a positive relationship between the elements of national culture and the internationalization of an entrepreneurial endeavor (López-Duarte/Vidal-Suárez/González-Díaz, 2016; Suzuki/Okamuro 2017; Rosnan/Chua Abdullah 2018). It would be frivolous to consider the influence of national culture to be crucial and dominant for EI, but this influence should not be overlooked. Most often, individuals notice patterns in communication and individual behavior as a result of national culture. What is missing are intangible results, which appear in the form of entrepreneurial attitudes, orientation, and aspirations of entrepreneurs, and thus the internationalization of the venture as one of the entrepreneurial aspirations. For this reason, it is difficult to identify factors that contribute to EI, especially in terms of national culture.

The macro variable and the institutional variable have a direct and significant impact on the early internationalization of entrepreneurs in the SEE region (H8 has been confirmed). Several authors have found and established the same (Gunkel/Schlaegel/Rossteutscher/Wolff 2015). Favourable domestic conditions tend to accelerate international entrepreneurial ventures since the environmental conditions reflect macroeconomic parameters at the national level.

Conclusion

Our research contributes to the literature that explores the drivers for the internationalization of nascent entrepreneurs and new business owners in the digital transformation age. We found that it is important to use an integrated mixed view of internationalization, which contributes to the success of entrepreneurs during the process of early internationalization. The research was focused on specific business conditions in countries of the SEE region. We have contributed to filling the gap in the literature in the field of the early internationalization of entrepreneurs from the SEE region. The paper offers new insights through a developed model that is based on individual, organizational, and business environmental factors, as well as their influence on early-stage venture internationalization. The paper identifies drivers of early internationalization from the perspective of the entrepreneur, organization, and business environment, categorizing them into segments of internal and external factors. In addition to internal factors, which can be categorized as controllable factors, the study is enriched with external so-called uncontrollable factors, which the entrepreneur cannot directly influence, but to which he can adjust the business venture. As empirically proven, there is a high level of instructiveness in the elements of the model, which makes it significant for business expansion to foreign markets. Guided by this model, as an instrument for realizing the strategy of business internationalization, new business ventures could evaluate the selected factors.

By looking at the results, they would gain an insight into the strengths and weaknesses of the business venture for business internationalization.

Our empirical research of 4,066 international entrepreneurs in seven countries from the SEE region provides empirical evidence on the impact of innovation, technology, motivation, perception of national culture, and factors of the business environment (GDP per capita, openness, financial development, unemployment, corruption, government effectiveness, rule of law, regulatory quality, political stability, voice of accountability, economic stability, institutional factors) on early internationalization. Results have shown that innovation, technology, and opportunity motivation are important drivers for the early internationalization of entrepreneurs in the SEE region. These results are in line with several previous studies which explain that technology and innovative orientation of opportunity-driven entrepreneurs accelerates companies' internationalization time and allows them to implement more activities and opt for high-control entry modes for foreign markets (Melia et al. 2010; Lammote/Colovic 2013; Hervé et al. 2020). Results have also shown that specific external factors have a significant impact on the early internationalization of entrepreneurs in the SEE region (Suzuki/Okamuro 2017; Oladimeji/Eze 2017; Rajković et al. 2020).

The limitation of the study is the fact that the empirical results can be generalized only to entrepreneurs in 7 countries of the SEE region. We investigated only three groups of drivers of early internationalization. In further research, it would also be interesting to include elements of Entrepreneurial Framework Conditions to expand the analysis of environmental factors including direct entrepreneurial conditions defined by the GEM study. However, our literature review has revealed a very close connection between internal and external factors of a firm's international performance; we suggest deeper insight into these connections. Even performing a set of different statistical methods can contribute to research results.

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Appendix I:

Table 3. Principal Components Analysis – macro variable

Eigenvalues (Total = 4, Average = 1)					
Number	Value	Differences	Proportion	Cumulative value	Cumulative proportion
1	1.9346	0.5749	0.4837	1.9346	0.4837
2	1.3596	0.7046	0.3399	3.2942	0.8236
3	0.6550	0.6043	0.1638	3.9493	0.9873
4	0.0506	---	0.0127	4	1
Eigenvalues vector (contribution)					
Variable		PC 1	PC 2	PC 3	PC 4
GDP per capita, PPP		0.6987	0.1493	0.0249	0.6991
Financial development		0.2811	0.7214	0.4440	-0.4500
Unemployment, total		-0.6090	0.2491	0.5268	0.5372
Openness -Trade, % of GDP		0.2470	-0.6286	0.7243	-0.1384
Coefficient of correlation					
Variable		VAR1	VAR2	VAR3	VAR4
GDP per capita, PPP		1			
Financial development		0.5178	1		
Unemployment, total		-0.7458	0.0537	1	
Openness-Trade		0.2132	-0.2683	-0.2581	1

Source: *Authors analysis, based on WB data*

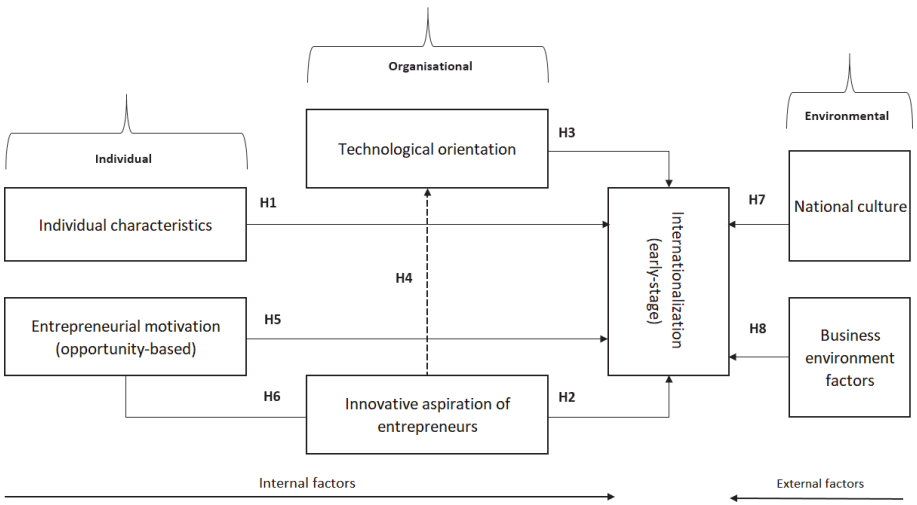
Table 4. Principal Components Analysis – institutional variable

Eigenvalues (Total = 6, Average = 1)					
Number	Value	Differences	Proportion	Cumulative Value	Cumulative proportion
1	5.0031	4.6099	0.8338	5.0031	0.8338
2	0.3931	0.1132	0.0655	5.3962	0.8994
3	0.2799	0.1300	0.0467	5.6762	0.9460
4	0.1499	0.0357	0.025	5.8262	0.9710
5	0.1141	0.0546	0.0190	5.9404	0.9901
6	0.0595	---	0.0099	6	1
Eigenvalues vector (contribution)					
Variable	PC 1	PC 2	PC 3	PC 4	PC 5
Government Effectiveness	0.4166	-0.1731	-0.4070	0.5400	0.4184
Control of Corruption	0.4121	-0.3582	-0.0599	-0.7342	0.3935
Voice of accountability	0.4174	0.2746	-0.4789	0.0845	-0.2151
Political stability	0.3908	-0.5814	0.5146	0.3094	-0.3184
Regulatory quality	0.3851	0.6145	0.5760	0.0698	0.36931
Rule of law	0.4257	0.2247	-0.0676	-0.2477	-0.6212
Coefficient of correlation					
Variable	VAR1	VAR2	VAR3	VAR4	VAR5
Government Effectiveness	1				
Control of Corruption	0.8479	1			
Voice of accountability	0.8860	0.8137	1		
Political stability	0.8001	0.8315	0.7050	1	
Regulatory quality	0.7179	0.7069	0.7865	0.6858	1
Rule of law	0.8435	0.8444	0.9117	0.7750	0.8339

Source: *Authors analysis based on WB data*

Appendix II:

Figure 1. Research conceptual framework



Abbreviations and definitions:

BG-Born Global
EI-Early internationalization
EIE-Early international entrepreneurs
GEM-Global Entrepreneurship Monitor
KSE-Knowledge, skills and experience
NDE-Necessity-driven entrepreneurs
OBA-Opportunity-based Approach
ODE-Opportunity-driven entrepreneurs
R&D-Research and Development
SEE- Southeast Europe
SME- Small and medium enterprises
TEA Total Early Activity stage