INTERNET SOCIAL MEDIA AND INTERNATIONAL ENTREPRENEURIAL INTENTIONS

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Abstract

The recently emerging focus of entrepreneurship scholars’ attention is the domain of international entrepreneurship. New venture success depends on how the entrepreneur or the founding team collectively seek and select information, estimate environmental opportunities and, consequently, decide upon business position, processes and actions that result in or contribute to internationalization. Taking into consideration the importance of the social networks of the nascent entrepreneur in the process of internationalization of a new venture, this study aims at the assessment of the influence of foreign members existence in the nascent entrepreneurs’ (management students) social media networks on the intentions towards internationalization of their future ventures.

Keywords: information and communication technology (ICT), Internet, social media, social network, Facebook, entrepreneurship, entrepreneurial intentions, nascent entrepreneur, new venture, internationalization, foreign market

Introduction

The recently emerging focus of entrepreneurship scholars’ attention is the domain of international entrepreneurship (IE). According to B.M. Oviatt and P.P. McDougall IE ‘is the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and services’. The process of internationalization is of a vital importance when considering new ventures and the activity and intentions of a nascent entrepreneur (Oviatt, McDougall, 2005, p. 540).

New venture success depends on how the entrepreneur or the founding team collectively seek and select information estimate environmental opportunities and, consequently, decide upon business position, processes and actions that result in or contribute to internationalization (Liesch, Knight, 1999, pp. 383 – 394).

The assumption applied in this study is that the main actor of the internationalization process and also the new venture creator is the entrepreneur, performing the activities leading to a new entry both on domestic, international, and even global market. Accordingly, the entrepreneur or the future entrepreneur (e.g. a person with strong entrepreneurial intentions but not in business yet) and the manager of a small business may be considered as the strategic actor affecting international performance of the enterprise. This leads to the conclusion that studying international entrepreneurial intentions and the symptoms of the prospective business activity on foreign markets may be advisable and may create the background for the prediction of the possibility of future internationalization of the new ventures to be created by future entrepreneurs (Tomski, Pabian, Bylok, 2014, pp. 330-340). In the light of the above mentioned statement and the importance of the social networks of the nascent entrepreneur in the process of internationalization of a new venture, this study aims at the assessment of the influence of foreign members existence in the nascent entrepreneurs’ (management students) social media networks on the intentions towards internationalization of their future ventures.

Theoretical Framework for the Development of the Hypothesis

Entrepreneurial intentions (EI) that direct attention, experience and activities towards business concepts, create the form and direction of organizations at their inception stage. Future organizational outcome such as survival, development and growth are based on these intentions. As B. Bird underlines, ideas of entrepreneurs and their intentions formulate the initial strategic template of new organizations and are the underpinnings of new venture development of a relevant and crucial value (Bird, 1998, pp. 442–453).
Entrepreneurial intention can be defined as a conscious awareness and belief by an individual that he or she intends to set up a new business venture and plans to do that in the future (Thompson, 2009, pp. 669-694). Bird defines intention as the state of mind directing a person’s attention and action towards self-employment as opposed to organizational employment (Bird, 1988, pp. 442-453). The process of starting a new firm can, thus, be regarded as voluntary with conscious intentionality. Significantly, intention has been considered as the most powerful predictor of entrepreneurial behavior (Autio, et al., 2001, pp. 145-160, Krueger, et al., 2000, pp. 411-432).

Recently, particularly within the last two decades, the problem of entrepreneurial intentions has been increasingly the center of scientific attention (Abebe, 2012, pp. 1-23), though, there is little empirical research on the actual attitudes and feelings of university students towards entrepreneurial activities (Martinez, 2007, pp. 92–117). Additionally, there has been a significant growth in scholarly focus on the issues of entrepreneurial intention and nascent behavior. Based on widely accepted theoretical models such as Theory of Planned Behavior and Theory of Entrepreneurial Event that suggest a strong predictive capacity of intentions on new venture formation, researchers have examined various factors that influence entrepreneurial intentions and nascent behavior (Shapero, 1982, pp. 72–90). Along with the growing emphasis on personality variables, researchers in the last couple of decades have focused on important social factors that play a role in facilitating or hindering entrepreneurial intention and nascent behavior (Shapero, 1982, pp. 72–90). More specifically, scholars have extensively examined the importance of social networks, embeddedness and social capital (Carolis, 2009, pp. 527–545), in the creation and formulating entrepreneurial intentions (Jack, et al. 2002, pp. 467–487, Greve et al., 2003, pp. 1-22, Sequeira, 2007, pp. 275–293).

Conceptualizing internationalization as an entrepreneurial, opportunity driven process, international entrepreneurship (IE) studies perceive networks as enablers of early internationalization (Yu, et al., 2011, pp. 424–446; Kuraś, et al. 2013, pp.197-2007, Kościeniak, 2007, pp. 174-182, Kiss, 2008, pp. 388-399). In this approach, networks are viewed as facilitating internationalization by supporting small and medium enterprises (SMEs) identify new opportunities in foreign markets (Ellis, 2011, pp. 99–127). It has also been argued that networks provide firms with easier access to the resources needed for early internationalization process, mitigating the challenges related to the liabilities of foreignness, newness, and smallness faced by small, entrepreneurial firms (Lindstrand, 2011, pp. 194–212). Hence, IE perspective posits that small firms can readily accumulate knowledge needed for internationalization via networks rather than having to develop experiential knowledge over an extended period of time. Consequently, difficulties associated with internationalization can be mitigated when enterprises have adequate knowledge of foreign markets. Such knowledge is directly related to the presence of international social networks. Social networks, in particular, international contacts, provide SMEs, operating in transition economy, with foreign market knowledge, which can be leveraged to enhance performance in the early stages of internationalization (Musteen, 2014, pp. 749–774). This statement can also be applied to the conditions of creating international entrepreneurial intentions. The international contacts in the social network of the nascent entrepreneur can constitute favorable conditions for the development of international entrepreneurial intentions.

The foreign contacts may be of vital importance for supporting the nascent entrepreneur in the process of gaining knowledge on maintaining business activities abroad. According to Yu, Gilber and Oviatt, foreign marketing knowledge, or organized and structured information about marketing in countries beyond a firm’s home base, is a form of knowledge important for internationalization among both new ventures and established firms (Yu, et al., 2011, pp. 324-446). Foreign marketing knowledge incorporates information about host countries’ financial, cultural, social, and political conditions as well as general facts about country differences and how international business operations are conducted (Roth 2009, pp.1–29). It is knowledge used by internationalizing firms to identify opportunities, which is the core of the entrepreneurial activity. It is also used in order to alleviate perceptions of uncertainty, and better understand the new market context in which the firm would be selling (Yu, et al. 2011, pp. 424–446).

**Social Media as the Source of Information**

In recent years, the Internet has revolutionized the way individuals in organizations access information. The advancements in the Internet in recent years have made new systems available to business. A good example is social media (Lu, et al. 2010, pp. 346-360). The general availability of the Internet has given individuals the opportunity to use social media and to interact without the demand for physical meetings (Gruzd, et al., 2011, pp. 1294-1318). Social media is one of the most popular forms of communication in the 21st century, with over 1.6 billion monthly users (Gaudin, 2013).
Kaplan and Haenlein define social media as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content” (Kaplan and Haenlein, 2010, pp. 60). Such applications constitute social networking sites (SNSs). Boyd and Ellison define them as: “web-based services that allow individuals to:

a) construct a public or semi-public profile within a bounded system,
b) articulate a list of other users with whom they share a connection, and
c) view and traverse their list of connections and those made by others within the system” (Boyd and Ellison, 2007, p. 215).

Communication through social media involves the use of an online platform or website (a social networking site) that enables people to communicate, usually for a social purpose, through a variety of services, most of which are web-based and offer opportunities for people to interact over the Internet, e.g. via e-mail and ‘instant messaging’ (a form of real-time, direct text-based communication between two or more people using personal computers or other devices) (Broughton et al., 2013, p. 1).

The rise of social media and online communities enable individuals to easily share and access information (Chen, 2011, pp. 237-268). With the rise of social networks, a new era of content creation has emerged, where individuals can easily share experiences and information with other users (Broughton et al., 2013, p. 1). Therefore, online communities and SNSs are an effective web technology for social interactions and sharing information (Lu et al. 2010, pp. 150-157).

The Hypothesis

According to the above mentioned statements and taking into consideration that social networks based on Internet social media are very popular among young people, especially students, the following hypothesis is proposed:

\[ H1: \text{Number of foreign members in Internet social media portals is related to the level of international entrepreneurial intentions} \]

The research model is shown in Figure 1.

**Figure 1. The research model**

![Research Model](image)

Source: own study

**Research Method, Sample and Variable Measurement**

The sample amounted to randomly selected 107 students of FoMCUT, which accounted to 2.2% of the total population of students of the Faculty. In the research there participated 63 women and 44 men aged 20 to 39 (mean age – 23.83, whereas median - 23). The respondents were the students of both full-time studies (95 people) and part-time studies (12 people). The characteristics of the sample is presented in Table 1.

**Table 1. Research Sample Demographics**

<table>
<thead>
<tr>
<th>N=107</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>%</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
</tbody>
</table>

Source: Own study
The survey took place in March 2014. The research tool constructed by the authors was the questionnaire. The respondents were asked to describe the most suitable categories referred to maintaining their own businesses. They were requested to answer to two basic questions, allowing for the examination of the relationship suggested in the developed hypothesis. The first question concerned the approach of the respondents to the internationalization of their future company and was the operationalization of the dependent variable IEI. The possible answers were the following: 0 – no aiming at internationalization, 1 – internationalization including a single foreign market, 2 – internationalization including a few selected countries within the EU or a few selected countries outside the EU, 3 – internationalization including the whole of the EU or most of the countries within the EU, 4 – internationalization including the whole world. The other question referred to the number of people from abroad, being “friends” from social media, which simultaneously constituted the operationalization of independent variable SocNet. As such, there were considered both foreigners and Poles living abroad. The possible answers were the following: 0 – n/a (total absence of such people in profile), 1 – less than 10%, 2 – 11%-20%, 3 – 21%-30%, 4 – 31-50% and 5 – more than 50%.

The analysis of the results was conducted with statistical package PQStat ver. 1.6. The relationship between IEI and SocNet was analyzed by Pearson’s chi-squared test and accurate Fisher’s test. Strength of association was analyzed while estimating Pearson’s C and V-Cramer’s V coefficients. Additionally, there were estimated Kendall and Spearman’s monotonic correlation coefficients. It was assumed that probability value at the level of p<0.05 is statistically significant whereas p<0.01 is statistically highly significant.

**Results of the Research**

The research results – the answers to the questions posed to the respondents are presented in Table 2, and also in the graphic form in Figure 2.

**Table 2. The relationship between IEI and SocNet**

<table>
<thead>
<tr>
<th>IEI</th>
<th>SocNet</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% of the total</td>
<td>0.00%</td>
<td>4.55%</td>
</tr>
<tr>
<td>column %</td>
<td>0.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>row %</td>
<td>1.87%</td>
<td>1.87%</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>36</td>
</tr>
<tr>
<td>% of the total</td>
<td>0.00%</td>
<td>81.82%</td>
</tr>
<tr>
<td>column %</td>
<td>0.00%</td>
<td>52.17%</td>
</tr>
<tr>
<td>row %</td>
<td>33.64%</td>
<td>20.56%</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>% of the total</td>
<td>100.00%</td>
<td>13.64%</td>
</tr>
<tr>
<td>column %</td>
<td>3.23%</td>
<td>19.35%</td>
</tr>
<tr>
<td>row %</td>
<td>5.61%</td>
<td>4.67%</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% of the total</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>column %</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>row %</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td>% of the total</td>
<td>0.93%</td>
<td>41.12%</td>
</tr>
</tbody>
</table>

Source: Own study
The relationship between IEI and SocNet is highly significant ($\chi^2=64.22$, df=15, $p<0.0001$). The relationship analyzed with Pearson’s C measure amounts to 0.6124 and the Cramer’s V result amounts to 0.4473. Kendall’s monotonic correlation amounts to 0.4000 ($p<0.0001$), and Spearman’s coefficient amounts to 0.4332 ($p<0.0001$). These results prove that there is an average relationship between IEI and SocNet, i.e. an increase in the number of people from abroad is connected with an increase in the company internationalization.

Conclusions

In the light of the analysis presented above, the H1 hypothesis is supported. This fact is of a special importance because the discovery, enactment, evaluation, and exploitation of opportunities to create future goods and services in the context of enterprise operation across national borders is vitally important for the development of contemporary established enterprises and the process of creation of new business ventures.

Born globals are becoming more and more widespread, and the growing relevance of early internationalizing enterprises is critically challenging traditional internationalization theory. There has been identified an increasing number of SMEs choosing to be extensively present on international markets immediately or very soon after their birth. In this context the search for the variables influencing internationalization process seems to be one of the main directions in the analysis of the internationalization process.

The entrepreneur plays the most important role in organizing and managing the enterprise. This is the entrepreneur that decides on whether the entrepreneurial idea will be fulfilled and whether it will bring about the intended benefits in the future. The company and the entrepreneur are the unity and these two elements cannot be referred to separately (Lemańska, 2009). Social media contacts are one of the characteristics of a nascent entrepreneur that influence the intentions towards internationalization process. Supporting the H1 hypothesis proves that foreign contacts may be of vital importance for supporting the nascent entrepreneur in the process of gaining knowledge on maintaining business activities abroad. At the same time the utilization of social media networks based on the Internet can be perceived as a powerful way of enabling nascent entrepreneurs to reach their foreign contacts and to gather the required information easily.

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