

The entrepreneur as change agent: Undertaking cognitive redefinition, ensuring survival anxiety and creating physiological safety

ABSTRACT

The aim of our paper is to examine entrepreneurial action as the first crucial step in the process of organisational change, as new ventures transform themselves into international new ventures. Specifically, our focus is on the role of the entrepreneur in developing cognitive redefinition by purposely changing attitudes towards a change - in essence, acting as a change agent for their firm. By adopting this position, the entrepreneur plays a special role in reassuring their firm that it will survive change. Before anyone else changes, change agents must overcome their own cultural assumptions and perceive new ways of doing things and new contexts in which to do them. By examining the first steps in the international expansion of five management consulting firms we highlight how survival anxiety - the feeling that if we do not change, we will fail to meet our needs or fail to achieve some goals or ideals that we have set for ourselves - must dominate, and how the entrepreneur creates physiological safety for their firm by undertaking, by themselves, the first step in entering international markets.

Keywords: change agent, entrepreneur, internationalisation, physiological safety

INTRODUCTION

New entry into international markets has long been discussed as an inherently entrepreneurial act (Covin & Miller, 2014). Early internationalisation, and an early exploration of foreign markets, typically provide performance and growth advantages for new ventures (Oviatt & McDougall 1994). Motivating forces encourage entrepreneurs to enter markets to capitalise on opportunities. Entrepreneurial decisions influence the timing of internationalisation by evaluating these opportunities and acting upon them.

However, entrepreneurs do more than merely respond to market challenges - many are responsible for organisational change (Jacobides & Winter, 2007; Kor, Mahoney & Michael, 2007). This implies that entrepreneurs assume that role of 'change agents' who transform their new ventures into flatter, faster and more flexible organizations guided by a shared sense of strategic mission and values (Caldwell, 2003, p.133). Knight & Cavusgil (2015) assert that the leadership of early internationalising firms is often driven by the founder as a change agent,

who champion the initial first steps into international markets and rally other employees behind the internationalisation effort. Acting as a change agent, founders possess an entrepreneurial orientation and mental models that seem to ‘discount’ the risk of going international (Knight & Cavusgil, 2015). In line with the logic of entrepreneurial behaviour, the ‘*essence of entrepreneurship is being different ... because one has a different perception of the situation.*’ (Casson 1982, p.14).

An assessment by the entrepreneur on the attractiveness of international market expansion is judged as an opportunity to be exploited – entrepreneurs are, therefore, central to the process of opportunity identification. However subsequent action, such as expansion to an international market, is attributed to the firm (Muzychenko & Liesch, 2015). In fact, it falls on the entrepreneur to initiate the beginnings of their firm’s international expansion. Analysis at the individual level is fundamental to understanding internationalisation as a process of organisational change and opens up an examination of new venture internationalisation that focuses on the entrepreneur rather than the firm (Forsgren 2016).

To do this we draw on Kurt Lewin’s concept of ‘unfreezing’ – creating the motivation for change, which emphasizes that change requires action, and that successful action is based on analysing the situation correctly, identifying the possible alternative solutions and choosing the one most appropriate to the situation at hand (Burnes, 2004). We analyse the process of ‘unfreezing’ by understanding how cognitive redefinition occurs when the entrepreneur becomes ‘unfrozen’, in that they are motivated to change and have, therefore, opened themselves up to new information (Turner, 1982; Schein, 1996). Lewin (1947) drew on cognitive psychology to show how this takes place - learning and change starts with dissatisfaction or frustration with an environmental circumstance. Faced with a disequilibrium, entrepreneurs can either dismiss/deny/ignore the new challenge or acknowledge it and address it proactively. The latter happens when learning anxiety is overcome by survival anxiety – put

simply, if we don't change, we will fail (Coutu, 2002; Schein, 2002). Schein argues that: '*... unless sufficient psychological safety is created, the disconfirming information will be denied, or in other ways defended against, no survival anxiety will be felt and, consequently, no change will take place....*' (Schein, 1996, p.30). This is essential to initiate the process of 'unfreezing' the firm from its domestic focus to one that embraces an international focus. The differences in entering international markets, are typically seen as generating risk, as they produce unexpected events (Dimitratos et al., 2016).

To examine this, we draw on data from a multiple case study analysis of five management consulting firms established as new ventures. The case study approach of this research utilizes an embedded design, i.e. a multiple level of analysis focusing on each firm at two levels: (i) entrepreneur-level decision-making and (ii) firm-level international expansion. The findings show support for the entrepreneur performing the role of a change agent for their new ventures. Each was directly involved in their start-up's initial internationalisation efforts. They became, in effect, the value chain for their firm in their first step into an international market. Consistent with the level of client interaction inherent in the delivery of consulting services, the entrepreneur was the sole personnel servicing international clients. This initial first step by the entrepreneur created the physiological safety necessary for broader organisational change that transformed their new ventures into international new ventures. This act also ensured that survival anxiety prevailed over learning anxiety, a crucial condition in changing their firms from a domestic market orientation to an international market orientation.

Our paper is organised as follows: we provide an overview of the view of the entrepreneur as a change agent, and their role in the development of cognitive redefinition and survival anxiety. The methodology is then presented, and key findings discussed. Our findings include propositions that could form the basis of future research.

THE ENTREPRENEUR AS ‘CHANGE AGENT’

An organizational culture depends for its existence on a definable organization, in the sense of several people interacting with each other for the purpose of accomplishing some goal within their defined environment (Schein, 1983). An entrepreneur simultaneously creates such a group (a ‘start-up’ or new venture) and, by the force of his or her personality, begins to shape the its culture. This implies that entrepreneurs with their knowledge bases, traits and characteristics impinge on the organizational culture that can subsequently accommodate alertness to and exploitation of specific opportunities (Dimitratos, Johnson, Plakoyiannaki & Young 2016). But that new group’s culture does not develop until it has overcome various crises of growth and survival and has worked out solutions for coping with its external problems of adaptation and its internal problems of creating a workable set of relationship rules (Ford, et al., 2008; Huy, 2001; Schein, 1983).

The idea of the ‘change agent’ as an internal manager has its origins in the work of Lewin and the various traditions of organizational development research and practice. Building on the work of Lewin (1947) most models of organizational development focuses on the implementation of ‘planned change’ as an incremental or long-term process designed to improve organizational ‘health’ or ‘effectiveness’ (Caldwell, 2003, p.133). Fundamentally, Lewin saw change as a relatively slow process. However, he recognized that, under certain circumstances, such as an organizational or societal crisis, various forces can shift quickly and radically. In such situations, established routines and behaviours break down and the status quo is no longer viable. New patterns of activity can rapidly emerge, and a new equilibrium can be formed (Burnes, 2004).

Although the concept of a change agent was originally conceived as an ‘outsider’ to the organisation (see Lippitt et al. 1958, p. 10) over time, the focus has become more about the effective manager as the individual change agent, responding to an increasing urgency for

change, faster-paced than ever before, and initiating the steps and frameworks that can be used to overcome resistance and embrace the need for change (Cummings, Bridgeman, & Brown 2016). An insider change agent processes the intimate knowledge of the target system that the external change agent lacks. In addition, the internal change agent does not generate the suspicion and mistrust that the outsider often does (Ford, Ford & D'Amelio, 2008).

In an early analysis Schein & Bennis (1965, p. 217-18) emphasise five characteristics for a change agent: (i) they are *professional* and rely heavily on valid knowledge to realize their aims and with the client's interest, not their own, in mind; (ii) they are *marginal*, in that they typically work alone enhancing their detachment and perception; (iii) *ambiguous* as their basic role is not 'understood' and evokes a wide range of meanings and provides the necessary latitude and breadth which more precisely defined roles do not; (iv) they are *insecure* in that, they lack guidelines and adequate knowledge to guide many of their actions; (v) finally, and linked to the previous characteristic, the change agent's role is *risky*. Ultimately, change agents are identified as leaders at the very top of the organization who envision, initiate or sponsor strategic change of a far-reaching or transformational nature (Caldwell, 2003, p. 140).

Consistent with the traits of change agents, entrepreneurial actions are intentional behavioural processes (Dimitratos, et al. 2016). This is important, as apart from the key characteristics detailed above, it should be ensured that change agents accomplish the task assigned to them (Nikolaou et al, 2007). A change towards a higher level of group performance is sometimes short lived. As Lewin states '*.... after an initial 'shot in the arm,' group life soon returns to the previous level. This indicates that it does not suffice to define the objective of a planned change in group performance as the reaching of a different level. Permanency at the new level, or permanency for a desired period, should be included in the objective...*' (Lewin, 1947, p.34-35).

CREATING SURVIVAL ANXIETY: THE PREREQUISITE FOR COGNITIVE REDEFINITION

Cognitive redefinition defines the necessary cognitive process for changing the attitudes towards a change (Turner, 1982). It occurs by taking in new information that has one or more of the following impacts - (i) *semantic redefinition* we learn that words can mean something different from what we had assumed; (ii) *cognitive broadening* a given concept can be much more broadly interpreted than what we had assumed; and (iii) *new standards of judgment or evaluation* the anchors we used for judgment and comparison are not absolute, and if we use a different anchor, our scale of judgment will shift (Schein, 1993b; 1996:30). The change process needs to start with disconfirming data that triggers frustration about the status quo in order to create the insight that the current situation is no longer providing long-term benefits for the individual. The members of the organization that are to be changed must come to perceive that their current ways of doing things are no longer working. The role of the change agent is to make disconfirming data highly visible to all members of the organization (Schein, 1993a).

To become motivated to change, they must accept the information and connect it to something they care about (Caldwell, 2003). The disconfirmation must arouse what is called *survival anxiety* or the feeling that if we do not change, we will 'suffer' survival guilt, by failing to meet our needs or failing to achieve the goals or ideals that we have set for ourselves (Schein, 1996, p.29). Specifically, for change motivation to be aroused, the firm must discover that if they do not learn something new, they will fail to meet some of their important ideals and will, therefore, feel guilt, or will fail to achieve some important goals that puts their job or security in jeopardy and, therefore, will, feel anxious (Burnes, 2004).

The development of positive survival anxiety may be inhibited by *learning anxiety*. Learning anxiety is the feeling that if we allow ourselves to enter a learning or change process, if we admit to ourselves and others that something is wrong or imperfect, we will lose

our effectiveness, our self-esteem, and maybe even our identity (Coutu, 2002). So paradoxically, anxiety prevents learning, but anxiety is necessary to start learning as well. The problem of managing the learning/change process then becomes the management of these two kinds of anxiety (Schein, 1993a, p.89)

The processes of learning about a system and changing that system are, in fact, one and the same (Ford, et al., 2008). For new learning and change to begin, survival anxiety must be greater than learning anxiety (Quick & Gavin, 2000; Schein, 1996). Change agents must ensure the presence of a minimum level of psychological comfort to avoid harming those they seek to change and to improve their receptivity to new but potentially threatening ideas (Huy, 2001). That is the key to creating *psychological safety*. The change agent will keep firm on the goals but will try to make the learning process as painless as possible. For change to happen, the firm must feel psychologically safe; that is, they must see a manageable path forward, a direction that will not be catastrophic (Coutu, 2002). Having built up the anxiety associated with not doing anything, the change agent must provide a cognitive solution, a direction of change to overcome the anxiety. Therefore, it's necessary to create a state of psychological safety that will then allow survival anxiety to flourish (Desjardins, 2017). The organisation must feel that a change will not jeopardize its current sense of identity (Huy, 2001; Schein, 1993a).

Because they are positionally more secure and personally more confident entrepreneurs, more than managers, absorb and contain the anxieties and risks that are inherent in creating, developing, and enlarging an organization. They cannot obtain insights into the limitations of their organizational cultures unless they expose themselves to other cultures - national, occupational, and organizational. They should also engage in activities that will help them gain insight into how to discover, confront, and deal with their own survival anxiety (Schein, 1993a, p. 90; Schein, 2013).

Our research question is as follows – *How does the entrepreneur enhance survival anxiety and create psychological safety for their international new venture?*

RESEARCH METHOD

Our study is exploratory in nature. A multiple case study method was selected for this research. With an ability to generate rich, detailed and in-depth information, case studies are suitable for acquiring knowledge on a small business in its natural context (Berg, 1998; Romano, 1989). A qualitative, multiple case study approach enables the researcher to interact, empathise and interpret the individual viewpoint of respondents (Bryman & Burgess, 1999; Welch et al., 2011). This suggests that gaining the participants perspective is important in early internationalization research where the entrepreneur may have a pivotal role in determining the firm's early internationalization decisions.

The case study approach of this research utilizes an embedded design, i.e. a multiple level of analysis focusing on each firm at two levels: (i) entrepreneur-level decision-making and (ii) firm-level international expansion (Gabrielsson & Gabrielsson, 2013). Although embedded designs are often complex, one advantage, is that they provide flexibility to the researcher to explore reliable models through abductive analysis and increase our understanding of the relationship between the variables (Eisenhardt, 1989; Gabrielsson & Gabrielsson, 2013; Yin, 2009). Accordingly, this study adopts an abduction approach which suggests that there are benefits to research designs that allow deeper clarity and meaning, to allow researchers to move back and forth between theory, empirical data collection, and case study analysis (Dubois & Gadde, 2002). The multiple case study design allows for this type of logical replication. The findings are expected to be more convincing because researchers utilising this approach are understanding of how research questions are influenced by being in

the field and flexibility in research design that allows for reflective thinking around data collection and analysis, provide deeper insights.

Australian consulting firms formed the focus of our research. Professional consulting firms are defined by distinctive characteristics that are not shared by other types of service firms – a high level of knowledge intensity, low capital intensity and a professionalised workforce (von Nordenflycht, 2010). This research followed Patton's (2005) criterion sampling method. Consequently, the selection of cases was not random. Instead, it was purposeful and fitted the criteria of the study. Comparative cases were chosen rather than selecting cases that may have been random or not related (Gomm, Hammersley & Foster, 2004). Corresponding with the objectives of this research, the following two key selection criteria are used:

- i) The cases must meet the definitional criteria of a consulting firm;
- ii) The cases must meet the definitional criteria of an early internationalizing firm.

This enabled the researchers in this study to use cases that follow replication logic rather than a random sample (Eriksson & Kovalainen, 2008).

To ensure firms met the purposive sampling criteria, prospective case study firms were initially investigated by accessing company specific data. A detailed and definitive screening process is most applicable as part of case study business research and is considered a common and legitimate technique when the aim of the study is to build theory (Pratt, 2009). A thorough initial and subsequent screening process ensures eligibility of cases to aid in research outcomes (Yin, 2010). Potential firms were initially investigated by accessing company specific data (websites, advertising materials, interviews and articles in relevant industry periodicals). This enabled the researchers to gain some initial information about each firm, its product offerings and its internationalization history.

Each prospective firm was then contacted to ensure that they met the criteria of the study. Early contact with the firms was limited to phone conversations with founders. Questions regarding the nature of their service, their early internationalization, markets and percentage of sales were asked of founders as part of an early screening process for prospective firms. If a firm did not meet the necessary characteristics they were excluded from the study.

The need to assess a sufficient range of data sources, and analyse each case in sufficient depth, dictated the number of cases included in this study (Trudgen & Freeman, 2014; Piekkari et al. 2009). A total of five firms were selected for the study and conformed to the key selection criteria. An outline of each case study firm is presented in Table 1.

INSERT TABLE 1 ABOUT HERE

Sources of Information

Multiple informants were interviewed in each firm, which was essential considering the complexity and sequence of events being analysed. Due to the specific knowledge outlining each firm's early internationalisation initial interviews were with founders. Further interviews with senior management, who had been with the company the longest, took place as they had extensive understanding of the firm's early development. Additional and follow-up interviews were then undertaken with the founders. In total 30 interviews were undertaken with six interviews conducted at each firm. Each interview lasted between one to two hours.

All the interviews were face to face and recorded on a digital player with the consent of the interviewees. The exploratory nature of the research required that open ended questions were used to allow unexpected answers and perspectives to emerge. Therefore, a rich information set was accumulated. To achieve construct validity, ensure a well-rounded analysis and minimise misinterpretation, a combined use of multiple secondary sources of information was utilised to allow for the triangulation of data (Stake, 2013). This included internal

documentation provided by the company, the company website, as well as product and firm brochures and memos.

Analysis of data

In order to ensure the reliability of findings, manual analysis was utilized. We began our analysis with all transcriptions being prepared and typed by the primary researcher, enabling immersion in the data: an experience that is important, as it produces emergent insights (Patton, 2005). Once this was completed, the transcript was proofread and emailed as an attachment to each interviewee, with a request to check the document for its accuracy as a record of the interview. This normally occurred within one week of the interview. Any suggested changes were incorporated, and further cross-checks were made for accuracy. This type of ‘member check’ increases the validity and reliability of data by avoiding possible interpretation errors (Flick, 2008).

Initially, each case was analysed independently to help gain familiarity with each firm before cross-case study analysis was implemented. This involved a detailed case write-up for each firm. Cross case analysis was conducted following individual case analysis and was based on the themes identified from each case. Each case was compared and contrasted so that similarities and differences between the firms could be identified. Once the data had been clustered, findings were summarized in conceptually clustered matrices to compare several categories at once. This promoted pattern-matching and effective data categorization (Miles and Huberman, 1994) as well as allowing for comparisons to be made by studying factors using key dimensions in a systematic way. This also increased the opportunity to identify deviations and new factors within the body of research (Stake, 2013; Strauss and Corbin, 1990).

RESULTS AND DISCUSSION

To enhance the credibility and reliability of the study Table 2, detailed below, presents illustrative or ‘proof’ quotes from the respondents of these firms. Pratt (2008, 2009) emphasises the use of proof quotes to highlight the prevalence of a point and to enhance the triangulation of qualitative data.

INSERT TABLE 2 ABOUT HERE

Disconfirmation

All the case study firms reported a desire to be successful within the domestic market first and had no detailed plans to internationalise early (displayed below in Table 3).

INSERT TABLE 3 ABOUT HERE

Firms’ that depend on complex knowledge (such as consulting firms) may be encouraged to stay in the domestic market to build complementary resources such as client relationships and reputation (Glückler and Armbrüster, 2003). However, the small size of the domestic market, and the expectations of clients, disconfirmed entrepreneur’s initial plans for domestic success. Instead, a critical point was created within the early years since inception, precipitated by two change agents – an internal change agent, the founder, and an external change agent, the client. The disconfirmation of the size of the domestic market and the expectations of clients led firms to either focus purely on the domestic market or commence internationalisation to ensure survival.

The size of the domestic market played a key role for all firms. The disconfirmation of a sufficiently sized domestic market pushes entrepreneurs into the initial role of internal change agents. Given that consulting firms have low levels of resources, the facilitation of their core service and modification of their product would be a significant drain on their limited resources (Brock, 2012). To help overcome the disadvantage of being a small consulting firm,

entrepreneurs played an especially important role in the day to day running of the business as they were also responsible for the delivery of the firm's primary service. Providing a client facing service, entrepreneurs were able to quickly learn about any new information about their firm from clients, sales, and the needs for adaptation by the firm. The entrepreneurs were both salespeople *and* the firm's decision maker enabling a rapid understanding that the domestic market would be insufficient to meet their goals as firm founder.

The disconfirmation of domestic market success is also emphasised by the role of the client as external change agent. All firms noted that existing clients asked the firms to either provide their services internationally (following the client overseas) or found international clients who would not do business with a firm that was based solely in its domestic market. Consulting firms may not necessarily start with many clients or resources but their internationalisation to larger international markets may be necessary to develop the trust of the client as well as the firm's legitimacy and reputation - a measurement of competence and trustworthiness within the management consulting industry.

Thus, we propose proposition 1 as follows:

P1: The entrepreneur is likely to act as insider change agent as they can rapidly disconfirm information

Creation of survival guilt/learning anxiety

The initiation of the 'unfreezing' process requires entrepreneurs to acknowledge a new challenge and address it proactively. The need for change is created and addressed by the entrepreneur overcoming learning anxiety by the need for the firm to survive. Providing the motivation for change, entrepreneurial drive is a critical aspect for the case study firms with all emphasising the entrepreneur's determination to succeed (displayed below in Table 4).

INSERT TABLE 4 ABOUT HERE

Entrepreneurial drive provides the platform for the disconfirmation of knowledge to arouse survival anxiety. The survival anxiety for each entrepreneur was different, ranging from limited clients in the domestic market to the need for a successful project to gain reputation and legitimacy in a competitive industry. Survival anxiety can be positive if it outweighs learning anxiety (Schein, 1996). Each entrepreneur's survival anxiety represented a potential failure of important goals due to the disconfirmation of information.

Simultaneously, clients act as external change agents, both creating and diminishing learning anxiety. Learning anxiety is created as clients pose a potentially threatening idea to the firm, enter new international markets to provide them services. The entrepreneurs had strong knowledge of the domestic market and had extensive experience working with domestic based clients but little to no experience in or knowledge of the new international markets, creating learning anxiety. Concurrently, the same clients offer a manageable pathway to firm survival with the promise of work. The entrepreneur provides the overriding cognitive solution to the new learning anxiety, if the firm does not change by entering new markets and servicing international clients, it will fail.

Clients, and their unique relationships with consulting firms, does not diminish the role of internal entrepreneurial motivations or suggestions that early internationalizing firms may be 'accidental internationalizers' (Hennart, 2014). Instead, it emphasises the importance of the entrepreneur in understanding organisational change and developing cognitive redefinition in order to achieve firm success. The motivation of the entrepreneur to succeed, combined with survival anxiety represent the earliest stages of entrepreneurial cognitive redefinition.

Thus, we propose propositions 2 and 3 as follows:

P2: Client expectations create entrepreneurial learning anxiety by asking firms to participate in activities they have little experience in

P3: The entrepreneur provides the foundation for cognitive redefinition and positive survival anxiety

Creation of psychological safety

For the process of ‘unfreezing’ to occur psychological safety for the entrepreneur must be created. If entrepreneurs do not initiate psychological safety, disconfirmation information will be denied, leading to no survival anxiety and no change (Schein, 1996). To help enhance survival anxiety, and overcome learning anxiety, entrepreneurial founders were directly involved in their initial internationalisation efforts. When each of the firms exported their service, the founder/s were the personnel servicing international clients (displayed below in Table 5).

INSERT TABLE 5 ABOUT HERE

The founders had complex knowledge in niche fields and considered themselves the strongest employees of their firms. They had the strongest human and relational capital and are better able to take advantage of opportunities in international markets. Founders developed psychological safety by servicing clients directly which provided the best chance of building foreign relationships while still enhancing survival anxiety generated by international expansion. Internationalising by ‘exporting the founder’ was at great personal cost as they had to regularly fly in and out of the home country as well as reside overseas intermittently. Cort et al. (2007) suggest that unique consulting offerings must capitalise on knowledge in order to expect successful internationalisation. Employing people to help a firm internationalise initially was not considered a strategic option for the firms as it would increase learning anxiety - other internationalising options involved considerable time and money investing in recruiting and training specialised staff. Founding entrepreneurs appeared to have assessed the transferability of their service offering knowledge to new employees and/or recruits and considered it to be too slow. Non-exporting internationalisation would damage their firms’ chances of entering markets as quickly, increasing survival anxiety by endangering the ability to capitalise on unique opportunities.

Exporting founding entrepreneurs ensured that clients were provided with full consulting services. Typically, when firms internationalise, they must slice aspects of their value chain activities so that some are replicated internationally while others remain at the firm's headquarters e.g. marketing and sales is located in the host country while the production activities of the firm remain in the home country. The nature of consulting relies on face to face delivery of expert knowledge to provide unique solutions. The case study consulting firms were able to provide all aspects of the value chain because the founding entrepreneur's knowledge and experience were with them. The reliance on the founder to provide that service enabled the entrepreneur to export their consulting service with minimal organisational drawbacks. The nature of the consulting service for all case study firms meant that the founding entrepreneur represented the totality of the firm's value chain. This helped ensure the maintenance of quality while ensuring client expectations were met.

The founder, exporting themselves, created short term and some long-term psychological safety. This form of initial international activity allowed the firms to rapidly gain credibility in their new markets and build reputation within that region. Reihlen and Apel (2007) noted that a firm's international reputation can aid its success in its other previously established, domestic and international offices. Although not considered a key factor in the early internationalization research of international new ventures, building superior reputation internationally helps to gain clients in established locations as they wish to work with firms that have a global presence. The firms in our study recognised the importance of reputation for their long-term success and this encouraged them to internationalise more quickly so that they would gain increased exposure.

Thus, we propose propositions 4 and 5 as follows:

P4: To create psychological safety and enhance survival anxiety the founder will choose exporting as the initial mode of entry

P5: To create psychological safety and reduce learning anxiety the founder will initially export themselves when entering international markets to build relationships with clients and maintain quality

CONCLUSION, IMPLICATIONS AND LIMITATIONS

In terms of organisational change Lewin stated that unfreezing of a present level may involve quite different problems in different cases. “... *to break open the shell of complacency and self-righteous it is sometimes necessary to bring about, deliberately, an emotional stir-up...*” (Lewin, 1947, p. 35). Our findings are focused on the first crucial step and our research question was posed as follows – *How does the entrepreneur enhance survival anxiety and create psychological safety for their new venture as it undertakes the first step in its international expansion to new markets?*

For new ventures a shift from a domestic to an international focus represents significant change. Entry into international markets is viewed as the outcome of an evaluation by the entrepreneur of opportunities, and they respond by undertaking intentional behaviour or action (Covin & Miller, 2014; Muzychenko & Liesch, 2015). This ‘act’ by the entrepreneur - international expansion - encompasses the fundamentals of change agent behaviour. Change agents play significant roles in initiating, managing or implementing change in organizations (Caldwell, 2003). The inclusive nature of a new venture, where the entrepreneur dominates, ensures that their change agent role is far more significant than a senior executive or CEO of a larger, established firm. Change agents’ goals or purpose, values, and assumptions are important, because they can influence the choice of content, timing, sequencing and process of change (Huy, 2001).

Schein (1996) highlights the three processes necessary to achieve unfreezing: (i) disconfirmation of the validity of the status quo; (ii) the induction of guilt or survival anxiety, and (iii) creating psychological safety. Specifically, unless sufficient psychological safety is created, the disconfirming information will be denied, no survival anxiety will be felt. and

consequently, no change will take place (Burnes, 2004). Drawing on the data from our case studies, the entrepreneur displays a motivation to change and adapt to the challenges of international markets, knowing that the alternative is to risk failure by remaining domestically focused. Their assessment of the limited opportunities of the small domestic market represented disconfirmation. The niche positioning of their venture meant that only a small number of clients were willing to engage their firm. The entrepreneurs' dual role, as both the key decision-maker and key salesperson, underscored their recognition that only expansion into international markets would achieve the outcomes essential to future venture growth and development.

Considering the provision of consulting services, the role of the client was crucial. In effect, clients generated learning anxiety by expecting each venture to 'become international'. Indirect contact was not considered a viable option, thereby, driving each venture to consider expanding into new markets. Learning anxiety was compounded by each founders' lack of international experience. As we discussed earlier, a change agent must provide a cognitive solution, a direction of change to overcome the anxiety. They must acknowledge and deal with their own anxiety before they can appreciate and deal with the anxieties of others. Completely comfortable within the domestic market, internationalization although deemed to be essential to their venture's survival, was an unknown quantity. Therefore, to ensure that survival anxiety would overcome learning anxiety, each entrepreneur created the necessary psychological safety by undertaking, themselves, the first step in their venture's international expansion. They became, in effect, the value chain for their firm, by serving the client directly and building the basis of a relationship. Ultimately, the entrepreneur 'exported themselves' to the relevant overseas market(s), thereby, ensuring that the client received the service directly. This act, the first crucial step for each ventures' internationalization, allowed survival anxiety to flourish.

There are some limitations in our study. The research is based on 5 case studies located in Australia. This limits the statistical generalizability of the findings outside of this context.

Further classification of international new venture and the role of the entrepreneur in initiating the required organizational change, consistent with their early internationalization, may yield even more interesting results or may help to explain some of the more contrasting findings here. Certainly, further investigation of these types of firms from a quantitative perspective would aid in building upon, and improving, the theoretical generalizability of the findings.

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TABLE 1 - CHARACTERISTICS OF CASE STUDY CONSULTING FIRMS

	Product definition (by Founder)	Establishment	Number of employees at establishment	Year of first international market entry	Current international markets in order of entry sequence
Firm 1	“It’s design, so it’s simply about seamless integration within a physical environment. So, what we do is ensure that all the communications, marketing messages, branding and signage are integrated.” (Founder)	2007	2	2007	<ul style="list-style-type: none"> • UAE • India • Indonesia • Singapore • Vietnam
Firm 2	“We provide business coaching. Our clients are looking for us to provide some solutions, some training, some framework, some benefit of our experience as part of the engagement. We provide all of that for clients” (Founder)	2000	8	2002	<ul style="list-style-type: none"> • New Zealand • UK • USA
Firm 3	“We provide research on the financial market for local and foreign clients” (Founder)	2006	1	2006	<ul style="list-style-type: none"> • China • UK • Hong Kong • Singapore
Firm 4	“We are a business that provides solutions to service delivery problems. We can do this across the globe in very regional parts of the world. We service the military, NGO’s and government health service sectors” (Founder)	2003	2	2003	<ul style="list-style-type: none"> • UK • Solomon Islands • Indonesia • USA
Firm 5	“We focus on a full range of consulting services from strategy to relationship management including end to end packages to get them there” (Founder)	2007	8	2007	<ul style="list-style-type: none"> • UK • France • Mexico • Spain • USA

TABLE 2 – DISCONFIRMATION, SURVIVAL/LEARNING ANXIETY AND PSYCHOLOGICAL SAFETY

	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5
Disconfirmation	"we recognised early on that there was going to be a smaller number of clients who were willing to pay for our services than we expected"		"we tried to position ourselves in a space where nobody was doing exactly what we were doing. So there were no competitors. However, it was really hard to find customers in the beginning"	"it is easy to market in Australia because you are already here, but we were doing business wherever we could. It became apparent that at that time, Australia just didn't have the market"	"at the time we thought we would do Australia and overseas, but it was clear Australia wasn't ready"
	"we were tapped on the shoulder by somebody we knew to go overseas for them"	"We were asked to go overseas and do some work. Our priority is servicing clients, so we went"	"We are client facing so communication with clients is so important. I go into the market; I'll service it and I'll get the clients on board initially. They expect that"	"For clients overseas it was really about that you couldn't do it over the phone, you had to be there"	"clients absolutely expected us [to be international] because we were a client facing firm and they wanted us to be there on the ground"
Survival anxiety	"it was all very much smoke and mirrors; clients thought we had this big office, and we were just simply furiously working away in my second bedroom"	"the question for us remained whether we could succeed in those sort of locations...if it all works, it will be a way to move beyond being a small firm to be a lot bigger, but the jury was out"	"we were constantly losing other projects that we couldn't deliver on, because we didn't have any global reach"	"we didn't have a couple of hundred grand spare. we were emptying family accounts to be able to pay bills"	"we were not well known...if we were able to crack a project there and that could really set us up"
Learning anxiety	"we have seen firms not understand the local nuances and cultural differences between what they were selling and what was happening in their market and they have really struggled ...that was a concern for us"	"overseas was a big piece of work ...but we couldn't run it locally, I mean we could help but we couldn't support it day in, day out"	"the issue was we were not established, we had to find international clients"	"when we went overseas, we knew we didn't have enough planning around the relationship. It was hit and miss around that sort of stuff, so we needed to change"	"I found it too hard from being back here to build up any credibility and build the relationships. I think being a brand people hadn't heard of they need to be able to know that you are real"
Creation of psychological safety	"we realised that clients wanted to see the managing director. They wanted to see the owner...I wanted to see them...I saw it as a contribution to self-learning"	"we didn't have a huge brand to leverage off, if things go wrong on assignment, we can't sweep it under the carpet. It really would have a huge impact for us...we had to be very careful in who sent over. Luckily I was willing to go and bridge the gap"	"you need to test whether or not it's going to work in a market...there are some benefits to sort of moving slowly, more cautiously. [By initially going in and out of the market], we learned more about the market and what was required of us as we moved forward"	"you had to sit in front of [clients] to find what the opportunities were in the first place, so I hit the pavement and spoke to them"	"once we have a potential client, we [founders] fly-in fly-out, to support that, to get the feel of the client, to know what they want...it makes it so much easier...after that, we start delivering the project"

TABLE 3 - DISCONFIRMATION

	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5
Initial target market	Domestic market. The goal was to carve out a niche in the domestic market	Domestic market. Wanted to create a strong domestic presence and expand from there	Domestic market. Goal was to sell domestic targeted products	Domestic market. Hoped to work on new health technology in domestic market	Domestic market. Expected legislature to come to pass.
Disconfirmation	Size of domestic market. Australian market was too small for growth needs. Wished to enter Asian market and "own" it		Size of domestic market. Domestic market but that would not meet the growth needs of the firm.	Size of domestic market. There is not a big enough health system in the domestic market	Size of domestic market. The firm had to go overseas for the business model to work. Domestic market is far too small.
	Client expectations. The firm established relationships locally and clients wanted an international presence	Client expectations. Wished to increase business and to please international clients	Client expectations. The firm wished to create credibility and build relationships	Client expectations. Clients wished for them to be international to continue working with them	Client expectations. Clients wished for them to be international to continue working with them

TABLE 4 - SURVIVAL ANXIETY

	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5
Change motivation	Entrepreneurial drive. The founders' goal was to be successful quickly	Entrepreneurial drive. There was a drive for the firm to be successful.	Entrepreneurial drive. The founder saw an opportunity and was determined to capitalise	Entrepreneurial drive. Was going to make the company work no matter what	Entrepreneurial drive. Determined to succeed
Survival anxiety	Recognised there was going to be limited number of clients and serious growth in Australia was limited	Wanted 1% of Microsoft rather than 80% of a small firm	Determined to be successful but kept losing projects because of no global reach	Emptying family accounts to pay bills. Had to become more efficient	Had to successfully crack a project to be able to set up elsewhere
Learning anxiety	Had international experience in London and Europe but none in South-east Asia where they were asked to go. Could they overcome the cultural gap?	Learning about what the firm was going to be. It's all about timing. Could the firm's product be tailored for international clients?	The service was a very local perspective. Could it be changed for international?	Operating in Australia was easy because they were here every day. How could they service foreign markets?	It is a lot easier to operate in your own market. How would they go overseas with little market knowledge?

TABLE 5 - Psychological safety

	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5
Initial entry mode and markets	Exporting: UAE, Indonesia, India and Vietnam	Exporting: New Zealand, UK	Exporting: Hong Kong, Singapore	Exporting: UK, Solomon Islands	Exporting: UK
Creation of psychological safety	Founding entrepreneur could build relationships with clients directly and maintain service quality	Had to maintain quality internationally. Exporting founder meant the firm did not have to overcommit and provided flexibility.	Exporting the founder created minimal cost opportunity to service clients while building knowledge by being on the ground	Clients had a relationship with founder. Founder internationalising meant they could speak directly with clients	Exported founders because appropriate employees were not easy to find. Maintained quality by exporting founding entrepreneurs.

