



MSc Thesis Opportunity on Risk-Tolerance and Firm Internationalization Patterns

The unit of [Sustainability, Industrial Dynamics and Entrepreneurship](#) at INDEK is looking for MSc student(s) to engage in a 30 ECTS thesis project (January – June 2023). The thesis project will directly contribute to ongoing research and with the possibility for future publication in academic journals and/or as policy briefs.

Proposed project

With more than 15,000 Google scholar citations, Jan Johanson's and Jan-Erik Vahlne's (1977, 2009, 2017) outline of what has come to be referred to as the 'Uppsala Model' is one of the most impactful research papers in international business. The central issue it addresses is the following: How do decision-makers of firms, under conditions of uncertainty and partial ignorance, decide to commit financial and other resources to individual investment projects, in situations where these resources will be difficult or impossible to recoup, should the project considered turn out to be unprofitable? The model's core elements are the following. Decision-makers will: (1) limit their exposure to downside outcomes associated with such projects by proceeding incrementally, while (2) committing sufficient resources to capture benefits of experiential learning, permitting them (3) to make subsequent and more far-reaching commitment decisions based on a better understanding of relevant problems and opportunities. Thus, decision-making is key to the model, although the role, function, and traits of the individual decision-maker are largely overlooked in existing research. To elaborate, a central aspect of the core elements of the model is the reliance on the risk-tolerance levels of the decision-maker.

Yet, despite a rich plethora of studies on the internationalization processes, research exploring the actual decision-makers remains scarce, focusing on "firms" as the level of analysis precluding further advancements of the micro-foundations of internationalization theory. The thesis could shed light on this black box by investigating the relationship between the decision-makers risk-tolerance and their internationalization decisions. The thesis could explore decision-makers in small ventures as well as in larger, already multinational corporations. The study could be conducted using either qualitative methods (e.g. how are the decisions evaluated, rank-ordered and carried out) or quantitative methods (e.g. what is the relationship between risk-tolerance and investment characteristics). The thesis has the potential to contribute to our knowledge on a significant and recurrent phenomenon, which is of great interest from both a managerial and policy perspective.

Interested students may contact Philip Kappen (Kappen@kth.se) to discuss MSc thesis opportunities further.