ABSTRACT

Based on real options theory, we investigate how internationalization affects firms' risk levels and examine the moderating effect of organization slack. The sample drawn for Standard & Poor's COMPUSTAT database and collected from 1996 to 2005 by using fixed effect model. There are two major findings: (1) the evidence shows a horizontal s-shaped relationship between internationalization and downside risk. (2) Organization slack was partly significant related to internationalization and downside risk. Finally, implications of these findings for management practice and future research are discussed.

Keywords: internationalization, downside risk, slack resource
