International New Venture Performance: Role of International Entrepreneurial Culture, Marketing and Positional Advantage

Dominic Buccieri
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INTERNATIONAL NEW VENTURE PERFORMANCE: ROLE OF
INTERNATIONAL ENTREPRENEURIAL CULTURE, MARKETING AND
POSITIONAL ADVANTAGE

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DEDICATION

This dissertation is dedicated to my wife, children, and parents who have continually supported my dreams and aspirations. I could never have made it without you.
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INTERNATIONAL NEW VENTURE PERFORMANCE: ROLE OF INTERNATIONAL ENTREPRENEURIAL CULTURE, MARKETING AND POSITIONING

DOMINIC BUCCIERI

ABSTRACT

Over the past two decades, the growth of international new ventures (INVs) has stimulated a great deal of interest among international entrepreneurship (IE) scholars to understand how these entrepreneurial start-ups internationalize given their resource deficiencies. However, the literature exhibits considerable gaps related to how INVs can overcome their asset-constrained positions to enhance performance. Employing the concept of international entrepreneurship culture (IEC), which provides a holistic operationalization of IE, this dissertation develops and tests a conceptual framework to better understand how INV’s entrepreneurial culture and entrepreneurial marketing actions of opportunity-based discovery and exploitation impact their performance in global markets. The methodology and tests incorporated into this research provide a foundation upon which to better understand international entrepreneurial culture and entrepreneurial marketing as key inputs for positioning and performance of INVs. Additionally, this dissertation focuses on INVs from emerging markets, specifically India, where the emphasis on understanding the mechanisms that have driven more than a quarter of the world’s firms to go international early in their existence. Therefore, this study contributes to the calls for more early internationalization research from emerging market firms.
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CHAPTER I
INTRODUCTION

International business has traditionally been dominated by large, multinational enterprises (MNEs). However, in the last few decades, the global business environment has changed dramatically with advanced information and communication technologies, as well as the rise of emerging economies and liberalization of markets. These factors have contributed to a growing role in international business for the small and medium enterprise (SME); defined as firms with 300-500 or fewer employees.

Compared to larger firms, SMEs are typically characterized as “resource-constrained,” a situation that lessens their ability to internationalize. SMEs are more likely to face scarcities of financial and human resources that limit their ability to act on opportunities abroad. For example, such factors as limited personnel, the inability to meet quality standards, lack of financial backing, and insufficient knowledge of foreign markets may be important constraints affecting SME internationalization. Internationalization is often viewed as a risky venture that can be costly to the firm. To be successful, a small firm must develop sufficient skills to mitigate the higher risk of operating in international markets.
While many SMEs do not internationalize, those that do tend to be more productive. Also, internationalizing SMEs are found to increase their employment more rapidly than domestic-focused SMEs (Bernard, Jensen & Schott, 2009). Significantly, SMEs with an international-focus have been shown to possess more skills, to display higher productivity, and to pay higher wages than SMEs with a domestic focus (Bernard et al., 2007). In this dissertation, we focus on internationalizing SMEs as these firms comprise a large share of employment and gross domestic product and internationalize despite their resource constraints.

1.1 Rise of International New Ventures

Thanks to the rapid changes that have occurred during the past decades, most firms are affected by some kind of international challenge. International marketing, international sourcing, international joint ventures, and foreign direct investment (FDI) are some of the challenges that firms face today. These challenges also apply to small and medium enterprises (SMEs), a class of firms with increasing relevance in international markets (Knight, 2000). SMEs have become active in international markets so much that since the 1990s rapid internationalization of smaller firms has become an emerging phenomenon (Bell, McNaughton, Young & Crick, 2003; Oviatt & McDougall, 1994). As a result, the growth of SME internationalization has become a compelling global trend; which has stimulated interest among international entrepreneurship (IE) researchers to understand how these global entrepreneurial start-ups navigate turbulent environments given their resource deficiencies (Gassman & Keupp, 2007; Martin, Javalgi & Cavusgil, 2017). Thus, the role and contribution of SMEs as international market actors has received widespread attention in the IE literature. These young entrepreneurial
SMEs are often referred to as international new ventures (INVs); which are defined as entrepreneurial start-ups that, from inception, seek to derive significant competitive advantages from the use of resources and sale of outputs in international markets (Oviatt & McDougall, 1994). While these young resource-constrained firms must successfully internationalize, they must also survive highly competitive international markets.

To succeed in international markets, INVs must embrace entrepreneurial culture in order to respond to the continually changing global landscape. Studies indicate an emphasis for these firms to pursue positional advantages to drive superior performance (Hughes, Martin, Morgan & Robson, 2010; Martin et al., 2017). However, in a dynamic global environment, changing market demands and competitors’ maneuvers require INVs to leverage strategic competencies, and these firms are typically constrained by their resource-deficient position. The IE literature suggests INV competences such as entrepreneurial marketing are key determinants of international performance (Sullivan Mort, Weerawardena & Liesch, 2012). However, positional advantage may also necessitate entrepreneurial resources that are critical to the success of these international entrepreneurial firms. IE research emerged, in part, to study the dynamic nature of early internationalization of firms that pursue innovative and entrepreneurial activities across borders. Accordingly, IE is defined as a process of creating, discovering, and exploiting opportunities across national borders in pursuit of competitive advantages (Oviatt & McDougall, 2005). The notion of opportunity discovery and exploitation is a critical element that paves the way for the integration of INVs into IE research.
1.2 Problem Statement

Over the last two decades, both the IE domain and INV phenomenon have developed an extensive body of knowledge with rich insights into entrepreneurial behavior by drawing on various theoretical perspectives; however, a review of the literature suggests that the IE domain has been characterized as fragmented and devoid of a unifying theoretical direction, as authors have called for robust and multidisciplinary theoretical frameworks (Dimitratos & Jones, 2005; Peiris, Akoorie & Sinha, 2012). Likewise, the INV literature is characterized by unsystematic and fragmented research, lacking in theoretical development (Keupp & Gassman, 2009; Knight & Liesch, 2016). Consequently, despite the recent interest and examination of scholars, the INV phenomenon remains under-explained from IE theoretical perspectives.

Within the INV domain there is a contradiction in the research. On one hand the entrepreneurialness of these firms is taken for granted; while on the other hand, studies are lacking that examine how these firms’ entrepreneurial culture facilitates internationalization and success in global markets (Dimitratos, Buck, Fletcher & Li, 2016). Therefore, IE scholars call for more research to further build the IE field as it relates to INVs entrepreneurial activities leading to performance (Cavusgil & Knight, 2015; Rialp, Rialp & Knight, 2005; Martín et al., 2017). Additionally, the use of opportunity-driven constructs to test firm-level IE are lacking (Gabrielsson, Gabrielsson & Dimitratos, 2014), as opportunity-driven behavior lies at the heart of IE research (Oviatt & McDougall, 2005). Accordingly, scholars call to incorporate opportunity-related constructs in IE research (Coviell & Jones, 2004).
1.3 Research Objectives

The central research question of this dissertation, how does an entrepreneurial culture of INVs’ facilitate their internationalization? This research seeks to develop a framework to examine how INVs’ entrepreneurial culture and entrepreneurial strategies of opportunity-discovery and –exploitation impact international performance. More specifically, we contend that INVs’ international entrepreneurial culture (IEC), entrepreneurial marketing (EM) and positional advantages shape their performance abroad. The concept of IEC aims to provide a more comprehensive portrayal of INV entrepreneurialism. An IEC refers to the culture of an organization that facilitates the entrepreneurial activities of the firm internationally (Zahra, 2005). In relation to small firms, international business capability depends on the elements of IEC (Knight & Kim, 2009). IEC is a multidimensional construct made up of international entrepreneurial orientation, international marketing orientation, international motivation, international learning orientation, and international network orientation (Dimitratos, Voudouris, Plakoyiannaki & Nakos, 2012). In addition, we also aim to study how competitive intensity impacts the linkage between INVs dynamic capabilities and performance.

We draw from the dynamic capabilities view and opportunity-based view to broaden our understanding of how INVs develop entrepreneurial and unique competencies necessary to explore and capitalize on international market opportunities. These theoretical perspectives are fitting to explain IE phenomenon as opportunity alertness across international borders and dynamic capabilities represent emergent themes in INV research.
1.4 Research Contributions

This paper makes five important contributions to the IE literature. First, in effort to capture the IE phenomenon, scholars have focused on the direct linear relationship between INVs’ individual strategic orientations and performance (Dimitratos et al., 2012). Covin and Miller (2014) propose that various strategic orientations and their components may affect dissimilar dimensions of INV internationalization (i.e. mode of entry, performance, etc.). In studying the impact of individual strategic orientations with performance, this leads to results that are mixed as to the significance of this generally positive relationship. One reason for this lies in the argument INVs possess multiple strategic orientations concurrently. Thus, investigating a single orientation may be incomplete. It therefore becomes necessary to delve into the relationship between the collective IEC and performance. As a result, research that studies the relationship between a multi-dimensional IEC and performance will enhance our understanding of how INVs succeed in global markets. However, studies are lacking that examine the relationship between IEC and INV performance (Zhang, Tansuhaj & McCullough, 2009).

Additionally, the process by which IEC operates is more complex than a simple link between its characteristics and performance. The attitudinal aspects that comprise IEC are thought to be indicators of intervening variables (Hult & Ketchen, 2001; Morgan, Strong & McGuiness, 2003). Accordingly, the IE literature lacks examination and integration of IEC in the development of INVs dynamic capabilities and positional advantage in global markets. Presumably, IEC enables INVs to gain competitive advantages in the global market through its entrepreneurial, marketing, learning, networking and international-focused effects. Therefore, we explore the impact of IEC
towards entrepreneurial marketing and positional advantages of INVs. Using the dynamic capabilities and opportunity-based views as theoretical perspectives; our paper aims to contribute to the understanding of INVs internationalization by developing a framework which examines the IEC-INV performance relationship. We argue that while INVs lack many of the resources and skills of larger firms, an IEC enables them to identify and exploit market opportunities across national borders, and subsequently develop entrepreneurial marketing necessary to create competitive advantages in global markets.

Second, the IE literature exhibits noticeable gaps related to how INVs overcome their resource-deficient position to succeed in international markets. Entrepreneurial marketing enhances a firm’s ability to recognize new market opportunities and then to leverage innovation in the marketing mix to effectively exploit economically attractive market opportunities (Miles, Gilmore, Harrigan, Lewis & Sethna, 2015). The emergence of INVs as entrepreneurial SMEs that internationalize rapidly provides an appropriate setting to which to develop a greater understanding of the role of entrepreneurial marketing in the success of new firms, however there is virtually no evidence of the efficacy of entrepreneurial marketing for INVs (Miles et al., 2015; Sullivan Mort, Weerawardena & Liesch, 2012). At present, little research exists about the antecedents that explain the formation of entrepreneurial marketing, the causal mechanisms by which it then affects INV performance, and whether entrepreneurial marketing is at all beneficial for the marketing endeavors of INVs. Resolving the problem requires consideration of positional market advantages. Examining the interplay between IEC and entrepreneurial marketing, and how this determines the extent to which positional advantages are realized as a pathway to understanding superior performance of INVs.
Consequently, we study the relationship between entrepreneurial marketing and positional advantage, and INV performance (Kocak & Abimbola, 2009; Martin et al., 2017). In doing so, we demonstrate how entrepreneurial marketing can prevent the competing away of positional advantages, thus offering a contribution to marketing theory on INV performance (Morgan, Kaleka & Katsikeas, 2004).

Third, despite the significance of competitive intensity in international markets, within the IE literature little is known about its effect on the performance antecedents of INVs. Scholars call for more effort in identifying how environmental moderators shape the relationship between capabilities and strategies, and international performance (Cadogan, 2012). As INVs are generally characterized as smaller firms lacking an abundance of resources that aim to compete in global markets with larger established firms, it is necessary to examine how the competitive nature of their target markets impact the effectiveness of their entrepreneurial actions and strategies. Accordingly, we examine the moderating role of competitive intensity between the relationship of entrepreneurial marketing and positional advantage, and INV performance.

Fourth, much of this research has been conducted in the context of high-technology firms in developed economies. However, globalization, rapid growth of international trade, and advancements in information and communication technologies have made it imperative for firms, especially those from emerging markets, to seek expansion opportunities (Cuervo-Cazurra & Ramamurti, 2014). Recent research has emphasized the rise of new smaller firms from emerging markets that are challenging the complexity of internationalization. There is a definite need to understand the mechanisms that have driven more than a quarter of the world’s firms to derive
substantial revenues from international markets early in their existence (Musteen, Datta & Francis, 2014). Accordingly, the IE literature calls for more early firm internationalization research from emerging markets (Cavusgil & Knight, 2015; Kiss, Danis & Cavusgil, 2012).

Indian INVs are developing an entrepreneurial drive to achieve scale and scope as they begin to compete in global markets. This entrepreneurial drive enables them to identify and seize opportunities through the ability to focus on innovative capabilities and strategies, while remaining flexible enough to efficiently utilize limited resources so that operating in a competitive market is to their advantage (Javalgi, Todd, Johnston & Granot, 2013). Hyberabad-based GreyCampus Edutech, India’s fastest growing hi-tech firm, provides online and classroom training for professional certification courses (Deloitte, 2016). It is the firm’s innovative platform-based approach that enables it to compete with larger, well-known competitors in major markets, such as the US. While competitors from developed markets have been established in this industry for years, approximately half of GreyCampus Edutech’s revenues come from the US. It is their entrepreneurial drive that has enabled the young firm to compete with well-established competitors and facilitated their substantial global growth. In sum, using INVs from India as the study context is expected to offer additional insights about INVs from emerging markets.

Fifth, much of the literature focuses on INVs that utilize export as their entry mode abroad (Knight, Madsen & Servais, 2004; Moen, 2002). Accordingly, most such studies examine export performance as the dependent variable of interest. However, many hi-tech INVs from India exhibit foreign direct investment (FDI) activities. For
example, IBS Software Services was born in response to the global need for a software solutions company in the fast growing travel, tourism and logistics industry. The firm founded in 1997, began to export in 1998, developed a presence in three different geographies by 2001, making its first overseas acquisition in 2002 (Varma, 2011). The focus on export performance limits our understanding of INVs’ global success, and few studies utilize a comprehensive INV performance construct (Martin et al., 2017). Accordingly, we examine an INV performance that better captures the success of a wide range of these entrepreneurial global start-ups internationalization activities.

1.5 Organization of Dissertation

This dissertation is organized as follows. In Chapter 2, we provide a discussion of INV literature, followed by the concepts of international entrepreneurial culture, entrepreneurial marketing, positional advantage, and international new venture performance. Section 3 discusses theoretical perspectives guiding INV research. In Section 4, we discuss the conceptual framework and generate hypotheses. In Section 5 we provide an explanation of the research design. Section 6 discusses the principal data analytic technique used in our empirical research and the results of our main and supplementary analysis. Finally, Section 7 concludes with a discussion of empirical and theoretical contributions of this dissertation, the implications of our results for practitioners, limitations of this dissertation, and future research agenda.
CHAPTER II
REVIEW OF LITERATURE

In this section we review the relevant international entrepreneurship bodies of scholarship: international new ventures, international entrepreneurial culture, entrepreneurial marketing, positional advantage, and international new venture performance literatures. Conceptual arguments along with and qualitative and empirical evidence presented are evaluated.

2.1 International New Ventures

Internationalization and entrepreneurship were considered separate paths with no interconnection until the seminal work of Oviatt and McDougall (1994). The source of International Entrepreneurship (IE) goes back to the empirical study conducted by McDougall (Oviatt & Mcdougall, 2005) in the late 1980s that compared domestic and international new ventures (INVs). Since then international new venture firms have attracted significant attention among researchers from various disciplines, including IE and management.

Despite some convergence in research on INVs, there is some variation on operational definitions (Aspelund, Madsen & Moen, 2007). Oviatt and McDougall
(1994) define international new ventures as businesses organizations that, from inception, seek to derive significant competitive advantages through the use of resources and the sale of outputs in multiple countries. Knight and Cavusgil (1996) conceptualize these firms as being small, usually technology-oriented companies that operate in international markets from the earliest days of their establishment. The focus is on age of firm, not size. To further complicate the task of categorizing ventures as INVs, it has traditionally been difficult to define what constitutes a new venture, because venture creation is an evolving process (Vesper, 1990; Reynolds & Miller, 1992). Table 1 (below) provides a summary of INV definitions in the literature.

Both commonly used definitions incorporate the dimension of speed, i.e. how early a firm approaches foreign markets, and scale of international activities. Speed covers the timeframe from founding a venture until its first international market entry. Zahra (1996) determines eight years as the age at which an enterprise can be regarded as established, whereas researchers in recent years have generally used the convention of classifying new ventures firms 6 years old or younger (McDougall, Oviatt & Shrader, 2003). This is in contrast to within 3 years identified by Knight and Cavusgil (2004), and still others used firms that internationalize within two years of their founding (Moen, 2002).

The scale or extent of internationalization reflects not just the measure of a firm’s foreign activities, but also the importance of international activities compared to those on the home market (De Clerq, Sapienza & Crijns, 2005). The existence of a significant amount of sales coming from foreign countries is the key defining dimension, thus stressing it as an imperative dimension in research on INVs. The most common indicator
seems to be the share of turnover from foreign markets of the total turnover (foreign sales to total sales, FSTS, Sullivan, 1994). There are several FSTS ratios utilized in the extant research on rapidly internationalizing firms. Both McDougall and Oviatt (1996) and Zahra and colleagues (2000) operationalized INVs as firms which derive at least 5 per cent of their revenue from international sales. Knight and Cavusgil (2004) confine the ventures investigated to have an export ratio of at least 25 per cent, while other researchers use more than 50% (Gabrielsson 2005; Luostarinen & Gabrielsson, 2006), or 80% (Chetty & Campbell-Hunt, 2004) for firms originating from small open economies.

Table I provides a summary of various definitions used in the literature.

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<th>Author/dimension</th>
<th>Time before export</th>
<th>Extent of internationalization</th>
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<tr>
<td>Oviatt &amp; McDougall (1994), McDougall et al. (2003)</td>
<td>Within 6 years of establishment</td>
<td>At least 5% of total sales from international markets</td>
</tr>
<tr>
<td>Knight &amp; Cavusgil (1996), Knight &amp; Cavusgil (2004)</td>
<td>Within 3 years of establishment</td>
<td>At least 25% of revenues from international markets</td>
</tr>
<tr>
<td>Moen (2002)</td>
<td>Within 2 years of establishment</td>
<td>More than 50% of sales from international markets</td>
</tr>
<tr>
<td>Chetty &amp; Campbell-Hunt (2004)</td>
<td>Within 2 years of establishment</td>
<td>More than 80% of sales outside domestic market (New Zealand)</td>
</tr>
<tr>
<td>Luostarinen &amp; Gabrielsson (2005)</td>
<td>Within 3 years of establishment</td>
<td>More than 50% of sales from international markets on the home continent</td>
</tr>
<tr>
<td>Servais et al. (2007)</td>
<td>Within 3 years of establishment</td>
<td>More than 25% of foreign sales outside the home continent (Europe)</td>
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Knight and colleagues (2004) compared INVs in USA and Europe, and find US firms have larger domestic sales while European firms exhibit higher percentage of foreign sales. European firms are part of the European Union, therefore the institutional
context facilitates foreign sales. US firms on the other hand do not have large foreign markets of a similar magnitude nearby; therefore rely upon their larger domestic market. Cesinger and colleagues (2012) also compare INVs from US and Europe; and find only 29% of small US exporters have foreign sales accounting for more than 5% of their total sales, while approximately 50% of small EU exporters create over 10% of their revenue from selling abroad. As a result, the extent of internationalization is much higher in firms originating from smaller economies (i.e. European Union). Consequently, scholars must consider that INVs are embedded in the specific context, and therefore facing different conditions for internationalization.

Research identifies these firms to possess a number of unique characteristics. For instance, INVs are found to be typically led by an entrepreneur or a management team with a unique constellation of competencies and capabilities that enable them to better bundle different resources and capabilities to achieve rapid international growth soon after the firm’s founding. INVs essentially bypass the process of internationalization; as they start and operate from day one in global markets, servicing customers wherever they are to be found. These young entrepreneurial firms are characterized as; at their inception, they seek to both discover and exploit opportunities in foreign markets. Their internationality occurs at inception largely because competitive forces preclude a successful domestic focus (Oviatt & McDougall, 2004).

A key assumption underlying this body of work, the internationalization of INVs significantly differ from that of established multinational enterprises (MNEs), as they are structurally different and behave differently due to their resource-deficient position and limited market power. At the outset of their internationalization activities these
entrepreneurial start-ups often lack internationalization facilitating resources, such as financial capital and skilled labor (Kuivalainen, Puumalainen, Sintonen & Kylaheiko, 2010). Depending on the scale and scope of internationalization efforts, INVs face different constraints to internationalization with a divergent bundle of resources and differentiated managerial cognitions (Hallback & Larimo, 2007). The INV literature describes these firms as controlling assets, especially unique knowledge that create value in more than one country. Their emphasis on controlling rather than owning assets is due to resource scarcity that is common among new organizations (Knight & Cavusgil, 2004; Oviatt & McDougall, 2004).

Despite their limited resources, these firms typically possess distinctive characteristics which enable them to achieve early internationalization and considerable international success (Knight & Liesch, 2016). A premise in the IE literature is that a strong entrepreneurial cognition distinguishes an INV’s behavior over time (Gabrielsson, Gabrielsson & Dimitratos, 2014). INVs constitute a form of IE as they seek opportunities and competitive advantages in the international space, as opposed to their domestic markets. The literature explains these firms are often resource poor due to their small size; but can initiate early internationalization in part due to globalization, transfer of information via the internet, and utilization of other modern low cost communication technologies (Cavusgil & Knight, 2015; Knight & Cavusgil, 2004). These external factors enable smaller resource deficient firms the ability to take advantage of opportunities in international markets. However, their internationalization is also a function of their entrepreneurial culture, as they can exhibit timely responsiveness, flexibility, innovativeness, networking ties, and the ability to develop knowledge to
create a competitive advantage (Zhou, 2007). While these firms may not possess a breadth of strong resources, they possess an entrepreneurial mindset that enables them to develop innovative activities.

2.2 International New Ventures from Emerging Markets

Much of the IE research thus far has focused on understanding INVs from advanced economies, and there is less research addressing the increasing role of INVs from emerging markets (Bruton, Ahlstrom & Obloj; 2008; Zahra & George, 2002). The larger of these economies (i.e. Brazil, Russia, India, China) now comprise nearly a third of the world’s 25 largest economies and are growing at approximately three times the pace of advanced economies. By 2025, the combined GDP of the eight largest emerging markets is likely to be equal or larger than that of the eight largest advanced economies (Varma & Budhwar, 2012). Accordingly, Indian firms have experienced wide-spread global expansion into the US, Europe, South Africa and Latin America. For example, Tata Consultancy Services, Wipro and Infosys have historically received over 50% of their revenue from the US. Additionally, Mumbai-based Glenmark Pharmaceuticals located its hub of oncology in Buenos Aires; while Brazil and Mexico account for approximately 43% of FDI by Ahmedabad-based Torrent Pharmaceuticals. From MNEs mentioned above, we can see growth in Indian firms from high-technology industry sectors.

Academic research has explored the subject of internationalization in larger emerging-market firms with enthusiasm (Luo & Tung, 2007; Yiu, Lau & Bruton, 2007), but there is relatively little research on the phenomenon of the internationalization of young entrepreneurial firms from such markets. Emphasis should therefore be given to
generalizing the results found so far among samples of, basically, technology-oriented firms to a wider spectrum of industries, and particularly to young international firms in emerging economies (Yamakawa et al., 2008). Most studies that explore antecedents to internationalization argue for the importance of institutional context for the mode, strategy, and extent of internationalization. Given the institutional pressures associated with the transition to a market-based economy, networking becomes an important mechanism for overcoming institutional deficiencies and attaining internationalization goals. Entrepreneurial factors, such as; entrepreneurial leadership and entrepreneurial proclivity have been used to a lesser extent to explain emerging economy INVs internationalization.

Yamakawa and colleagues (2008) point out that if IE research is to keep up with practice, scholars’ attentions should focus on these entrepreneurial activities in and from emerging economies. Given that most new ventures from emerging markets lack key resources and capabilities, Yiu et al. (2007) argue that the need to overcome such deficiencies may lie in the act of entrepreneurship. In their view, the entrepreneur is a key to acquiring the capabilities, knowledge and experience necessary for successful international venturing. Luo and Tung (2007) maintain that emerging-market firms often have to embrace a series of aggressive and calculated risk-taking measures for leveraging international expansion in order to compensate for their competitive disadvantages in the global arena. Indeed, an entrepreneurial drive is necessary for new ventures from emerging economies for providing vitality and market orientation (Yamakawa et al., 2008; Yiu et al., 2007).
Although scholarly interest in INVs in emerging markets has grown in the last decade, they typically focus on limited geographical regions, such as China and Central and Eastern Europe. In marked contrast, rigorous empirical research conducted in India is rare. Since India embraced economic reform in 1991, INVs originating from India have experienced steady growth and increased prosperity (Todd & Javalgi, 2007). The establishment of software technology parks, science parks, and technology incubators resulted in an increase of new innovations developed by Indian small, hi-tech start-ups with an international focus (Sridhar, 2006). As a result, Indian INVs are developing new innovations and using new business models to achieve scale and scope as they compete in global markets. An exhaustive search of the relevant literature yielded only 5 studies devoted to exploring the relationship between entrepreneurship of INVs and performance. The studies are presented in Table II.
<table>
<thead>
<tr>
<th>Authors</th>
<th>Key Findings</th>
<th>Industry Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim et al. (2011)</td>
<td>Customer orientation is an effective enabler of innovativeness, whose effects are mediated by technological capability for CRM and external customer information management.</td>
<td>Professional Services</td>
</tr>
<tr>
<td>Varma (2011)</td>
<td>Internationality, knowledge intensity, financial resources, national policy impact internationalization</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Kumar (2012)</td>
<td>A learning orientation facilitates INVs ability to combine and deploy available resources for success</td>
<td>Information Technology Services</td>
</tr>
<tr>
<td>Prashantham &amp; Birkinshaw (2015)</td>
<td>Internationalization is facilitated by networking via local industry groups in the home market</td>
<td>Software</td>
</tr>
<tr>
<td>Bello et al. (2016)</td>
<td>Entrepreneurial orientation and human capital drive service innovation, which in turn accounts for performance</td>
<td>Professional Services</td>
</tr>
</tbody>
</table>

Note: This is a list of references that examine antecedents of international performance of Indian INVs
In the context of entrepreneurial Indian SMEs, the importance of the relationship between entrepreneurial orientation and internationalization suggests that managers must foster an entrepreneurial culture throughout the organization (Javalgi & Todd, 2011). Additionally, Indian INVs are leveraging innovative capabilities to develop competitive advantages in technologies that will enable them to enter new international markets (Kim, Basu, Naidu & Cavusgil, 2011; Todd & Javalgi, 2007). Early on, hi-tech Indian firms took advantage of a relatively low-cost, educated work force to provide inexpensive products and services to international customers (Kapur, 2002). In contrast to the first generation of Indian firms that offered generic, low-end software and information technology products services, most of the new generation is ‘boutique firms’ carrying out high-end work in specialized areas (Upadhya, 2004). Spire Technologies, headquartered in Bangalore with offices abroad as well, is an entrepreneurial SME that offers big data and analytics solutions through a contextual search and intelligence platform that searches, comprehends, and interprets data and deduces analysis to help customers make smarter business decisions. Their cutting-edge platform offers advantages that enable Spire Technologies to compete against traditional large firm solutions (Deloitte, 2016). As a result of these firms’ specialized technologies, they are better able to compete globally with established MNEs.

While India is one of the most important emerging markets in the global economy, studies are scant that use India as a context to explore INVs and their entrepreneurial processes (Bruton et al., 2008; Kiss, Danis & Cavusgil, 2012). As a result of the limited attention to Indian INVs, there is a need for a more IE research in the all the geographical regions that encompass the emerging markets. Given the important
role that INVs play in internationalization research, particularly in the resource
constrained environments that typify emerging markets, it is important to analyze how
INVs entrepreneurial schemas impact their ability to identify and exploit opportunities in
global markets. Might entrepreneurial behaviors and processes, such as an IEC,
compensate for firm level resource deficiencies to support INVs international success? In
consideration of this, and the important role that small entrepreneurial firms have played
in facilitating economic growth in emerging economies, there is strong need to develop a
better understanding of INVs within the emerging market domain.

2.3 International Entrepreneurial Culture

Entrepreneurship is a domain that seeks to understand how opportunities are
discovered or created by individuals who use various means to exploit or develop them
and to produce a range of outcomes (De Carolis, Litzky & Eddleston, 2009). Styles and
Seymour (2006) argue that entrepreneurship refers to the individualistic opportunistic
activity that creates value and bears risk. We adopt this broad conceptualization of
entrepreneurship in referring to IE as the concept of opportunity exploration and
exploitation across national borders, and INV early internationalization is a form of
international entrepreneurial behavior (Acedo & Jones, 2007). Additionally, IE is a
dynamic process with an evolution that may take considerable time to develop; and is
embedded in the organizational culture of the firm (Dimitratos & Plakoyiannaki, 2003).

Five aspects are associated with this description of international entrepreneurship.
First, IE is an organization-wide phenomenon that extends to all levels and geographic
boundaries of the firm. This implies that it is not specific to top management of the firm,
or the international operations personnel. The organizational context empowers
managers and employees with an entrepreneurial posture. This is expected in an internationalized firm since these managers and employees often interact in global markets, and thus, may generate innovative ideas on how to service them better. Second, IE is a process, suggesting that IE embraces a dynamic and evolving development whose end products may take considerable time to materialize. The outcomes of this process may be attained over a long-term horizon because investments in entrepreneurship should be assessed like any other investment whose results take place in the long run. Third, IE is embedded in the organizational culture of the firm. An organizational culture is a set of cognitive elements, namely values, beliefs, norms and assumptions, which determine the thoughts and actions of the organization (Dimitratos & Plakoyiannaki, 2003). In order to nurture and foster an entrepreneurial posture, firms should establish an organizational culture that helps to cultivate such a disposition. Fourth, IE evolves around the discovery and exploitation of opportunities in international markets. Such a pursuit of opportunities can be achieved through the creation of new ventures, which is closely associated with the organization and recombination of resources, and entry into new markets. Consequently, international entrepreneurial firms possess a mindset that enables the recognition of opportunities in global markets. Fifth, the objective of IE activities is value creation for the firm. This is accurate despite the fact that some entrepreneurial activities can take considerable time to yield profitable results (Dimitratos & Plakoyiannaki, 2003).

A key aspect of IE is the organizational culture of INVs. Culture is a basic set of values and beliefs that guide the organization. The literature examines how perceptions, mindsets and behavioral traits of managers and entrepreneurs impact their responses to
external environments and their views of opportunities (Jones & Coviello, 2005). These internal traits of entrepreneurs and managers are stable yet differ from person to person, which determine why some and not others identify and act upon entrepreneurial opportunities (Zahra et al., 2005). Also, managers’ characteristics are cited as key factors in distinguishing INVs from non-INVs (Madsen & Servais, 1997).

2.3.1 International Entrepreneurial Culture Definition

As these firms’ early internationalization is entrepreneurial in nature, their attitudinal aspects and entrepreneurial traits ultimately form an entrepreneurial culture within the firm. In order to examine this theme in a holistic way, we employ the construct of an IEC. An IEC refers to the organizational culture which both enables and empowers the entrepreneurial activities of the firm in international markets (Dimitratos & Plakoyiannaki, 2003; Dimitratos, Voudouris, Plakoyianniaki & Nakos, 2012; Gabrielsson et al., 2014). It embodies new ideas and creativity by seeking these novel international opportunities (Naldi, Achtenhagen & Davidsson, 2014). Following suggestions to identify a thorough measurement of an IEC (Jones, Coviello & Tang, 2011), Dimitratos and colleagues (2012) propose that a comprehensive understanding of the international entrepreneurialness of a firm regardless of size, age or sector requires an examination of its international entrepreneurial-, market-, learning-, network-orientations, and international motivation. This multidimensional construct comprising of key strategic orientations, or attitudinal aspects, follows from a comprehensive literature review on the international business, international entrepreneurship, strategic management and marketing fields. Table III provides definitions of these dimensions, which are the
guiding principles, practices and decision-making styles that influence a firm’s marketing and strategy-making activities (Noble, Sinha, & Kumar, 2002).
<table>
<thead>
<tr>
<th>Construct</th>
<th>Construct definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>International entrepreneurial culture</td>
<td>The culture of an organization that facilitates the entrepreneurial activities of the firm internationally</td>
<td>Zahara (2005)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IEC dimension</th>
<th>Construct definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>International entrepreneurial orientation</td>
<td>The proclivity to support novel and original ideas, products or processes, as well as venturesome activities abroad</td>
<td>Knight (2000)</td>
</tr>
<tr>
<td>International market orientation</td>
<td>The propensity of the firm to seek superior value for its customers abroad</td>
<td>Knight &amp; Kim (2009)</td>
</tr>
<tr>
<td>International motivation</td>
<td>The propensity to engage in aggressive and visionary behaviors to actively explore new business opportunities abroad, and develop resources and capabilities necessary to achieve international success</td>
<td>Dimitratos et al (2012)</td>
</tr>
<tr>
<td>International learning orientation</td>
<td>The proclivity to actively accomplish intelligence on foreign markets and use it effectively</td>
<td>Slater &amp; Narver (1993)</td>
</tr>
<tr>
<td>International network orientation</td>
<td>The extent to which the firm accesses resources from its external environment through cooperative arrangements for its activities abroad</td>
<td>Dimitratos et al (2012)</td>
</tr>
</tbody>
</table>
Strategic orientations are strategic behaviors of managers and entrepreneurs that impact how they seek entrepreneurial opportunities abroad. They reflect the strategic directions implemented by a firm to create the proper behaviors that lead to superior performance (Gatignon & Xuereb, 1997; Slater, Olson, & Hult, 2006), and are founded on a firm’s philosophy of how to conduct business through a deeply rooted set of values and beliefs (Zhou, Yim & Tse, 2005). The literature examines how perceptions, mindsets and behavioral traits of managers and entrepreneurs impact their responses to external environments and their views of opportunities (Jones & Coviello, 2005). These internal traits of INVs are stable and differ from firm to firm, which determine why some and not others identify and act upon entrepreneurial opportunities (Zahra, Korri & Yu, 2005).

Scholars have begun to focus on how strategic behaviors, especially in the context of the external environment and firm development, become the foundation of INVs innovativeness and competitive advantage. As strategic orientations are principles and practices, they guide a firm’s mindset that relates to internationalization, which influence their behavior and reflect organizational culture. While strategic orientations have been of interest, no consensus exists on the nature of the constructs. Some scholars see them as a reflection of the management philosophy and corporate culture (Noble et al., 2002) that guide firm behavior, while others emphasize responsiveness to market signals and activities that are needed in strategy implementation (Homburg, Krohmer, & Workman, 2004; Kohli & Jaworski, 1990).

Early literature explained international entrepreneurship was perceived to reflect INVs’ innovativeness, risk-attitude, and proactiveness across international markets (McDougall & Oviatt, 2000), the dimensions of the international entrepreneurial
orientation construct. Scholars, however, argued the limitations of using only an international entrepreneurial orientation, positing additional sub variables should be used included in the IE construct as the evolution of the field uncovered other key behaviors of INVs (Rauch, Wiklund, Lumpkin & Freese, 2009). Prior studies have typically examined the relationship between a single strategic orientation and performance. While extant studies generally provide evidence for the positive relationship between key strategic orientations and firm performance, the support for these significant relationships is not consistently observed (Lonial & Carter, 2015; Moen, Heggeseth & Lome, 2016).

We believe that one important reason for the inconsistent findings lies in the argument an INV possesses multiple strategic orientations concurrently. Thus, investigating IEO in isolation provides an incomplete understanding of IE.

Research in marketing has mainly focused on maintaining a market orientation, based on the adoption and implementation of the marketing concept (Noble et al., 2002). However, a growing stream of research endorses the adoption of alternative strategic orientations including, entrepreneurial-, learning-, international- and network-orientation (Marinova, Ye & Singh, 2008; Zhou et al., 2005). Extant research attempts to examine different types of strategic orientations separately, and also to some extent together (Jantunen, Nummela, Puimalainen & Saarenketo, 2008). As these strategic orientations are not considered mutually exclusive (Olson, Slater & Hult, 2005), INVs’ behavior may be simultaneously guided by multiple strategic orientations (Covin & Miller, 2014; Theodosiou, Kehagias & Katsikea., 2012). Scholars contend that firms can maximize their performance by complementing market orientation with other important strategic orientations that fit their environmental context and organizational characteristics.
2.3.2 International Entrepreneurial Culture in INV Literature

International entrepreneurial culture provides a comprehensive opportunity-based conceptualization of the firm as these behavioral dimensions collectively influence alertness, identification and pursuit of opportunities in international markets (Gabrielsson et al., 2014). IEC has been found to be a key characteristic of INVs; as empirical research finds that compared with traditional SME exporters, INVs have a superior value on IEC (Zhang, Tansuhaj & McCullough, 2009). Presumably, an international entrepreneurial culture enables these small global start-ups to gain competitive advantages in global markets through its effects on their entrepreneurial, marketing, learning, networking and international mindsets.

Another explanation for the inconsistent strategic orientation-performance relationship in the INV literature is that the process by which IEC operates is more complex than a simple link between its strategic orientations and performance. The strategic orientations that comprise entrepreneurial culture are thought to be indicators of an intervening latent variable termed positional advantage (Hult & Ketchen, 2001; Morgan, Strong & McGuiness, 2003). As INVs lack many of the traditional resources and capabilities of more established firms, they require an IEC to cultivate their alertness- and exploitation- of opportunities to develop capabilities and strategies, accelerate their international growth, and enhance their performance.

While scholars have examined the relationship between multiple orientations and performance in the context of MNEs and SME; only more recently have scholars attempted to bring together some of these behaviors to capture the entrepreneurial nature of INVs. After an exhaustive search of the relevant literature, we find only 8 studies that
incorporate multiple strategic orientations to explain INV internationalization. The studies are presented in Table IV.
<table>
<thead>
<tr>
<th>Authors</th>
<th>Strategic orientations used in study</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knight &amp; Cavusgil (2004)</td>
<td>Entrepreneurial-, Market-</td>
<td>Orientations positively impact performance through technological competence, unique products development, quality focus, and leveraging foreign distributor competences</td>
</tr>
<tr>
<td>Kropp et al (2006)</td>
<td>Innovative-, Communication- Market-, Learning-</td>
<td>All orientations, with exception of communication, are positively and significantly related to international performance of INVs, but not traditional exporters</td>
</tr>
<tr>
<td>Jantunen et al (2008)</td>
<td>International-, Entrepreneurial-, Learning-</td>
<td>Each orientation is found to be positively and significantly related to international performance of INVs, but not traditional internationalizing firms</td>
</tr>
<tr>
<td>Knight &amp; Kim (2009)</td>
<td>International-, Market-, Innovativeness-</td>
<td>All orientations, as a higher order construct, are positively linked with international market share, sales growth, profit, and export intensity</td>
</tr>
<tr>
<td>Zhang et al (2009)</td>
<td>International-, Entrepreneurial-, Market-, Learning-, Network-</td>
<td>All orientations, as a higher order construct, are positively and significantly related with market and financial performance</td>
</tr>
<tr>
<td>Gabrielsson et al (2014)</td>
<td>International-, Entrepreneurial-, Market-, Learning-, Network-</td>
<td>All orientations are positively linked with international growth, with learning and networking as the most significant</td>
</tr>
<tr>
<td>Dimitratos et al (2016)</td>
<td>International-, Entrepreneurial-, Market-, Learning-, Network-</td>
<td>INVs time to internationalize, degree of internationalization, and entry mode are impacted by entrepreneurial-, market-, and network-orientations</td>
</tr>
</tbody>
</table>

Note: This is a list of references that examine multiple strategic orientations in INV studies
This is problematic to our understanding of INV internationalization, as these young, global start-ups lack the resources possessed by more well-established, larger firms. Further examination of INVs internal traits, (i.e. international entrepreneurial culture) is necessary to better understand their internationalization activities. Except for a few articles (Gabrielsson et al., 2014), literature is lacking that explains how IEC impacts the way in young entrepreneurial firms accrue capabilities and develop strategies to exploit them for success in global markets. The present study aims to fill a sizable gap in the literature as it examines IEC as a key component of INVs in the IE domain.

Equally important, it would be informative to link these five dimensions to INVs’ pursuit of entrepreneurial opportunities in international markets (Zahra, 2005). This discussion suggests that an IEC creates entrepreneurial actions abroad. An entrepreneurial act is a bold and innovative action that alters the dynamics of competition, which enables INVs to venture into new foreign markets and adopt new business models or redefine value chains (Zahra, 1991). It also shapes the ability to recognize and tap into market opportunities (Zahra et al., 2008). An IEC therefore breeds entrepreneurial marketing and positional advantages within INV’s, which we posit are critical drivers of INV performance.

2.4 Entrepreneurial Marketing

Entrepreneurs have long recognized the importance of marketing to their success. Compared with large, resource-rich MNEs, the complexities of operating in international markets are considerably more grueling for young SMEs. The success of these young entrepreneurial firms’ globalization depends in large part on the formulation and implementation of marketing strategy (Knight, 2000; Knight, 2001). As INVs experience
significant challenges in their rapid internationalization, knowledge of marketing strategies becomes an important aspect in the growth and success of these firms (Ripolles & Blesa, 2012). Marketing strategy reflects how firms target and position themselves and how they will compete at the nexus of their product and markets (Knight, 2000). Firms execute strategies to attract customers and deal effectively with a myriad of environmental challenges, such as competition, turbulence and scarce resources. The literature suggests that the pursuit of international marketing strategy may be supported with the possession of an entrepreneurial mindset. Dess and colleagues (1997) find that turbulent environments often require a strong entrepreneurial posture in the development of strategy. Passive behaviors for INVs during globalization give rise to weak performance, because the basis for competitive advantage is short-lived (Knight, 2000). Therefore, entrepreneurial marketing may be especially useful for resource-deficient INVs operating in new and unfamiliar markets.

Over the past 30 years, an emerging research stream has bridged the marketing and entrepreneurship domains to address the concept of entrepreneurial marketing (Fiore, Niehm, Hurst, Son & Sadachar, 2013). The entrepreneurial marketing perspective suggests that the core marketing processes of creating and delivering value are augmented by entrepreneurial, innovative, and opportunity-driven approaches (Morrish, Miles, & Deacon, 2010). Morris and colleagues (2002) argue that, unlike traditional marketing, entrepreneurial marketing is not concerned on the transaction or the relationship shared with customers, but on the availability of a product or service which can deliver benefits valued by customers. In this way, entrepreneurship provides a means for creating market value through innovation in new products, services, experiences, and
creative strategies that satisfy customer needs. Firms that conduct this entrepreneurial process in a superior manner may be better positioned to achieve a sustained competitive advantage over time (Covin & Miles, 1999). In summary, entrepreneurial marketing captures and integrates the interface between entrepreneurship and marketing.

2.4.1 Entrepreneurial Marketing Definition

In the present study we explicate the nature and composition of entrepreneurial marketing in small firms. It should be noted that a commonly accepted definition currently does not exist, but rather several definitions have been put forth in the literature. However, most scholars focus on marketing undertaken in unconventional ways (Frederick, Kuratko, & Hodgetts, 2007).

Morris and colleagues (2002) viewed entrepreneurial marketing as an opportunity driven way of thinking and acting regarding marketing behaviors. Bjerke and Hultman (2002) suggested that entrepreneurial marketing is the marketing by small firms’ growth through entrepreneurship. The literature also indicates that entrepreneurial firms have a unique set of marketing competencies and capabilities related to understanding and responding to market trends, market positioning, and customer needs (Smart & Conant, 1994). Hills and Hultman (2011) captured the breadth of definitions, suggesting that entrepreneurial marketing is a complex process for how entrepreneurs behave in the marketplace. Additionally, Kraus and colleagues (2010, p. 27) define entrepreneurial marketing “as an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its shareholders, and may be performed without resources controlled.” A more recent and popular definition in the
literature, entrepreneurial marketing is the identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management and resource leveraging for value creation (Mort et al., 2012). Table V provides a summary of the various definitions put forth by scholars in the literature.
<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hill &amp; Wright (2000)</td>
<td>Style of marketing behavior that is driven and shaped by the owner/manager's personality.</td>
</tr>
<tr>
<td>Stokes (2000)</td>
<td>Focused on innovations and the development of ideas in line with an intuitive understanding of marketing needs.</td>
</tr>
<tr>
<td>Backbro &amp; Nystrom (2006)</td>
<td>Overlap between entrepreneurship and marketing; therefore it is the behavior shown by any individual/firm that attempts to establish and promote market ideas, while developing new ones to create value.</td>
</tr>
<tr>
<td>Miles &amp; Darroch (2006)</td>
<td>Engaging in marketing processes emphasizing opportunity creation and/or discovery, evaluation and exploitation.</td>
</tr>
<tr>
<td>Kraus et al (2010)</td>
<td>An organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the firm and its shareholders, and may be performed without resources controlled.</td>
</tr>
<tr>
<td>Mort et al (2012)</td>
<td>Identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management and resource leveraging for value creation.</td>
</tr>
</tbody>
</table>

Note: This is a list of definitions of entrepreneurial marketing put forth by scholars in the literature
Entrepreneurial marketing is more opportunity-driven than traditional marketing functions (Hillis et al., 2008); and integrates marketing with innovativeness, which is central to entrepreneurship. Entrepreneurial marketing strategies represent opportunistic actions wherein firms seek novel methods to create value for target market and build customer loyalty. Firms are not constrained by existing resources, while product and market innovation represent the key means to sustainable competitive advantage (Morris et al., 2002).

Entrepreneurial marketing is a multidimensional construct that encompasses multiple strategic actions from a comprehensive literature review on the IE and marketing fields. In addition to the lack of a commonly accepted conceptual definition, scholars also lack in agreement a set of core strategies to operationalize entrepreneurial marketing. Morris and colleagues (2002) validate seven dimensions that encompass entrepreneurial marketing. In a case study of Australian INVs, Mort and colleagues (2012) draw out four key components, three of which match the Morris and colleagues (2002) construct. Fiore and colleagues (2013) empirically test the Morris and colleagues (2002) scale and revise to four core dimensions, with three matching the operationalizations of both previous studies. Table VI provides definitions of these three core strategies; opportunity-vigilance, value-creation, and customer-focused innovation.
<table>
<thead>
<tr>
<th>Construct</th>
<th>Construct definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity-Driven</td>
<td>Tendency to continuously seek and act on unmet needs of new markets and sources of competitive advantage. To expand beyond current customers by using heightened levels of search and discovery to pursue new markets.</td>
<td>Fiore et al (2003)</td>
</tr>
<tr>
<td>Value-Creation</td>
<td>Tendency to use marketing skills and unique combinations of resources to discover untapped sources of value. Co-create value in cooperating with various partners in the value chain and customers to create value together.</td>
<td>Fiore et al (2003)</td>
</tr>
<tr>
<td>Customer Focused-Innovation</td>
<td>Targets ways of seeking and using customer feedback to create novel product and service offerings. It is the tendency to seek marketing ideas through external activities by establishing relationships to address new customer preferences and relate to customers</td>
<td>Fiore et al (2003)</td>
</tr>
</tbody>
</table>
Opportunity vigilance is a firm’s tendency to continuously seek and act on unmet needs of new markets and sources of sustainable competitive advantage (Fiore et al., 2003). We Tech, a Finnish INV in the maritime industry, aimed to create a new market with their radical technology (Yang & Gabrielsson, 2017). The pursuit of finding new opportunities through new ideas is a core dimension of entrepreneurial marketing. INVs strive to expand their opportunity horizon beyond that of current customers, thus the need for heightened levels of active search and discovery.

Value creation is the tendency to use marketing strategies and unique combination of resources to discover untapped sources of value (Fiore et al., 2013). INVs co-create value in cooperating with various partners in the value chain to create value together. Additionally, these firms aim to create value for their customers. A principal skill that We Tech focuses on is making their customers more competitive, as the INV aims to serve as an advisor to their clients (Yang & Gabrielsson, 2017). The continuous exploration for novel sources of value in the marketing mix is key entrepreneurial marketing strategy (Gruber, 2004; Morris et al., 2002), such as resource leveraging. Resource leveraging is the tendency to assemble resources from external sources, reconfigure existing internal resources and to recombine these in novel ways with a strategic purpose (Mort et al., 2012). This enhances INVs abilities to overcome their liability of smallness and resource deficiencies by doing more with less. In dynamic and competitive markets, the value equation is continually redefined and the firm must explore each marketing mix element in a search for new sources of customer value.

Customer-focused innovation targets innovative ways of seeking and using customer information to create novel sources of value. It is the tendency to seek
marketing ideas through external activities by establishing relationships to address customer preferences and relate to customers (Fiore et al., 2013). The process of developing customer–oriented innovations is another focal strategy of entrepreneurial marketing in INVs leading to rapid internationalization (Mort et al., 2012). Entrepreneurial marketing incorporates the need for creative approaches to continuous innovation and customer loyalty by seeking active customer feedback in new product development.

Based on a literature review, the multitude of definitions put forth by scholars are not in alignment with the items of the validated measurement scales. While each definition captures some aspects of entrepreneurial marketing, scholars have yet to develop a conceptualization that encompasses the entire set of core strategies. Accordingly, in this study we define entrepreneurial marketing as the identification and exploitation of new market opportunities through consumer-focused approaches in creating innovative offerings, and creative resource management efforts to seize untapped sources of value (adapted from Morris et al., 2002; Mort et al., 2012).

2.4.2 Entrepreneurial Marketing in INV Literature

Studies suggest that INVs face challenges that cannot be overcome by conventional marketing strategies, requiring them to adopt non-conventional marketing strategies. In effort to overcome these challenges (i.e. resource deficiencies), INVs adopt an entrepreneurial mindset in developing innovative marketing strategies (Miles & Daroch, 2006; Miles, Gilmore, Harrigan, Lewis & Sethna, 2015). This mindset is best characterized by an INV’s flexible structure, focus on international growth, and a willingness to use incremental learning for the allocation of resources (Morrish, Miles &
Deacon, 2010). These firms have a pervasive culture that suggests INVs exist to pursue new market opportunities that create and re-enforce competitive advantages, while simultaneously focusing on meeting the implicit and explicit needs of the customer and the entrepreneur. As such, these unconventional and adaptive strategic actions enable young, global start-ups to compete abroad with limited resources against incumbents (Hallback & Gabrielsson, 2013; Hillis, Hultman & Miles, 2008).

Entrepreneurial marketing provides INVs the ability to harness the power of effectuation to create new uses for existing products, new products, and new markets (Sarasvathy, 2001). Without entrepreneurial expertise, INVs are inclined to rely on predictive and generic information when making critical marketing decisions (Read, Dew, Sarasvathy, Song & Wiltbank, 2009), which limits their ability to be innovative and create value in unfamiliar environments. In the context of INVs, entrepreneurial marketing is innovative value creation strategies, which can be achieved by identifying unmet customer needs and by combining and leveraging resources in unique ways to provide distinct value for customers.

While studies have examined the components or dimensions of INVs’ entrepreneurial marketing, very few studies exist that examine the strategic role of entrepreneurial marketing and its impact on competitive positioning and international performance of INVs (Knight, 2000). Additionally, there is a limited understanding of the factors that influence entrepreneurial marketing in INVs (Kocak & Amibola, 2009). Various characteristics of INVs are likely to influence the development of entrepreneurial marketing and ultimately their positional advantages and performance of INVs. An exhaustive search of the relevant literature reveals just 5 qualitative studies using
entrepreneurial marketing in the context of INVs. Table VII provides a list of these studies with contributions to the literature.
## Table VII. Empirical Studies of Entrepreneurial Marketing in INV Research

<table>
<thead>
<tr>
<th>Authors</th>
<th>Methodology</th>
<th>Sample</th>
<th>Key Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kocak &amp; Ambiola (2009)</td>
<td>Case study analysis</td>
<td>5 Turkish INVs</td>
<td>Relationship between entrepreneurial marketing and international performance</td>
</tr>
<tr>
<td>Mort et al (2012)</td>
<td>Case study analysis</td>
<td>9 Australian INVs</td>
<td>Relationship between entrepreneurial marketing and accelerated internationalization</td>
</tr>
<tr>
<td>Hallback &amp; Gabrielsson (2013)</td>
<td>Case study analysis</td>
<td>4 Finnish INVs</td>
<td>Relationship between entrepreneurial marketing and marketing performance</td>
</tr>
<tr>
<td>Simba &amp; Ndlovu (2014)</td>
<td>Case study analysis</td>
<td>5 UK INVs</td>
<td>Relationship between entrepreneurial marketing and performance</td>
</tr>
<tr>
<td>Yang &amp; Gabrielsson (2017)</td>
<td>Case study analysis</td>
<td>4 Finnish INVs</td>
<td>Uncertainty and ambidexterity of INVs impact the development of entrepreneurial marketing</td>
</tr>
</tbody>
</table>

Note: This is a list of references that examine entrepreneurial marketing in the INV literature
Ionita (2012) described the entrepreneurial marketing construct as under-developed and lacking a unifying theory, leading to fragmented research efforts. Bjerke and Hultman’s (2002) conceptual work similarly cited a need for theory-based entrepreneurial marketing research that sheds light on entrepreneurial actions and processes, particularly those processes that connect entrepreneurship with marketing strategy formation and execution. The present study aims to fill a sizable gap in the literature as it examines entrepreneurial marketing as a key mechanism of INVs in the IE domain. This cross-disciplinary concept has the potential to be very important to our understanding of the unconventional nature of INVs’ strategies and positional advantages.

2.5 Positional Advantage

Extant literature presents some gaps in the relationship between competitive advantage and performance (Hughes et al., 2010; Tan & Sousa, 2015). Previous studies have considered competitive advantage and performance as equivalent terms, however these concepts are conceptually different (Newbert, 2008; Powell, 2001). Competitive advantage, referring to a positional advantage, is derived from the exploitation of skills and strategies. Positional advantages represent the relative value actually delivered to target markets as a result of the firm’s marketing strategy decision implementation efforts, and the cost of accomplishing this to the firm (Day & Wensley 1988; Morgan et al. 2004). Conversely, performance refers to economic value that is secured from firms’ skills and strategies (Day & Wensley, 1988; Newbert, 2008). Therefore, positional advantage should be considered a key antecedent of performance. This is consistent with
conceptualizations of “realized strategy” in the strategic management literature (Mintzberg & Waters 1985).

Day and Wensley (1988) explain positional advantages include low-cost advantages (lower costs than competitors) and differentiation advantages (products that are differentiated from competitive offerings). It is rather common for firms competing in the same industry sectors to choose different methods through which to compete, as the chosen methods typically reflect the strengths of the firm. It is unlikely that a firm will develop all of the positional advantages, due to their limited financial resources and the focused strategic choices of competitors (Morgan, 2012).

A low-cost advantage goes beyond physical product attributes to encompass all activities and linkages of the firm. A positional advantage can be conceptualized as a superior marketplace position that captures the provision of superior customer value and the achievement of lower relative cost (Day and Wensley, 1998). Firms sustain a positional advantage if rivals are unable to acquire and deploy a similar or substitute mix of resources and capabilities (Mahoney and Pandian, 1992). Sources of advantage consist of superior skills, which are distinctive capabilities that bring assets together and enable them to be deployed advantageously, which create entry barriers and hinder imitation by competitors (Teece, Pisano & Shuen, 1997; Porter, 1991). Distinctive capabilities are exercised through strategic behaviors, which enable firms to coordinate activities and make use of their assets to establish a positional advantage (Day, 1994).

The competitive positioning a firm chooses to occupy results from a combination of its choice of target market and the differential advantage it seeks to create in the marketplace (Hooley et al., 1998). For example, in a low-cost leadership positioning
strategy, the firm uses marketing strategies and tactics to make similarly attractive offerings to the market (compared to the competition), but at a relatively lower internal cost. To convert a low-cost advantage into superior performance, firms must pass their cost advantage on to customers by lowering what the customer perceives as the total acquisition and usage costs of products, while maintaining desirable profit margins (Narver & Slater, 1990).

Differentiation advantages can be: product-based positional advantages such as innovative product features, product quality, product/service convenience, and product packaging, or image-based positional advantages such as brand image, quality reputation, and corporate image (Morgan, 2012). A firm has a differentiation advantage when some value adding activities are performed in a unique way that leads to perceived superiority along benefits that are valued by customers. Differentiation positioning strategies such as ‘brand name’ and ‘attractiveness’ exist when a firm seeks to set itself apart from competition primarily through product positioning, while innovation-based positioning occurs when a firm attempts to affect consumers’ perceptions through the innovative application of technology. When taking this position, the firm must educate customers about the technology or its characteristics and how the product meets their needs. Accordingly, appropriate strategic actions can lead to positional advantage and subsequent superior performance.

2.5.1 Positional Advantage in INV Literature

Blessa and colleagues (2008) find that a commitment to early internationalization is a key contributing factor to INVs developing international positional advantages. Additionally, Autio and colleagues (2000), and Sapienza and colleagues (2006) posit that
young smaller firms are likely to grow more rapidly than older entrants because they can exploit learning advantages of newness. To this end, the INV can outmaneuver older rivals in the international market by implementing positioning strategies more innovatively owing to their lack of inertia and historical knowledge. Therefore, INVs should be able to accrue marketing differentiation and cost advantages more readily owing to their lack of rigidity. Through discovery of ‘opportunity gaps’ INVs can provide differentiable products to markets where there is unmet demand. Conversely, increased awareness of opportunities enables INVs to become aware of ‘productivity gaps’ and thus lower costs of production to increase efficiency (Micheels & Gow, 2012).

With exception of a few recent studies (Blesa et al., 2008; Hughes et al., 2010; Martin et al., 2017; Zhao et al., 2013), the positional advantage construct has received little examination in IE research. A list of these studies with implications can be found in Table VIII.
### VIII. Empirical Studies of Positional Advantage in INV Research

<table>
<thead>
<tr>
<th>Authors</th>
<th>Sample</th>
<th>Study Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blesa et al (2008)</td>
<td>207 Spanish &amp; Belgian INVs</td>
<td>Examine how international commitment and market orientation contribute to development of positional advantages</td>
</tr>
<tr>
<td>Hughes et al (2010)</td>
<td>260 Mexican INVs</td>
<td>Examine how competitive strategies and ambidextrous innovation impact positional advantages of INVs</td>
</tr>
<tr>
<td>Martin et al (2016)</td>
<td>260 Mexican INVs</td>
<td>Investigate how INVs’ limited assets impact support marketing capabilities development of positional advantages</td>
</tr>
</tbody>
</table>

*Note: This is a list of references that examine positional advantages in the INV literature*

To advance our understanding of INVs, scholars need to analyze the firm-level factors that can affect their positional advantage (Autio, Sapienza & Arenius, 2005; Zahra, 2005). A key question to understand how INVs develop a positional advantage in international markets is to analyze how these firms acquire, interpret and utilize marketing strategies (Knight & Cavusgil, 2004; Jantunen, Puimalainen, Saarenketo, Kyläheiko, 2005; Oviatt & McDougall, 2005). For example, Hughes and colleagues (2010) examine how INVs dynamic capabilities and competitive strategies impact the development of their positional advantages, and subsequent performance in global markets. Due to INVs resource-deficiencies, their entrepreneurial culture and marketing
strategies will be important constructs to consider how these firms create and sustain positional advantages and succeed in international markets.

2.6 International New Venture Performance

INV research has focused on the factors that give rise to early internationalization and their subsequent impact on international performance (Knight & Cavusgil, 2004; Knight & Kim, 2009; Zhou, 2007; Zhou, Barnes & Lu, 2010). These include various organizational characteristics and environmental determinants. However, a comprehensive framework of the determinants of INV performance is still lacking. Previous studies have tended to examine relatively specific aspects of international performance, such as strategic orientations, and capabilities (Gerschewski, Rose & Lindsay, 2015; Theodosiou, Kehagias & Katsikea, 2012), rather than adopting a broader analysis that incorporates both internal and external influences. While various strategic orientations and capabilities have been independently linked with various conceptualizations of firms’ performance, evidence is limited in regard to their collective impact on international growth and performance (Jantunen et al., 2008).

Although numerous studies have examined the impact of various strategic orientations directly on performance of INVs, it is argued the conceptual model is likely to be more intricate and involve intervening constructs linking these antecedents to performance outcomes (Hult & Ketchen 2001). Marketing, entrepreneurship and other related orientations are said to operate along the organizational culture, strategies, and actions within the firm. Each aspect must be developed and activated in the context of the preceding level. That is, organizational culture is fundamentally antecedent to strategy, and strategy is fundamentally antecedent to actions or tactics, which in turn
influences performance (Knight, 2000). While scholars have begun to address this topic (Efrat & Shoham, 2012; Jantunen et al., 2008; Knight & Kim, 2009), we remain short of a deep understanding of INV performance.

While, international performance has attracted much attention among IE scholars in recent decades; there is no common valid operationalization of the concept in IE research (Jantunen et al., 2008). Styles (1998) suggests that international performance constructs, conceptualization, and operationalization are complex and inconsistent. As a result, no single operationalization of INV performance has been widely accepted and used over the years (Lages & Lages 2004). To this point, a major criticism of the INV performance literature is the lack of a uniform and widely accepted measure of the construct (Katsikeas, Leonidou, & Morgan 2000; Sousa 2004).

Much of the INV literature focuses on export performance as export is considered the primary entry mode of these global start-ups (Knight & Cavusgil, 2004). The export performance literature fails to provide definite and unambiguous guidelines on the selection of an INV performance measure, particularly one that is appropriate for small firms, the focus of our study. The export performance constructs often use just a few market performance indicators (i.e. sales revenue, growth, market entry). Numerous INVs in high technology sectors move quickly from export to foreign direct investment modes (Upadhya, 2004). Specifically, Indian INVs have been found to exhibit this pattern. While the use of market-based indicators provide insight into INVs success, to only use export performance measures runs the risk of not capturing a complete understanding of the success or failure of these firms internationalization activities.
Between 2000 and 2007 there were over 521 overseas acquisitions by Indian firms, out of which only 12 percent were undertaken by smaller firms which were incorporated less than five years before they made their first global acquisitions (Varma, 2011). For example, Mindtree made its first foreign acquisition within 5 years of start-up; and Infosys opened its first office abroad within 6 years of start-up. Before these firms grew into large MNEs, they began as small entrepreneurial firms with a global focus. Many of these INVs initially export their products and services and then engage in FDI as they develop a stronger resource base. As a result, using export performance ignores some aspects of firms’ internationalization activities and thus offers a limited scope of their international performance. Therefore, IE literature needs additional performance constructs to better reflect some of these firms internationalization activities.

Scholars have previously called for multidimensional measures of performance to be employed in the field of IE (Hult et al., 2008; Robson, Katsikeas & Bello, 2008). In the context of INVs, the use of a multi-dimensional performance is relevant to understanding of the impact of small entrepreneurial firms’ behavior toward international success. Two important aspects of INV performance are: (1) market performance, the extent to which the venture achieves desirable product market–based goals such as high customer acquisition rates, sales revenue growth, and market share in the target foreign market; and (2) financial performance, the financial cost/benefit outcomes of the venture’s market performance captured in metrics pertaining to profit, margins, return on investment, and the like (Morgan, Kaleka & Katsikeas, 2004). While the ultimate goal is to maximize financial performance, market performance is a vital intermediary gauge because it can lead to enhanced financial performance. For example, a firm’s market
share has been found to affect its profitability (Katsikeas, Morgan, Leonidou & Hult, 2016).

In this study, we adopt Morgan and colleagues (2012) definition of INV performance as firms’ degree of achievement in financial and market objectives. The better INVs are at identifying opportunities, such as international customers’ unmet needs and wants, and then following this up with ability to deliver solutions, the more successful the INV’s operations should be. Despite the high regard in which IE researchers hold entrepreneurship and strategies, relatively little is known about the performance consequences of INVs’ international entrepreneurial culture and entrepreneurial marketing. Therefore, more studies are needed in IE scholarship that includes INV performance.

2.7 Conclusion

Overall, the results of the existing literature are inconsistent. Although much of the scholarship leans towards a positive association between the dimensions of IEC and performance, some findings do not support a positive relationship. This supports the caveats noted during our review of the literature; IEC is an indicator of intervening skills unique to INVs that uncover opportunities abroad, which support to the development of positional advantages in global markets. In summary, the concepts of international entrepreneurial culture and entrepreneurial marketing are under-developed and lacking in the INV literature. Additionally, Table IX (below) provides a summary of the definitions of constructs to be examined in our conceptual model for this dissertation.
### Table IX. Definitions of Dissertation Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Construct Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Entrepreneurial Culture</td>
<td>The culture of an organization that facilitates the entrepreneurial activities of the firm internationally</td>
<td>Zahra, 2005</td>
</tr>
<tr>
<td>Entrepreneurial Marketing</td>
<td>The identification and exploitation of new market opportunities through customer-focused approaches in creating innovative offerings, and creative resource management efforts to seize untapped sources of value</td>
<td>Morris et al (2002), Mort et al (2012)</td>
</tr>
<tr>
<td>Positional Advantage</td>
<td>A superior marketplace position that captures the provision of superior customer value as a result of the firm's low-cost or differentiation strategy implementation efforts</td>
<td>Day &amp; Wensley (1988)</td>
</tr>
<tr>
<td>Competitive Intensity</td>
<td>A situation where a firm operates in markets that are characterized by a high number of manifestly competing organizations, limiting potential growth opportunities</td>
<td>Auh &amp; Menguc, 2005</td>
</tr>
<tr>
<td>International New Venture Performance</td>
<td>Comprised of (1) market performance (strategic goals), the extent to which the venture achieves desirable product market–based goals such as high customer acquisition rates, sales revenue growth, and market share in the target foreign market; and (2) financial performance (economic goals), the financial cost/benefit outcomes of the venture’s market performance captured in metrics pertaining to profit, margins, return on investment</td>
<td>Mogan et al (2004)</td>
</tr>
</tbody>
</table>
CHAPTER III
THEORETICAL PERSPECTIVES OF INTERNATIONAL NEW VENTURE RESEARCH

The rapid growth of IE literature over the last few decades has added a significant volume of research on INV internationalization using different but overlapping concepts. Studies on the relationships between entrepreneurship and international success of INVs suggest a lack of theory development, indicating a need for in-depth understanding of the mechanisms underlying the relationships (Dimatros & Jones, 2005; Peiris et al., 2012). A core argument is that the formation process of INVs cannot be explained by generally accepted theories from the field of international business. The study of large multinational enterprises (MNEs) focuses on large, mature, domestic firms. To show that the behavior of INVs is at odds with the predictions of MNE theory, we first discuss two of the predominant theories of an MNE. It is not the intent here to give a complete thesis on common MNE theories, but some account is essential to provide a well-rounded discussion for the current interest with INVs. Next, we discuss the predominant theories used in IE research. Finally, we conclude with a discussion of the theoretical frameworks used to ground our framework.
3.1 Uppsala Stage Theory of Internationalization

The Uppsala stage theory of internationalization argues that firms progress in a relatively orderly manner from local firms with ad hoc exporting to full-fledged MNEs as they become more experienced in international business. Under this model, firms begin to export because they receive unsolicited requests from foreigners to sell their products overseas. As the demand for their products increases overseas, they progress to the development of an international division that exports in an organized manner. Exporting increases knowledge about the foreign markets, language, and culture of the customers, and it reduces uncertainty about foreign investment. Eventually, this added knowledge increases the probability of success in foreign investment and leads companies to become MNEs (Johanson & Vahlne, 1977). This transition and evolution of the internationalization process model is a pattern of incremental commitment, and described as risk-averse and reluctant adjustment to changes in firm or its environment.

Yet a growing number of empirical studies appear to contradict the Uppsala stage theory of internationalization. For example, Oviatt and McDougall (1994), Knight and Cavusgil (2004) and Bell and colleagues (2003) find that INVs skip important stages and are involved with unexpected speed in exporting into global markets. Johanson and Vahlne (1990) have attempted to deflect criticism of the Uppsala stage theory by stressing that it applies best to the earliest periods of firm internationalization. However, Oviatt and McDougall (1994) find evidence that suggests the Uppsala stage theory of internationalization does not explain well the formation of INVs.
3.2 Internalization Theory

Internalization theory holds that firms exist because market imperfections create the opportunity for firms to earn higher economic rents by internalizing the transfer of factor goods and services across national boundaries within a single firm than they can by arm’s length transactions between firms (Buckley & Casson, 1976). In other words, when international markets are likely to fail, firms form to govern economic transactions by ownership of operations in multiple countries. Internalization theory offers similarities to transaction cost theory (Williamson, 1979), and holds that the decision to engage in international transactions should reduce costs. The internalization approach to modern theory of the MNE rests on two general axioms: (1) firms choose the least cost location for each activity they perform, and (2) firms grow by internalizing markets up to the point where the benefits of further internalization are outweighed by the costs (Buckley, 1988).

Oviatt and McDougall (1994) argue that internalization theory fails to explain INVs as these firms act in ways that counter these axioms. Oviatt and McDougall (1994) find that some INVs do not always choose the lowest cost location for each activity the firm performs. Additionally, they find evidence that INVs do not choose the structure of their international business activities based on internalizing markets up to the point where the benefits of further internalization are outweighed by the costs. Consequently, most INVs favor a hybrid structure to govern transactions and make extensive use of their business and personal networks, even when they have proprietary knowledge that they risk losing by employing that business structure. Like the Uppsala stages theory of internationalization considered here, internalization theory fails to provide an appropriate explanation for why INVs are
international. Clearly, cost reduction is not the key. As a result, McDougall and colleagues (1994) question the adequacy of these theories in explaining INV internationalization.

### 3.3 International New Venture Framework

Oviatt and McDougall (2005) develop a model of INV internationalization that is consistent with the definition of international entrepreneurship. It describes five influential forces, and it is intended to guide theoretical and empirical research concerning the speed of entrepreneurial internationalization. Their INV framework begins with a potential entrepreneurial opportunity. The assumption is that an entrepreneurial actor discovers and acts upon an opportunity because the focus of the framework is not on the nature of the discovery or enactment, but on the speed with which the opportunity is internationalized.

The first, or the enabling force, makes accelerated internationalization feasible (Oviatt & McDougall, 1999). Faster and more efficient transportation, communication, and digital technology appear to be the foundation enabling rapid internationalization of such an entrepreneurial opportunity. The second general force influencing the speed of internationalization is the motivating force of competition. Whereas technology enables faster internationalization, competitors encourage or even force it upon entrepreneurs. Many entrepreneurs are motivated to take preemptive advantage of technological opportunities in foreign countries because they fear competitors would respond quickly to a new product introduction and prevent them from eventually going international if they initially competed only in their home country (McDougall et al., 1994; Oviatt & McDougall, 1995). The entrepreneurial actor is the third, the force. The person or team
that discovers or enacts an opportunity is central to the dynamics of internationalization. Through the lens of their personal characteristics (i.e. years of international business experience) and psychological traits (i.e. risk-taking propensity), entrepreneurs observe and interpret the potential of the opportunity (Oviatt, Shrader, & McDougall, 2004). After an entrepreneurial firm discovers or exploits an opportunity, then the knowledge-intensity of the opportunity combined with the know-how already available to the INV, plus the characteristics of the INV’s international network largely impact internationalization. This multi-disciplinary model incorporates theoretical perspectives from both entrepreneurship and IB, and is meant to help guide researchers in explaining internationalization of INVs.

Given that the Uppsala stages theory of internationalization and internalization theory could not be empirically confirmed in regards to INVs (Chetty & Campbell-Hunt, 2004), several streams of research emerged that looked at the patterns and processes of INV internationalization to develop alternative views. While scholars note much of the INV research to be devoid of a clear theoretical underpinning (Peiris, Akoorie & Sinha, 2012), the next part of the discussion focuses on some of the most influential theories that have contributed to the development of INV research. Table X presents several of the most frequently applied and influential theories in INV literature.
<table>
<thead>
<tr>
<th>Theory</th>
<th>Citations</th>
<th>Explication of theoretical framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource-Based View</td>
<td>Knight (2000), Knight &amp; Cavusgil (2004), Knight &amp; Kim (2009), Oviatt &amp; McDougall (1994)</td>
<td>Resources (knowledge, technology, capabilities and skills, past experience, entrepreneurialness) enable the generation of capabilities necessary for INVs to rapidly enter foreign markets and enhance international performance</td>
</tr>
<tr>
<td>Knowledge-Based View</td>
<td>Knudsen et al. (2002), Kuivalainen (2003), Kuivalainen &amp; Bell (2004), Prashantham (2005)</td>
<td>INVs accumulation and transfer knowledge-based assets to develop specialized capabilities necessary to conduct internationalization activities in dynamic global environments</td>
</tr>
<tr>
<td>Dynamic-Capabilities View</td>
<td>Knudsen &amp; Madsen (2002), Kuivalainen et al. (2010), Jantunen et al. (2005), Weerawardena et al. (2007)</td>
<td>Knowledge- and entrepreneurial-driven exploration of new capabilities and exploitation of current capabilities are regarded as key drivers of INVs export strategies and performance</td>
</tr>
<tr>
<td>Opportunity-Based View</td>
<td>Chandra et al. (2009, 2012), Davidsson (2015), McDougall &amp; Oviatt (2000)</td>
<td>Foreign market opportunity discovery, evaluation and exploitation are critical aspects that drive INVs internationalization activities</td>
</tr>
<tr>
<td>Institution-Based View</td>
<td>Aidis (2005), Manalova and Yan (2002), Gupta et al. (2012), Volcheck et al. (2012)</td>
<td>INV internationalization activities and performance are constrained or empowered by institutional settings in either home or host markets</td>
</tr>
<tr>
<td>Network Theory</td>
<td>Agndal et al. (2008), Coviello (2006), Ellis (2011), Oviatt &amp; McDougall (1994)</td>
<td>Networks enable INVs access to resources and capabilities needed for rapid internationalization, knowledge of international opportunities and legitimacy needed for international success</td>
</tr>
</tbody>
</table>

Note: This is not an exhaustive list of theoretical perspectives, but rather some of the most influential in the INV literature.
3.4 Resource-Based View

Oviatt and McDougall’s (1994) introduction of INVs, and integration of strategic management with entrepreneurship was a key breakthrough that diverted scholars’ attention from mainstream IB theories to the INV perspective. Oviatt and McDougall contend that sustainable competitive advantage of INVs depended on having access to and being able to control unique resources, giving particular attention to ‘knowledge’ as a key resource. Resource-Based View (RBV) emerged as a main contender to the traditional internationalization theories and remains today as one of the dominant and widely used theoretical perspectives in understanding the INV phenomenon (Barney, 1991; Barney, Ketchen & Wright, 2011). The RBV identifies the firm as a unique bundle of heterogenous resources, combining resource conversion activities (Barney, 1991; Rumelt, 1984), such as assets, capabilities, processes, routines and knowledge. Wernerfelt (1984) observes firms from a resource point of view instead of looking at their products and services, and posits firm’s optimal growth is a balancing act between the exploitation of existing resources and developing new resources. From the IE perspective, this means unique tacit knowledge about global opportunities and the capability to leverage such knowledge to gain competitive advantage (Peng, 2001).

The RBV has applicability for the growth of small entrepreneurial firms and for their internationalization activities. IE scholars have focused on firm-level knowledge (Knight 2000; Knight & Cavusgil 2004; Knight & Kim 2009); influence of top management exposure (Bloodgood, Sapienza & Almeida, 1996); human capital (Westhead, Wright & Usbasaran. 2001), market knowledge (Lamb & Liesch, 2002), organizational (firm size), enterprise (psychological predisposition) and technological
intensity (Dhanaraj & Beamish 2003); institutional capital (Lu, Zhou, Bruton & Li, 2010); and intangible resources (i.e. firm capabilities and organizational routines) (Rialp & Rialp, 2007) and entrepreneurial capability (Zhang, Tansuhaj & McCulugh, 2009). Peng and Luo (2000) argue that entrepreneurs in rapidly internationalizing firms attempt to translate their networks with managers at other firms into enhanced international performance. RBV sees this type of embedded social capital as a firm-specific intangible resource that is difficult to replicate, providing competitive advantage (Coviello & Cox, 2006).

Given that organizational capabilities are the basis for competitive advantage (Sharma & Vredenburg, 1998; Kusunoki, Nonaka, & Nagata, 1998), and given that capabilities are based on the ability to use resources to achieve organizational goals (Amit & Schoemaker, 1993; Helfat & Lieberman, 2002), a study of INVs resources would be the first step to arrive at an understanding of its capability to internationalize. Indeed, resources that enable the generation of capabilities are especially important to INVs (Knight & Cavusgil, 2004). A firm’s ability to enter foreign markets can be linked to its accumulated tangible and intangible resource stocks (Westhead, Wright & Ucbasaran, 2004).

While the RBV has been influential in the development of the INV field, it is evident that the scholars have used RBV to ground their variables to explain the internationalization process paying little attention to how these resources come into existence and the process of resource development for sustainable competitive advantage. Furthermore, we still have inadequate knowledge about the specific type of resources that are critical to entrepreneurial internationalization process and their influence (Peiris et al.,
Examining Grant’s (1991) resource categories, INVs cannot be presumed to be well endowed with tangible assets. This structural phenomenon has been termed ‘liability of smallness’ (Aldrich & Auster, 1986). In fact, the resources of smaller firms are essentially reduced to intangible resources, i.e. knowledge, skills and competences, and networks (Chetty & Wilson, 2003). Given that the traditional RBV could explain partly, but not exhaustively (Crick & Spence, 2005), we look to extensions of RBV that are more applicable to INVs. Nevertheless, RBV imparts a powerful theoretical perspective with wide applicability to internationalization, presenting a unifying framework from within which activities of INVs may be examined.

3.5 Knowledge-Based View

The Knowledge-Based View (KBV) has emerged from the RBV by focusing on intangible resources, rather than on physical assets. While accepting much of the content of RBV, KBV pays more attention to the process or path by which specific capabilities evolve and develop over time, adding a more dynamic element to RBV (Kuivalainen, 2003). The KBV has filled the RBV gap partially by identifying knowledge as the most important resource of all, and heterogeneous knowledge bases across firms are the main determinants of performance differences (Grant, 1996; Yli-Renko, Autio & Tontti, 2002). Kuivalainen (2003) posits that firms are repositories of knowledge and Miller and Shamsie (1996) observe that in increasingly dynamic and turbulent environments, knowledge-based resources and capabilities contribute most to firms’ performance. Thus, firms that are able to create and manage knowledge, which is valuable, rare and difficult to substitute, are able to increase their value and strengthen their domestic and international competitive advantage (Kuivalainen, 2003; Kuivalainen & Bell, 2004).
KBV in IE is primarily associated with the concept of knowledge intensity, which refers to the extent of dependency in existing knowledge base of the firm (Autio, Sapienza & Almeida, 2000). In the Kogut and Zander (1993) model, it is not knowledge intensity per se, but rather the characteristics of this knowledge (notably, codifiability, complexity and teachability), that determine the ease with which knowledge can be internationally transferred between firms. In their model, knowledge transferability is the key to determining whether alternative governance mechanisms can be used in cross-border entry. Yli Renko et al. (2002) found a positive relationship between knowledge intensity and international sales growth. Specifically, INVs accumulate and transfer knowledge more speedily than other firms (Knudsen, Madsen, Rasmussen, & Servais, 2002), and in dynamic environments in which many global start-ups operate, knowledge based resources contribute more to the firm’s performance than do property-based resources (Miller & Shamsie, 1996). Operating in competitive international markets requires specialized resources and capabilities, but resources are scarce in many INVs. In the absence of traditional resources, global start-ups bypass gradual internationalization processes by utilizing specialized knowledge to develop organizational capabilities and develop a competitive advantage.

INVs can be seen as business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries. It is their idiosyncratic knowledge base that gives rise to organizational capabilities (Knight & Cavusgil, 2004). Consequently, among INVs, competitive advantage is not merely explained by individual resources but by a different type of firm resource, namely, knowledge (Prashantham,
Thus, if small global start-ups can generate competitive advantage from their knowledge, they should be able to internationalize just like large firms. However, the literature found that there is still limited understanding with regard to knowledge-acquisition process (Weerawardena et al. 2007); process of knowledge generation (Freeman, Hutchings, Lazaris and Zyngier, 2010); relationship between knowledge, capabilities and internationalization (Kuivalainen, Puumalainen, Sintonen & Kylaheiko, 2010); and knowledge types that affect internationalization (Mejri & Umemoto 2010). While the KBV seems suitable as a conceptual foundation for the analysis of INVs, we look to additional theories that may be more applicable to INVs.

### 3.6 Institution-Based View

Institution-Based View (IBV) has been widely used in research on entrepreneurship and has recently established a strong niche in the INV literature (Kiss, Danis & Cavusgil, 2012). This is related to the increased interest in the internationalization of INVs from emerging markets. Much of the IE literature concerns the institutional setting, meaning firms are either constrained or empowered by the institutions in their operational environment (Valdez and Richardson, 2013; Gupta, Guo, Canever & Yim, 2012; Gomez-Haro, Aragon-Correa & Cordon-Pozo, 2011; Bruton & Ahlston, 2003). Institutions, according to North (1990, p. 3), are “the rules of the game in a society”. They are forms of constraints created by humans to shape, structure, and guide individual and organizational interactions and reduce uncertainties in everyday exchanges (North, 1991). Institutions can be formal and informal. While formal institutions include official laws, regulations and contracts, informal institutions relate to informal arrangements, unwritten rules and norms of behavior (North, 1990). To
understand how institutional environments function and influence economic performance, North (1991) also draws attention to the ‘enforcement mechanism’, which relates to the effectiveness of enforcement of formal institutions.

Extant studies draw heavily on North’s (1990) institutional framework, and have shown how various aspects of the formal and informal institutional environments (i.e. high tax rates, ambiguous tax rules, inadequate and unpredictable legislation, deficiencies in the implementation of business regulations, high levels of bureaucracy, and government corruption) obstruct, constrain and structure entrepreneurship and INV development in transition countries (i.e. Ukraine, Belarus, Moldova, Bulgaria, Lithuania & Tajikistan) (Aidis, 2005; Makmadshoev, Ibeh & Crone, 2015; Manalova & Yan, 2002; Smallbone & Welter, 2001; 2012). Additionally, Volcheck and colleagues (2012) find that Russian global start-ups need to overcome cognitive barriers preventing them from pursuing internationalization strategies, and need to overcome normative barriers (i.e. attitudes) to improve their international growth. Using the IBV as a theoretical lens, it is not enough for INVs to develop favorable entrepreneurial capabilities; and involvement among government and businesses are necessary in order to foster international success.

3.7 Network Theory

The network theory is a behavioral perspective that has emerged to explain rapid internationalization. It has made a significant contribution to the IE domain and has become a widely used approach in understanding the internationalization process of INVs, with various studies providing strong empirical support for this approach (Blomstermo, Eriksson, Lindstrand & Sharma, 2004; Chetty & Campbell-Hunt, 2004). Strong international business networks have also been identified by Oviatt and
McDougall (1994) as one of the most important characteristics of successful global start-ups. In their work on INV theory, Oviatt and McDougall (1994) argue that the existence of network structures is one of the most powerful resource-conserving alternatives to internationalization. In light of the critique that INVs bypass stages and internationalize rapidly, scholars examine the impact of international networks on the early internationalization (Musteen, Francis & Datta, 2010; Musteen, Data & Francis, 2014; Vasilchenko & Morrish, 2011).

Much of the literature explains that INVs possess few resources and management capabilities as compared to MNEs, and this is further supported in the context of INVs from emerging markets going to developed markets. Networks have been found to enable emerging market INVs to gain knowledge of international opportunities, experiential learning, and referral trust (Zhang, Ma & Wang, 2012). While entrepreneurship research emphasizes the unique ability of INV managers and entrepreneurs to discover and exploit international market opportunities as the key to understanding INV internationalization, network theory argues that the external social network relationships of entrepreneurial start-ups can attenuate the risks of international activities, and ease foreign entry (Coviello, 2006). Additional benefits of networks include, greater prospects for identifying global opportunities for innovation, enhanced access to resources needed to enable entry into global markets and reducing uncertainty in global markets (Agndal, Chetty & Wilson, 2008; Chetty & Wilson, 2003; Prashantham & Young 2011; Yli-Renko, Autio & Tontti, 2002).

Network theory argues that early internationalization hinges on INVs cross-border networks that facilitate the process of internationalization. Networks can be either formal
contractual relationships among organizations (i.e. alliances, joint ventures, etc.), or informal inter-organizational relationships. The former has shed light on the understanding of the antecedents of internationalization, primarily from an inter-firm perspective; whereas the latter has broadened the scope to include all of entrepreneurs’ interpersonal ties (Ellis 2011). The strength of the network approach lies in explaining the internationalization process and illuminating how resources, activities and actors within the network affect INVs activities. This theoretical perspective is capable of providing a strong foundation for INV internationalization research.

3.8 Dynamic Capabilities View

The dynamic capabilities view (DCV) evolved from the static resource-based view (RBV) of competitive strategy to provide a theoretical foundation to capture the evolution of firms’ capabilities. The DCV suggests the need to distinguish capabilities from resources, and proposes a focus on resources that are non-stationary and more dynamic; mainly knowledge inventories, skills and capabilities as sources of competitive advantage and firm growth (Teece et al., 1997). The DCV proposes that firms need to develop these new capabilities to identify opportunities and respond quickly to seize them (Jarvenpaa & Leidner, 1998). Accordingly, the dynamic capabilities model proposed by Teece and colleagues (1997) has been used to investigate firm performance as they change the firm’s bundle of resources, operational routines and competencies which in turn affect economic performance (Zollo & Winter, 2002).

The dynamic-capabilities view (DCV) perspective first entered the IE literature through the conceptual work of Knudsen and Madsen (2002). They highlighted the importance of unique knowledge creation and information flows through exploration of
new capabilities and exploitation of current capabilities and regarded them as key drivers in global market strategy development. Jantunen and colleagues (2005) found empirical support for the DCV perspective from a firm-level reconfiguration of capabilities, such as implementing new strategy, structure, methods and business processes in relation to a subjective measure of profitability but failed to establish a positive relationship with the degree of internationalization. However, focusing on a specific networking capability of the entrepreneurial owner/manager, Mort and Weerawardena (2006) found strong support for identification and exploitation of market opportunities and international market performance of INVs. Extending the same view, Weerawardena and colleagues (2007) conceptualized that the capability building process is entrepreneurially driven and consist of knowledge acquisition through market and internally focused learning and networking capabilities.

There is support from the literature about the positive impact of certain capabilities, particularly related to networking and learning (Schweizer, Vahlne & Johanson, 2010; Evers 2011) capabilities in the internationalization process. Nevertheless, our knowledge about dynamic capabilities and its impact on the internationalization process is still in its infancy. There is still confusion about what exactly a dynamic capability is. Moreover, the boundary between a resource and a capability seems to be blurred. As such, scholars have considered general experience, having access to finance, learning and relationship building as individual-level capabilities; and international entrepreneurial orientation (IEO), international marketing orientation (IMO), ambidexterity, R&D, product diversification, customer orientation and unique resources as firm-level dynamic capabilities (Kocak & Abimbola 2009;
Kuivalainen, Puimalainen, Sintonen & Kylaheiko, 2010; Evers 2011; Prange & Verdier 2011) which are related to firm performance. Integrating DCV perspective into INV research is advantageous to the development of the field. Understanding dynamic capabilities from an entrepreneurial perspective will enhance our knowledge about how INVs integrate and reconfigure knowledge and resources to build sustainable competitive advantage.

Consistent with extant literature (Eisenhardt & Martin, 2000), we conceive dynamic capabilities to be the organizational and strategic routines by which firms build, integrate and reconfigure internal and external resources to address market opportunities, as well as meet the demands of complex environments. This definition is used to capture firms’ capacity for developing new resource combinations to pursue various innovations that lay the foundation for their internationalization activities (Teece, 2012). As dynamic capabilities enhance the firm’s ability to sense and seize opportunities, they represent the entrepreneurial facet of management (Teece, 2007). The resources and operational routines within a firm for operational and strategic effectiveness need to be periodically assessed and modified to adopt the changing market conditions (Sirmon, Hitt & Ireland, 2007; Drnevich & Kriauciunas, 2011). The DCV assigns a prominent role to the entrepreneurial decision-makers in the formulation and implementation of competitive strategy. Dynamic capabilities on which competitive advantages are founded do not merely accrue to the firm, but are systematically developed by the firm’s managers (Weerawardena, Mort, Liesch & Knight, 2007). Consequently, the process of developing dynamic capabilities is a result of the firm’s entrepreneurial culture.
INVs are distinct by their strategic actions and capabilities rather than by their possession of tangible resources (Efrat & Shoham, 2012). IE scholars argue DCV stresses the significance of the dynamic process of capability building in gaining competitive advantage of INVs in foreign markets (Weerawardena, et al., 2007). These firms must develop the capacity to change processes and integrate them into their operations to create dynamic internationalizing capabilities. These processes focus on: building skills more effectively to function competitively in heterogeneous environments, creating routines to enhance opportunity recognition, creating value from these capabilities, and creating flexibility to rapidly learn the competencies needed to achieve positive growth (Pinho & Prange, 2016).

The operationalization of IEC draws from the dynamic capabilities perspective. It posits that the five entrepreneurial attributes constitute a mixture of activities and processes that enable the INV to tap opportunities in order to experience success in global markets (Dimitratos et al., 2014; Gabrielsson et al., 2014). Essentially, the IEC dimensions involve three key sets of managerial activities that distinguish dynamic capabilities, notably (1) sensing opportunities abroad, (2) seizing resources to capture opportunities, and (3) transforming the firm as the environment requires (Al-Aali & Teece, 2014). Thus, IEC involves the fundamental disposition of capabilities to build, integrate and reconfigure competencies so as to maneuver in turbulent markets.

Accordingly, we employ the dynamic capabilities view to explain how IEC is related to INV performance.

Entrepreneurial global start-ups typically possess greater entrepreneurial marketing (Kocak & Abimbola, 2009), and IE literature suggests that managers of INVs
continuously pursue positional advantages in global markets (Hughes et al., 2010). Their ability to provide valuable quality-enhanced offerings and strong entrepreneurial marketing skills contribute to success. The development of positional advantages to meet the needs of international customers more effectively than competitors is a necessity in turbulent markets. Therefore, dynamic capabilities serve to create positional advantages that facilitate INV internationalization.

There is a need to balance the dynamic tension between INVs’ resource deployments to exploit market opportunities abroad, while utilizing exploration to enhance new capability development (Weerawardena et al., 2007). Put another way, dynamic capabilities reflect the INVs entrepreneurial ability to explore and exploit opportunities in unpredictable markets. Scholars posit INVs should exhibit dynamic internationalizing capabilities to successfully launch their internationalization activities (Chetty & Campbell-Hunt, 2004). This perspective suggests that INVs need to develop unique capabilities to identify market opportunities and to respond quickly to capture them.

3.9 Opportunity Based View

Since the first INV conceptualization, the role of entrepreneurship in IE research has been identified as a key aspect of the field, but its application has been a recent phenomenon. The IE process begins with the identification and exploitation of opportunities across national borders (Oviatt & McDougall, 2005; Ellis, 2011), discovered by firms (Venkataraman, 1997). Opportunities refer to cross-national combinations of resources and markets (DiGregorio, Musteen, & Thomas, 2008; Mathews & Zander, 2007). McDougall and Oviatt (2000) emphasized the discovery and
pursuit of opportunities outside the firm’s domestic markets in pursuit of competitive advantage. The existing theories assume implicitly that internationalization is preceded by opportunity recognition, but provide little explanations about this process or the characteristics firms need to identify these opportunities (Chandra, Styles & Wilkinson, 2009; Acedo & Jones, 2007). Peiris and colleagues (2012) find support for both spontaneous discoveries of an existing opportunity as well as finding an opportunity that was waiting to be discovered as a result of active search.

The growing literature on international entrepreneurship conceptualizes internationalization of INVs as an innovative entrepreneurial act (Jones & Coviello, 2005), and builds upon mainstream entrepreneurship theory in which opportunity is the central focus (Shane & Venkataraman 2000). Opportunities represent market positions that go unnoticed by competitors, which are sources of sustainable profit potential (Morris et al., 2002). An opportunity-based view (OBV) proposes opportunity identification and exploitation are critical aspects that drive firm behavior (Davidsson, 2015). Entrepreneurship starts with the formation of opportunities which is the domain of the entrepreneur, while opportunity exploitation is typically the role of the firm which, through its capabilities, turns opportunities into market outcomes (Shane & Venkataraman, 2000; Whittaker, Byosiere, Momose, Morishita, Quince & Higuchi, 2009).

An opportunity-based view proposes the opportunity is the starting point for entrepreneurial global start-ups in examining their internationalization activities. If resources or capabilities are the starting point; then only the opportunities that relate to available resources and capabilities would be relevant. Due to their resource deficient
positions, such a narrow perspective will reduce the potential opportunities INVs may consider. Once an opportunity is identified, INV strategy is to gather and utilize the necessary capabilities as efficiently as possible to maximize the identified opportunity (Brown, Davidsson & Wiklund, 2001). In this view, they are less concerned with the ownership of resources than of their ability to find, exploit and extract value from them to maximize opportunities and improve firm performance.

An entrepreneurial opportunity is the study of discovery, evaluation, and exploitation of market opportunities (Shane & Venkataraman, 2000). In some marketing and entrepreneurship literature, internationalization has been defined as the recognition and exploitation of an entrepreneurial opportunity that leads to new international market entry (Chandra, Styles & Wilkinson, 2009; Shane & Venkataraman, 2000). This definition of internationalization fits the INV context as these younger firms are not necessarily a collection of resources, but rather flexible organizations with a culture of finding entrepreneurial opportunities to further grow the business. Their internationalization is a process of identifying and responding to smaller opportunities in the early stages, and gradually pursuing larger opportunities as they develop the necessary resources and capabilities.

As there is a diversity of INVs in terms of their speed, depth and breadth of internationalization (Chandra, Styles & Wilkinson, 2012), it is their entrepreneurial culture that drives them to seek international markets. Particularly important are managers’ ability to conceive, recognize, and exploit opportunities in international markets (Zahra, Korri, & Yu, 2005). Di Gregorio et al. (2008) argue that internationalizing entrepreneurs should search not only for foreign market opportunities
but also for opportunities to source tangible and intangible resources and combine them in novel, innovative ways. The existing theories assume implicitly that INV internationalization is preceded by opportunity recognition, but provide little explanation of this process or the capabilities firms need to identify these opportunities (Chandra, Styles & Wilkinson, 2009; Acedo & Jones, 2007). Literature finds INVs actively create opportunities that can be exploited using innovative approaches and products that promote faster entry into international markets (Mort, Weerawardena & Liesch, 2012). This opens up a novel and much broader way of looking at INV internationalization from an OBV.

An opportunity-based IEC serves as an encompassing notion that captures international entrepreneurial activities of SMEs that aim to identify and pursue opportunities abroad to enhance their internationalization. In other words, differences between INVs and incremental SME or MNE internationalizers can be understood through attitudinal characteristics of an IEC (Dimitratos & Jones, 2005; Dimitratos et al., 2016; Zahra et al., 2005). It may be that the differences in IEC attitudinal characteristics may be related to the different levels of opportunity pursuit and internationalization activities. The OBV is closely linked to the IEC in that different IEC dimensions can be intertwined with different avenues of opportunity pursuit and internationalization activities (Dimitratos et al., 2012; Gabrielsson et al., 2014). An opportunity-based IEC shapes the way INVs become alert to and act upon market opportunities (Zahra et al., 2005). Therefore, IEC can comprehensively describe the activities of entrepreneurial global start-ups seeking to capitalize on opportunities. INV internationalization has challenged traditional views on internationalization due to their resource constraints and
other factors; thus, we argue it is their culture or cognition to be alert and ready to capitalize on entrepreneurial opportunities in global markets that guides their internationalization behaviors and activities.

3.10 Conclusion

We posit there is a need to use both dynamic capabilities view and opportunity-based view into IE research, to explain how an opportunity-based entrepreneurial culture enhances the development of unique capabilities within INVs. This paper uses the dynamic capabilities and opportunity-based views to integrate a diverse opportunity-seeking culture with unconventional and innovative skills in a comprehensive way to explain INV internationalization, which is lacking a coherent theoretical explanation. Theoretical and practical importance of developing and applying dynamic capabilities and opportunities has become a critical research issue for many IE scholars.

In line with this discussion, we argue that entrepreneurial marketing skills are built and nurtured by INVs that possess an IEC. These firms are likely to possess specific traits and behaviors that enable them to sense and seize opportunities to create value, which enhances their positioning to achieve success in global markets. We broaden the discussion on the links between IEC, dynamic capabilities and internationalization literature by examining the differences of INVs in their ability to expand to new markets. We investigate the differences in their entrepreneurial cultural traits as potential sources of performance heterogeneity in international markets. We argue an entrepreneurial culture could be seen as an antecedent to the bundle of dynamic capabilities that are essential in INV performance.
Incorporating these theoretical perspectives enables IE scholars to capture the firm-specific assets necessary to facilitate INVs internationalization activities. This has been overlooked in existing IE research which typically examines in isolation how INVs entrepreneurial tool box leads to early internationalization, or how unique capabilities are utilized to improve firm performance. Such a setting curbs our understanding of how INVs opportunity alertness impacts their ability to develop bundles of unique capabilities necessary to enhance their internationalization activities. Therefore, we draw upon and integrate of both the dynamic capabilities view and opportunity-based view to extend our understanding of the INV phenomenon and explain how INVs’ IEC promotes the development of entrepreneurial marketing and subsequent INV performance.
CHAPTER IV
CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

Our conceptual framework (see Figure 1) shows that INV performance is driven by international entrepreneurial culture, entrepreneurial marketing and positional advantage. Table XI illustrates key supporting references and linkages between the hypothesized relationships. Additionally, the impact of competitive intensity as INVs go abroad is illustrated. In the ensuing section, research hypotheses are developed that examine the relationships between IEC with entrepreneurial marketing and positional advantage, as well as entrepreneurial marketing and positional advantage.

Figure 1. Conceptual Model of International New Venture Performance
### Table XI. Dissertation Constructs and Key Supporting References

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<tr>
<th>IEC dimension</th>
<th>Link to entrepreneurial marketing strategies</th>
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<th>Entrepreneurial Marketing dimension</th>
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<th>Positional Advantage dimension</th>
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Note: This is not an exhaustive list of references, but some of the most recent key supporting references.
4.1 IEC and Entrepreneurial Marketing

Entrepreneurial orientation refers to the behavior elements that lead to the first step in being entrepreneurial, thus an antecedent of entrepreneurship activities (Lumpkin & Dess, 1996). International entrepreneurial orientation is a global orientation that reflects firms’ propensity to engage in innovation and risk-seeking behaviors in effort to achieve strategic objectives (Knight, 2000). These entrepreneurial firms are characterized by a high rate of new product introduction and development that are usually bold and innovative (Covin & Slevin, 1989). International innovation propensity refers to the inclination of the firm to pursue new and creative ideas, products or processes in international markets (Knight & Kim, 2009); and is an essential part of an INV’s culture that pursues opportunities that impact firm’s innovativeness (Baker & Sinkula, 2009; Lemon & Sahota, 2004). Further, these firms initiate a proactive posture that allows them to often be the first to introduce new processes and products. Additionally, entrepreneurial firms have a strong proclivity for high risk, high return projects where they adopt an aggressive and bold posture towards competitors. An international risk attitude refers to the degree in which the INV is prepared to commit scarce resources to international markets; and is an organizational culture dimension associated with the identification and pursuit of international opportunities (Dimitratos, Plakoyiannaki, Pitsoulaki & Tuselmann, 2010).

The ability of INVs to create new opportunities as they expand internationally is a function of their entrepreneurial orientation (Zahra, Ireland & Hitt, 2000). Specifically, opportunity creation is facilitated through innovative actions (Miles et al., 2015). Entrepreneurial marketing activities of INVs have been linked with creating superior
advantage by using innovation to create products, processes and strategies that better satisfy customer needs (Hillis et al., 2008; Miles & Darroch, 2006). This requires managers to be innovative and employ outside-the-box thinking in seeking out co-creation activities with customers to develop customer-focused innovations. IEO is the foundation for organizational transformation and strategic renewal through the creation and reconfiguration of resources (Kocak & Abimbola, 2009). INVs need to be proactive and have the propensity to take some risk in acquiring and reconfiguring resources to formulate a strategic response to dynamic markets. Accordingly, the international innovation propensity, proactiveness, and risk attitude dimensions of IEO can positively impact entrepreneurial marketing.

International market orientation (IMO) is an organizational behavior that an SME can utilize to create value for international customers; and is comprised of a customer orientation, competitor orientation, and inter-functional coordination (Knight & Kim, 2009). This strategic orientation encapsulates cultural facets, such as market-oriented values and norms (Cadogan, Cui & Li, 2003). IMO is a cultural trait related to opportunity- and value-creation due to its knowledge-creating capability of customers and competitors (Dimitratos et al., 2012). Marketing is a function of advantage- and opportunity-seeking strategies, as sources for new opportunities come from an understanding of customers, competitors and suppliers (Hitt, Ireland, Camp & Sexton, 2002; Miles & Darroch, 2006). This trait enables firms to disseminate market information accordingly in further enhancing international performance. IMO places the highest priority on the creation of superior customer value; and emphasizes the need for
the entire organization to acquire and respond to market intelligence from the firm’s target buyers and current and potential competitors (Narver & Slater, 1990).

Kotey, Sharma and Gao (2013) find IMO is positively related to small firms’ entrepreneurial marketing, as market information generation and responsiveness enable INVs to create and pursue growth opportunities in new markets. These actions were associated with innovative strategies to create market opportunities that entail working with the local markets and building awareness of unarticulated product needs. Entrepreneurial start-ups’ marketing advantages are linked to their close relationships with customers (Zontanos & Anderson, 2004). INVs create shorter lines of communication between the firm and customers, which enhances their ability to be flexible in responding to market needs. This facilitates INVs propensity to discover, understand and satisfy the needs of customers. Accordingly, Hallback and Gabrielsson (2013) find INVs possess a market orientation to both recognize the current needs of customers and behavior of competitors while also understanding emerging market needs. Thus, INVs’ entrepreneurial marketing is influenced by the culture and a coordinated approach towards customers and competitors, as IMO has been associated with customer-centric and innovation-focused approaches (Kocak & Abimbola, 2009; Morris et al., 2002). Based on this discussion, we expect INVs customer-focused innovation and opportunity-driven strategies to benefit from IMO.

International motivation refers to initiation and stimulation of firm behavior toward international venturing. It is critical to the organizational culture as managements’ values and practices become ingrained in the employees, thereby creating a firm-wide motivation (Dimitratos et al., 2016). A key aspect or dimension of this
construct is international vision (Dimitratos, Buck, Fletcher & Li, 2016); which refers to a managerial orientation that supports actively exploring new business opportunities abroad, developing business in international markets, and developing resources and capabilities necessary to achieve international success (Voudouris, Dimitratos & Salavou, 2011; Weerawardena, Mort, Salunke, Knight & Liesch, 2015). IE scholars have highlighted international vision as an antecedent to INV international expansion (Nummela, Saarenketo & Puumaalainen, 2004).

Dimitratos et al (2016) et al find international motivation is important in comprising INVs’ entrepreneurial strategies. Global start-ups with a strong international orientation tend to possess distinctive marketing competencies (McDougall & Oviatt, 1994; Mort & Weerawardena, 2006). An international orientation is a key driver behind INVs’ entrepreneurial strategies (Nummela, Puumaalinen & Saarenketo, 2005). Additionally, entrepreneurial marketing is likely to be influenced by an international orientation as the firm ventures abroad (Hallback & Gabrielsson, 2013). International orientation has been investigated in entrepreneurial start-ups and studies suggest this orientation influences their innovation strategies to meet customer needs (Gabrielsson, 2005; Scott & Bruce, 1987). In an effort to connect with foreign customers, internationally oriented INVs will devise innovative strategies related to product development (Mort & Weerawardena, 2006). Freeman and Cavusgil (2007) liken international vision to an entrepreneurial strategy as INVs use internationalization to diversify themselves and create new market opportunities. An international orientation is likely to result in strategic decision-making activities associated with targeting new markets abroad (Knight & Kim, 2009; Zhang, Knight & Tansuhaj, 2014).
Some of these firms do not perceive a strong domestic market, thus are committed to opportunity-creation strategies abroad to survive and succeed. Entrepreneurial firms leverage an international vision to build strategic alliances that enable them to share innovations, as well as secure and reformulate resource combinations not available in their domestic markets (Kyvik, Saris, Bonet & Felicio, 2013). This international orientation results in the development of INVs resource-leveraging strategic activities. A well-thought-out vision defines the strategic path to guide entrepreneurial firms’ growth in complex global markets (Singal & Jain, 2013). Accordingly, global orientation enables INVs to develop value-creation strategies. Therefore, international motivation is positively related to INVs entrepreneurial marketing.

International learning orientation is the propensity to develop of new knowledge in foreign markets (Slater & Narver, 1993). This international learning orientation is the mindset of global start-ups commitment to learning, be open-minded, and challenge old assumptions about markets and how firms should be organized. Zahra et al (2000) highlighted the importance of learning on international expansion of INVs. Learning orientation influences what kind of information is gathered and how it is interpreted, evaluated, and shared. This includes obtaining and sharing information about customer needs, market changes, and competitor actions, as well as development of new technologies to create new products that are superior to those of competitors.

Learning orientation can potentially influence the values of an organizational culture (Hult & Ferrell, 1997), and can impact INVs ability to discover new markets abroad (Kocak & Abimbola, 2009; Voudouris et al., 2011). Accordingly, INVs leverage a strong learning orientation to create increased foreign market opportunities. These
firms possess an inclination to acquire knowledge regarding needs of customers in global markets and gaps in coverage from incumbent competitors. A learning orientation lays a foundation to assimilate new ideas and employ customer intelligence to co-create innovations (Keskin, 2006). As a result, learning translates customer attitudes into effective strategies to facilitate customer-focused innovation. Learning occurs through interaction with the environment, such as suppliers and with other strategic alliances. Learning oriented entrepreneurial firms exploit these interactions to achieve strategic renewal in developing and reconfiguring resources to reduce the impact of environmental turbulence in new markets. Organizational learning in small firms also results in utilizing newly acquired information to advance operational practices and efficiencies (Badger, Mangles & Sadler-Smith, 2001). Thus, INVs’ learning orientation is an antecedent to developing value-creation activities, and we expect it is positively related to entrepreneurial marketing.

International network orientation refers to the extent to which the firm becomes embedded within the external environment through alliance creation and social networks in order to use its activities abroad (Dimitratos et al., 2012). Miles et al (2015) find INVs’ network orientation is linked to their entrepreneurial marketing. Additionally, Kotev et al (2013) find network orientation of these firms is positively related to their entrepreneurial marketing, as network-based strategies enable INVs to lower transaction costs and mitigate risks. Networks are dynamic and allow INVs to respond to environmental turbulence. These firms also form networks abroad to create additional revenues and for cost efficiencies in manufacturing and distribution (O’Dwyer et al., 2011). INVs leverage alliances to develop strategic activities to respond to and overcome
environmental turbulence in global markets. Hence, there is evidence that these firms network orientation may positively impact their value creation activities.

Such networks provide the basis for accessing opportunity-driven strategies, which are indicative of the entrepreneurial methods favored by INVs (Stokes, 2000). INVs often form strategic alliances to take advantage of market opportunities, such as market entry, timing, and access to new resources (Julien, Andriambeloson & Ramangalahy, 2004; O’Dwyer, Gilmore & Carson, 2011). These strategic alliances may enhance INVs ability to compete abroad against larger corporations with larger resource bases. Managers of entrepreneurial start-ups often use their peers and business contacts to sound out ideas (Lamprinopoulou & Tregear, 2009), which is useful in seeking out new opportunities or developing ways in which INVs can be more innovative in their actions.

These entrepreneurial start-ups leverage business networks (venture capitalists, channel partners, large technology businesses, etc.) essential to provoking market changing innovations. INVs also actively develop informal social networks as well as relationships with customers as critical component of their marketing strategy development. Customers provide necessary word-of-mouth recommendations, which are vital to firms’ customer-focused innovations (Jones, Suoranta & Rowley, 2013). Informal social networks enable entrepreneurial start-ups to gather information on emerging trends in global markets, which aid these firms in seeking customer-focused innovations. As a result, customers are involved in co-creation of value creation processes.
Entrepreneurial marketing arises from an entrepreneurial culture committed to exploring and exploiting attractive opportunities to create and re-enforce competitive advantage, while simultaneously focusing on meeting the needs of the customer and INV (Morrish, Miles & Deacon, 2010). For example, Makemytrip began as India’s premier online travel agency in 2000 and was negatively impacted between 2001 and 2002 by several uncontrollable factors (i.e. terrorist bombings, dot.com burst, SARS epidemic). Faced with these challenges the firm took steps to survive, such as; shift marketing efforts to consumers in overseas markets, and develop innovative consumer friendly technologies (Javalgi et al., 2012). To navigate through turbulent markets, instead of using traditional skills and models of problem solving, INVs rely upon an entrepreneurial mindset to develop alternative skills and strategies to uncover new opportunities and create value for customers.

A key insight is the fact that INVs do not need to own resources in order to compete in international markets, a widely accepted view among entrepreneurship scholars (Stevenson & Gumpert, 1985). Entrepreneurial firms are defined by their culture, not by the types of resources they possess or control. This entrepreneurial culture lies at the core of INVs’ ability to create value beyond their more established resource-rich competitors. By highlighting the need to gain access to various resources without actually owning them, Oviatt and McDougall (1994) place greater emphasis on how INVs compete in international markets. It is their behaviors and resourcefulness, not the amount or types of resources, that matters. This view shifts the emphasis to how INVs develop innovative and value-creating strategies by developing as a result of their unique
intangible assets (i.e. innovative organizational cultures), especially those that enhance their entrepreneurial activities in foreign markets (Zahra, 2005). Thus, we expect:

**H1:** *International entrepreneurial culture is positively related to entrepreneurial marketing of INVs.*

### 4.2 IEC and Positional Advantage

In general, entrepreneurially oriented INVs are likely to anticipate dynamic environments and implement responsive innovative marketing strategies. It is expected that entrepreneurial organizations reconfigure available resource stocks, which leads to innovative combinations of marketing mix variables. By way of their innovation propensity, entrepreneurially oriented firms develop production strategies to pursue cost-leader positions, which ultimately enhance international performance (Knight, 2000). Conversely, differentiation is about creating products and services that are perceived as unique by customers, and there is a strong relationship between innovation and differentiation. Thus, a differentiation advantage is strongly influenced by product and marketing innovation (Blumentritt & Danis, 2006; Lechner & Gudmundsson, 2014).

INVs proactive mindset enables them to contend with competitors in defense of their market position (Lumpkin & Dess, 2001), which is accomplished by setting ambitious market share goals and taking bold steps to achieve them by steps such as cutting prices and sacrificing profitability (Venkatraman, 1989). Porter (1981) emphasizes that capturing greater market share is necessary for establishing a cost leadership position. Greater market share leading to higher production volumes is a condition that also applies to small firms that aim to pursue cost leadership advantages (Lechner & Gudmundsson, 2014).
Risk-taking propensity drives flexibility and creativity (Hughes & Morgan, 2007), which allows for discretionary action to react and develop unique solutions to meet local market needs. Additionally, cost leadership often requires an initial investment to develop high-capacity standardized output systems (Allen, Helms, Takeda & White, 2006), thus requiring a greater appetite for risk-taking. As a result, the collective dimensions of an IEO allow INVs the ability to develop a positional advantage. Entrepreneurially oriented INVs utilize their innovation propensity, proactive mindset, and risk-attitude in various ways to develop a positional advantage that fits their targeted strategy in global markets.

The key to obtaining a positional advantage is to exploit opportunities and unmet needs, create new skills or combinations of existing skills and to develop new products (Shane & Venkataraman, 2000; Hitt, Ireland, Camp & Sexton, 2001). These skills include innovative production techniques and adapting products and service to fit market-specific needs. Ross and Westgren (2006) illustrate entrepreneurial firms employ a risk-taking propensity to discover opportunities where they can earn premiums based on the judgement that available resources are not appropriately valued. Empirical studies find small, entrepreneurial firms that possess a proactive mindset and innovation propensity are positively related to positional advantages (Micheels & Gow, 2012; Wu, Geng, Li & Zhang, 2010). Additionally, the literature finds IEO positively impacts entrepreneurial SMEs positional advantages (Lional & Carter, 2015). Lechner and Gudmundsson (2014) also find an international entrepreneurial orientation influences a cost-leadership position for some SMEs and differential advantages for other SMEs, echoing previous studies.
(Messersmith & Wales, 2013). As a result of their resource constraints, INVs rely upon these entrepreneurial traits to pursue positional advantages in new markets.

Market-oriented INVs collect market information on customers’ needs and competitors’ actions and integrate the information into the process of strategy creation. IMO enables small firms to gather market information as to the wants and needs of customers, as well as the strategic moves of competitors; and disseminate accordingly to utilize in further enhancing the firm’s competitive advantage (Wu et al., 2010). Positioning strategies likely focus on either consumers or their competitors. A firm employing a market-based differentiation strategy closely monitors competitors and their activities in an effort to ensure favorable consumer perceptions. This means that to differentiate its goods or services, the firm must have intimate familiarity with the attributes and features of its competitors’ goods or services and an appreciation for the marketplace as well (Nicovich, Dibrell & Davis, 2007). Hence, the vital role that IMO plays in ensuring the establishment and maintenance of market positions for offerings cannot be overemphasized.

IMO contributes to INVs opportunity-based organizational culture to discover products and services that are valued by customers. Firms that discover the unmet needs of the market and are subsequently able to develop products to meet these needs, may see price premiums, increased sales, or both. Studies have shown market-oriented firms to have superior competitive advantage in a variety of industries and international markets (Tregear, 2003). Small, global software services firms, such as Mavenlink, rely upon their ability to collect and analyze market information so that their software products and services match the evolving needs of their clients from the US, to London, to the
Philippines, to Australia. Furthermore, entrepreneurial start-ups may find that IMO allows them to become more aware of opportunities to create value through technological advances that lower costs of production or by leveraging their flexibility to deliver products or services that meet the specialized needs of specific consumers.

This orientation allows firms to discover points of differentiation away from the product so they can gain benefits for providing a differentiated product (Micheels & Gow, 2012). Market oriented INVs continuously increase customers’ perceived benefits to develop a differentiation advantage. To develop a differentiation advantage requires firms to develop a strong IMO, because knowledge of what customers want, what the competition has to offer, along with an adequate interfunctional coordination, are needed to establish a differentiation advantage that can be used to create benefits for customers (Langerak, 2003). Conversely, other INVs use IMO to decrease customers’ total costs (Porter, 1991). This includes comparing cost structures with competitors, using benchmarking techniques, and commonly set targets in value chain activities. This necessitates a strong competitor orientation. However, successful implementation also requires coordination among business functions that are involved in attaining a low-cost advantage (Langerak, 2003).

Empirical studies find IMO to be positively related to small internationalizing firms’ positional advantages (Blankson, Cowan, Crawford, Kalafatis, Singh & Coffie, 2013; Langerak, 2003; Micheels & Gow, 2012; Lional & Carter, 2015). Knight and Cavusgil (2004) demonstrate that developing an IMO enables INVs to gain positional advantages in international markets. An IMO provides not only market information, but also market intelligence processes that help INVs to obtain the advantages of
entrepreneurial internationalization. To identify new opportunities in global markets, INVs need to develop searching processes, and analyze market information to redesign innovation according to the different needs of new markets (Blesa et al., 2008). INVs utilize their customer- and competitor-focused activities in various ways to develop the necessary cost-leader or differential position that best fits their approach in global markets.

As INVs go abroad very early in their existence, they are characterized by an international motivation or orientation that provides them with international positional advantages over firms that develop slow internationalization processes (Oviatt & McDougall, 2005). This firm-level cultural variable focuses on how INVs leverage resources and skills to create strong positions in international markets (Navarro, Acedo, Robson, Ruzo & Losada, 2010). Accordingly, these firms develop routines and processes to manage multicultural forces and coordinate international resources. This behavior facilitates their ability to leverage international resources to create low-cost advantages. Autio and colleagues (2000) claim INVs leverage their international orientation to develop strong positions in international markets that enable them to take advantage of new business opportunities. Blesa and colleagues (2008) find international motivation to be positively related to positional advantage within their sample of Spanish and Belgian INVs. Navarro et al (2010) also find an international motivation to be positively related to small firms’ achievement of positional advantages in international markets. These results confirm the importance of INVs international motivation or vision in explaining their positional advantages in international markets.
Additionally, scholars argue international orientation positively influences INVs competitive position regarding products, services, distribution, communication, profitability, performance and market share (Autio et al., 2000). This also supports the notion that entrepreneurial global start-ups’ international motivation plays a critical role in explaining how they acquire and leverage tacit knowledge of international markets. This international vision serves to increase and configure knowledge flows from international markets, which reduces the uncertainty and risks associated related to developing products and services for global markets (Navarro et al., 2010). As such, INVs likely develop value-adding services (i.e. post-sales support, customer attention, etc.), which enhance their differentiation position as these services are valued by customers in foreign markets. Their international orientation enables INVs to examine the global landscape which facilitates their ability evaluate and develop the necessary position of strength, cost-leader or differentiation, to succeed abroad.

Organizational learning can be the most critical strategic orientation an INV uses to leverage its positional advantage into performance outcomes. INV managers that learn faster than competitors will outperform, even in highly competitive markets. Micheels and Gow (2012) find that small firms’ ability to learn faster than their competition may be their best source of sustainable competitive advantage. INV managers that lack a commitment to learning will continue with the status quo and subsequently fail to see benefits that are attributable to technological adoptions that reduce production costs or to innovations that lead to differentiated products. In a dynamic environment, the essence of successful strategy is the ability to enhance performance through efficient
organizational learning. The ability to acquire new knowledge is a strategic resource that managers use to develop a competitive strategy (Kogut & Zander, 1992).

As the culture of an INV is formed by the entrepreneur or manager, so too does the learning aptitude of the firm. In addition to gaining insight on customer preferences and competitor strategies, INVs need to understand cultural and institutional factors of new international markets. Culture norms influence how local firms conduct business transactions, and the purchasing motives of the consumers. The institutions influence the ‘rules of the game’ or how business is conducted in local markets. When either conducting upstream or downstream value-chain activities in international markets; learning the cultural norms and institutions are paramount for success.

Empirical studies find learning orientation is positively related to small firms’ positional advantage (Lonial & Carter, 2015; Wu et al., 2010). Additionally, Hult and Ketchen (2001) find that learning contributes to both building and maintaining a positional advantage. The acquisition of knowledge enables INVs to develop low-cost positions as they are able to create efficiencies of sourcing and production. On the other hand, Salavou (2005) finds learning orientation is positively related to these firms’ product uniqueness, supporting the notion small firms learning supports a differentiation advantage. This indicates learning orientation makes INVs capable of developing unique new products for international markets.

One of the defining characteristics of INVs is their behavioral method to establish social connections or networking relationships with suppliers, customers, and other channel members in international markets. An international networking orientation enhances INVs prowess to develop relationship-building know-how to enable better
understanding of and response to international market requirements (Morgan, Kalecka & Katsikeas, 2004). This networking competence represents a learning process that occurs over time and results in knowledge development, that leads to developing innovative products or processes that ultimately enhance INVs market positions. This strategic orientation leads to developing linkages with firms in foreign markets and enhancing resources bases through investment in trust-based governance; and the continuous cultivation of this behavioral process likely result in developing strong positions in international markets (Selnes & Sallis, 2003).

Positional advantages are developed due to the critical resources obtained by INVs, in the form of information and knowledge, human capital, and marketing and technological opportunities. Enhancing resources provides varying effects as some INVs can leverage networks to acquire lower cost inputs that support their cost leadership strategies; while other INVs can utilize network relationships to gain access to resources that improve their product uniqueness. This networking orientation becomes more critical when operating in international markets with varying cultural and institutional frameworks (Acquaah, 2011), that create barriers to entry due to INVs’ liabilities-of-newness, -foreignness, and –smallness.

Empirical studies find network orientation of small entrepreneurial firms is positively related to positional advantages in international markets (Jarratt & Katsikeas, 2009; Morgan et al., 2004; Whitmann, Hunt & Arnett, 2009). For example, INVs create strategic processes to coordinate networks to tap into complementary resources that are beneficial to new product commercialization. They seek network partners with whom they can share complementary resources and benefits in order to offer superior products.
and services to gain new competitive advantage. Thus, international networking orientation should result in successful new product differentiation, which fosters both opportunity and advantage-seeking behaviors (Mu & Di Benedetto, 2011). As a result of their international networking practices, INVs acquisition of scarce and/or low-cost inputs contributes to their competitive position of differentiation or cost-leadership.

Based on their findings, Lonial and Carter (2015) suggest that a positional advantage requires small entrepreneurial start-ups to demonstrate some degree of expertise in multiple skill sets or orientations. As a result, superior cost-leadership or differentiation positions require INVs to possess the behaviors, and processes related to distinct areas that encompass an IEC. From this discussion, we posit a comprehensive IEC facilitates INVs’ development of positional advantages in global markets. It is their entrepreneurial culture that enables these firms to examine the global landscape within their industry, and develop either a low-cost or differentiation position to succeed in global markets. Therefore, we expect:

**H2:** *International entrepreneurial culture is positively related to the positional advantage of INVs.*

### 4.3 Entrepreneurial Marketing and Positional Advantage

INVs’ international marketing strategies affects the relationship between strategic decision-making and positional advantages by determining how well resources and capabilities align with the customer requirements in the target markets, as well as the implementation of the strategy (Kaleka, 2002; Leonidou, Pahlihawadana & Theodisou, 2011; Morgan et al., 2004). The sustenance of positional advantage is a result of a cyclical feedback process that occurs within marketing strategy, its continuous
refinement, and iterative reformulation of resources (Day & Wensley, 1988). Strategy instructs how INVs seek success in international markets while reducing the erosion of existing advantages (Hughes et al., 2010).

Opportunity-driven strategies focus on new products and markets based on expanding the INVs opportunity horizon. These strategic actions help identify patterns that represent unnoticed market imperfections which serve as sources of competitive advantage (Morris et al., 2002). INVs then explore how these voids create opportunities in developing product, price, promotion, and customer service activities (Alvarez & Barney, 2007). Fiore et al (2013) find small entrepreneurial firms continuously seek and act on untapped opportunities, which lead to the development of unique products and a subsequent differentiation position. Golla, a small Finnish design firm making cases and bags for urban lifestyle, moved into the mobile electronic accessory sector to position itself in a broader category (Hallback & Gabrielsson, 2013). The INV initially produced designer furniture and moved into the mobile industry, blending ideas from design, fashion and technology in a creative way to develop a differentiated position. Consequently, INVs opportunity-driven strategies influence their competitive positions as they develop unique products to fill perceived market voids.

Knight and Cavusgil (2004) find the most important marketing strategies employed by INVs are global technological competence, quality focus, unique product development, and leveraging foreign distributors’ resources. Global technological competence facilitates INVs value-creation strategies as it refers to the improvement of products, as well as enhanced effectiveness and efficiency in production processes. Advances in production technologies facilitate small-scale manufacturing that enable
INVs to implement low-cost positions efficiently. On the other hand, the ability to develop unique products is akin to a differentiation positional advantage, which reflects a value-creation strategy as the aim is to distinguish the firm from its competitors (Porter, 1980).

Additionally, an important element of INV's competitive advantages is their ability to make incremental improvements to existing technologies, rather than by radical enhancements (Gassman & Keupp, 2007). This implies INV's do not necessarily need to own their own resources, but rather can create positional advantages by developing value-added activities abroad (Dimitratos, Johnson, Slow & Young, 2003). Therefore, it is their penchant for resource-leveraging strategies that will facilitate a low-cost advantage. These smaller, resource-constrained firms that undertake value-creation strategies will be more inclined to develop strong positional advantages thereby strengthening their competitive position. Moreover, these value creation strategies are entrepreneurially-based marketing strategies.

A quality focus reflects efforts to develop products that meet or exceed customer expectations (Knight & Cavusgil, 2004). It represents a strategic concept that potentially encompasses the range of INV's customer-focused innovations. The search for ideas to differentiate products can be facilitated if INV's linkages with customers can be established that provide special and unique relationships whereby the firm can work in collaboration with potential customers to provide a range of innovative products to satisfy customers (Chenhall, Kallunki & Silvola, 2011). The idea of developing connections with customers is advanced by Galbraith (2005) who refers to the “customer centric organization” is the most important asset of the firm. Firms following differentiation
strategies must develop such relationships to provide platforms of an array of customized products and services. A small Bluetooth mobile accessory firm founded in 2004, Iqua, developed a differentiated position through efficient co-operation with major customers in various areas of marketing to develop product applicability, brand equity, and co-operative marketing campaigns and customer service (Hallback & Gabrielsson, 2013). In high technology sectors, relationships with customers provide INVs with valuable knowledge that lead to positional advantages in new product development or sales efficiency (Yli-Renko, Autio & Sapienza, 2001). The aim is to develop connections with customers in ways that develop close ties whereby customer needs are matched by shared applications.

Leveraging foreign distributor competence refers to the tendency of INVs to exploit resources of international distributors abroad (Knight & Cavusgil, 2004). INVs can overcome their resource-deficiencies by utilizing distributors’ competences to enhance and reconfigure their own resources and capabilities. The flexibility granted by shrewd use of foreign distributors’ knowledge enables entrepreneurial global start-ups to gain efficiencies in international markets.

Martin and colleagues (2017) examine high-tech INVs’ from Mexico and find marketing skills positively impact competitive positioning in international markets. Zou and colleagues (2003) find international marketing skills of Chinese exporters supports both low-cost and differentiation advantages. The strategic mindset of entrepreneurial marketing enables INVs to do more with less. In their case study analysis, Kocak and Abimbola (2009) find an INV utilizes unconventional marketing skills to develop new and unique process technologies and products to develop a competitive position. Based
on this discussion, we posit INVs’ entrepreneurial marketing skills facilitate a positional advantage in global markets. These unconventional marketing skills enable INVs to create a position of strength necessary to enter new markets. Therefore, we expect entrepreneurial marketing to be positively related to INVs positional advantages.

**H3:** *Entrepreneurial marketing is positively related to the positional advantage of INVs.*

### 4.4 Entrepreneurial Marketing and International New Venture Performance

The goal of entrepreneurial marketing is to gain superior performance abroad. Performance reflects the extent to which INVs objectives are achieved through the execution of marketing strategies (Knight, 2000). The marketing strategies that provide firms with competitive advantage in one international market may not be the same as those that create advantage in other markets. Thus, when INVs expand into additional international markets, they must learn how to change and adapt their strategies (McDougall & Oviatt, 1996). The entrepreneurially alert firm is quick to identify opportunities across borders and explore resources in foreign markets (McDougall & Oviatt, 2000). This requires entrepreneurial or innovative approaches to developing marketing strategies. Accordingly, firms may devise a repertoire of entrepreneurial strategies to gain success in new environments (Dess, Lumpkin & Covin, 1997; Knight, 1997). Cadogan and colleagues (2012) find that flexible and innovative internationalization strategies contribute positively towards INV performance. Also, Zhou and colleagues find international marketing skills support performance of Chinese INVs. So, enhancing marketing skills in unconventional ways will contribute to their international success.
The essence of international marketing strategy is the creation of opportunities in global markets that yield superior performance. Entrepreneurial firms exploit local resources in international markets to create value by reducing costs while increasing efficiency. Knight (2000, 2001) finds leveraging foreign market resources, such as location-based technology, enables small firms to become more flexible and competitive, thus enhancing their international performance. Additionally, customer-focused marketing approaches to meet the needs of local markets enhance the performance of INVs (Hallback & Gabrielsson, 2013; Townsend, Yeniyurt, Deligonul & Cavusgil, 2004; Knight, 2001). These empirical studies find this unconventional strategic competence becomes important to resource-limited INVs as foreign markets tend to be fraught with uncontrollable factors, thus getting close to customers via skillful marketing is beneficial to their success in foreign markets.

FogScreen, a small Finnish manufacturer founded in 2002, developed a walkthrough projector screen (Hallback & Gabrielsson, 2013). In launching a new product based on the unmet needs of businesses, this INV positioned itself as such, that the firm had no direct competitors. FogScreen developed products in co-operation with influential customers and utilized others’ resources to bring new features and add value to their products. FogScreen was also effective in utilizing future user groups to generate customer value. While the INV domain is lacking an abundance of empirical studies, recent case studies suggest that entrepreneurial marketing is positively related to INV performance (Mort et al., 2012). Therefore, we posit that entrepreneurial marketing allows INVs to follow new markets and respond in ways that provide competitive advantages. Thus, we expect:
**H4:** Entrepreneurial marketing is positively related to INV performance.

### 4.5 Positional Advantage and International New Venture Performance

The performance benefits of positional advantage include improved profitability as well as increased success of new product development. Extant studies have examined the relationship between firms’ positional advantages and international performance (Lonial & Carter, 2015); and according to Morgan and colleagues (2004) firms that obtain positional advantages are equipped to achieve superior performance. Tan and Sousa (2015) reveal that positional advantage mediates the relationship between firms’ competencies and performance. In other words, positional advantage is directly connected with the availability of key capabilities, as well as the INV’s performance.

Generally, a positive relationship between positional advantages and INV performance has been proposed in the literature. Positional advantage encapsulates a superior marketplace position in which the provision of customer value and lower relative costs are superior to the competition (Day & Wensley 1988). When firms achieve cost leadership advantages in foreign markets, they enjoy higher profits than their competitors due to price flexibility. A firm sustains this positional advantage when its competitors are incapable of acquiring and deploying a comparable or substitute set of resources and capabilities. Micheels and Gow (2012) find low-cost positional advantage to be a core element of lowering cost for customers while maintaining desirable profit margins.

Alternatively, firms that develop differentiation advantages in foreign markets enjoy higher profits due to customer loyalty. Langerak (2003) finds differentiation advantages of small, hi-tech firms to be positively related to performance, but not a low-
Moreover, Morgan and colleagues (2004) posit that a differentiation position directly affects INV performance because the relative superiority of a venture’s value offering influences the buying behavior of target customers. Firms attempt to provide unique offerings that create superior customer value and satisfy customers. Subsequently, high customer satisfaction should indicate increased loyalty and profitability.

Additionally, studies find both low-cost and differentiation advantages to be positively related to performance of INVs (Hernandez-Perlines et al., 2016; Martin et al., 2017). The positional advantages of INVs firms provide a significant positive impact on their performance in global markets. For example, the INVs competitive strategy of developing new product offerings should increase the effectiveness and adaptability of the ventures. As a result, these robust positional advantages enable INV firms to enjoy superior performance in international markets (Hult & Ketchen, 2001).

As the positional advantage – INV performance relationship has been underexamined in INV research, studies are lacking that explore how many INVs pursue differentiation vs low-cost advantages. A few studies have tested both low-cost and differentiation advantages and found just one or the other to be positively related with performance; and some studies found both positional advantages to be positively and significantly related with performance. As previously discussed, in the case of Indian INVs some offer low-cost services and software while others offer higher-end, specialized products. Therefore, low-cost or differentiation advantages shaped through IEC and entrepreneurial marketing should be difficult to replicate, resulting in increased INV performance. Thus, we expect:
**H5:** Positional advantage is positively related to INV performance.

### 4.6 IEC and International New Venture Performance

Previous discussion posits international entrepreneurial culture as an organizational asset which serves as a key determinant of INVs’ global market performance. Much of the literature finds a generally positive and significant relationship between the individual dimensions of international entrepreneurial culture and international performance (Cadogan et al., 2009; DeNoni & Apa, 2015; Jantunen et al, 2008; Martin & Javalgi, 2016; Nummela et al., 2004; Zhang et al., 2012; Zhou et al., 2007). As discussed before, all five dimensions of IEC have a common focus on enhancing a firm’s performance in global markets. Zhang and colleagues (2009) find that IEC is positively related to firm’s international market performance. In a recent case study analysis of Finnish INVs (Biohit, IonPhasE & Innohome), it was found these firms possessed each of 5 dimensions of IEC to some degree. Additionally, their international success was attributed to their IEC (Gabrielsson et al., 2014). In a case study analysis of 18 hi-technology INVs from the US, UK, and Greece, Dimitratos and colleagues (2016) find an IEC to be related to internationalization success.

While studies are limited that examine the IEC-performance relationship, empirical results reveal a positive relationship between firm-level assets and market performance. INVs should possess specific attitudes and processes that are relatively unique, so that they can maximize their utility for international performance. Possession of international entrepreneurial culture leads to the development of specific
organizational capabilities, consisting of competences and routines. Additionally, IEC reflects superior strategies that are undertaken by skilled personnel.

Consistent with our review of the literature, similar to international performance in the MNE context, INV performance is conceived as having both a market and a financial dimension and is assessed on a global basis. While financial performance is the ultimate goal for many firms, market performance is a vital intermediary gauge because it can lead to enhanced financial performance. For example, a firm’s market share has been found to affect its profitability (Katsikeas, Morgan, Leonidou & Hult, 2016). Select INV studies have found a positive linkage between IEC and market performance. We argue international entrepreneurial culture should also have a positive effect on financial performance as well. Consequently, an IEC will positively contribute towards INV performance, comprised of market performance and financial performance positively. Therefore, we expect:

**H6: International entrepreneurial culture is positively related to INV performance.**

### 4.7 Moderating Role of Competitive Intensity

Research suggests contextual factors can affect firm’s internationalization activities (Covin & Slevin, 1989), and competitive intensity is one of the factors contributing to environmental hostility (Zahra & Covin 1995). Competitive intensity is a situation where competition is fierce due to the number of competitors in the market and the lack of potential opportunities for further growth (Auh & Menguc, 2005). As competition further intensifies, the results of a firm’s behavior will no longer be deterministic but random as the behavior is heavily influenced by the actions of
competitors. Thus, under conditions of intensifying competition both predictability and certainty diminish. As a result, entrepreneurial strategies and competitive positions will become more critical in overcoming these competitive environments.

When actions are taken by the firm in deploying resources through its marketing capabilities in order to realize intended marketing strategy decisions, competitors operating in the same marketplace are doing the same. Such competitor actions will affect prospective customers’ perceived value of the firm’s realized strategy decisions, for good or bad, and thereby moderate the relationship between firms’ marketing strategy, positional advantages, and performance outcomes (Morgan, 2012).

Generally, there is a positive relationship between entrepreneurial mindsets, marketing strategies, and positional advantage with international performance when competitive intensity is high. The basic premise is that INVs must assess the competition in the market in which they operate and match their strategic actions to overcome the market conditions. Studies indicate that the relationship between positional advantage and INV performance is stronger when firms face competition in international markets (Morgan et al., 2004). These findings are consistent with suggestions that gaps between “intended” and “realized” strategy are common and are often caused by competitors’ actions and reactions (Day & Wensley 1988). This can result both from competitors making unanticipated strategic moves and from their reacting to the INVs’ strategy implementation moves.

Scholars find that competitive intensity moderates the relationship between entrepreneurial mindsets and INV performance. Under conditions of low competitive intensity the relationship diminishes, whereas the relationship becomes stronger as
competitive intensity grows (Martin & Javalgi, 2016). The findings by Cadogan and colleagues (2003) support the notion that for firms operating in environments with greater competitive intensity, the relationship between international marketing strategies and export performance is positive, however the relationship is negative in cases where firms experience less competition. This provides some support for the notion that entrepreneurial marketing is most important under turbulent competitive conditions in firms’ international operations. When competitive intensity is low, there is little incentive for the firm to adopt entrepreneurial marketing. Additionally, fewer competitors leads to less saturated markets. This condition reduces the necessity for INVs to further enhance positional advantages in multiple markets.

Our study extends this framework into the INV domain and asserts that this contingency effect will differ between strategic actions and international performance. In highly competitive environments INVs must engage in entrepreneurial marketing to develop positional and competitive advantages in international markets. When the INV engages in entrepreneurial marketing, it means conducting opportunity-driven, customer-focused innovations, and value creation activities in global markets. When competition is not intense, INVs will not need to implement entrepreneurial marketing and develop as strong a positional advantage to enhance performance, because the reduced competition leads to more predictability in the markets. Thus, we expect:

**H7a:** Competitive intensity positively moderates the relationship between entrepreneurial marketing and INV performance.

**H7b:** Competitive intensity positively moderates the relationship between positional advantages and INV performance.
**H7c:** Competitive intensity positively moderates the relationship between international entrepreneurial culture and INV performance.

In summary, our conceptual framework proposes that INV performance is driven by international entrepreneurial culture, entrepreneurial marketing and positional advantage. Also competitive intensity has an effect toward INVs performance abroad. Table XII provides the conceptual model with a summary of our research hypotheses to be empirically analyzed.

**Table XII.** Conceptual Model and Research Hypotheses of INV Performance

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**H1:** International entrepreneurial culture is positively related to entrepreneurial marketing of INVs.

**H2:** International entrepreneurial culture is positively related to the positional advantage of INVs.

**H3:** Entrepreneurial marketing is positively related to the positional advantage of INVs.

**H4:** Entrepreneurial marketing is positively related to INV performance.

**H5:** Positional advantage is positively related to INV performance.

**H6:** International entrepreneurial culture is positively related to INV performance.

**H7a:** Competitive intensity positively moderates the relationship between entrepreneurial marketing and INV performance.

**H7b:** Competitive intensity positively moderates the relationship between positional advantages and INV performance.

**H7c:** Competitive intensity positively moderates the relationship between international entrepreneurial culture and INV performance.
In this chapter we describe the research design underpinning the quantitative research effort. We explain our choice of research method, define the survey sample, and discuss construct operationalization. Additionally, we discuss potential issues of non-response and bias, common method bias, and equivalence.

5.1 Research Design

Given the nature of our research, a survey was the only feasible method of collecting data for quantitative analysis. That left us to select a type of survey. An interview survey was deemed impractical due to the costs associated with international travel. A telephone survey was not utilized for reasons of cost, time constraints, and issues related to a 10-hour time difference between the US (EST) and India. A mail survey was ruled out due to postage costs and time constraints related to collecting surveys from abroad.

In recent years, web-based (internet) have emerged as one of the most popular and widely useful alternatives to the more traditional modes of survey data collection. With widespread access to the internet and e-mail into emerging markets, it has become
possible to contact and solicit responses from many populations using e-mail invitations linked to web-based questionnaires. As a result, an industry arose from the possibilities of web-based data collection, with firms offering expert services in online research or do-it-yourself software that allows researchers to design and implement a web survey from any computer with internet access. The primary advantages of web-based surveys, low costs and high speeds often means it is feasible to reach large samples abroad in a short period of time.

There are potential limitations associated with web-surveys. The proliferation of e-mail marketing and e-mail fraud has made respondents weary of bulk e-mail, thus some refuse to respond to emails unless they are from known and trusted senders. Additionally, e-mail invitations can appear less profession as compared with a standard letter or personal phone call, which may cause some respondents to feel less obligation to a survey request. Finally, web-surveys potentially suffer from panel fatigue or attrition and issues of false or duplicate responding. However, we utilized a web-survey in this dissertation as the advantages outweigh the potential limitations.

5.1.1 Qualtrics

As a result of the proliferation of web survey programs, research firms (i.e. Qualtrics, SurveyMonkey, etc.) have developed internet access panels, large e-mail lists of respondents who opt in to participate in online surveys on various topics. These research firms host and maintain the software on their servers so that researchers can create, send, and analyze a web survey online. Additionally, the data can be downloaded for off-line analysis using statistical software.
This is a great way to get access to respondents who meet specific demographic
criteria, but every panel respondent shares an important characteristic: they have agreed
to take surveys as part of a panel. Therefore, this a convenience sample. The issue of
convenience sampling is the potential threat to external validity, which refers to whether
an observed causal relationship should be generalized to and across different measures,
persons, settings and times (Calder, Phillips & Tybout, 1982). In the case of convenience
sampling, researchers use convenient firms to draw conclusions about firms in general.
As the participants and/or settings are not drawn at random from the intended target
population and universe, respectively, the true representativeness of a convenience
sample is always unknown. We recognize this potential limitation in our study; however,
convenience samples offer valuable insights when properly designed.

In this dissertation, Qualtrics was employed to collect the survey data. The
sample came from traditional, actively managed market research panels. Qualtrics
partners with over 20 online panel providers to supply a network of diverse, quality
respondents to our worldwide client base. To exclude duplication and ensure validity,
Qualtrics checks every IP address and uses a sophisticated digital fingerprinting
technology. In addition, every strategic panel partner uses deduplication technology to
provide the most reliable results and retain the integrity of the survey data. Qualtrics
randomly select respondents for surveys where respondents are highly likely to qualify.
Certain exclusions take place including category exclusions, participation frequency and
so on. Each sample from the panel base is proportioned to the general population and
then randomized before the survey is deployed.
While Qualtrics implements numerous safeguards to ensure the quality of responses, for proprietary reasons Qualtrics does not provide a list of respondents with contact details. In the data collection process, Qualtrics captures the unique latitude and longitude coordinates for each respondent to ensure they are located in India. We have reviewed the location data for all respondents, and found only 1 respondent was located outside of India. While the lack of respondent details is certainly a limitation to our study, we have accepted this limitation and are confident in the quality of responses for several reasons. First, we are comfortable with the reputation of Qualtrics, which works with large MNEs (i.e. Adidas, Amazon, BMW, etc.). Second, our questionnaire design, which will be discussed in the following sections, ensures our quality of responses. Lastly, we implemented quality checks to remove respondents that failed to provide thoughtful responses. These quality checks included speeding (responding too quickly) and straight-lining (same response to all questions).

5.2 Sample of International New Ventures

Although the emergence of international new ventures is a worldwide phenomenon, most of the empirical evidence has so far been obtained from developed economies. Inadequate attention has been paid to international new ventures from developing or emerging economies (Khavul, Perez-Nordtvedt, & Wood, 2010; Rialp et al., 2005; Yamakawa, Peng, & Deeds, 2008). Emphasis should be given to further generalize the impact of INVs early internationalization on their performance by using sample from emerging economies. India has shown strong growth recently, gaining importance in the global marketplace. According to World Bank projections, India is likely to become the 4th largest economy in the world by 2020 (Varma & Budhwar,
Such growth and positioning of India in the world market are likely to cultivate an environment favoring new entrepreneurial firms like INVs.

Hi-tech and innovative products and services from Indian firms have grown substantially over the past decade following extensive trade liberalization and advancements in information and communication technologies (Bello, Radulovich, Javalgi, Scherer & Taylor, 2016; Varma, 2011). Additionally, it has been observed that Indian INVs are expanding rapidly in international markets (Kim, Basu, Naidu & Cavusgil, 2011). Consistent with the increased attention in emerging markets to the role of INVs (Martin & Javalgi, 2016; Lopez, Kundu & Ciravegna, 2009; Martin et al., 2017) this study used a sampling frame consisting of hi-tech INVs from India. Accordingly, we will focus on the generation of firm-level data from high-technology industries in India. High-technology sectors include: information technology software, information technology services, electronics, aerospace and aviation, and biotechnology and pharmaceuticals.

While some studies recommend the unit of analysis in INV performance studies be the export venture, export venture portfolio, or product line rather than the entire firm for larger firms (Morgan, Kaleka, & Katsikeas 2004); Styles (1998) argues that smaller firms are less able to isolate the performance of a specific export venture from total international performance, or even total firm performance. Hult and colleagues (2008) also report that a large body of international business studies focus on the firm level of analysis. For these two reasons, we decided to measure performance at the firm level as well. To test our proposed framework, the survey includes existing scales from the literature.
5.2.1 Operational Definition of INVs

An INV is defined as a firm that achieved international sales while still in the new venture or start-up phase of organization life style (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994). Knight and Cavusgil (2004) conceptualize these firms as being small, usually technology-oriented companies that operate in international markets from the earliest days of their establishment. Oviatt and McDougall (1994) deem INVs as business organizations that are international from their inception; however, it was impossible to reliably measureable when INV founders first conceived internationalization. Designating a firm as an INV had to be based on observable behavior early in the firm’s history and thus required relaxing Oviatt and McDougall’s original theoretical definition. Both definitions incorporate the dimension of speed, i.e. how early a firm approaches foreign markets, and scale of international activities.

To further complicate the task of categorizing ventures as INVs, it has traditionally been difficult to define what constitutes a new venture, because venture creation is an evolving process (Vesper, 1990; Reynolds & Miller, 1992). Researchers have used varying cutoff points in the literature. Zahra (1996) determines 8 years as the age at which an enterprise can be regarded as established, whereas researchers in recent years have generally used the convention of classifying as new ventures firms 6 years old or younger (McDougall, Oviatt & Shrader, 2003; Zahra et al., 2000). However, Bantel (1998) argued that by the age of 5, many start-up firms that have failed to build strong market positions have become extinct.

The 6 to 8 years of age are in contrast to ‘within 3 years’ identified by Knight and Cavusgil (2004), and still others (i.e. Moen, 2002) used firms that internationalize
within 2 years of their founding. Our study adopts 5 years which is in line with the Oviatt and McDougall definition, and is supported by other research on INVs from India (Kim et al., 2011; Varma, 2011). This suggests that firms internationalizing approximately four and a half years after founding perform better in foreign markets than those that internationalize later.

The scale of internationalization reflects not just a measure of a firm’s foreign activities, but also the importance of international activities compared to those in the domestic market (De Clercq, Sapienza & Crijns, 2005). The most common indicator seems to be the share of turnover from foreign markets of the total turnover (foreign sales to total sales ratio, FSTS, Sullivan, 1994). There are several FSTS ratios utilized in the extant research on rapidly internationalizing firms. McDougall and Oviatt (1996) and Zahra et al. (2000) identified INVs as those firms that derive at least 5 per cent of their revenue from international sales. Knight and Cavusgil (2004) define the ventures investigated to have an export ratio of at least 25 per cent, while other researchers use 50% or more, for firms originating from small open economies (Gabrielsson 2005; Gabrielsson et al. 2004).

Although it seems the FSTS ratio is “somewhat arbitrary” (Knight & Cavusgil, 2004, p. 133), and it is low in the context of small countries (Moen, 2002) in which many knowledge-intensive SMEs could be expected to follow global niche strategies, it is potentially useful in that it enables comparison between earlier studies and future studies in the field of international entrepreneurship. Furthermore, the criterion probably implies that a firm is taking its international operations seriously, and that internationalization is not meant to be sporadic. Consequently, the cut-off rate serves a purpose. Thus, for the
empirical part of our study we define the scale criterion of INVs as firms that have internationalized within 5 years of their foundation, and with a high 25% or more share of foreign sales out of the total turnover.

As many international new ventures rely on cutting-edge technology to develop relatively new product innovations, we followed the classification of the American Electronics Association to identify Indian high-technology firms (Knight & Cavusgil, 2004). While the United States Small Business Administration classifies SMEs as all firms under 500 employees, we adopted the European Commission classification of SMEs regarding firm size, which is in line with the Indian Ministry of Micro, Small and Medium Enterprises. Firms with 10–50 employees are considered small, and firms in the range of 51–249 employees are medium sized. Firms with fewer than 10 employees are micro firms and were omitted from the study; such firms tend to have part-time operations and unstable objectives that can skew study outcomes (Hughes et al., 2010).

5.3 Data Collection

Publicly available data in emerging markets is often scarce, outdated, or inaccurate, resulting in researchers facing challenges to conducting empirical research in emerging markets (Khavul et al., 2010; Varma & Budhwar, 2012). Therefore, we conducted a survey consisting of a cross-sectional industry sample of Indian INVs from 2017 to collect primary data to assess our model and research hypotheses.

Potential respondents are sent an email invitation informing them that the survey is for research purposes only, how long the survey is expected to take and what incentives are available. The survey begins with an informed consent, and respondents are assured of their anonymity and confidentiality of their responses prior to requesting permission to
proceed with the questionnaire. Members may unsubscribe at any time. To avoid self-selection bias, the survey invitation did not include specific details about the contents of the survey. Although there are multiple domestic Indian languages spoken, English is one of India’s official languages and is the dominant language used by Indian businesses and the government of India. Since the sample targets businesses in India, the survey was prepared in English.

The key respondent in this study is the owner-entrepreneur, director, or manager of the firm. These personnel are selected because they are responsible for implementing organizational strategies at the firm-level as well as for guiding and directing the activities of employees towards accomplishing firm objectives. Therefore, they should be knowledgeable about the IEC that they support, the entrepreneurial marketing and positional advantages developed, and performance in international markets. At the same time, their perceptions regarding the IEC determine the actual strategic behaviors undertaken within the firm.

Survey respondents are pre-qualified to verify: (1) respondent is owner, director, or manager, (2) employee size of the firm is between 10-249, (3) in a high technology sector, (4) originated in India, (5) began exporting within 5 years of star-up, and (6) more than 25% of total sales is derived from foreign markets. Representatives from 716 firms expressed their willingness to participate. A total of 286 useable surveys were returned, an effective response rate of 40%.

5.3.1 Final Sample Descriptive Statistics

Table XIII provides a breakdown of the final sample descriptive statistics. Most respondents identified themselves as executive managers (51%). The remainder was
owners (33%) or senior level directors (16%). The mean relevant working experience of the respondents was 16.95 years. The firms ranged across the following high-technology sectors: 47% information technology software, 37% information technology services, 12% aerospace and aviation, and 4% biotechnology and pharmaceuticals. Regarding firm size, 210 firms had 51 to 249 employees, and the remaining 76 had 10 to 50 employees. Of the INVs sampled, reported entry mode indicated that 52% used direct exporting, 18% used an agent, 17% used a distributor, 8% used a joint venture, 4% used a wholly-owned subsidiary, and 1% used licensing. International expansion of Indian INVs was aggressive and accelerated with 56% of firms entering international markets 2-3 years after start-up, 31% entering 4-5 years after start-up, and 13% entering less than 2 years after start-up. Additionally, 57% of the sampled INVs earned 25-50% of sales from foreign markets, 39% earned 51-75%, and 4% earned 76-100% of sales from foreign markets. Lastly, 30% of INVs operated in 1-3 countries, 33% in 4-6 countries, 35% in 7-9 countries, and 2% operated in more than 10 countries.
Table XIII. Organizational Characteristics of the Sample (N=286)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Mean</th>
<th>% Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firm age (years in business)</strong></td>
<td>16.95</td>
<td></td>
</tr>
<tr>
<td><strong>Firm size (number of employees)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 to 50</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>51 to 249</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td><strong>Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive managers</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>Owners</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Senior level directors</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td><strong>Type of industry</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information technology software</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Information technology services</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Aerospace and aviation</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Biotechnology and aviation</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Entry mode</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct exporting</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Used a sales agent</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Used a distributor</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Joint venture</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Wholly-owned subsidiary</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Licensing</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Speed of internationalization (years from start-up)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 2</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>2 to 3</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>4 to 5</td>
<td>31</td>
<td></td>
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<tr>
<td><strong>Scale of internationalization (FS/TS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 to 50</td>
<td>57</td>
<td></td>
</tr>
<tr>
<td>51 to 75</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>76 to 100</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Scope of internationalization (number of int'l markets)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 3</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>4 to 5</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>7 to 9</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>10+</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
5.4 Construct Operationalization

We measure all study constructs using multi-items scales that we obtained from the literature. Multi-items scales are recommended for several reasons. First, individual items typically have uniqueness or specificity in that each item has only a low correlation with the attribute being measured and tends to relate to other attributes as well. Second, single items tend to categorize respondents into a small number of groups. Third, individual items typically have measurement error; and they produce unreliable responses in the sense that the same scale position is unlikely to be checked in successive administrations of an instrument. These measurement issues can be diminished with multi-item scales. The specificity of items can be averaged when combined. By combining items, we can make distinctions among respondents. Reliability increases and measurement error decreases as the number of items increases. Therefore, scholars are better served with multi-items scales than single-item scales of constructs (Churchill, 1979).

Measurement scales had reliable psychometric properties, validated in previous empirical studies. To develop the survey, several experienced scholars familiar with INV literature, review the instrument upon initial survey development. The feedback is then incorporated for survey refinement. The survey questions seek information about strategic behaviors and decision-making, strategies, capabilities, environmental factors and background information. International entrepreneurial culture, entrepreneurial marketing, and positional advantage are second order reflective constructs. Competitive intensity was treated as a first-order construct following Morgan and colleagues (2004) suggestion. Table XIV (pp. 108-109) presents a list of measurement items.
5.4.1 Independent Variables

*International entrepreneurial culture.* An IEC is the organizational culture that facilitates and accommodates the entrepreneurial activities of the firm internationally (Zahra, 2005). IEC has been associated with the opportunity theme in prior studies. To elaborate, Zahra et al. (2005) posit that IEC affects the way entrepreneurs in INVs become alert to and exploit international opportunities. Dimitratos and Jones (2005) further note that IEC relies on an organization-wide process that seeks to generate value through the exploitation of opportunities in the international marketplace. As such, this multidimensional construct captures various facets of the organizational culture of the internationalized firm irrespective of size, age, sector or time to foreign markets. It will provide a more complete and accurate picture of the factors that induce opportunity-action activities abroad (Armario, Ruiz, & Armario, 2008; Freeman & Cavusgil, 2007). Such an operationalization can offer valuable insights for study in the international entrepreneurship domain (Styles & Seymour, 2006).

These organizational culture characteristics pertain to cultivating an international entrepreneurial orientation distinguished by innovation, proactiveness, and risk-seeking; an international market orientation that puts the customer at the center of international activities while actively collecting competitor information; a motivational framework that promotes employees to bring ideas forward for internationalization activities; an international learning orientation to disseminate and use intelligence between the functional units; and, an international network orientation to pursue joint innovation and marketing activities with suppliers and competitors abroad (Dimitratos et al., 2012; Dimitratos et al., 2016). Accordingly, IEC is a conceptualization of five interrelated
international organizational culture dimensions; namely international entrepreneurial-, market-, learning-, networking-orientations and international motivation (Dimitratos & Plakoyiannaki, 2003; Dimitratos et al., 2012; Zahra et al., 2005). This study will draw upon the 23-item scale obtained from Dimitratos and colleagues (2012), in which respondents are asked to provide an estimate of how their firm captures the organizational culture dimensions that are central to internationalization. Appendix A presents a list of the questionnaire items. A seven-point Likert scale was employed to operationalize marketing capabilities ranging from (1) ‘strongly disagree’ to (7) ‘strongly agree.

**Entrepreneurial marketing.** Entrepreneurial marketing is the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management and resource leveraging for value creation (Morris et al., 2002; Mort et al., 2012). Opportunity vigilance is a firm’s tendency to continuously seek and act on unmet needs of new markets and sources of sustainable competitive advantage. Value creation is the tendency to use marketing strategies and unique combination of resources to discover untapped sources of value for customers. Customer-focused innovation targets innovative ways of seeking and using customer information to create novel sources of value. Accordingly, the multidimensional entrepreneurial marketing construct is a conceptualization of three dimensions: opportunity vigilance, consumer-centric innovation, and value creation. This study will use the scale items Fiore and colleagues (2012) propose. A list of the 12-item scale can be found in Appendix A. A seven-point Likert scale was employed ranging from (1) ‘strongly disagree’ to (7) ‘strongly agree’, respondents were asked to provide an estimate.
of how their business conducted opportunity vigilance, consumer-centric innovation, and value creation activities within the context of the INV.

**Positional advantage.** Positional advantage based on superior customer value and lower relative costs denotes the comparative nature of the construct. Positional advantage consists of cost advantage and marketing differentiation advantage, which consists of promotion advantage and sales advantage. Cost advantage involves dropping relative costs in producing and marketing the INV’s value offering, which is correlated with the actual selling price, and payment and credit terms. Marketing differentiation advantage occurs when the consumer is familiar with the brand and holds favorable unique brand associations in memory. It is brand image, brand awareness, share of mind, and brand personality. Respondents were asked to provide an estimate of how their business compared with those of their competitors with regard to cost advantage and marketing differentiation advantage. The items of cost and sales advantage and were obtained from Morgan, Kaleka, and Katsikeas (2004), and the items of marketing differentiation advantage were sourced from Morgan, Vorhies and Schlegelmilch (2006). Likert seven point scale was employed to operationalize low-cost and differentiation advantages (see Appendix A) ranging from (1) ‘much worse’ to (7) ‘much better’ with a mid-point label of ‘about the same’.

**Competitive intensity.** Competitive intensity is a situation where competition is fierce due to the number of firms competing for market share and the lack of potential opportunities for further growth. In this study we will utilize Cadogan and colleagues (2003) adaptations of Jaworski and Kohli (1993) measures of competitive intensity.
Respondents are asked to reflect changes taking place in global markets that their firm operates. A seven point Likert scale was employed ranging from (1) ‘strongly disagree’ to (7) ‘strongly agree’.

5.4.2 Dependent Variable

INV performance. INV performance is a multidimensional construct, incorporating a variety of economic and noneconomic components (Morgan et al., 2004, 2012; Katsikeas, Leonidou & Morgan, 2000). Two types of measures are used to capture international performance: subjective and objective. Much of the literature traditionally examines variations of financial measures (Hult et al., 2008); which is partially the result of the focus on theories of FDI in the early internationalization literature that focused on objective measures (Cavusgil & Knight, 2015).

Challenges always exist for performance studies. First of all, there are limited reporting requirements for the majority of firms to obtain sufficient reliable information to measure their performance directly. Therefore, researchers have often been forced to rely on some recorded event as surrogate measure of firm performance. However, objective financial measures are difficult to obtain in the case of SMEs or INVs, especially in emerging markets, where owners and managers prefer to keep a high-level of secrecy regarding the specifics of their business operations and are sensitive to the public disclosure of financial data (Siu, Fang & Lin, 2004).

In the IE literature, most measures are perceptual and self-reported because secondary information on the international activities of small firms is not often publicly available. Subjective measures may also be suitable due to the difficulty of obtaining international financial performance data, managers’ unwillingness to provide such
information, and the lack of specific global market information in financial reports (Lages, Lages & Lages 2005). Furthermore, Lages and Lages (2004) suggest that by measuring perceptions of performance instead of performance per se, we are able to capture the degree to which performance has matched the aspiration levels of the firm from one year to the next. Shoham (1999) also uses subjective measures of performance, explaining the logic behind their use by suggesting that management’s satisfaction with performance captures the effectiveness of a program being evaluated, by definition, against its intended results.

As a result, previous studies involving INVs from emerging markets have typically used self-assessed measures of performance (Bello, Radulovich, Javalgi, Scherer & Taylor, 2016; Zhang, Tansuhaj & McCullough, 2009). Prior research has suggested that self-reported measures of performance are appropriate (Zou, Taylor & Osland, 1998) and are positively correlated with objective measures (Dollinger & Golden 1992). Baldauf and colleagues (2000, p. 64) argue in the context of international performance of firms, both “objective and/or subjective measures are possible alternatives” and that “findings do not significantly differ depending on how performance is assessed.” Further, it has been acknowledged by researchers that there is a tendency in existing studies to assess performance by measuring the financial components only and that future research should attempt to include both financial and strategic components (Baldauf, Cravens & Wagner, 2000).

We choose to examine performance of INVs’ international operations because IEC should have a noticeable influence on the aspect of INV performance. Furthermore, export sales performance is the most commonly studied aspect of export performance in
the literature (Katsikeas et al., 2000). Accordingly, INV performance is conceptualized in this study at the firm level. This study will draw upon the items Morgan and colleagues (2012) propose, in which managers were asked to please evaluate the performance of the INV over the past year relative to major competitors. A Likert seven point scale was employed ranging from (1) ‘much worse than competitors’ to (7) ‘much better than competitors’ (see Appendix A).

5.4.3 Control Variables

This dissertation is interested in developing and testing a model of the relationships among the focal constructs: international entrepreneurial culture, entrepreneurial marketing, positional advantages, international new venture performance, and competitive intensity. However, in order to ensure that estimates of these relationships are not unduly influenced by other variables, we include a series of (unhypothesized) controls. The variables below were chosen because their potential impact on INV performance was inferred from prior studies. Our short discussion of these control variables focuses on their impact on performance. We therefore control for degree of internationalization, firm size and industry in the analysis.

**Degree of internationalization.** We controlled the degree of internationalization because previous studies show that the scope of internationalization positively affects performance of international new ventures (Khavul et al., 2010; Zhou & Wu, 2014). Degree of internationalization provides a snapshot of INVs’ multinationality as the scale captures the number of countries from which the new venture generates its international sales. Consistent with past research (Lu & Beamish, 2001; Tallman & Li, 1996), degree
of internationalization in our study was measured by the number of countries in which the new venture sold its products.

**Firm size.** Firm size is an important variable because many aspects of the firm’s capabilities levels and strategies are related to firm size. As larger firms have larger pools of resources to exploit and the possibility of achieving advantages of scale in international operations, firm size has been found to be positively related to international performance (Jantunen, Nummela, Puimalainen & Saarenketo, 2008). Following previously established scales, we captured firm size using a question asking the number of full-time employees (Hughes et al., 2010).

**Industry.** We also controlled for industry effects as the importance of the industry in which a firm competes as a predictor of firm-level variables is widely recognized in the literature (Zhou et al., 2012). Additionally, firms in certain industries may be more likely to experience international success than in other industries based on, for example, the level of domestic and global competition within the industry, or the extent to which the product can be adapted to foreign markets (De Clerq et al., 2005).

### 5.5 Non-Response Bias

Before estimating the model, it is necessary to assess nonresponse bias. Understanding the nature of the biases is important for survey-based study as it could inflate the study results (Posdakoff & Organ, 1986). Nonresponse bias was assessed by dividing responses into two groups. Early and late respondents (first 25% and last 25% to return the surveys, respectively) were compared using a t-test to identify potential differences on key variables (Armstrong, & Overton, 1977). Furthermore, we compared
firm size, industry, year of establishment, speed of internationalization, scope of internationalization, and scale of internationalization of INVs in our sample. According to the analysis, no significant differences were found in these t-tests (p > .05) of early and late respondents. Thus, we conclude that nonresponse bias does not pose a major threat to the soundness of the results.

5.6 Common Method Bias

As we gathered the data used in this study via key informant surveys, the relationships among the constructs may be artifacts of a bias that leads to a respondent to answer all the survey items in a similar manner (Podsakoff, Mackenzie, Jeong-Yeon & Posdakoff, 2003). Two concerns surround the use of a single informant: random measurement error and common method bias (Bagozzi, Yi & Phillips, 1991). Random measurement error is likely to increase where respondents are asked to make complex social judgements (Phillips, 1981) about their organization. In this study, random measurement error was minimized by the concrete and applied nature of our measures as well as the careful identification of informants knowledgeable about the phenomena of interest (Rossiter, 2002).

The possibility of systematic error due to common method bias was more difficult to dismiss. It occurs when construct measures are obtained from a single respondent. As both measures come from the same source, any defect in that source contaminates both measures, presumably in the same manner and in the same direction (Podsakoff & Organ, 1986). Any artificial covariance between measures can be traced to social desirability bias and consistency bias.
Social desirability bias manifests itself when respondents are trying to present themselves of their firms favorably. Our concerns that social desirability bias might be an issue in this survey have been eased for two reasons. First, the literature suggests that social desirability bias is more likely to occur in face-to-face interviews rather than self-administered surveys (Krysan, Schuman, Scott & Beatty, 1994). Second, it is more prevalent in the case of questions concerning the respondent rather than the firm characteristics (Organ & Podsakoff, 1986). Consistency bias occurs when respondents attempt to maintain consistency in their answers based on lay theories concerning relationships among the measured variables.

In spite of concerns, sometimes reliance on key informants may be the only feasible way to obtain the desired information. In many research contexts there is a practical benefit of the same source measures which makes key informants vital (Podsakoff & Organ, 1986). To mitigate such concerns, we administered our measurement instrument within certain guidelines proposed in the literature (Podsakoff et al., 2003). The procedure suggests that respondents should not be able to deduce the true intentions of the questionnaire, priming effects should be minimized, and questions that lead to socially desirable answers should be minimized. Therefore, we implemented the survey as an inquiry into general firm behavior, rather than focusing on any of our constructs of interest. We avoided socially desirable responses by assuring the respondents that there were no correct or incorrect responses. We also separated the measurements of the independent and dependent variables by introducing the independent at the beginning of the survey, followed by items that were not used in this study, and lastly adding the dependent variables at the end of the survey. Moreover, to
reduce the incentive of respondents to artificially inflate or disguise their responses, we assured them confidentiality. We also obtained data from knowledgeable insiders such as senior-level managers, who have been asked to rate objective organizational characteristics rather than subjective personal feelings.

In addition, we used several statistical approaches to assess potential common method bias. First, the Harman’s Single-Factor Test (Posdakoff et al., 2003) was employed in which all model variables were subjected to an exploratory factor analysis. No single factor emerged from this analysis, and the first factor accounted for only 11% of total variance. Because a single factor did not emerge, and the first factor was not associated with the majority of variance, these results indicate that common method bias does not pose a major problem in this study.

Similarly, all manifest variables were loaded onto a single factor and then compared to the confirmatory factor analysis. The chi-squared difference test showed the confirmatory factor model has superior fit to the unidimensional model. Imposing a single factor on the items results in poor fit ($\Delta \chi^2 = 1441.455$, $\Delta \text{df} = 66$, $p = 0.00$), indicating that common method bias may not be of serious concern. The third test to assess the degree of common method bias in the dataset, we followed the marker variable approach (Lindell & Whitney, 2001; Malhotra, Kim & Patil, 2006). Specifically, we included the variable, experience, which is theoretically unrelated to the main study constructs. The average correlations of experience with the main study variables (those included in the measurement models) was 0.03, ranging between -0.062 and 0.077. These small correlations indicate that common method bias is not likely to be problematic.
5.7 Ethnocentrism Bias

Single country teams conduct the majority international research. Given that convenient communication and data transfer offer ever-increasing opportunities, is potentially problematic because their national cultural characteristics influence researchers themselves and this influence suggests an ethnocentrism bias (Engelen & Brettel, 2011). Ethnocentrism, which refers to the tendency to use one’s own group standard as the only standard when viewing other groups, results in the inability to perceive and interpret data from other cultures correctly (Hall & Gudykunst, 1989) because the researcher from culture B may filter their interpretation of data from culture A through the cultural pre-determination of culture B (Cavusgil & Das, 1997).

Accordingly, some aspects of this issue are relevant to discuss in this dissertation as the study is conducted in the United States, but the surveyed firms are from India.

To minimize the effects of an ethnocentrism bias, international research should establish equivalence of its constructs and measures across cultures (Hult et al., 2008). The issues of construct- and translation-equivalence are germane to this study. Construct equivalence concerns the issue whether constructs have the same meaning across countries. Since we primarily probe entrepreneurship and innovation, and marketing phenomena that are recognizable by practitioners across high-technology industries irrespective of their national origin, it was safe to assume construct equivalence.

Translation equivalence addresses the comparability of the operationalization of the constructs, that is, the wording, scaling, and scoring of measures across different populations; all of which are necessary to establish reliability and validity of measures (Craig & Douglas, 2011). In international business research, back-translation has
historically been the most commonly used method for the establishment of measurement equivalence. However, in this study translation equivalence is a moot point as the questionnaire was developed and administered in English. In conclusion, we do not believe the issues related to an ethnocentrism bias to be problematic in this dissertation.
CHAPTER VI

ANALYSIS AND RESULTS

In view of the multi-tiered nature of our conceptual model and the multi-item measures used to represent international entrepreneurial culture, entrepreneurial marketing, positional advantages and international new venture performance, the use of a structural equation modelling technique was appropriate. In this chapter, we provide an overview of the structural equation modeling and give a detailed account of the modeling approach.

6.1 Structural Equation Modeling

Business research increasingly employs unobservable or latent constructs that are represented by multiple observed indicators. A critical issue in developing and testing theories involving latent constructs is the use of the appropriate analytical method. In particular, an appropriate method would need to evaluate constructs’ measurement properties within their theoretical context and explicitly deal with measurement error. By simultaneously estimating relationships among constructs and assessing the reliability and validity of their measures, structural equation modeling (SEM) provides the
researcher with these qualities. SEM techniques are also appropriate where constructs are arrayed in a multi-tiered system of causal paths.

Structural equation modeling was developed during the 1970s. Analysis of covariance structures remains one of the principal SEM techniques to date. Covariance-based analysis, as implemented in applications such as LISREL, AMOS or EQS, is the more widely used and better-known approach to SEM. Covariance-based techniques estimate model parameters in an attempt to reproduce the covariance matrix of the measures. They require strong theory and are mainly used for testing how well a theoretical model fits the observed data (“goodness of fit”).

This approach belongs to what Fornell (1982) calls the “second generation” of multivariate analysis. It provides insights unattainable with first generation techniques such as multiple regression, principal components analysis or analysis of variance. First generation techniques typically rely on separate analysis of construct measures and of relationships among constructs, which assumes that the reliability and validity of construct measures holds across theoretical constructs. With second generation, measurement quality is established for a particular theoretical context. Another major limitation of first generation techniques is that measurement error is typically packed into a residual error term. By contrast, second generation techniques allow measurement error to be modelled explicitly and construct relationships to be adjusted accordingly (Barclay et al., 1995).

In this dissertation, we follow a two-step approach for performing analysis of covariance structures as first described by Anderson and Gerbing (1988). The first step of this process involves using confirmatory factor analysis (CFA) to develop acceptable
measurement models. A measurement model is a confirmatory factor analysis in which we identify the latent constructs of interest and indicate which observed variables measure each latent construct. When testing a measurement model, we look for evidence that indicator variables effectively measure the underlying constructs of interest, and that the measurement model demonstrates an acceptable fit to the data. In a measurement model, we do not specify any directional relationships between latent constructs; but rather, allow each latent construct to covary (correlate) with every other latent construct. Once we have developed a measurement model with acceptable fit, we move on to specifying the structural model by assigning relationships from one construct to another based on the theoretical model. In summary, SEM provides a simultaneous test that determines whether the combined measurement and structural model provides an acceptable fit to the data.

6.1.1 Estimation Method

We performed these analyses using AMOS (version 25), which uses maximum likelihood estimation. Use of the maximum likelihood method requires a normal distribution of the data for SEM estimation. Unfortunately, to date, there appears to be no clear consensus regarding guidance as to what point the data appreciably deviates from normality (Kline, 2011; Curran, West & Finch, 1996). Researchers have proposed absolute skewness values of 2 and absolute kurtosis values of 7 as possible departure points of nonnormality (Curran et al., 1996). Our analysis of the sample data exhibits skewness and kurtosis to be within the proposed parameters, therefore we are reasonably satisfied the sample data fit a normal distribution.
6.2 Measurement Validation

Due to the large number of measurement items included in the study, we examined two CFA measurement models, as shown in Table XIV. This approach enabled us to achieve an adequate ratio of sample size to the number of free parameters (Bentler & Chou, 1987). The first CFA measurement model includes IEC as a second-order construct, comprised of five dimensions; and competitive intensity as a first-order construct.
Table XIV. Measurement Models and Measures
Results of Second-Order Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Factor and items</th>
<th>Standardized loadings</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement Model 1:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>International Entrepreneurial Culture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>International Entrepreneurial Orientation (CR = .92, AVE = .61)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We favor high-risk projects (with chances of very high return)</td>
<td>0.763</td>
<td>13.22</td>
</tr>
<tr>
<td>We believe that owing to the nature of the environment in this foreign country it is best to achieve the firm's objectives in its marketplace via bold and wide-ranging acts</td>
<td>0.840</td>
<td>14.52</td>
</tr>
<tr>
<td>Our firm typically initiates actions to which competitors then respond</td>
<td>0.773</td>
<td>13.23</td>
</tr>
<tr>
<td>Our firm is very often the first firm to introduce new products/services, administrative techniques and operating technologies</td>
<td>0.789</td>
<td>13.53</td>
</tr>
<tr>
<td>Our firm typically adopts a very competitive ‘beat-the-competitors’ posture</td>
<td>0.773</td>
<td>13.25</td>
</tr>
<tr>
<td>In the past five years, our firm has marketed very many new lines of products or services</td>
<td>0.771</td>
<td>13.22</td>
</tr>
<tr>
<td>In the past five years, changes in product or service lines have usually been quite dramatic</td>
<td>0.776</td>
<td>13.22</td>
</tr>
<tr>
<td><strong>International Market Orientation (CR = .88, AVE = .60)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have many routine or regular measures of customer service</td>
<td>0.772</td>
<td>15.20</td>
</tr>
<tr>
<td>Our product or service development is heavily based on good market and customer information</td>
<td>0.749</td>
<td>14.87</td>
</tr>
<tr>
<td>We have a very good sense of how our customers value our products/services</td>
<td>0.720</td>
<td>12.82</td>
</tr>
<tr>
<td>Our firm always collects information on our customers through any means</td>
<td>0.813</td>
<td>13.46</td>
</tr>
<tr>
<td>Our firm always collects information on our competitors through any means</td>
<td>0.827</td>
<td>b</td>
</tr>
<tr>
<td><strong>International Motivation (CR = .82, AVE = .69)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In regard to the management philosophy for firm activities in foreign markets, developing an employee’s own ideas is not particularly encouraged</td>
<td>0.845</td>
<td>15.99</td>
</tr>
<tr>
<td>In regard to the management philosophy for firm activities in foreign markets, top management are ignorant and unreceptive toward employees’ ideas and suggestions</td>
<td>0.818</td>
<td>b</td>
</tr>
<tr>
<td><strong>International Learning Orientation (CR = .84, AVE = .63)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have many formal information links established between departments/functions</td>
<td>0.831</td>
<td>14.43</td>
</tr>
<tr>
<td>We have many formal/informal processes that provide direction on implementation of activities</td>
<td>0.798</td>
<td>15.65</td>
</tr>
<tr>
<td>We have many formal/informal processes that evaluate the effectiveness of its activities</td>
<td>0.754</td>
<td>b</td>
</tr>
<tr>
<td><strong>International Network Orientation (CR = .92, AVE = .65)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperates with competitors in joint manufacturing agreements</td>
<td>0.762</td>
<td>14.92</td>
</tr>
<tr>
<td>Cooperates/participates to a very large extent with competitors in joint research</td>
<td>0.753</td>
<td>14.66</td>
</tr>
<tr>
<td>Cooperates heavily with competitors in advertising and marketing</td>
<td>0.841</td>
<td>17.43</td>
</tr>
<tr>
<td>Cooperate with non-competitors in joint manufacturing agreements</td>
<td>0.821</td>
<td>16.69</td>
</tr>
<tr>
<td>Cooperates to a very large extent with non-competitors in joint research</td>
<td>0.809</td>
<td>16.32</td>
</tr>
<tr>
<td>Cooperates heavily with non-competitors in joint advertising and marketing</td>
<td>0.831</td>
<td>b</td>
</tr>
<tr>
<td><strong>Competitive Intensity (CR = .90, AVE = .64)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry competition in our global markets is cut-throat</td>
<td>0.744</td>
<td>13.01</td>
</tr>
<tr>
<td>There are many promotion wars</td>
<td>0.829</td>
<td>14.89</td>
</tr>
<tr>
<td>Price competition is the hallmark of our industry</td>
<td>0.826</td>
<td>14.89</td>
</tr>
<tr>
<td>One hears of a new competitive move in our foreign markets almost every day</td>
<td>0.824</td>
<td>14.84</td>
</tr>
<tr>
<td>Aggressive selling is the norm</td>
<td>0.780</td>
<td>b</td>
</tr>
<tr>
<td><strong>Second-Order International Entrepreneurial Culture Scale (CR = .98 , AVE = .89)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Entrepreneurial Orientation</td>
<td>0.963</td>
<td>12.89</td>
</tr>
<tr>
<td>International Market Orientation</td>
<td>0.974</td>
<td>13.72</td>
</tr>
<tr>
<td>International Motivation</td>
<td>0.920</td>
<td>13.67</td>
</tr>
<tr>
<td>International Learning Orientation</td>
<td>0.947</td>
<td>14.48</td>
</tr>
<tr>
<td>International Network Orientation</td>
<td>0.916</td>
<td>b</td>
</tr>
</tbody>
</table>

Model Fit Statistics
- $\chi^2 / df$: 774.711 (340)
- TLI: 0.93
- CFI: 0.93
- RMSEA: 0.067
Measurement Model 2:

**Entrepreneurial Marketing**

**Opportunity Driven (CR = .89, AVE = .58)**
- Regularly pursue untapped market opportunities regardless of budgetary or staff constraints. 0.706 12.09
- When new market opportunities arise, we respond quickly 0.743 12.81
- We excel at identifying marketing opportunities 0.715 12.25
- We have a passion for continually changing the way products/services are marketed 0.787 13.67
- We are frequently one of the first in the industry to alter its marketing methods 0.752
- We monitor and improve the approach to marketing my business 0.841 14.77

**Value Creation (CR = .84, AVE = .64)**
- We expect every employee to be looking for ways to create more value for customers 0.812 12.27
- Employees contribute to ideas to create value for customers 0.826 13.37
- We continuously attempt to find new ways to create value for our customers 0.754

**Customer Focused Innovation (CR = .85, AVE = .66)**
- Marketing efforts reflect knowledge of what our customers want from our products/services 0.791 12.29
- Communicating with customers is a great way to identify innovation opportunities 0.809 14.81
- Innovation is the key to achieving competitive advantage 0.842

**Positional Advantage**

**Marketing Differentiation Advantage (CR = .89, AVE = .74)**
- Brand image 0.851 17.83
- Share of mind 0.882 18.92
- Brand personality 0.838

**Cost Leadership Advantage (CR = .87, AVE = .63)**
- Unit production cost 0.735 14.63
- Raw materials cost 0.746 14.96
- Cost of goods sold 0.826 17.59
- Payment and credit terms 0.861

**FIN Performance**

**Market Performance (CR = .87, AVE = .63)**
- Market share growth 0.848 14.98
- Growth in sales revenue 0.829 14.6
- Acquiring new customers 0.801 14.02
- Increasing sales to existing customers 0.754

**Financial Performance (CR = .88, AVE = .65)**
- Profitability 0.757 14.05
- Return on investment 0.819 15.61
- Margins 0.828 15.85
- Reached financial goals 0.808

**Second-Order Entrepreneurial Marketing Scale (CR = .94, AVE = .83)**
- Opportunity Driven 0.973 12.41
- Value Creation 0.893 11.51
- Customer Focused Innovation 0.869

**Second-Order Positional Advantage (CR = .96, AVE = .92)**
- Marketing Differentiation Advantage 0.965 16.06
- Cost Leadership Advantage 0.955

**Second-Order FIN Performance (CR = .95, AVE = .90)**
- Market Performance 0.975 12.64
- Financial Performance 0.921

<table>
<thead>
<tr>
<th>Model Fit</th>
<th>$\chi^2$/df</th>
<th>TLI</th>
<th>CFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$/df</td>
<td>749.018 (309)</td>
<td>TLI</td>
<td>0.92</td>
<td>0.93</td>
</tr>
<tr>
<td>SRMR</td>
<td>0.043</td>
<td>IFI</td>
<td>0.93</td>
<td>RMSEA</td>
</tr>
</tbody>
</table>

Note: CR = composite reliability, AVE = average variance extracted
The second CFA measurement model includes entrepreneurial marketing, positional advantage, and INV performance as second-order constructs. Entrepreneurial marketing is comprised of opportunity driven, value creation, and customer focused innovation. Positional advantage consists of marketing differentiation advantage and cost leadership advantage. INV performance is made up of market performance and financial performance indicators.

Despite a significant chi-square ($\chi^2=774.71; df=340; p<0.000$) in the first measurement model, as might be expected given the sensitivity of the test statistic to sample size (Bagozzi & Yi, 1988), all other diagnostics are supportive (see Table XIV). Indeed, MacCallum, Browne and Sugawara (1996) have shown that the chi-square is unrealistic in most SEM empirical research, because the chi-square will almost always be significant with large samples. In a similar approach, Bagozzi and Foxall (1996) assert that researchers should not exclusively rely on the chi-square test as a measure of fit. The other fit indexes (non-normed fit index [TLI] = .93, comparative fit index [CFI] = .93, and root mean square error of approximation [RMSEA] = .067) suggest that the model fits the data satisfactorily. Items loaded heavily on their posited constructs and had t-values greater than 12.82. Likewise, the second measurement model exhibits a good overall fit to the data (TLI=.92; CFI=.93; RMSEA=.071) even though it shows a significant chi-square ($\chi^2=749.02; df=308; p<0.000$). This might be considered given the sensitivity of the test statistic to sample size (Bagozzi & Yi, 1988). Unidimensionality is also obtained in all measurement models based on the good fit values of the fit statistic.

The measurement models themselves offer support for convergent validity if the overall goodness-of-fit indexes demonstrate a good fit of the hypothesized relationships
to the data and all factor and item loadings are high and significant (Anderson & Gerbing, 1988). In general, the results exhibit a good fit of the measurement models to the data and high standardized loadings that are significant at $p < .01$. Furthermore, average variance extracted (AVE) estimates for the measures range from .58 to .92. Composite reliability coefficients for all scales range from .82 to .98, suggesting satisfactory internal consistency.

**Table XV. Validity and Reliability Table with Correlations**

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.94</td>
<td>0.84</td>
<td>0.83</td>
<td><strong>0.91</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>0.90</td>
<td>0.64</td>
<td>0.60</td>
<td>0.72</td>
<td><strong>0.81</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>0.95</td>
<td>0.90</td>
<td>0.87</td>
<td>0.87</td>
<td>0.62</td>
<td><strong>0.95</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>0.96</td>
<td>0.92</td>
<td>0.87</td>
<td>0.90</td>
<td>0.67</td>
<td>0.93</td>
<td><strong>0.96</strong></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>0.98</td>
<td>0.89</td>
<td>0.83</td>
<td>0.91</td>
<td>0.77</td>
<td>0.83</td>
<td>0.85</td>
<td><strong>0.94</strong></td>
</tr>
</tbody>
</table>

AVE=Average Variance Extracted  
MSV=Maximum Shared Variance  
Bold diagonal elements are the square root of AVE  
The correlations are off diagonal

We employed Fornell and Larcker’s (1981) test of discriminant validity. This procedure involves assessing whether the AVE for every construct’s measure is larger than the squared phi correlation of that construct with all other constructs in the model. We found that the AVE of each factor is larger than the squared correlation of that factor’s measure with all measures of other factors in the models. Thus, the factors exhibit discriminant validity. Table XV summarizes tests of convergent and discriminant validity. Additionally, we followed Anderson and Gerbing’s (1988) and assessed all possible pairs of constructs in a series of two-factor measurement models, running each model twice: once constraining the phi coefficient to 1.0 and once freeing the parameter.
A significantly lower chi-square value for the unconstrained model indicates that the two constructs are distinct. For all pairwise comparisons, the unconstrained model had a significantly better fit at conventional levels ($p < .10$), providing additional evidence of discriminant validity between constructs of the measurement models.

Appendix A presents the Pearson’s correlations and descriptive statistics of the measures. All correlations are positive and significant ($p < .05$). The correlation quantifies both the strength and direction of the linear relationship between two measurement variables. These statistically significant correlations demonstrate the presence of a relationship between our measurement items. Combining all aspects of the model evaluation described previously, we conclude that all factors in the measurement models possess both convergent and discriminant validity and that the second-order CFA models fit the data adequately. In summary, the measures possess adequate psychometric properties to ensure the quality of the results from our statistical analysis and findings.

6.3 Structural Model and Results

To test the hypotheses, we used the parsimonious structural model estimation (SME) procedure for this study. The parsimonious approach entails averaging the indicators for each construct to form manifest composites. By conducting such a procedure, the second order constructs are treated in the model as being first-order with composites of their dimensions (Morgan et al., 2004). IEC, entrepreneurial marketing, positional advantage and INV performance are second order constructs and are presented in the model as composites of their dimensions. Because the number of parameters estimated relative to sample size is a key determinant of convergence, standard errors,
and model fit, this method was critical in achieving a ratio of sample size to estimated parameter greater than five, which is necessary to attain reliable parameter estimates (Bentler, 1995). As such, composite measures were used as manifest indicators for each second-order latent construct by averaging the items of each subscale. In addition, in modelling higher order constructs, it is crucial to check visually if the additional level satisfies the t-rule of identification, e.g. the number of data variances and co-variances equals or exceeds the number of parameters to be estimated (Byrne, 2001). We checked through each construct and any structure requiring an additional constraint.

Table XVI. Structural Models

<table>
<thead>
<tr>
<th>Structural Relationships</th>
<th>Standardized Loading</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesized Relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>( H_1 ) International Entrepreneurial Culture → Entrepreneurial Marketing</td>
<td>0.93</td>
<td>17.69 ***</td>
</tr>
<tr>
<td>( H_2 ) International Entrepreneurial Culture → Positional Advantage</td>
<td>-0.02</td>
<td>-0.90</td>
</tr>
<tr>
<td>( H_3 ) Entrepreneurial Marketing → Positional Advantage</td>
<td>0.93</td>
<td>4.80 ***</td>
</tr>
<tr>
<td>( H_4 ) Entrepreneurial Marketing → INV Performance</td>
<td>0.32</td>
<td>1.32</td>
</tr>
<tr>
<td>( H_5 ) Positional Advantage → INV Performance</td>
<td>0.70</td>
<td>4.69 ***</td>
</tr>
<tr>
<td>( H_6 ) International Entrepreneurial Culture → INV Performance</td>
<td>-0.07</td>
<td>-0.44</td>
</tr>
</tbody>
</table>

Goodness-of-Fit Statistics:
\( \chi^2 \) (df) = 169.47 (78), p < .000, TLI = .96, IFI = .97, CFI = .971, RMSEA = .069

Control Variables
Degree of Internationalization → INV Performance 0.01 0.14
Firm Size → INV Performance -0.01 -0.12
Industry → INV Performance -0.04 -1.00

The fit indexes (TLI=.96; CFI=.97; RMSEA=.06) suggest the structural model demonstrates a good fit to the data (see Table XVI). Given the relatively large sample, the significant chi-square is not surprising (\( \chi^2=169.47; df=78; p<0.01 \); as might be
expected given the sensitivity of the statistic test to sample size (Bagozzi & Yi, 1988). Additionally, the squared multiple correlations are .87 for entrepreneurial marketing, .83 for positional advantage, and .88 for INV performance. Each yields a significant portion of variance explained by the predictor variables in the model, indicating our model fits the data well.

The empirical assessment of key relationships predicted in the theoretical model indicates support for five of the seven relationships examined (Figure 2). In support of H₁, the results indicate that IEC is positively associated with entrepreneurial marketing (β = .93, p < .01). This finding is consistent with the literature confirming that entrepreneurial proclivities secure higher-up coordination of marketing activities by supporting choices about how the international new venture will seek customers in effort to achieve its targeted objectives (Martin & Javalgi, 2016). Therefore, an IEC stimulates more opportunity driven and value creation activities as well as customer-focused innovation as entrepreneurial marketing strategies in hi-tech INVs.

However, an IEC proves unrelated to positional advantage (β = -.02, p > .05), failing to support H₂. While this finding contrasts with previous studies that find a positive linkage between various strategic orientations and positional advantage (Blesa et al., 2008; Hernandez-Perlines et al., 2016), IEC is not an actionable skill used to enhance and INV’s strategic position against industry peers. An IEC therefore needs to be transferred into skills that are used to create value propositions that enable INVs to develop low-cost and differentiation advantages to attract customers.
The present research reveals that entrepreneurial marketing is directly connected with positional advantage, supporting H₃ (β = .93, p < .01). Indeed, entrepreneurial marketing skills are the organizational processes to build, integrate, and reconfigure strategic management tools into value offerings to enhance positional advantage.

Moreover, while entrepreneurial marketing is positively linked to positional advantage, as per H₃, it is not linked to INV performance. Contrary to expectations, the relation between entrepreneurial marketing and INV performance shows a non-significant path failing to give support to H₄ (β = .32, p >.05). This is a surprising finding as previous empirical studies provide evidence to support the positive linkage between conventional marketing skills and international performance. However, scholars have found positional advantages mediate the relationship between marketing skills and performance (Martin et al., 2017; Zou, Fang & Zhao, 2002). Marketing skills are “the integrative processes designed to apply collective knowledge, skills and resources of the
firm to market-related needs of the business, enabling the business to add value to its goods and services, adapt to market conditions, take advantage of market opportunities and meet competitive threats” (Vorhies, 1998, p 4). With this definition in mind, marketing skills provide only the potential for superior performance; but rather their effects on performance must manifest in a low-cost position, a differentiated brand, or even both. While they are a key antecedent indirectly linked to performance, our results show that higher levels of entrepreneurial marketing skills alone do not lead to INV performance. This means that entrepreneurial marketing needs positional advantage to achieve superior INV performance.

Results also support the claim that positional advantage is a strong predictor of INV performance, therefore $H_5$ is theoretically substantive ($\beta = .70, p < .01$). This result suggests that positional advantage is an important driver of INV performance in hi-tech INVs. Therefore, the hi-tech INV needs to develop cost and marketing positional advantages to achieve market and financial performance. The relative superiority of hi-tech INVs value offering based on a positional advantage of: (i) costs, (ii) brand image, (iii) share of mind, and (iv) brand personality can lead to superior INV performance. Likewise, INVs low-cost offering based on: (i) production costs (ii) materials costs (iii) costs of goods sold, (iv) and payment and credit terms also lead to superior INV performance.

Lastly, we our results do not find support for $H_6$, as IEC is not related to INV performance ($\beta = -.07, p > .05$). This is contrary to findings of previous studies that have found a positive effect of entrepreneurship on an INV’s international performance (Jantunen et al., 2005; Zhang et al., 2009). In line with our prior discussion, IEC is not a
skillset used to directly acquire market share and generate revenues. Accordingly, an IEC therefore must be transferred into marketing skills that are used to add value to products and services of INVs, so that they possess competitive positions in the marketplace. Presumably, IEC needs entrepreneurial marketing and positional advantages to achieve superior INV performance.

Our analyses of the control variables offer some interesting findings as well. Contrary to previous studies, our results show degree of internationalization is not linked to INV performance \([\beta = .01, p > .05]\). This finding is surprising considering firms from India have expanded numerous markets across the US, Europe, South Africa and Latin America. We explain this finding that INVs’ internationalization activities are constrained by limited managerial and financial resources. By choosing to expand into many foreign markets, INVs potentially dilute their scarce resources which can negatively impact their performance. Thus, for INVs, initially concentrating their internationalization efforts on a few key markets makes sense.

The control path between firm size and INV performance is also not significant \([\beta = -.01, p > .05]\). Several studies have examined the effects of firm size on performance of INVs, and the results have been mixed to some degree (Knight & Kim, 2009; Martin et al., 2016; Zhang et al., 2016; Zhou et al., 2012). A common justification for the effect of firm size toward performance, larger firms tend to have more available resources and capabilities at their disposal. We propose in our sample that, irrespective of firm size, high-technology INVs possess comparable levels of resources and capabilities (i.e. unique knowledge, skilled human capital, etc.). Technology-oriented firms require a higher level of resources and capabilities than low technology firms (i.e.
textiles). Therefore, the effects of firm size do not have a significant impact on the ability of high-technology INVs to succeed.

Lastly, our findings show the relationship between industry effects and INV performance \([\beta = -.04, \ p > .05]\) to be not significant. Previous studies that find industry to be positively related to performance examine INVs from a broad range of industries (Zhou et al., 2012), whereas our study examines INVs from high-technology industries. In our sample, INVs are from a cluster of similar and related industries that use comparable technologies, knowledge and skills. As a result, the industry effects do not affect performance of high-technology INVs.

6.3.1 Additional Analysis for Reliability of Findings

Additional analyses were conducted to check the stability and reliability of the findings. Specifically, we performed additional analysis using cost leadership and marketing differentiation components of positional advantage as first-order constructs (Table XVII). Most of the results remain consistent with those currently reported. The results find support for \(H_1 (\beta = .93, \ p < .01)\). Similar to \(H_2\) in the initial model, an IEC proves unrelated to marketing differentiation advantage \((\beta = -.30, \ p > .05)\), cost leadership advantage \((\beta = .07, \ p < .05)\). The results also show IEC is unrelated to INV performance \((\beta = -.11, \ p < .05)\). We find additional support for \(H_3\), as entrepreneurial marketing is positively related to marketing differentiation advantages \((\beta = 1.16, \ p < .01)\) and cost leadership advantages \((\beta = .81, \ p < .01)\); and \(H_5\), as marketing differentiation advantages \((\beta = .45, \ p < .01)\) and cost leadership advantages \((\beta = .52, \ p < .01)\) are related to INV performance.
### Table XVII. Additional Structural Models

<table>
<thead>
<tr>
<th>Structural Relationships (Positional Advantage first order constructs)</th>
<th>Standardized Loading</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ International Entrepreneurial Culture → Entrepreneurial Marketing</td>
<td>0.93</td>
<td>***</td>
</tr>
<tr>
<td>H₂ International Entrepreneurial Culture → Marketing Differentiation Advantage</td>
<td>-0.30</td>
<td>-1.38</td>
</tr>
<tr>
<td>H₃ Entrepreneurial Marketing → Marketing Differentiation Advantage</td>
<td>1.16</td>
<td>5.16 ***</td>
</tr>
<tr>
<td>H₄ Entrepreneurial Marketing → INV Performance</td>
<td>0.46</td>
<td>1.68 *</td>
</tr>
<tr>
<td>H₅ Marketing Differentiation Advantage → INV Performance</td>
<td>0.45</td>
<td>3.34 ***</td>
</tr>
<tr>
<td>H₆ International Entrepreneurial Culture → INV Performance</td>
<td>0.04</td>
<td>0.24</td>
</tr>
</tbody>
</table>

χ² (df) = 175.93 (81), p < .000, TLI = .97, IFI = .96, CFI = .97, RMSEA = .064

<table>
<thead>
<tr>
<th>Structural Relationships (Positional Advantage first order constructs)</th>
<th>Standardized Loading</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ International Entrepreneurial Culture → Entrepreneurial Marketing</td>
<td>0.93</td>
<td>***</td>
</tr>
<tr>
<td>H₂ International Entrepreneurial Culture → Cost Leadership Advantage</td>
<td>0.07</td>
<td>0.35</td>
</tr>
<tr>
<td>H₃ Entrepreneurial Marketing → Cost Leadership Advantage</td>
<td>0.81</td>
<td>4.11 ***</td>
</tr>
<tr>
<td>H₄ Entrepreneurial Marketing → INV Performance</td>
<td>0.54</td>
<td>2.57 **</td>
</tr>
<tr>
<td>H₅ Cost Leadership Advantage → INV Performance</td>
<td>0.52</td>
<td>4.80 ***</td>
</tr>
<tr>
<td>H₆ International Entrepreneurial Culture → INV Performance</td>
<td>-0.11</td>
<td>-0.68</td>
</tr>
</tbody>
</table>

χ² (df) = 180.5 (95), p < .000, TLI = .98, IFI = .97, CFI = .98, RMSEA = .056

### Analysis

Interestingly, this model indicates a positive and significant relationship between entrepreneurial marketing and INV performance (β = .54, p < .05, β = .46, p < .10), which contrasts with our current findings. This provides some support for H₄. Therefore, we suggest the relationship between entrepreneurial marketing and INV performance is more complex than a direct effect. There are a few possible explanations for this finding: the effect of an intervening variable (i.e. positional advantages) that explains the relationship between entrepreneurial marketing and INV performance, in that without the relationship relies upon key linkages; or additional factors (i.e. external environment) that affect the strength of the relationship. Accordingly, further examination of this
relationship is useful to our understanding of how INVs’ unconventional marketing skills impact their success.

6.3.2 Moderating Effect of Competitive Intensity

Generally, moderation is said to occur when the effect of an independent variable on a dependent variable varies across levels of a moderating variable. Identifying and specifying relevant and important interaction effects pertaining to relations between independent and dependent variables is at the heart of theory in social science (Cohen, Cohen, West, & Aiken, 2003) and indicates the maturity and sophistication of a field of inquiry (Aguinis, Boik, & Pierce, 2001). Moderation provides researchers with the ability to enrich our understanding of relationships by establishing the conditions under which such relationships apply or are stronger or weaker. As such, moderations enable the extension of well-known relationships to contexts that the original research did not consider, and they also help provide more detailed predictions about the relationships, going beyond the simplistic argument “it depends”.
Table XVIII. Multiple Group Analysis by Competitive Intensity

<table>
<thead>
<tr>
<th>Model and Structure</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\Delta \chi^2$</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Marketing → INV Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unconstrained path</td>
<td>383</td>
<td>210</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constrained path</td>
<td>393.4</td>
<td>212</td>
<td>10.4</td>
<td>0.01 ***</td>
</tr>
<tr>
<td>Positional Advantage → INV Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unconstrained path</td>
<td>383</td>
<td>210</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constrained path</td>
<td>391.2</td>
<td>212</td>
<td>8.2</td>
<td>0.01 ***</td>
</tr>
<tr>
<td>International Entrepreneurial Culture → INV Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unconstrained path</td>
<td>383</td>
<td>210</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constrained path</td>
<td>383.4</td>
<td>212</td>
<td>0.4</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Structural Relationships

<table>
<thead>
<tr>
<th></th>
<th>Standardized Loading</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H7a Moderation Test-Group Split at the median level of Competitive Intensity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Low-Intensity Group
| Entrepreneurial Marketing → INV Performance | 0.85 | 2.82 ** |
| High-Intensity Group
| Entrepreneurial Marketing → INV Performance | 0.65 | 1.01 |
| H7b Moderation Test-Group Split at the median level of Competitive Intensity |
| Low-Intensity Group
| Positional Advantage → INV Performance | 0.19 | 0.88 |
| High-Intensity Group
| Positional Advantage → INV Performance | 0.98 | 5.30 *** |

*** p ≤ .01
** p ≤ .05
* p ≤ .10

In this dissertation, an additional analysis was required to test that competitive intensity moderates the relationships between entrepreneurial marketing and INV performance (H7a). We split our sample at the median level of competitive intensity, into a high competitive intensity group, and a low competitive intensity group (Boehe & Jimenez, 2016; Mayer, Stadler & Hautz, 2015). We then re-estimated two structural
models (Morgan et al., 2004): one in which we constrained the path between entrepreneurial marketing and INV performance to be equal across the two groups ($\chi^2=393.4; df=212; p<0.01$) and one in which we allowed the path coefficients to vary freely ($\chi^2=383; df=210; p<0.01$). A highly significant chi-square difference with a significant p-value ($\Delta\chi^2(1)=10.4, p < 0.01$) signifies much better fit for the unconstrained model, thus indicating that the relationship between entrepreneurial marketing and INV performance is different in the two groups.

As shown in Table XVII, the two-group moderator test of competitive intensity is supported in the low group, and not supported in the high group. In the low competitive intensity group, the entrepreneurial marketing and INV performance relationship is positive and significant (path coefficient = .85, t-value = 2.82, p < .05). However, in the high competitive intensity group, the entrepreneurial marketing and INV performance relationship is positive and non-significant (path coefficient = .65, t-value = 1.01, p > .05). Therefore, the results show moderation when competitive intensity is low, in the path from entrepreneurial marketing to INV performance.

Our findings are consistent with suggestions that gaps between intended and realized competences are common and caused by competitors’ actions and reactions (Day & Wensley, 1988). This can result both from competitors making unanticipated independent competitive moves and from competitors reacting to the INV’s unconventional marketing methods in ways to reduce their impact on performance. Therefore in markets with moderate levels of competition, INVs’ entrepreneurial marketing skills, on their own, have a greater impact on performance. Conversely, as competitors dedicate additional assets and increase counter moves, entrepreneurial
marketing skills are less impactful toward INVs’ success. Additionally, this finding helps explain the earlier findings on the mixed entrepreneurial marketing – INV performance relationship (see Table XVII). These findings propose the strength of the relationship can be explained to some degree by the level of industry competition.

To test that competitive intensity moderates the relationship between positional advantage and INV performance (H7b), we estimated an additional set of models. We constrained the path between positional advantage and INV performance to be equal across the two groups in one model ($\chi^2=391.2$; $df=212$; $p<0.01$) and another model in which we allowed the path coefficients to vary freely ($\chi^2=383$; $df=210$; $p<0.01$). A highly significant chi-square difference with a significant p-value ($\Delta \chi^2=8.2$, $p < 0.01$) signifies much better fit for the unconstrained model, thus indicating that the relationship between positional advantage and INV performance is different in the two groups.

The two-group moderator test of competitive intensity is supported in the high group, and not supported in the low group. In the high competitive intensity group, the positional advantage and INV performance relationship is positive and significant (path coefficient = .98, t-value = 5.30, $p < .01$). However, in the low competitive intensity group, the positional advantage and INV performance relationship is positive and non-significant (path coefficient = .19, t-value = .88, $p > .05$). Accordingly, there is moderation when competitive intensity is high, in the path from positional advantage to INV performance.

A non-significant p-value ($p > .05$) indicates that the relationship between IEC and INV performance is not different in the two groups. Therefore, there is no
moderation of competitive intensity between IEC and INV performance; H7c is unsupported.

6.3.3 Mediation Effects

In models of mediation, researchers specify relationships wherein some antecedent influences a consequence through an intervening variable. Baron and Kenny (1986) highlight the usefulness of mediation models in probing causal mechanisms: mediator explains how or why an independent variable affects the dependent variable. According to the authors, a given variable may be said to function as a mediator to the extent it accounts for the relation between the predictor and criterion.

In our study, the results propose the mediating role of entrepreneurial marketing between IEC and INV performance. Likewise, positional advantage mediates the relationship between entrepreneurial marketing and INV performance because H4 is not supported. Also, our study suggests that entrepreneurial marketing and positional advantage together mediate the relationship between IEC and INV performance.

We estimated three additional models to verify mediation (Table XIX). The first model removed the mediating paths of entrepreneurial marketing and positional advantages between IEC and INV performance. The link from IEC to INV performance increased to β = .83, p < .01. In the second model, we removed the mediating path of entrepreneurial marketing between IEC and positional advantages. The path from IEC to positional advantages increased to β = .85, p < .01. The third model removed the mediating path of positional advantage between entrepreneurial marketing and INV performance. The path from entrepreneurial marketing to INV performance increased to β = .88, p < .01. Each of the direct effects paths without mediators is significant, and
then drop out of significance when the respective mediators are added. According to the Baron and Kenny approach, the effect of the predictors on the criterion variables decreases with the inclusion of mediators. Therefore, our results support mediation.

**Table XIX. Tests of Mediation**

<table>
<thead>
<tr>
<th>Model and Structure</th>
<th>Indirect Effect Through</th>
<th>Direct Effect w/out Mediator</th>
<th>Direct Effect w/ Mediator</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEC → INV Performance</td>
<td>Entrepreneurial Marketing</td>
<td>.89 **</td>
<td>.83 ***</td>
</tr>
<tr>
<td>IEC → INV Performance</td>
<td>Positional Advantage</td>
<td>.35 **</td>
<td>.83 ***</td>
</tr>
<tr>
<td>IEC → INV Performance</td>
<td>Entrepreneurial Marketing &amp; Positional Advantage</td>
<td>.89 **</td>
<td>.83 ***</td>
</tr>
<tr>
<td>IEC → Positional Advantage</td>
<td>Entrepreneurial Marketing</td>
<td>.64 **</td>
<td>.85 ***</td>
</tr>
<tr>
<td>Entrepreneurial Marketing → INV Performance</td>
<td>Positional Advantage</td>
<td>.86 **</td>
<td>.88 ***</td>
</tr>
</tbody>
</table>

*** p ≤ .01  
** p ≤ .05  
* p ≤ .1

Additionally, mediation is established if the indirect effect is statistically significant. We tested for indirect effects using the bootstrap test implemented in AMOS by Preacher and Hayes (2004) as recommended by Zhao and colleagues (2010). Bootstrapping is a non-parametric method based on resampling with replacement which is done many times (i.e. 5000 times) (Bollen & Stine, 1990). From each of these samples the indirect effect is computed, and a sampling distribution can be empirically generated. Because the mean of the bootstrapped distribution will not exactly equal the indirect effect, a correction for bias can be made. With the distribution, a confidence interval, a *p* value, or a standard error can be determined. The path between IEC →
entrepreneurial marketing → INV performance is significant ($\beta = .89$, $p < .05$).
Likewise, mediation is supported in the IEC → positional → advantage INV performance path ($\beta = .35$, $p < .05$). The findings confirm that entrepreneurial marketing and positional advantage together mediate the relationship between IEC and INV performance ($\beta = .89$, $p < .05$). Additionally, the path between IEC → entrepreneurial marketing → positional advantage is significant ($\beta = .64$, $p < .05$). Lastly, the entrepreneurial marketing → positional advantage → INV performance path is significant ($\beta = .86$, $p < .05$). These tests provide further support for mediation as proposed in our findings.

6.3.4 Rival Models

In SEM literature there is some consensus that researchers should compare proposed models with some nontrivial rival models, derived from substantive literature, to demonstrate the superiority of the hypothesized nomological representation (Iacobucci, 2010). First, we ran a direct effect model, where IEC and the two mediators (entrepreneurial marketing and positional advantages) are directly linked to INV performance. The resulting model had a very poor fit to the data, ($\chi^2=828.88$; $df=81$; $TLI=.70$; $CFI=.77$; $RMSEA=.18$). This makes theoretical sense and supports our mediation model, as an IEC requires the development of skills and competitive positions to realize success.

Second, in order to assess the effects of changing the ordering of the constructs, we decided to run an alternative model that was not nested with the structural model. In this case, the entrepreneurial marketing and positional advantage measures were posited as exogenous variables, with IEC serving as a mediator for attaining INV performance.
The resulting model has acceptable fit ($\chi^2=247.54$; $df=77$; TLI=.93; CFI=.95; RMSEA=.09). Non-nested models can be compared by means of information criteria, which are based on algebraic elaborations of the model log-likelihood function. The most popular information criteria are Akaike Information Criteria (AIC) and Consistent Akaike Information Criteria (CAIC). Both criteria are used only in a comparative sense, with the lower values indicating better models. CAIC tends to be preferable because it considers both parsimony and sample size (Dagnino & Cinici, 2015). The information criteria of the hypothesized model (AIC=253.47; CAIC=449.022) are lower than that of the rival model (AIC=333.543; CAIC=533.751), indicating our hypothesized model as a better alternative.
CHAPTER VII
DISCUSSION AND IMPLICATIONS

In this final chapter, we elaborate on the empirical and theoretical contributions of this dissertation. Additionally, we discuss the implications of our results for practitioners and offer some thoughts as to the replicability of our findings. We also highlight limitations of this dissertation, and avenues for future research.

7.1 Empirical Contributions

The study findings support 5 of the 7 hypotheses and signify the efficacy of the measurement approaches used to capture the focal constructs. Yet, until now, there has been a lack of studies that examine whether an IEC and entrepreneurial marketing activities impact the performance of high-technology INVs. This dissertation has shed light on emerging opportunity-based constructs in the study of INVs: international entrepreneurial culture and entrepreneurial marketing. International culture has been conceptualized and operationalized, testifying to its intuitive appeal. However, empirical testing has been scant. The dearth of empirical scholarship is most pronounced with regard to its relationship with international new venture performance, and with intervening variables to explain the relationship between IEC and INV performance.
While a review of the literature leans toward the acceptance in the performance benefits of an entrepreneurial culture, to the best of our knowledge, prior examination of the IEC–INV performance relationship has been conducted in just 1 empirical study. This dissertation adds to the research dedicated to investigating the international entrepreneurial culture–international new venture performance relationship in INVs.

Similarly, entrepreneurial marketing has been conceptualized with fervor, but there is a lack of agreement as to the construct’s definition and operationalization. Additionally, research is lacking in regard to empirical testing. While the literature proposes performance benefits of entrepreneurial marketing, closer inspection reveals that this belief is supported largely by anecdotal evidence. Again, this dissertation is one of just a few studies to empirically examine the small firm marketing–performance relationship in the context of INVs.

Additionally, this study uncovered an interesting finding that both marketing differentiation-based and cost-based positional advantages are important in understanding INV performance. Scholars generally propose INVs compete primarily on differentiation-based advantages (Blesa et al., 2008), as these firms typically lack large-scale manufacturing capabilities necessary to develop low-cost positions. Our data reveals INVs compete based on differentiation positions, low-cost positions, or both. It could be that INVs in our sample aim to develop competitive advantage utilizing a focus strategy. Focus is achieved by better meeting the needs of a specific target market, or through lower costs in serving the market, or both. Studies find hybrid positions can be successful (Kim, Nam & Stimpert, 2004; Miller & Dess, 1993). While focus does not require the firm to achieve low-cost or differentiation from the viewpoint of the market as
a whole, it does achieve on one or both of these positions relative to the given target market (Porter, 1980). Therefore, INVs that follow a focus positioning strategy excel in differentiation or cost leadership, but only in regard to their target market.

To examine the performance variation associated with different competitive positions, we used a “median cut-off” criterion to define 4 different groups. All firms were ranked in descending order of differentiation-based and cost-positions. INVs that fell in the upper half were classified as differentiation-based (Group 2) or cost-based (Group 3), respectively. INVs were defined as focus-based (Group 1) if they belonged to both the differentiation- and cost-based group. INVs that fell into below the median cut-off of each position were grouped as neither a strong differentiation- or cost-based position (Group 4). These firms are referred to “stuck in middle” as they unsuccessfully try to compromise between differentiation and low-cost.
Table XX. INV Positional Advantage Group Differences

<table>
<thead>
<tr>
<th>Variable</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
<th>F-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>176</td>
<td>52</td>
<td>28</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Int'l Entrepreneurial Orientation</td>
<td>6.31 a</td>
<td>4.56 c</td>
<td>5.77 b</td>
<td>5.48 b</td>
<td>50.58 *</td>
</tr>
<tr>
<td>Int'l Market Orientation</td>
<td>6.35 a</td>
<td>5.00 c</td>
<td>5.84 b</td>
<td>5.90 b</td>
<td>34.49 *</td>
</tr>
<tr>
<td>Int'l Motivation</td>
<td>6.54 a</td>
<td>5.29 c</td>
<td>6.24 ab</td>
<td>6.06 b</td>
<td>26.27 *</td>
</tr>
<tr>
<td>Int'l Learning Orientation</td>
<td>6.32 a</td>
<td>4.81 c</td>
<td>5.84 b</td>
<td>5.71 b</td>
<td>35.32 *</td>
</tr>
<tr>
<td>Int'l Network Orientation</td>
<td>6.25 a</td>
<td>4.75 d</td>
<td>5.84 b</td>
<td>5.32 c</td>
<td>38.96 *</td>
</tr>
<tr>
<td>Opportunity Driven</td>
<td>6.45 a</td>
<td>4.85 c</td>
<td>5.84 b</td>
<td>5.81 b</td>
<td>56.57 *</td>
</tr>
<tr>
<td>Value Creation</td>
<td>6.37 a</td>
<td>5.04 c</td>
<td>5.84 b</td>
<td>5.97 b</td>
<td>30.00 *</td>
</tr>
<tr>
<td>Customer Focused Innovation</td>
<td>6.36 a</td>
<td>5.12 b</td>
<td>6.12 a</td>
<td>5.97 a</td>
<td>25.60 *</td>
</tr>
<tr>
<td>Market Performance</td>
<td>6.60 a</td>
<td>4.88 c</td>
<td>5.84 b</td>
<td>5.94 b</td>
<td>65.76 *</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>6.64 a</td>
<td>4.90 c</td>
<td>5.64 b</td>
<td>5.94 b</td>
<td>79.55 *</td>
</tr>
</tbody>
</table>

Significance of differences in variable means: p < .001


Note: small letters following mean values indicate significant differences between individual means at the 0.05 level; 'a' reflects the highest mean in a row, 'b' the second highest mean, and so forth.

A one-way ANOVA was conducted to assess the homogeneity of variance across each of the four groups. As Table XX, the INVs in Group 1 score highest among all variables, with exception of international motivation and customer focused innovation. These results are similar to Knight and Cavusgil (2005) that found the strongest entrepreneurial and technological group scored highest in differentiation and cost positions. These firms may be following a focus position that serve narrow niche markets too small to interest larger MNEs. Group 1 INVs also scored higher on market and financial performance than all other clusters (p < .05). INVs in Groups 3 and 4 are moderately entrepreneurial, scoring significantly less on most variables than Group 1, but considerably more than Group 2. They are the second best performers, scoring significantly lower than Group 1, but better than Group 2 (p < .05). Finally, INVs in
Group 4 rank the lowest of all groups in most areas. Overall, they do not appear to emphasize any major strategic orientation or marketing skill particularly well. Additionally, they rank substantially lower than any other group in both market and financial performance (p < .05).

It is noteworthy that Group 1 INVs, alone among all groups, appear to be pursuing differentiation-based and cost-based positions simultaneously. Their resultant superior performance is consistent with research indicating that such firms emphasize innovative and aggressive marketing, unique products with superior quality and design, cost-effective approaches, and tend to possess an overall entrepreneurial culture. Such approaches tend to promote financial and operational success.

7.2 Theoretical Contributions

Despite the growing importance of international entrepreneurship studies, the study of INVs has been characterized as fragmented and lacking in theoretical development. This study is an attempt to address the gap in international entrepreneurship theory on the interplay among IEC, entrepreneurial marketing, positional advantage, competitive intensity, and performance of INVs. Cast in the dynamic capabilities view and opportunity-based view frameworks, we employ the notion of IEC to explain the international success of INVs. Drawing from these theoretical perspectives, this study provides evidence of how an IEC influences the performance of hi-tech INVs. If firms possess strong IEC, they are more likely to engage in entrepreneurial ventures seeking opportunities beyond domestic borders. Due to the importance of international entrepreneurship towards the international success, INVs must develop and nurture aspects of an IEC that impact dynamic capabilities; such as
entrepreneurial marketing to create positional advantages, recognizing uncertainty in the global marketplace.

This study makes four valuable contributions to IE knowledge as a result. First, the present research contributes to the OBV-performance framework by bringing forward IEC, a holistic notion that goes beyond the customary international entrepreneurial characteristics to encompass a wide range of attitudinal aspects of entrepreneurialness of a firm abroad. We use IEC to extend and empirically prove new relationships in an integrative model to comprehend the performance antecedents of INVs.

Our study suggests that understanding INVs opportunity-based culture can help them allocate their investment in marketing activities to enhance performance. We advise that IEC enables INVs to create and capture entrepreneurial opportunities across national borders. Our results reveal how an IEC leads to opportunity-driven, value-creation, and customer-focused innovation activities in INVs. Conversely, our results indicate only when hi-tech INVs develop entrepreneurial marketing activities do they possess positional advantages in international markets. These findings have important implications for IE research as well as INVs’ decision-making. Our results provide important new insights to the discussion in IE on IEC and reveal a fresh basis to understand INVs’ opportunity exploration and exploitation.

Second, the findings highlight the interplay between entrepreneurial marketing and positional advantage to demonstrate how performance is realized. The results show that the path from entrepreneurial marketing to positional advantages enhances INV performance than the direct path from entrepreneurial marketing to INV performance. Additionally, this study elucidates how the development of entrepreneurial marketing
activities and positional advantages enhance the relationship between IEC and performance of hi-tech INVs.

Third, competitive intensity moderates the relationships between entrepreneurial marketing and positional advantages with INV performance. If competitive intensity is higher, positional advantages become a key component for INVs to enhance performance. In contrast, positional advantages and performance may not be as relevant under conditions of low competitive intensity. Under higher competition, INVs with less positional advantages are likely to see their performance impaired as customers switch to firms with greater realized advantages. In the relationship between entrepreneurial marketing and INV performance, entrepreneurial marketing has greater impact when competitive intensity is lower. Conversely, entrepreneurial marketing is not as significant when competition is greater. Thus, higher competitive intensity could require entrepreneurial marketing to leverage positional advantages for superior INV performance. However, increased competitive intensity is not useful to determine the amount of entrepreneurial marketing required for superior INV performance when positional advantages are not present as a mediator of the entrepreneurial marketing – INV performance relationship.

Fourth, the results speak to an important set of firms previously ignored in the discussion of entrepreneurial high-technology INVs. This study fills the gap of under-researched INVs from India. With this study we contribute to the call for more research focused on emerging markets. We aim to increase our understanding of Indian INVs and to analyze them with a unique conceptualization of IEC – INV performance.
Theoretically speaking, our findings suggest that, to be successful in international business, INVs should develop a mixture of activities and processes that permit them to tap opportunities to maximize their utility for international performance. The possession of an IEC involves three sets of managerial activities that distinguish dynamic capabilities, notably sensing opportunities abroad, seizing resources to capture opportunities, and transforming the firm as the environment requires (Al-Aali & Teece, 2014). Hence, in this study, we employ the DCV and OBV to illustrate how an IEC supports INVs’ international performance.

7.3 Managerial Implications

The findings of the present study have several implications for INV managers. First, an international entrepreneurial culture is a key determinant of INVs’ international success. An international entrepreneurial culture is derived from a variety of strategic orientations, which enable firms to ‘see the bigger picture’. An international vision helps INVs seek market opportunities beyond their national borders, as these firms may face limited domestic demand or find a greater need for their offerings in abroad. The entrepreneurship aspect supports their start-up drive and propensity for taking risk. The marketing aspect enables INVs to determine if there is a market for their product or service. The networking component helps INVs find partners to support their internationalization (i.e. connect with suppliers, distributors, etc.). Lastly, the learning component supports INVs knowledge base (i.e. continuous innovation, foreign markets, etc.). It is the collection of these attributes that enables INVs’ to be successful despite their limited access to resources (i.e. financial, human capital, etc.).
An international entrepreneurial culture is an important attribute for all firms, but especially young, small firms in early growth stages. Thinking beyond the here-and-now, however is not easy for many young firms. The pull of daily demands makes it hard for owners and managers to shift immediate focus, create time for reflection or to connect with different perspectives. Firms that lack an IEC tend to focus more on the present, rather than the broader and the conceptual. The danger of not having an entrepreneurial culture is that it prevents INVs from being alert to changes and emerging threats ahead of time, and to miss out on opportunities. This can have disastrous consequences for INVs’ survival and growth prospects.

INVs that possess an IEC keep an open mind to new opportunities regardless of location. Owners and managers of INVs often draw upon previous experiences abroad to alleviate concerns of the unknown and create an international vision. Entrepreneurial firms ask relentless questions in search of new knowledge. They try not to restrict thinking or doing things the same way as in the past. These firms challenge existing assumptions and listen to new ideas. Innovativeness occurs when limitations and perceived barriers are removed.

An IEC enables INV managers to develop greater understanding of the broader organization and existing business environment. They will gain a better sense of market trends and competitor activities. Then create summaries and share their point-of-views with other stakeholders to develop a proposed course of action. INVs should remain open to adjusting priorities according to new insights generated from an enhanced international entrepreneurial culture, act on early insights and be willing to change track to capitalize on presented opportunities and mitigate threats.
Additionally, firms that possess an IEC create time to speak to people both customers and competitors. Externally, get involved in industry groups, forums and conferences to uncover general systematic trends, issues and cause-effect relationships and innovation in their industry. This helps to ensure their view is not too internally focused and create additional opportunities to explore profitable opportunities. In effort to improve firm performance in international markets, INVs should develop such an organizational culture as IEC.

Second, resource limitations (i.e. limited financial resources, lack of marketing personnel) impair INVs abilities to exploit marketing potential across international borders and limit their means to compete with larger firms for similar customers using similar skills. INV managers should be aware there are major differences between traditional marketing and entrepreneurial marketing; as reflected in several marketing principles, considered to be different in entrepreneurial firms and large companies. Concept - traditional marketing is customer-oriented or market-driven (assessing market needs and developing products or services) while entrepreneurial marketing is innovation-oriented (starting with an idea and then look to create a market). Strategy - traditional marketing follows the top-down approach (defined activities as market segmentation and targeting), while entrepreneurial marketing has bottom-up approach (taking the reverse process from identifying market opportunity, targeting limited number of customers and further expanding once customers’ needs are identified). Methods - the marketing method in traditional marketing entails the marketing mix; while in entrepreneurial marketing, interactive marketing methods are applied (word-of-mouth, direct selling, etc.) as direct contact with customers is necessary. Market intelligence - in
traditional marketing, formalized research and intelligence systems are used, while entrepreneurial marketing uses informal methods such as networking with customers. INVs should understand that while they may not possess traditional marketing skills and personnel, they can develop non-conventional skills to accomplish the marketing function. As a result, marketing processes and skills in INVs seem to be simpler, more informal and more instinctive than in larger firms.

High-tech INVs should aim to create new markets through new ideas or radical innovation, which is the central reason why these firms can grow rapidly despite the high levels of uncertainty in international markets. These firms can seek co-operation with various partners in the value chain to create value together, as they work under far greater resource constraints in international markets than do established MNEs. These firms should also emphasize relationships with customers as a fundamental element in the management of the INV-market interface. INVs can passionately pursue new market opportunities, create value for themselves and customers, and develop radical innovations by focusing on potential customers latent needs.

INVs should focus on their attributes, such as the nature of the owners’ or managers’ entrepreneurial behavior and activity; or their attitudes, past experiences and expertise in marketing. In focusing on these smaller firm-specific marketing skills and processes, INVs develop competitive advantages as to thrive in turbulent markets. They can utilize current information and communication technology to further strengthen their relationships with customers, suppliers, and distributors in international markets. INVs should take advantage of their smaller size (i.e. lack of organizational inertia) to focus on
market learning proclivities to actively obtain and use intelligence more effectively than larger firms, to create positional advantages in international markets.

Our data point to the importance of managers’ closely monitoring and forecasting competitors’ strategic moves and responses to marketing strategy decisions as key decision-making input that may strengthen the link between marketing skills, and the achievement of positional advantages and international performance. Achieving positional advantage in international markets means a strong potential to generate customer demand for the firm’s offering. However, it does not guarantee that such demand will be forthcoming or that if it is, the firm will subsequently be able to fulfill it. Thus, it is possible that an advantageous market position may not lead to increased market performance.

On the potential-to-realized demand side, the purchase of the product is not guaranteed for various reasons. Environmental factors can affect this transformation through their impact on customer value perceptions and actions. These may be factors triggering unexpected changes in demand; such as, competitors’ announcements of technological breakthroughs or price reductions. As a result, target customers may decide to postpone their purchases in light of their knowledge of competitors’ developments. For example, customers may wait to see the features or price point for the competing model of equipment they were about to order. As a result, we suggest INVs be keenly aware of how potential environmental factors (i.e. competitors’ actions) affect the transformation of a positional advantage to market share and profitability in overseas markets through influencing customer needs and purchasing power. Therefore developing, and more importantly, maintaining strong positional advantages in highly
competitive markets is of vital importance to survival and growth of these global start-up firms.

Stellapps Technologies, India’s first dairy tech solutions firm developed software that enabled the reduction in hardware capital expenditures for customers. This innovation enabled the firm to create a new market that specifically targets small and medium dairy farms. The firm utilized unconventional and customer-focused approaches to develop a subscription-based pricing model that more effectively and efficiently on-boards customers. Stellapps Technologies enjoys a competitive price advantage as compared to similar established larger competitors; and is facilitating their rapid internationalization into additional emerging markets (i.e. Africa, Southeast Asia, and Latin-America). INVs can apply out-of-the-box thinking to create new products that meet an unmet need in the market place. They are able to create these new and innovative products by working directly with potential customers to gain insights into potential challenges in their business. These INVs devise solutions to solve these problems, thereby creating new market opportunities while creating value for customers across global markets.

In discussing our results for INV managers, we provide additional insight into individual resources, capabilities, and positional advantages associated with INV performance in our data. Sample-size limits precluded a comprehensive SEM analysis that involved each individual dimension of our higher-order constructs. However, a post hoc analysis provides insight into the issue. We split our sample at the median level of INV performance and examined the levels of individual strategic orientations, marketing
skills, and positional advantages observed in the high- and low-performance groups (Table XXI).

Table XXI. Above- Versus Below-Median Performing INV Profiles

<table>
<thead>
<tr>
<th>Strategic Orientations, Marketing Skills, and Positional Advantages</th>
<th>Above-Median Performer Mean (S.D.)</th>
<th>Below-Median Performer Mean (S.D.)</th>
<th>t-Value (Probability ≤)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>230</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>International entrepreneurial orientation</td>
<td>6.01 (.77)</td>
<td>4.72 (1.29)</td>
<td>7.51 (.001)</td>
</tr>
<tr>
<td>International market orientation</td>
<td>6.20 (.69)</td>
<td>5.00 (1.23)</td>
<td>7.04 (.001)</td>
</tr>
<tr>
<td>International motivation</td>
<td>6.23 (.74)</td>
<td>5.02 (1.39)</td>
<td>6.24 (.001)</td>
</tr>
<tr>
<td>International learning orientation</td>
<td>6.11 (.85)</td>
<td>5.04 (1.28)</td>
<td>5.89 (.001)</td>
</tr>
<tr>
<td>International network orientation</td>
<td>6.06 (.86)</td>
<td>4.77 (1.28)</td>
<td>7.10 (.001)</td>
</tr>
<tr>
<td>Market opportunity driven</td>
<td>6.18 (.62)</td>
<td>4.84 (1.32)</td>
<td>7.39 (.001)</td>
</tr>
<tr>
<td>Value creation</td>
<td>6.23 (.68)</td>
<td>5.12 (1.43)</td>
<td>5.65 (.001)</td>
</tr>
<tr>
<td>Customer focused-innovation</td>
<td>6.22 (.65)</td>
<td>5.26 (1.45)</td>
<td>4.91 (.001)</td>
</tr>
<tr>
<td>Product/Service Based advantage</td>
<td>6.43 (.60)</td>
<td>4.79 (1.54)</td>
<td>7.79 (.001)</td>
</tr>
<tr>
<td>Cost-based advantage</td>
<td>6.33 (.59)</td>
<td>4.86 (1.16)</td>
<td>9.25 (.001)</td>
</tr>
</tbody>
</table>

Notes: S.D. = standard deviation

The results indicate that investments in all five types of strategic orientations may lead to INV performance payoffs. Given the nature of entrepreneurial-, marketing-, international-, learning-, networking-orientations, the payoffs may increase as managers adopt these perspectives into their organizational culture. Being ahead of the competition, innovative, keeping the pulse of the market, seeing beyond national borders, and continually building social capital will individually and collectively enhance INVs prospects for sustained success.

From a marketing skills perspective, significant differences exist between the high- and low-performing INV groups for all three entrepreneurial marketing skills we examined. The larger differences in opportunity creation, value creation, and customer focused-innovation skills to INVs in each group imply that enhancing these skills may be
a priority area for investment consideration. Finally, in terms of positional advantages, our results indicate that high technology INVs can emphasize strategies that deliver either superior service and product differentiation-based positional advantages or cost-based advantages.

INVs from emerging markets that seek market acceptance for new offerings may develop cost-based advantages and initially compete primarily in emerging or less-developed markets. On the other hand, INVs that develop new technologies which result in differentiation-based advantages may decide to operate in developed markets where they can secure premium rents. However, these paradigms are evolving as customers in developed markets accept low-cost alternative solutions, and emerging markets are beginning to seek unique and innovative offerings.

An international entrepreneurial culture is important to skills development, and strategy formulation and implementation in international markets. Without it, INVs are more likely to fail, especially with regard to INVs from emerging markets coming from weak institutional contexts and resource developments. These firms need to develop mindset-based competences to address the complexities of global markets. To succeed, they need entrepreneurial intentions that can lead to new market development, value creation for the INV and its customers, innovation, and competitive positions.

Managers of entrepreneurial global start-ups that see entrepreneurial marketing and positional advantage as important to their success should consider the implications in this study. Managers and entrepreneurs who foster an IEC with their organizations are poised to develop entrepreneurial marketing skills that will significantly contribute to competitive advantages in highly competitive global markets. While scholars note the
challenges that result from INVs small size, there are inherent advantages as well. Their small size allows for greater flexibility to minimize organizational inertia that plagues many larger firms. INVs can use this flexibility as an advantage to work with would be customers across different markets, gain an understanding of their challenges, and devise solutions that both meet these would be customers’ needs and result in a new profitable business opportunity for the INV. As INVs continue to internationalize at an increasing pace, and enter markets with established competitors, the ability to meet foreign market needs more effectively than competitors become ever more important. By creating conditions within the firm that advance their entrepreneurial marketing competencies while ensuring positional advantages are in place to facilitate competence and attract customers, managers can position firms to achieve international success.

7.4 Limitations and Future Research

This study has some potential limitations. A limitation of this study is the cross-sectional research design which prohibits causal inference; temporal effects exist among IEC, entrepreneurial marketing, positional advantage, INV performance, and competitive intensity that are not accommodated within this empirical framework. Further research should be aimed at generating longitudinal data to capture dynamic influences. However, this limitation is common in studies conducted within the area of accelerated internationalization.

Second and partly related to the latter, reverse causation cannot be ruled out in the theoretical framework of this study. While we tested rival models that were found to be lesser alternatives than our hypothesized model, there is the potential for a two-way causal relationship. Our theoretical model proposes IEC causes an increase in INV
performance through entrepreneurial marketing and positioning linkages. It is possible that experiences gained from success in global markets enables INVs to develop the individual traits that make-up an IEC.

Third, data were collected among the hi-tech INVs firms of a single country -- India. Therefore, the results are limited to this specific country’s framework, and caution should be exercised in attempting to draw generalizations to other contexts. Fourth, due to the proprietary nature of the panels used by Qualtrics to collect the questionnaire data, a list of the firms is not provided. As a result, we are unable to conduct follow-up interviews on items of interest.

Fifth, a multi-industry sample was used to increase generalizability, but in doing so, the sample becomes heterogeneous, and the ability to represent a single industry was lost. Nevertheless, these multiple industries are all high-technology oriented. It is hoped that scholars will continue to contribute to this stream of research with these refinements in mind.

Future research should also study the influence of an IEC on firm innovativeness and subsequent accelerated rate of internationalization, which will enrich the INV literature as their speed of internationalization is a defining characteristic of INVs. IEC will feed the innovation activities needed to enable their rapid internationalization. Newly formed INVs in developed markets typically find a need to go abroad immediately in search of customer bases due to a saturated domestic market; whereas INVs originating from emerging markets often find limited domestic demand, which in turn necessitates their foray into global markets to seek revenues. While improving international performance is the long-term goal; INVs’ short-term motivation is to
quickly establish a presence in overseas markets to build a foundation for growth and future performance. This short-term objective is achieved by their rapid internationalization activities.

Additionally, the literature generally assumes that INVs choose relatively low resource commitment entry modes whenever they can, in order to overcome resource constraints and handle foreign risk. Nevertheless, some authors have shown that some INVs use higher commitment entry modes. Future research can benefit from the examination of how some INVs move to and use higher commitment entry modes as part of their growth strategy. Their transition from lower commitment modes (i.e. export) to FDI should not be viewed as a failure, but rather a success for these entrepreneurial global start-ups. For example, Infosys, initially began as a small information and technology services firm that exported its offerings abroad very early; then 7 years later, Infosys established FDI in the U.S. market as the firm grew into a large MNE (Upadhya, 2004). We can see that some INVs use FDI as a strategy to further facilitate and accelerate their global growth.
REFERENCES


Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. *Journal of Marketing Research, 382*-388.


APPENDIX A (QUESTIONNAIRE)

The purpose of this research study is to learn how young, small firms compete in international markets. This research is conducted by the Marketing Department at Cleveland State University. The survey will ask questions about your firm’s activities in international markets.

Participation in this research study is voluntary. You can decide not to participate in this research study. If you decide to participate, you can withdraw at any time. If you decide not to participate, you will not be penalized. If you withdraw at any time, you will not be penalized. There are no benefits to you for participation in this survey.

You are asked to complete a survey that will take 15 minutes to complete. The risks of participation are perceived to be minimal. The most likely risk is confidentiality. To minimize this risk, your responses will be confidential. We will not collect identifying information such as your name, email address or IP address.

We will keep your information confidential. All data is stored in a password protected electronic format. The results of this study will be used for scholarly purposes. The results will only be shared with Cleveland State University representatives.

If you have any questions, please contact Dominic Buccieri (216) 659-4664 or Dr. Rajshekhar Javalgi (216) 687-4757.

Please read the following: “I understand that if I have any questions about my rights as a research subject, I can contact the Cleveland State University Institutional Review Board at (216) 687-3630.”

ELECTRONIC CONSENT: Please select your choice below.

By clicking the “agree” button below:

You have read and understand the above information
You voluntarily agree to participate in this research study
You are at least 18 years of age

Please click the “disagree” button if you do not wish to participate in the research study.

agree

agree

disagree
Q1: What is your current position in the firm?  
Owner  
Manager  
Director  
Individual Contributor

Q2: How many full-time employees presently work in your business?  
Less than 10  
10 – 50  
51 – 249  
250 and over

Q3: Please indicate what type of industry sector best describes your business:  
Information technology software  
Information technology services  
Electronics  
Aerospace and aviation  
Biotechnology and pharmaceuticals  
Other

Q4: When was your firm established?.................(year)

Q5: What country did your firm originate from?  
United States  
Canada  
United Kingdom  
India  
China

Q5: When did your firm first start exporting?  
< 2 years after start-up  
2 – 3 years after start-up  
4 – 5 years after start-up  
Over 5 years after start-up

Q6: Approximately what percentage of your firm’s total sales is derived from foreign market sales?  
1 – 24  
25 – 50  
51 – 75  
76 – 100

Q7: In how many countries does your firm have activities?  
1 – 3  
4 – 6  
7 – 9  
Over 10

Q8: In regard to your firm’s three most important foreign markets, please specify the chosen mode of internationalization:  
Direct exporting  
Use of an agent or sales representative selling on a commission basis  
Use of a distributor  
Sales joint venture  
Wholly owned sales subsidiary  
Licensing
**Q9:** Please evaluate the following statements characterizing the external environment (in foreign markets):

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry competition in our foreign markets is cut-throat</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>In our foreign markets, there are many promotion wars</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>In our foreign markets, price competition is the hallmark of our industry</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>One hears of a new competitive move in our foreign markets almost every day</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>In our foreign markets, aggressive selling is the norm</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

**Q10:** Please evaluate the following statements regarding your firm’s internationalization activities:

| Statement                                                                 |
|---------------------------------------------------------------------------|-----------------|
| Successfully marketed to a chosen market abroad                           | 1 2 3 4 5 6 7   |
| Successfully entered multiple markets abroad                               | 1 2 3 4 5 6 7   |
| Entered markets abroad within a short period of time                       | 1 2 3 4 5 6 7   |
| Increased revenue from the firm’s activities abroad                         | 1 2 3 4 5 6 7   |
| Increased market share in markets abroad                                    | 1 2 3 4 5 6 7   |
| Increased customer satisfaction in markets abroad                           | 1 2 3 4 5 6 7   |
| Established a viable business due to activities abroad                      | 1 2 3 4 5 6 7   |

**Q11:** Please evaluate the following statements regarding your firm’s activities:

| Statement                                                                 |
|---------------------------------------------------------------------------|-----------------|
| We favor high-risk projects (with chances of very high return)            | 1 2 3 4 5 6 7   |
| We believe that due to the nature of the environment in our international markets it is best to achieve the firm’s objectives via bold and wide-ranging acts | 1 2 3 4 5 6 7 |
| Our firm typically initiates actions to which competitors then respond    | 1 2 3 4 5 6 7   |
| Our firm is very often the first firm to introduce new products/services, administrative techniques and operating technologies | 1 2 3 4 5 6 7 |
| Our firm typically adopts a very competitive ‘beat-the-competitors’ posture | 1 2 3 4 5 6 7   |
| In the past five years, our firm has marketed many new lines of products or services | 1 2 3 4 5 6 7 |
| In the past five years, changes in product or service lines have been quite dramatic | 1 2 3 4 5 6 7 |
| We have many routine or regular measures of customer service               | 1 2 3 4 5 6 7   |
| Our product or service development is heavily based on good market and customer information | 1 2 3 4 5 6 7 |
We have a very good sense of how our customers value our products/services

Our firm always collects information on our customers through any means
(i.e. customer surveys, customer focus groups, customer meetings)

Our firm always collects information on our competitors through any means
(i.e. reports, newsletters)

In regard to the management philosophy for firm activities in international markets,
developing an employee’s own ideas is especially encouraged to improve the firm

In regard to the management philosophy for firm activities in international markets,
top management are aware and very receptive toward employees’ ideas and suggestions

We have many formal information links established between departments/functions
involved in the activities of the firm

Our firm has many formal or informal processes that provide clear direction on
implementation of its activities in international markets

Our firm has many formal or informal processes that evaluate the effectiveness of
its activities in international markets

Our firm cooperates with competitors in joint manufacturing agreements

Our firm cooperates/participates to a very large extent with
competitors in joint research

Our firm cooperates heavily with competitors in advertising and marketing

Our firm cooperates with non-competitors (i.e. distributors, suppliers,
government) in joint manufacturing agreements

Our firm cooperates to a very large extent with non-competitors in joint research

Our firm cooperates heavily with non-competitors in joint advertising and marketing

**Q12: Please evaluate your firm’s marketing strategies in terms of:**

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>We regularly pursue untapped market opportunities regardless of budgetary or staff constraints.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>When new market opportunities arise, we respond quickly</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>We excel at identifying marketing opportunities</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>We have a passion for continually changing the way products/services are marketed</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>We are frequently one of the first in the industry to alter its marketing methods</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>We monitor and improve the approach to marketing our business</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>We expect every employee to look for ways to create more value for customers</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>Employees contribute to ideas to create value for customers</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>We continuously attempt to find new ways to create value for our customers</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>Marketing efforts reflect knowledge of what our customers want from our products/services</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>
Communicating with customers is a great way to identify innovation opportunities

Innovation is the key to achieving competitive advantage

Q13: Please rate your firm relative to your major competitors in terms of:

<table>
<thead>
<tr>
<th></th>
<th>Much Worse</th>
<th>Much Better</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand image</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Share of mind</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Brand personality</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Unit production cost</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Raw materials cost</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Payment and credit terms</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

Q14: Please evaluate the performance of your firm over the past year relative to your major competitors.

<table>
<thead>
<tr>
<th></th>
<th>Much Worse</th>
<th>Much Better</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share growth</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Growth in sales revenue</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Acquiring new customers</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Increasing sales to existing customers</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Return on Investment (ROI)</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Margins</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Reached financial goals</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX B (CORRELATIONS AND DESCRIPTIVE STATISTICS)

### Correlations and Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>S.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMP1</td>
<td>5.85</td>
<td>1.00</td>
</tr>
<tr>
<td>COMP2</td>
<td>5.71</td>
<td>1.45</td>
</tr>
<tr>
<td>COMP3</td>
<td>5.76</td>
<td>1.42</td>
</tr>
<tr>
<td>COMP4</td>
<td>5.69</td>
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207
| Variable | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 |
|----------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| FPERF1   | 6.01 | 1.07 | 0.36 | 0.33 | 0.33 | 0.33 | 0.42 | 0.49 | 0.56 | 0.40 | 0.47 | 0.49 | 0.48 | 0.48 | 0.50 | 0.48 | 0.42 | 0.42 | 0.47 | 0.49 | 0.50 | 0.43 | 0.46 | 0.46 | 0.44 | 0.45 | 0.41 | 0.52 | 0.49 |
| FPERF2   | 5.95 | 1.12 | 0.30 | 0.34 | 0.34 | 0.27 | 0.37 | 0.44 | 0.49 | 0.38 | 0.44 | 0.44 | 0.47 | 0.49 | 0.50 | 0.45 | 0.45 | 0.42 | 0.50 | 0.40 | 0.41 | 0.38 | 0.42 | 0.41 | 0.37 | 0.45 | 0.45 |
| FPERF3   | 5.97 | 1.13 | 0.36 | 0.42 | 0.38 | 0.48 | 0.44 | 0.44 | 0.53 | 0.58 | 0.44 | 0.51 | 0.50 | 0.46 | 0.47 | 0.54 | 0.54 | 0.41 | 0.41 | 0.50 | 0.48 | 0.51 | 0.42 | 0.45 | 0.44 | 0.48 | 0.50 | 0.50 | 0.46 |
| FPERF4   | 6.08 | 1.06 | 0.35 | 0.44 | 0.33 | 0.39 | 0.43 | 0.53 | 0.57 | 0.43 | 0.49 | 0.45 | 0.48 | 0.55 | 0.53 | 0.53 | 0.44 | 0.46 | 0.45 | 0.51 | 0.50 | 0.41 | 0.43 | 0.50 | 0.52 | 0.53 | 0.53 | 0.53 | 0.51 |

Correlations and Descriptive Statistics (continued)

For all correlations p < .05