INTERNATIONAL OPPORTUNITY ENACTMENT BY SMALL AND MEDIUM SIZED ENTERPRISES IN THE UK

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This thesis is the result of the author's original research. It has been composed by the author and has not been previously submitted for examination, which has led to the award of a degree.

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Abstract

International opportunity is a burgeoning theme in international entrepreneurship research evolving through cross-fertilisation of entrepreneurial opportunity and international business research. A majority of exploratory work on international opportunity recognition or creation stems from the conceptual extensions of entrepreneurship literature. This study addresses recent calls (Mainela et al., 2014; Muzychenko, 2011; Schweizer et al., 2010) for advancing research on international opportunity enactment by small and medium-sized enterprises (SMEs). In this study, two theoretical perspectives of the theory of planned behaviour and the dynamic capability framework are applied to investigate whether or not, and the extent to which, the key decision maker's cognitive attributes and the firm's dynamic capabilities influence international opportunity enactment. The United Kingdom, as a developed economy with many internationalised SMEs, provided a vibrant context in which to conduct this study.

International opportunity enactment is defined as the act of seizing international opportunities. In this study, international opportunities include opportunities for international market entry, new products/services development for international markets, and new process development for international markets. The study proposes that if an SME has high learning, relational, and innovation capabilities and its key decision maker has a positive attitude, intention, and self-efficacy, then the SME is more likely to enact international opportunities.

This study adopted a mixed method research approach collecting and analysing both quantitative and qualitative data. First, a survey was conducted on a representative sample of ninety-one exporting SMEs within the UK. Quantitative data analysis was

conducted through Partial Least Squares (PLS) structural equation modelling. The findings were then triangulated with qualitative data collected from five case studies. Data from the case studies was analysed in a deductive manner to evaluate the findings of the quantitative data analysis. The results of the analyses indicated that a key decision-maker's self-efficacy and a firm's learning and innovation capability can exert a positive influence on international opportunity enactment. The decision maker's positive attitude and intentions are common attributes among participants regardless of the magnitude of international opportunity enactment. Additionally, a firm's high relational capability supports creating new international relations, but in highly committed relations firms tend to serve existing international customers rather than taking up more international opportunities.

The originality of this study lies in its effort to integrate insights from the management literature with that of the entrepreneurship literature in the thematic area of international opportunity. It highlights the role of firm-level capabilities alongside the individual key decision maker's cognitive attributes as the drivers of international opportunity enactment. The findings of the study contribute to three specific areas of scholarship within international entrepreneurship: (1) international opportunities: it identifies four factors that positively influence international opportunity enactment with supportive empirical evidence; (2) the dynamic capability framework: it shows that the dynamic capability literature is well suited to explain the enactment of international opportunities; and (3) the theory of planned behaviour: here the study shows that in contrast to the present understanding, the attitude and intention of the key decision makers have very little influence on the enactment of international opportunities. In the light of the findings, and given the limitations of the study, some

areas for future research are offered. The study also proposes some managerial implications that can help SMEs in their internationalisation journeys.

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Finally, I must acknowledge the love and kindness of my parents, my siblings and especially my wife, Mousume Mamun without whose unwavering support this study would not have been possible. The support of my family throughout the research process was priceless and together we shared the same aim in generating this thesis.

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List of Abbreviations

AVE: Average Variance Extracted

C&I: Constellation and Investment

CBSEM: Covariance Based Structural Equation Modelling

CEO: Chief Executive Officer

CMV: Common Method Variance

D&B: Dun and Bradstreet

DC: Dynamic Capability, DCs: Dynamic Capabilities

df: Degrees of Freedom

EAO: Entrepreneurial Attitude Orientation

EC: European Commission

EFA: Explanatory Factor Analysis

EM: Expectation-Maximisation Method

EO: Entrepreneurial Orientation

ESE: Entrepreneurial Self-Efficacy

GSE: General Self-efficacy

IB: International Business

IE: International Entrepreneurship

IEC: International Entrepreneurial Culture

IEO: International Entrepreneurial Orientation

IJV: International Joint Venture

IK: Internationalising Knowledge

IMP: Industrial Marketing and Purchasing Group

INV: International New venture

IO: International Opportunity, IOs: International Opportunities

KIBS: Knowledge Intensive Business Services

KMO: Kaiser-Meyer-Olkin

KSA: Knowledge, Skills, and Abilities

LO: Learning Organisation

MCAR: Missing Completely at Random

MD: Managing Director

ML: Maximum Likelihood

MLMV: Measured Latent Method Variable

MNE: Multi-national Enterprise

MSP: Managed service Provider

MTMM: Multitrait-Multimethod

OL: Organisational Learning

OLC: Organisational Learning Capability

OLS: Ordinary Least Square Regression

PAF: Partial Axis Factoring

PBC: Perceived Behavioural Control

PCA: Principal Component Analysis

PLS-SEM: Partial Least Squares Structural Equation Modelling

QAS: Questionnaire Appraisal System

R&D: Research and Development

RBV: Resources Based View

SCT: Social Cognitive Theory

SEM: Structural Equation Modelling

SME: Small and Medium size Enterprise

TPB: Theory of Planned Behaviour

TRA: Theory of Reasoned Action

UKTI: United Kingdom Trade and Investment

ULMC: Unmeasured Latent Method Construct

VIF: Variable Inflation Factor

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Chapter 1: Introduction

1.1 Introduction

This thesis investigates international opportunity enactment by small and medium-sized enterprises (hereafter SMEs) in the UK. International opportunity (hereafter IO) is a fundamental concept in the domain of international entrepreneurship (hereafter IE) and is a useful abstraction to the SMEs. So far, scholarly developments on the topic have focused on the characteristics of the entrepreneur that support discovery and effectuation of IO. There is little research that examines the role of both the key decision maker's cognitive attributes and the firm's dynamic capabilities on the enactment of IO, even though IE is considered as a firm-level phenomenon. The present study seeks to fill this gap in the literature. The following sections explain the background, research gaps, and the originality of the study followed by an outline of the research aim and objectives, research design, and a summary of the structure of the thesis.

1.2 Background to the Study

Over the last two decades, IE research has evolved as a unique field of enquiry that recognises the entrepreneurial aspect of SME internationalisation (Ruzzier et al., 2006). Scholars (Oviatt and McDougall, 1994; Oviatt and McDougall, 2005; Jones et al., 2011) consider that the discovery and enactment of IO is a central theme in the emerging paradigm of IE. Zahra and George (2002, p. 261) define IE as the *"process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage".* Oviatt and McDougall (2005, p. 540) broadened the concept of IE and defined it as *"the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—*

to create future goods and services". These definitions suggest that IE is the act of IO enactment. Scholars (Dimitratos and Jones 2005; Zahra, Korri, and Yu 2005; Oviatt and McDougall 2005) have called for more research on opportunity identification in international settings suggesting that such research is fundamental for the development of the field. This study sits within IE research and focuses on the phenomenon of 'IO enactment' by SMEs. The UK SMEs provide the context of the research.

As the research on SME internationalisation has matured over the last two decades (Wheeler et al., 2008), SMEs in the UK have become more familiar to the concept of IO. Within the post-recession UK, there is a growing recognition that foreign markets offer great potential for SMEs. A UK Government department, UK Trade and Investment (UKTI), reports that only 20% of UK SMEs are involved in international activities, which is lower than the European Average of 25% (UKTI URN 11/903, 2011). Within the European Union, there is a drive to help SMEs seize IO and a comprehensive report looks at the opportunities of internationalisation of European SMEs (EC, 2011). Wilson (2007) suggests that improved technology, communication, globalisation, and better business education have opened up international opportunities to SMEs within Europe. It is her belief that "*Certainly those firms which are growth oriented can benefit tremendously from pursuing larger and new niche markets, exploiting scale and technical advantages, upgrading of technologies or lowering and sharing costs, including R&D costs. Pursuing international opportunities is also a way of spreading risk and can also improve access to finance. Substantial knowledge and capabilities are also gained in the process, greatly enhancing the competitiveness of the firm.* (p.46)" Achieving these

substantial benefits necessitates the enactment of IO, and therefore it is an important concern to the SMEs.

Several researchers have stressed the importance of studying IO and notable research development on IO can be tracked from 2009 onwards. Jones et al. (2011) present the domain ontology of IE in which the authors identify only six articles relevant to IO. The IO theme is further divided into an opportunity, discovery and effectuation stream, demonstrating the influence of entrepreneurship literature on this topic. In entrepreneurship research, there is a rich and highly fragmented discussion of the 'recognition', 'discovery', 'creation', and 'enactment' of entrepreneurial opportunities (Sarasvathy et al., 2010). This study focuses on the 'enactment' of IO as the act of seizing international opportunities. A review on IO offered by Mainela et al. (2014) suggests that scholarly discussions on IO can be tracked back from Birkinshaw (1997), although some of the papers the authors included in their review are not specifically focused on IO. A recent paper by Chandra et al. (2014) suggests that despite the progress on IO research, it is still at an early stage of scholarly development.

Prior to discussing the gaps, it is necessary to clarify how SMEs are defined in this study. The definition of SMEs is not consistent across different countries. For example in the USA, SMEs are firms with less than 500 employees, while in Japan they have less than 300 employees. European Union legislations (cf. 2003/361/EC) consider the annual turnover as a defining factor limiting it to ≤ € 50 million per annum for SMEs. SMEs are defined as firms with less than 250 employees (BIS, 2010; Key Note, 2010). This study does not consider the annual turnover when defining SMEs and follows the number of employees' criterion. However, micro

firms with less than ten employees are not included in the study. Additionally, the study concerns SMEs that are not only exporting, but also have internationalised by making further resource commitments to international markets.

1.3 Research Gaps

Despite the progress in IO research over the last few years, the scholarly understanding of IO is still in its embryonic stage. This study examines five specific research gaps in the IO literature as outlined below:

1. The influence of a key decision maker's cognitive attributes: Milanova and Maissenhalter (2015) note that the cognition of key decision makers is a key research area in IE. They called for further research on entrepreneurial cognition in IO research. The first gap within the cognitive research is that at present there are a number of papers discussing the decision maker's attitude, intention and self-efficacy before IO is identified. There is limited insight on whether these attributes drive the enactment of IO. The scholarly development on the role of entrepreneurial cognition before IO identification can be traced back from the work of Zahra, Korri, and Yu (2005). Later, Chandra et al. (2009) and Muzychenko (2009) have examined multiple cognitive traits of the entrepreneur of internationalised SMEs. Chandra et al. (2009) studies the 'international entrepreneurial alertness' and 'willingness to search for IO' in entrepreneurs. Muzychenko (2011) applies the Theory of Planned Behaviour (hereafter TPB) (Ajzen, 1991) to examine the cognitive attributes of the entrepreneurs. She identifies 'cross-cultural competence' as an antecedent to IO recognition. The concept of 'cross-cultural competence' is developed upon the concept of entrepreneurial self-efficacy (Krueger et al., 2000). Other scholars (Acedo and Florin, 2006; Sommer, 2010) suggest that a positive attitude leads to

international entrepreneurial intention which may in turn support IO identification. Muzychenko and Liesch (2015) further clarify that attitude and intention can lead to knowledge acquisition and network development to overcome the barriers of internationalisation. All these studies focus on a phase that leads to IO recognition and do not look into the influence of cognitive attributes on IO enactment, which is the first research gap this thesis attempts to address.

2. The influence of a firm's dynamic capabilities: Prange (2015) notes that the Dynamic Capability (hereafter DC) view is notable in IE research, and there are a number of conceptual and empirical challenges in the DC-IO relationship that need to be met. Peiris et al. (2012) also suggest that scholarly attempts to explain IE with support of the DC framework have a number of limitations. One of the most important gaps in the IE literature is whether DC influences the enactment of IO. Because a majority of the IO literature focuses on the entrepreneur, the firm-level DCs are not considered as important drivers in the IO literature. Recently, Teece (2014) provided a strong argument that firms seize IOs with the DCs. A number of other scholars (Sapienza et al., 2006; Weerawardena et al., 2007; Mathews and Zander, 2007; Schweizer et al., 2010) have called for investigation into the role of DCs on IO. Prange (2015) suggests that an individual international entrepreneurial capability can drive IO recognition and it is different from firm-level DCs. However, Teece (2014) argues that firm-level DCs are the drivers of sensing and seizing opportunities. These discussions indicate the role of DC in IO enactment which remains an important question in IE research, and one that deserves to be addressed in more depth. This is the second gap this thesis attempts to address.

3. Identification of specific DCs: In relation to the above research gap, it is necessary to determine which types of DC may exert a positive influence on IO enactment. In international business (hereafter IB) research, Schweizer et al. (2010) posit that entrepreneurs seize IO with a dynamic entrepreneurial capability. A number of IE scholars (Schweizer et al., 2010; Evers, 2011; Prange, 2015) have conceptualised entrepreneurial capability much differently from the strategic management literature. Evers (2011) considers an individual entrepreneur's capability as firm-level DC, assuming that for small entrepreneurial firms the entrepreneur and the firm are the same. Herein lies a gap in IE research regarding the specific types of DCs that can exert positive influences on IO enactment. Newbert (2007) and Dimitratos et al. (2013) particularly draw attention to an understudied issue when they argue that there are many types of capabilities and it is important to understand which capabilities may relate to IO enactment.

The IE literature can be informative in identifying these capabilities. The study considers firm-level learning, relational, and innovation capabilities at this instance. Entrepreneurship literature has highlighted the role of entrepreneurial learning (Cope, 2003; Lumpkin and Lichtenstein, 2005), the social ties of the entrepreneur (Mort and Weerawardena, 2006), and entrepreneurial creativity (Ardichvili et al., 2003) in relation to opportunity recognition. These concepts are incorporated in IE research, and Dimitratos and Plakoyiannaki (2003) in particular conceptualise the International Entrepreneurial Culture (hereafter IEC) which consists of similar concepts of learning orientation, networking orientation, and innovation propensity. Dimitratos et al. (2012) provide a robust scale to measure IEC, in which they have identified the importance of learning, networking, and innovation sub-cultures along with other cultural components. Gabrielsson et al. (2014) further developed research

on IEC and conducted longitudinal case studies of four Finnish firms. These authors have emphasised the relative importance of learning, networking, and innovation in exploiting IO. The DC literature is also informative about a firm's capabilities (Subramaniam and Youndt, 2005; Blomqvist and Levy, 2006; Lin, 2008). The difference between these types of firm-level DC and the entrepreneurial DC Prange (2015) discusses is notable in the unit of analysis. IO research grounded in the entrepreneurship studies have examined the entrepreneur and have not studied the influence of firm-level DC. Thus, there is a gap in IO literature regarding the specific DCs that may relate to IO enactment. This thesis attempts to fulfil this gap by examining the influence of firm-level learning, relational, and innovation capability on IO enactment.

4. The joint influence of the key decision maker and the firm on IO enactment: The IO literature has so far examined the influence of the entrepreneur's cognitive traits (Chandra et al., 2009; Muzychenko, 2009) and social and formal ties (Mainela and Puhakka, 2009; Ellis, 2010; Kontinen and Ojala, 2011) on the recognition and creation of IO. These scholars have not studied the firm-level influence on IO hence there is a gap in the literature. Etemad and Wright (2003) suggest that IE research can benefit from examining the joint role of the entrepreneur and the firm on the internationalisation process. Just as IO literature has so far ignored the firm-level attributes, internationalisation theories (Johanson and Vahlne, 1977, 2009) have overlooked the role of the entrepreneur. Previously, Ibeh and Young (2001) have examined the relationship between both top management and firm factors with positive export behaviour, but such studies are missing from IO literature. This study attempts to address this gap by taking both the key decision maker and the firm as two units of analysis.

5. Identifying the outcomes of IO enactment: Entrepreneurship research has traditionally considered new venture creation as the outcome of entrepreneurial opportunities (Gartner, 1985). IE researchers have discussed new types of firms such as International New Venture (INV) and Born Global as the outcomes of IE (Ruzzier et al., 2006). Apart from new venture creation opportunities the strategic entrepreneurship literature recognises opportunity by developing new products, new services, new production techniques, new operating practices, new delivery techniques of products and services, new ways of informing customers, new ways of managing relationships within the organisation, and new ways of managing relationships between organisations (Wickham, 2006). Milanova and Maissenhalter (2015) call for further research on the relationship between the key decision maker's cognitive attributes and firm-level outcomes. Thus, it is critical to identify the outcomes of IO to examine the relationship between the key decision maker's cognitive ability and the firm's DC and IO enactment. Recent DC studies (Teece, 2007; Al-aali and Teece, 2013) discuss opportunity, but what type of opportunity these papers are concerned with is not very clear. This limitation is evident in the recent attempt by Faroque (2015), who measures IO recognition without clarifying what these opportunities are. There remains a gap in the IO literature regarding the outcomes of IO enactment. Building upon the strategic entrepreneurship literature, this study examines three outcomes of IO enactment: international market entry, product/services development for international markets, and new process development for international markets. It attempts to examine these outcomes building upon relevant literature from the entrepreneurship literature.

1.4 Originality and Potential Contributions of the Study

Extant IO research is embedded in entrepreneurship research and Jones et al. (2011) put it rightfully in the entrepreneurship thematic area within the domain of IE. Subsequent development within this thematic area consistently depends on the parent entrepreneurial opportunity literature (Mainela et al., 2014). IO research continues the recognition-creation debate of entrepreneurial opportunity and considers the entrepreneur as the only unit of analysis. To date IO research has avoided firm-level influence of IO enactment. Two characteristics of the extant IO literature are evident: scholars have not examined the firm-level attributes in relation to IO and they have avoided strategic management literature in explaining IO enactment. Instead of focusing on recognition or creation it examines the enactment of IO. It introduces firm-level capabilities to IO research and brings in strategic management literature to the thematic area. It is essential to note that IE research has received much interest from international management and international marketing scholars, and the inclusion of organisational perspectives can be a welcome addition to present research on IO.

By examining the relationship between the key decision maker's cognitive attributes and IO enactment, this study also contributes to current TPB literature. The IE literature recognises the possible role of the cognitive attributes of the entrepreneur in IO recognition and exploitation (Zahra et al., 2005). The TPB literature (Ajzen, 1991) has contributed to the scholarly understanding on entrepreneurial opportunity identification (Krueger et al., 2000; Kolvereid and Isaksen, 2006; Kautonen et al., 2013b) in entrepreneurship literature. In IE research, Muzychenko (2011) has proposed that cross-cultural competence of the international entrepreneur can be influential in IO recognition. Muzychenko (2009) also argues that attitude, intention,

and cross-cultural competence of the international entrepreneur may influence IO recognition. However, her work, like that of Chandra et al. (2009) and Ellis (2010), does not discuss if the international entrepreneur acts upon the IO. Therefore, these studies are largely confined to IO recognition. It is not known if attitude, intention, and self-efficacy have any role in the enactment of IO. Examining these relations shall contribute to the TPB literature by linking it with IO. It will also provide a better understanding of the role of the key decision maker in IO enactment.

In terms of the relationship between firm-level capabilities and IO enactment, recent developments in IE literature show a growing recognition of the connection between the two (Al-Aali and Teece, 2013; Teece, 2014; Gabrielsson et al., 2014). DC literature has consistently promoted the idea that organisations seize IO with their organisational capabilities. While examining the connection between IO enactment and DC, the study seeks to advance the discussion on DC. The scholarly discussion on the nature of DC can be advanced by examining three distinct capabilities (learning, relational, and innovation) together. Again, the outcome of DC is traditionally superior performance, which does not clearly indicate opportunity enactment as an outcome. To date, studies on DC are conducted on performance, competitive advantage, sustained performance and sustained competitive advantage as the outcomes of firm-specific capability (Newbert, 2007). This study aims to contribute to the DC literature by examining the DC-IO relationship. Finally, the findings of the study can be supportive to the practitioners in their endeavours to enact IO. In the following section the aim and objectives of the study are presented.

1.5 Aim and Objectives of the Study

In the context of the UK, this study seeks to enhance our understanding of the relationship between SMEs' international opportunity enactment, on the one hand, and their dynamic capabilities and key decision makers' cognitive attributes on the other hand.

Based on this main aim, the study follows three specific objectives:

- To investigate the extent to which both the key decision maker's cognitive attributes and SME's dynamic capabilities positively influence the enactment of IO.
- To examine whether the key decision maker's attitudes, intentions, and self-efficacy positively influence IO enactment.
- To examine whether the firm's learning, relational, and innovation capabilities positively influence IO enactment.

Based on these objectives, the following research questions are proposed:

1. What are the influences of the key decision maker's cognitive attributes and the firm's dynamic capabilities on IO enactment?

Three types of international opportunities are examined in the study: opportunity of foreign market entry, opportunity of new products/services development for international markets, and opportunity of new process development for international markets. The focus is on exploring the way the key decision maker and the firm relate to IO enactment. This question shall be answered in conjunction with the two other research questions that specify which particular attributes of the key decision maker and the firm this study investigates.

2. What is the relationship between the key decision maker's attitude, intention, self-efficacy and IO enactment?

This question explores the first aspect of the IO enactment phenomenon adopting the Theory of Planned Behaviour (TPB) as a theoretical perspective. According to TPB, behavioural attitude and intention can predict behavioural outcome. Additionally, self-efficacy is a cognitive attribute that is related to behavioural outcomes. Thus, the question seeks to know if the key decision maker's cognitive attributes influence the firm's IO enactment. To answer this question, the study shall use instruments from extant TPB literature and determine the connections adopting a mixed method approach.

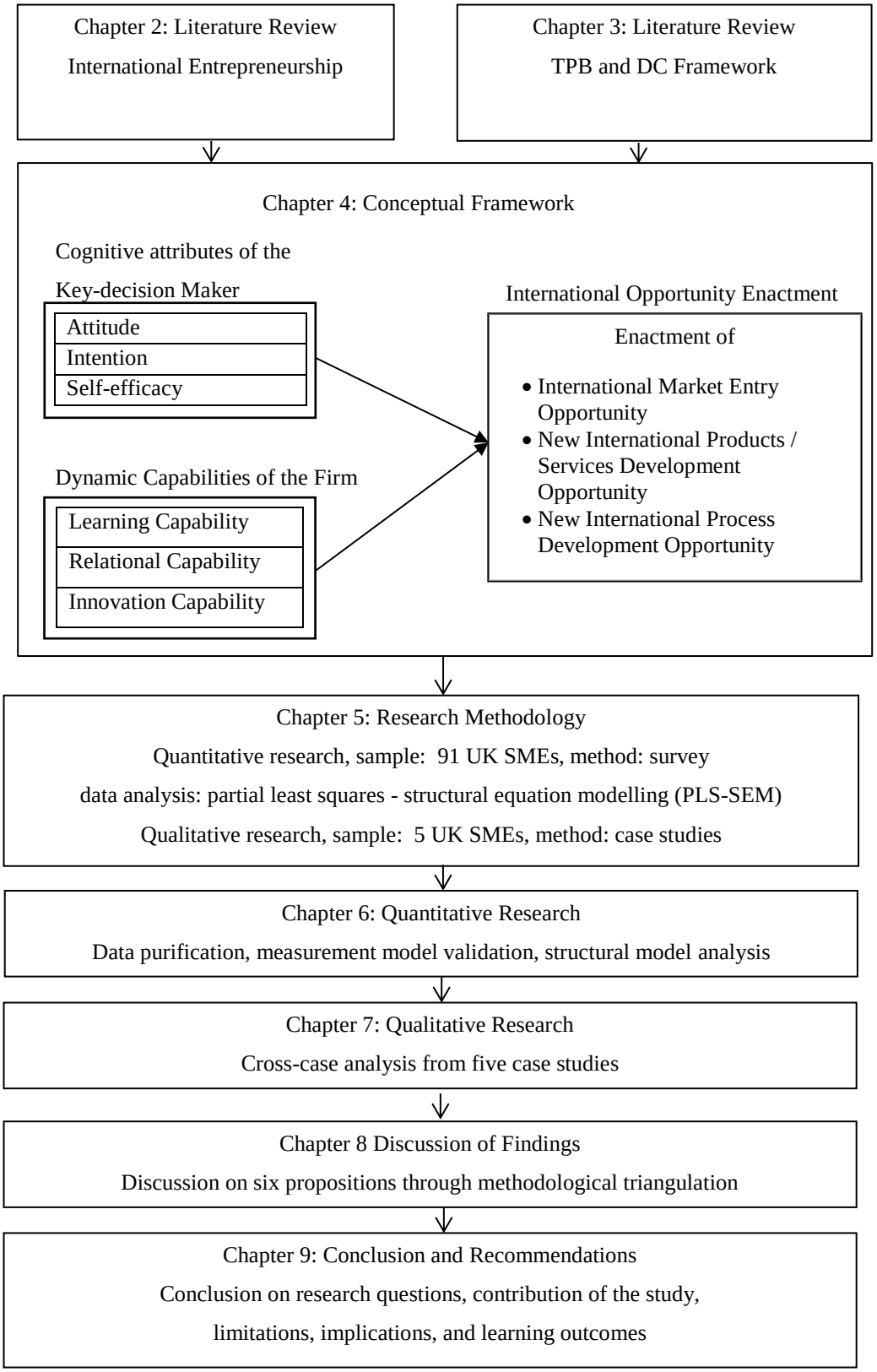
3. What is the relationship between the firm's learning, relational, innovation capability and IO enactment?

This question explores the second aspect of the IO enactment phenomenon adopting the DC framework. According to DC, firms seize opportunities with their capabilities. Advancing the argument further, this study expects the learning, relational, and innovation capabilities to be three types of dynamic capabilities that firms deploy to enact market entry, product/service development, and process development opportunities. To answer this question, the study shall use instruments from extant capability literature and determine the connections adopting a mixed method approach. Qualitative and quantitative data shall be triangulated to gain additional knowledge on the subject.

1.6 Research Design

Based on the review of the IE, TPB, and DC literatures, the study proposes a conceptual framework connecting the cognitive attributes of the key decision maker and the three firm-level capabilities with IO enactment. Then a mixed method approach is used to examine the conceptual model. In the first instance it examines six propositions from the conceptual framework by adopting a Partial Least Squares structural equation modelling (PLS-SEM) technique. Data collected from 91 internationalised SMEs from all over the UK through both online and mail surveys are used in the analysis. The research outcomes are the structural models that indicate the relative influence of the key decision maker's attitude, intention, self-efficacy and firm-level learning, relational, and innovation capability on IO enactment. Secondly, it conducts five case studies and collects rich information on the relationships. The triangulation of quantitative and qualitative data allows the evaluation of the findings. The research design is presented in Figure 1.1.

Figure 1-1: Research Design



1.7 The Structure of the Thesis

This thesis is structured in nine chapters, including this introduction .

Chapter 2 - Literature Review, International Entrepreneurship: This chapter reviews the extant IE literature. Beginning with a brief discussion of the internationalisation theories it then proceeds to the developments of IE, before discussing the thematic area of IO. Scholarly articles discussing IO are reviewed and the gaps are identified. Finally, the entrepreneurial opportunity literature is reviwed to gain a better understading of the developments in the parent discipline of IE.

Chapter 3 - Literature Review, TPB and DC Framework: This chapter starts with the review of TPB literature. Three components of the TPB (i.e. attitude, intention, and self-efficacy) are thoroughly reviewed. Then, the DC framework is reviewed discussing its recent developments. Furthermore, learning, relational, and innovation capabilities are critically analysed. The chapter concludes by preparing the base for the conceptual framework.

Chapter 4 - Conceptual Framework: This chapter presents the core model that guides the research project. It is proposed that the key decision maker's cognitive attributes and firm-level dynamic capabilities exert positive influence on the outcomes of IO enactment. The three types of international opportunities are international market entry, new product/service development for international markets, and new process development for international markets.

Chapter 5 - Methodology: First, an overview of the philosophical discussions in IB and entrepreneurship literature is provided then, secondly, the ontological,

epistemological and methodological positions of the study are discussed. Thirdly, in the research methods, the survey and case study methods employed in this study are justified. For each method, the sampling criteria, questionnaire development, management of errors, and data analysis techniques are discussed.

Chapter 6 - Quantitative Data analysis: In this chapter, the data collected from 91 respondents is introduced and key features of the respondents are presented. The chapter discusses the data scrubbing procedure that includes identifying out-of-range values, cases with missing data, non-response bias, common method variances, and collinearity assessment. An exploratory factor analysis is conducted with principal axis factoring and oblique rotation to retain the factors necessary for the measurement model analysis. In the measurement model analysis section, the procedure and the results of the measurement model analysis are reported, detailing the specifics of all the steps of the procedure. Statistics indicating composite reliability, convergent validity, and discriminant validity are discussed. In the structural model analysis section, the procedure and the results of the structural model analysis are reported, detailing the specifics of all the steps of the procedure.

Chapter 7 - Qualitative Data analysis: In this chapter, a cross-case analysis of the five case studies is presented. It begins with a brief description of the five cases provides a contextual understanding of the SME then moves onto discussing the qualitative findings on the relationship between TPB, DC and IO enactment. Thirdly, the key decision makers' attitude, intention, and self-efficacy are discussed with the support of verbatim data. Finally chapter 7 discusses the three firm-level capabilities: learning, relational, and innovation.

Chapter 8 - Discussion of Findings: This chapter discusses the six propositions presented in the conceptual framework. Triangulation of quantitative and qualitative data indicates that propositions related to attitude and intention are not supported. The proposition related to the relational capability is partially supported. The propositions related to the key decision maker's self-efficacy and the firm's learning and relational capabilities are fully supported.

Chapter 9 - Conclusion and Recommendation: This final chapter precisely discusses how the research aim and objectives are met. It additionally explains the contributions of the study to three specific areas of IE, TPB, and DC before presenting the limitations of the study. The implications of the study for future IO research and managerial practice are also stated. Finally, the learning outcomes of the study are discussed and a conclusion is drawn.

Chapter 2: Literature Review, International Entrepreneurship

2.1 Introduction

This chapter examines IO in light of internationalisation and entrepreneurship literatures. The objective is to gain an understanding of the present state of research on IO and to identify gaps in the literature. The chapter is organised in three sections. The first section is comprised of reviews of internationalisation theories that help to synthesise present IE research. Section two features reviews of the IO literature within the IE research to determine the gap in the IO literature and finally, entrepreneurial opportunity literature is reviewed as a parent discipline of IO research.

2.2 Internationalisation Theories

Research on IB has developed since 1959 and over the last 50 years, the academic discipline has matured substantially (Aharoni and Brock, 2010). According to Rugman et al. (2011) the field has shifted its focus from country level analysis to multinational enterprises gradually focusing on firm-specific advantages. Mtigwe (2006) categorises the chronological development in IB literature into four streams of thoughts: Classical Theories, Perfect Competition Based Theories, Imperfect Competition Based Theories, and Internationalisation Theories. The fourth and final stream covers three theoretical perspectives i.e. Incremental Internationalisation Models (Johanson and Vahlne, 1977), Network Theory (Johanson and Mattson, 1988), and International Entrepreneurship (McDougall and Oviatt, 1994) and these are discussed briefly in the following paragraphs.

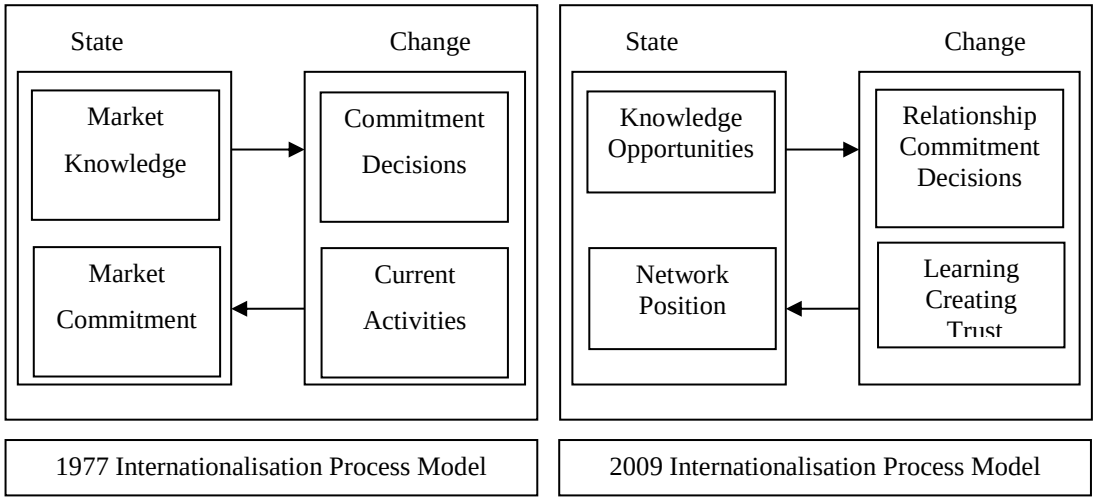
Incremental internationalisation models include a number of 'stage' models that explain the phenomenon of firm internationalisation with the common view that

international market entry is a sequential, 'staged' process. The theoretical developments are largely associated with the Scandinavian scholars from Uppsala University, Sweden (Johanson and Vahlne, 1977) and the Helsinki School of Economics, Finland (Luostarinen, 1979). In the common form, stage models suggest that internationalisation is a cumulative, path dependent, and sequential process that progresses in relation to a firm's international experience and knowledge base (Johanson and Wiedersheim, 1975; Johanson and Vahlne, 1977, 1990). The stages can be seen as a "chain of establishment" (Coviello and McAuley, 1999). In incremental internationalisation theory, firms are seen to enter foreign markets that are physically and psychologically close to their home countries (Johanson and Vahlne, 1977). Knowledge has an implicit role in this 'psychic distance' of the firm (Casillas et al., 2009). Knowledge is also influential in the 'chain of establishment', which suggests that firms increase their degree of commitment as they learn more about foreign markets. Early incremental internationalisation models reject unsystematic, or ad hoc internationalisation as those approaches imply opportunistic behaviour (Yip, Biscarri, and Monti, 2000). Andersen (1993) distinguishes different stage theories between 'Uppsala Model' (U-Model) and 'Innovation-related Model' (I-Model). Among these, the Uppsala Model (Johanson and Vahlne, 1977, 1990, 2006, 2009) has evolved over the years and the 2009 version incorporates 'opportunity' in the model, which is insightful for this study.

The recent Internationalisation Process Model (Johanson and Vahlne, 2009) highlights the importance of business network and entrepreneurial aspect of internationalisation. Figure 2.1 shows the differences between the 1977 and 2009 models. The developments in the model can be contributed to the criticism of the

Uppsala model for its limited ability to explain why some firms 'leapfrog' the stages of internationalisation (Morgan and Katsikeas, 1997).

Figure 2.1: Two Versions of the Internationalisation Process Model (Johanson and Vahlne, 1977, 2009)



Previously, a number of scholars (Andersen, 1993; McDougall and Oviatt, 1994; Bell, 1995; Etemad, 2004) identified that the 'stage' models are unable to explain the opportunity-based, entrepreneurial internationalisation of small and medium sized firms. Recognising the shortcomings in the earlier models, Johanson and Vahlne (2009) incorporated the network perspectives and entrepreneurial activities in the new model. Additionally, they replaced the concept of 'liability of foreignness' with the 'liability of outsidership' that suggests an internationalising firm needs to become an insider in an international network.

The new 2009 version sets the firm in the context of network relationships where the focal firm and its partners act within a web of enabling and constraining relationships. It argues that internationalisation related activities occur within a network of relationships. An entrepreneurial opportunity seeking behaviour within network relationships drives the process of internationalisation (Schweizer et al.,

2010). Between the 1977 and 2009 models, the IB literature progressed another theoretical perspective, the network perspective, which is discussed in the following.

The Network Theory: Johanson and Mattsson (1988) developed the Network Theory between the early and later versions of the stage model elaborating the role of networks in the process of internationalisation. A key observation from the critics of the incremental internationalisation model is that experiential knowledge often arises from interactions with actors in the foreign market (Styles and Amber, 1994). Network partners can allow a firm to become instantly global by bypassing the establishment chain stages of internationalisation. This 'big bang' (Mtigwe, 2006) approach has been empirically investigated by a number of studies (c.f. Coviello and McAuley, 1999). Coviello and Munro (1995, 1997) found networks to be supportive of small firm internationalisation. The Network Theory has contributed to the development of IE research, in which the notions of gradual knowledge acquisition are much criticised. IE scholars argue that some firms can leapfrog these stages and enter foreign markets quickly (Oviatt and McDougall, 1994).

International Entrepreneurship: Scholarly discussion on IE stemmed from the limitations of internationalisation theories (Oviatt and McDougall, 1994; Ibeh and Young, 2001; Etemad, 2004; Jones and Coviello, 2005). It involves a transition from internationalisation theories to entrepreneurial internationalisation related discussions. The '*growing body of literature has attempted to explain the inception, characteristics and performance of new ventures operating across national borders*' (Coombs et al., 2009, p.23). IE is still developing from the initial paper of Oviatt and McDougall (1994) and over the last two decades the field of enquiry has provided rich insights on opportunity-based internationalisation of firms. SME internationalisation and IE are often discussed together under one umbrella (cf.

Etemad and Wright, 2003). However, in a review of IE domain ontology Jones et al. (2011) have excluded some SME internationalisation papers that do not portray an entrepreneurial approach. Scholars have periodically reviewed the SME internationalisation and IE literature to track the developments on these fields of enquiry. Table 2.1 provides a list of review papers that offer excellent insights on how SMEs internationalise.

Table 2.1: List of Review Papers on SME Internationalisation and IE

SME Internationalisation	International Entrepreneurship
Miesenbock (1988); Leonidou and Katsikeas (1996); Coviello and McAuley (1999); Manalova and Manev (2004); Ruzzier, Hisrich, and Antonic (2006); Katsikeas et al. (2008b); OECD (2009); Leonidou, Katsikeas, and Coudounaris (2010); McAuley (2010)	Zahra and George (2002); Keupp and Gassmann (2009); Kraus (2011); Jones, Coviello, and Tang (2011); Kiss, Danis, and Cavusgil (2012); Peiris, Akoorie, and Sinha (2012); Terjesen, Hessels, and Li (2013)

From these review papers it is identified that SME internationalisation literature played an important role at the early stage of development in IE when the research focus was on how SMEs can internationalise, mainly through export. The IE literature now encompasses all types of international market entry modes.

IE research examines firms that have an international geographic scope and are an entrepreneurial type of organisation (Coombs et al., 2009). Scholars have typified these firms as 'International New Ventures' (INVs). Oviatt and McDougall (1994, p.49) define INVs as "*a business that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of output in multiple countries"*. Other types of ventures studied in IE include born global, early international, late international, and late global firms (Aspelund and Moen, 2005). Micromultinationals are small firms that advance in international markets through

constellation and investment modes such as franchising, licencing, joint venture, strategic alliance, and subsidiaries (Dimitratos et al., 2003; Ibeh et al., 2004). One common theme among all these types of firms is that international opportunities play a significant role in the internationalisation of these firms. This study looks at SMEs without limiting the discussion to any specific types of SMEs. It avoids the literary distinction between SME internationalisation and IE and considers both literatures under one umbrella. In this relation Peiris et al. (2012, p.300) suggest *"The IE field is no longer limited to researching the behaviour of INVs. It is expanding into the study of large and older firms, demanding the need to extend the IE boundaries to capture the dynamics of these firms."*

The IE literature is still developing and has faced challenges in terms of theoretical robustness (c.f. Keupp and Gassmann, 2009; Rugman, 2010). There are multiple theoretical perspectives in the IE literature. The theoretical perspectives in relation to internationalisation of SMEs are synthesised and presented in Table 2.2 in the following page.

Table 2.2: Comparison between theoretical perspectives on SME Internationalisation (Adopted from Wright et al., 2007)

Themes	Traditional Internationalisation Theories		International Entrepreneurship Theories		
	Stage Theory	Internalisation / Transaction cost theory	Strategic Choice Theory	Learning/ knowledge Theory	Resource based / Network Theory
Rapid international-isation	No	Depends	Depends	Yes	Possibly
Continuation of internationalise	Unclear	Depends on sunk cost	Depends on strategic choice	Depends on increased learning	Depends on resources
Choice of entry mode	From low to high control	Depends on the cost and the level of commitment	Depends on experience, motivation	High control from start	Depends on the nature of resource access required
Role of the domestic market	Provides a basis for resource accumulation	n/a	Demand and supply context of the domestic market can be projected	Restricted domestic market	Can be a source of resources
Access to external resources	n/a	Joint ventures provide some control	Sustainability with clients is important	Networks provide knowledge	Depends on the nature of resource access required
Focus on firm/ entrepreneur	Firm	Firm / Transaction	Firm	Firm/ Entrepreneur	Firm/ Entrepreneur /network

From the above table, the prominence of RBV can be noted for its suitability in IE literature. Particularly, both the entrepreneur and the firm are given emphasis in this theoretical perspective. The fusion between RBV and IE is notable in the early works of IE research (Young et al., 2003). However, so far the theoretical perspective of RBV and its later developments in the DC framework are largely overlooked in IO research. It is discussed in the next section that current IO research is grounded in entrepreneurship literature and therefore RBV is not prominent in IO research. The dynamic nature of internationalisation has motivated scholars to study the role of the

DC framework, which is a theoretical extension of RBV. Linking DC with IO, Schweizer et al. (2010, p.367) argues that *"an essential dynamic capability of the entrepreneur is the ability to build and sustain important relationships (Johanson and Vahlne 2009) and to make use of the contingencies evolving in those relationships. In our model, we include such dynamic capabilities in the concept of entrepreneurial capability. An important part of that capability is learning and creating new knowledge, for example, of opportunities".*

A decade ago, Coviello and McAuley (1999) argued that the phenomenon of small firm internationalisation is dynamic and no single school of thought like internationalisation stage models or network theory can explain the dynamic nature of it. They invited more inclusive research taking the best of network theory, RBV, and managerial characteristics into consideration in SME internationalisation research. From that point, IE research has moved forward considerably with appropriate recognition that further research on IO is needed (Jones et al., 2011). It is now critical that the link between DC and IO be examined. Hereafter, literature related to IO is further reviewed.

2.2 International Opportunity

The IE literature can be categorised in two ways: (1) literature in which the role of IO is implicit and (2) literature in which the role of IO is explicit. Most IE research papers that try to investigate the entrepreneurial process of internationalisation implicitly or explicitly recognise the role of opportunity. This section aims to review the second category of literature critically, while providing an overview of the first category.

2.2.1 Papers with Implicit Discussion on IO

Scholars such as Oviatt and McDougall (1994), Birkinshaw (1997), Ibeh and Young (2001) have emphasised the entrepreneurial posture firms take to cross national boundaries. These scholars have emphasised the role of IO in the entrepreneurial process, but most of the conceptual models on IE do not show opportunity explicitly. Some of the conceptual models in internationalisation research include the research model of Born Global (Madsen and Servais, 1997), an integrative model of small firm internationalisation (Fletcher, 2001), a contingency framework of export entrepreneurship (Ibeh, 2003), the entrepreneurial process of internationalisation (Jones and Coviello, 2005), and the network capability based internationalisation (Mort and Weerawardena, 2006). All these models have highlighted a number of drivers and a number of outcomes, but do not discuss IO explicitly.

Johnson (2004) and Leonidou et al. (2007) present a number of drivers or stimuli for SME internationalisation that includes a range of proactive and reactive, internal and external factors. Yamakawa et al. (2008) organise the drivers into industry-based, resource-based, and institution-based categories. The drivers for internationalisation also varied depending on the type of firm. For example, Zucchella, Palamara, and Denicolai (2007) focus only on the drivers that may influence rapid internationalisation in INVs. Among the plethora of drivers discussed in IE research, two firm-level constructs are of particular interest to this study: the International Entrepreneurial Orientation (IEO) and the International Entrepreneurial Culture (IEC).

The three components of entrepreneurial orientation (EO): risk taking, proactive, and innovative behaviour are used in IE research and developed into the construct of IEO (Covin and Miller, 2014). Other notable conceptualisation of IEO include Knight and

Cavusgil's (2005) IEO, Ibeh and Young's (2001) export-entrepreneurial orientation, Sundqvist et al.'s (2012) Kirznerian and Schumpeterian orientation. Covin and Miller (2014) argue that IEO takes a central position in IE research as scholars attempt to examine how firms seize international opportunities with IEO. Regardless of this recognition, it must be noted that IEO related empirical research has not focused on IO explicitly but on some other types of performance outcomes, for example, export performance (Filatotchev et al., 2009). Chandra et al. (2009) examined EO of Australian firms in their qualitative case study on first-time IO recognition. Faroque (2015) examined EO of Bangladeshi garments manufacturers to determine its relationship with IO recognition.

The concept of IEC (Dimitratos et al., 2012) consists of IEO, international market orientation, international motivation, international learning orientation, and international networking orientation. These authors argue that the scale of IEC may be used in IE research as a driver of entrepreneurial internationalisation. Zahra (2004) views IEC as an organisational culture that facilitates and accommodates the entrepreneurial behaviour of firms internationally. Similar to IEO, understanding the relationship between IEC and IO requires more research.

In fact, most empirical research on IE has taken IO as granted and examined various performance outcomes. Some of the commonly used outcome measures in the IE literature are listed in Table 2.3. The table shows some of the relevant outcomes of the internationalisation process identified in the IE literature, but there are no scales on IO related constructs. The outcomes listed in Table 2.3 suggest that IO is implicitly present when firms try to achieve these outcomes. The papers that have a more explicit discussion on IO are reviewed in the following sub-section.

Table 2.3: List of Common Outcomes in IE Literature

(Adopted from Fischer et al., 2008)

Export Specific	Internationalisation Specific	Market Specific
• Export marketing strategy adaptation • Export intensity • New venture performance	• Outward-internationalisation orientation strategy • Degree of internationalisation • International intensity • Foreign expansion • Scale of internationalisation • Scope of internationalisation • Internationalisation intent • New venture internationalisation	• SMEs access to global markets • Foreign entry and entry ranking • Choice of market • Performance in international markets

2.2.2 Papers with Explicit Discussion on IO

Jones et al. (2011) identify only a few papers in the 'international opportunity' stream with IE research. A recent review by Mainela et al. (2014) on IO identifies more papers than Jones et al. (2011) and these authors organise the papers in a set of themes for future research direction. These are:

1. The creative–cognitive approach to IO
2. The context embeddedness approach to IO
3. The interaction-focused approach to IO
4. The practice approach to IO

Similar to Mainela et al.'s (2014) thematic development, Chandra et al. (2014) and also identify that IO studies can be grouped in two streams: effectuation and causation. The literature reviews of these scholars apply contrasting criteria for paper selection and thus it is necessary to identify research papers that explicitly focus on IO. Table 2.4 provides a number of published journal papers that focus on IO, and most of them are in the list of Mainela et al. (2014). In the interest of focus and brevity papers explicitly discussing IO are included in the table.

Table 2.4: List of Selected Publications Focusing on IO

Journal	Authors	Topic
International Business Review	Zahra et al. (2005)	Conceptual paper on the role of entrepreneurial cognition in demystifying the IO identification and exploitation process
Journal of Management Studies	Mahnke et al. (2007)	Conceptual paper on opportunity recognition in MNEs
Journal of World Business	Di Gregorio et al. (2008)	Conceptual paper on the role of individuals in IO identification
Journal of Small Business and Enterprise Development	Westhead et al. (2008)	An empirical study on 621 SMEs in UK that resulted in identifying four types of exporters with different IO exploitation behaviours
European Management Journal	Muzychenko (2008)	Conceptual paper on the role of cross-cultural competence in IO identification
Journal of International Entrepreneurship	Mainela and Puhakka (2009)	Case study focusing on IO identification by an international joint venture (IJV) in Poland
Book Chapter	Casulli (2009)	Case study of Scottish SMEs on the role of social ties, knowledge, and experience in IO creation
International Marketing Review	Chandra et al. (2009)	Case study of eight Australian firms to unravel their systematic and serendipitous IO recognition processes
Journal of International Entrepreneurship	Butler et al. (2010)	Conceptual paper that suggests a model showing how entrepreneurial cognition can affect the discovery of IO
Journal of International Business Studies	Ellis (2010)	An empirical study on the intentional and accidental IO identification process of 665 exchange ventures in China
Journal of Small Business Management	Kontinen and Ojala (2011)	Case study of eight Finnish family SMEs that investigates the role of family ties and formal ties IO recognition
International Academy of Management	Muzychenko (2011)	Case study on seven Australian entrepreneurs on the role of cognitive biases and heuristics in IO identification
Journal of International Entrepreneurship	Peiris et al. (2013)	Conceptual paper providing a framework for IO development
Journal of Business Research	Mainela (2012)	Case study on forming collective opportunities
International Journal of Management Reviews	Mainela et al. (2014)	A review on the concept of IO in IE research
Entrepreneurship Theory and Practice	Sarasvathy et al. (2013)	Single case study on the effectuation of IO
Asia Pacific Journal of Management	Chandra et al. (2014)	Longitudinal case study on opportunity portfolio processing of a serial entrepreneur

International Journal of Entrepreneurship and Small Business	Faroque (2015)	Strategic orientations and international opportunity recognition and development in emerging country born globals: The moderating role of environmental dynamism
Journal of World Business	Muzychenko and Liesch (2015)	International opportunity identification in the internationalisation of the firm.

The table suggests that research on IO has interested IE scholars over the last few years. For the clarity of the review, these papers are organised below in the same four groups as Mainela et al. (2014) have proposed. The four broad groups are briefly discussed here:

1. The first group identifies IB papers that realised the importance of IO in INVs and MNCs. Early work on internationalisation research has recognised the role of obtaining information about IO through interactions and then on moving towards exploiting those opportunities (Welch and Wiedersheim-Paul, 1980; Wiedersheim-Paul et al., 1978). Birkinshaw (1997) identified four locuses of market opportunity: internal, local, global, and global-internal hybrid, where MNC subsidiaries can take entrepreneurial initiatives to achieve the initiative outcome. The work of Birkinshaw (1997) builds upon the Schumpeterian notion of market creation in internationalisation research. Later, McDougall et al. (2000) connect the discussions on entrepreneurial alertness in IB literature arguing that alertness is an entrepreneurial capability. They further discuss how international entrepreneurial firms like to exploit those opportunities for early or rapid internationalisation.

2. The second group focuses on international market arbitrage discovery as a basis for international opportunities. In terms of international market arbitrage discovery, the importance of IO for foreign market entry is highlighted alongside determining some antecedent conditions like networking, local embeddedness, and

social ties (Mort and Weerawardena, 2006; Ellis, 2010). The role of network ties on different routes of finding IO is a notable work of Ellis (2010).

3. The third group focuses on context embedded IO development over entrepreneurial processes. Here, Mainela et al. (2014) considered a structuration view of entrepreneurial opportunity. Schweizer et al. (2010) have discussed the potential of effectuation logic (Sarasvathy et al., 2010) in explaining IO development. In this group, Mainela et al. (2014) grouped cognitive research (Zahra et al., 2005) with the effectuation logic based work of Mainela and Puhakka (2009). Cognitive research based on causality does not fit well with the effectuation logic. Similar contradictions are evident in the works of Chandra et al. (2009, 2014) who advocate the adoption of effectuation logic to study first time and multiple IO recognised by entrepreneurs or serial entrepreneurs. Sarasvathy et al. (2010), in entrepreneurship literature, have explicitly mentioned that effectuation logic does not support opportunity recognition and does not make any prior assumption as to who is an entrepreneur. Schweizer (2015) suggests that both causation and effectuation are evident in SME internationalisation as it is a complex process, which again contradicts the views of the effectuation logic. Thus, this thematic area needs further clarity and coherence.

4. The fourth group focuses on IO resulting from the actions and interactions of daily activities. This stream suggests that IO develops from the activities within the network (Chandra and Coviello, 2010; Schweizer et al., 2010). In terms of theoretical perspective, this group is very similar to the third one because context embedded development and interaction of daily activities portray the same underlying logic of effectuation. Therefore, the fourth grouping is not necessary to categorise IO related papers.

Synthesising the review of Mainela et al. (2014), it can be established that, apart from the earlier 'realisation' papers, the other papers can be categorised in two groups: discovery of IO and creation of IO. This grouping is an extension of the fragmented nature of entrepreneurial opportunity research that has been divided between discovery (Kirzner, 1979) and creation opportunity (Schumpeter, 1934) for a long time. It also highlights that while IE research is developing with a particular focus on RBV and DC, at present IO research is grounded in the entrepreneurship literature. Examining the relationship between DC and IO enactment can alleviate this incongruence. In the next section, the scholarly works on entrepreneurial opportunity are evaluated.

2.3 Entrepreneurial Opportunity

Entrepreneurial opportunity research is rich and has evolved over the last few decades. The major characteristic of this field of enquiry is that it is highly fragmented and thus examination of the literature is akin to negotiating a maze. The fragmentation starts with a wide range of definitions of opportunity, progresses into the complex nature of an entrepreneur depending on the definition of opportunity, and leads to a number of processes in which opportunities are identified or created. For the purpose of clarity, only recent developments of entrepreneurial research are reviewed in this section as current research has overcome most of the earlier fragmentations.

In terms of definitions and processes of entrepreneurial opportunity, Hansen et al. (2011) provide a useful summary. After analysing the literature, these authors present six composite definitions of opportunity identifying the themes in entrepreneurial

opportunity research. According to the six composite definitions, an entrepreneurial opportunity is:

1. The possibility of introducing a new product to the market at a profit.
2. A situation in which entrepreneurs envision or create new means-ends frameworks.
3. An idea that has developed into a business form.
4. An entrepreneur's perception of a feasible means to obtain/achieve benefits.
5. An entrepreneur's ability to create a solution to a problem.
6. The possibility to serve customers differently and better.

Hansen et al. (2011, p. 293) also identify eight composite processes of entrepreneurial opportunities:

1. A cognitive process of recognising an idea and transforming it into a business concept ("Opportunity development")
2. A process of scanning or being alert ("Opportunity scanning/Alertness")
3. A cognitive process of matching supply and demand ("Opportunity matching")
4. Perception of a felt need ("Need perception")
5. A creative process of generating new alternatives ("Opportunity creating")
6. A special case of problem solving ("Problem solving")
7. Perceiving a possibility to create a new business profitably or improve an existing one ("Business possibilities")
8. A process of social construction within a window of time ("Social construction")

While these definitions and processes indicate the fragmented nature of the entrepreneurship literature, recent entrepreneurship research focuses on three distinctive 'views' of entrepreneurial opportunity (Sarasvathy et al., 2010). These

three views of entrepreneurial opportunity draw upon three streams of economic literature: market as an allocative process, market as a discovery process, and market as a creative process. These authors present entrepreneurial opportunity as a function, a process, or a set of decisions, respectively. Table 2.5 presents a comparison of the three views of opportunities.

Table 2.5: The Three Views of Opportunity

(Adopted from Sarasvathy et al., 2010)

View	**Allocative view**	**Discovery view**	**Creative view**
What is an opportunity?	The possibility of putting resources to good use to achieve given ends.	The possibility of correcting errors in the system and creating new ways of achieving given ends.	The possibility of creating new means as well as new ends
Focus on	System	Process	Decisions
Method	Opportunities "recognised" through deductive processes.	Opportunities "discovered" through inductive processes.	Opportunities "created" through abductive processes
Domain of application	When both supply and demand are known.	Only one or the other (supply or demand) known.	When both supply and demand are unknown
Assumptions about information	Complete information available at both aggregate and individual levels.	Complete information at the aggregate level, but distributed imperfectly among individual agents.	Only partial information even at the aggregate level, and ignorance is key to opportunity creation
Unit of competition	Resources compete	Strategies compete	Values compete

The major argument behind the three views is that scholars look at the phenomenon of opportunity from incommensurate philosophical perspectives, as is thoroughly discussed by Alvarez and Barney (2007, 2010). The recognition and discovery views particularly emphasise the inherent characteristics of the entrepreneur, and a number

of these individual centric factors are examined in entrepreneurship research (Short et al., 2010). One limitation of these views is that if an individual fails to seize opportunities and to start a new venture, that individual is not considered as an entrepreneur. However, this is not the case in the creation view (Sarasvathy et al., 2010), and it does not make any assumption on the distinction between the entrepreneur and non-entrepreneur. The distinction is important for IE research because scholars often use the term international entrepreneur and focus on the individual attributes that make a person an international entrepreneur. Hisrich (2013) identifies a number of traits of international entrepreneurs. These attributes suggest that international entrepreneurs embrace change, desire to achieve, are able to establish a vision, are tolerant to ambiguity, have integrity, and value individuals. Similar qualities are often attributed to entrepreneurial personalities, but in a pseudoscientific manner (Jones and Spicer, 2005). In this study, the predetermination of who is an international entrepreneur and who is not is avoided. Rather, this study examines the 'key decision maker' as a decision making entity. Ivanova and Gibcus (2003) evaluates the common attributes of an entrepreneur and shows that managerial decision making is not considered part of an entrepreneurial personality. However, the SME's 'key decision maker' is well acknowledged in the IB literature (Ibeh, 2003; Buckley and Casson, 2009) and following these scholars this study examines the decision making entity.

Recently scholars (Zahra, 2008; Grégoire et al., 2010) have attempted to overcome the debates between creation and discovery opportunities by integrating the views. Suggestions that two types of opportunities are basically two phases of acting upon opportunities (McMullen and Shepherd, 2006), or two interlinked processes (Witt, 2003) are made to integrate the different views. Another division regarding the

recognition and creation of opportunities is proposed by Alvarez and Barney (2007), who suggest that recognition opportunities are associated with the objective view of reality and creation opportunities are associated with the subjective view of reality. The objective-subjective debate has fragmented the entrepreneurial opportunity literature over the last few years. Recently, Renko et al. (2012) suggest that the objective and subjective nature of opportunity are not complementary, but both are present in a single opportunity. Shane (2012), who advocates the recognition view, suggests that the misinterpretation between opportunity and idea can be the reason behind recognition and creation debate. Taking these suggestions, this study does not continue the fragmentations, and instead uses the term 'enactment'. International entrepreneurship research embraces both views of entrepreneurial opportunity and suggests that international opportunities can be recognised, discovered, created or enacted (Oviatt and McDougall, 2005).

A number of individual attributes are highlighted in the entrepreneurship literature as antecedents of discovering opportunities (Short et al., 2010). These include alertness (Kirzner, 1979; Gaglio and Katz, 2001; Tang et al., 2010), information search and serendipity (Ardichvili et al., 2003; Puhakka, 2007; Smith et al., 2009), entrepreneurial cognition (Alvarez and Busenitz, 2001; Westhead et al., 2005; Acedo and Florin, 2006; Casson and Wadeson, 2007; Witt, 2007), network and social capital (Arenius and Clercq, 2005; De Carolis and Saparito, 2006; Wood and McKinley, 2010), and entrepreneurial learning (Lumpkin and Lichtenstein, 2005; Corbett, 2005; Dimov, 2007). In IE literature, Chandra et al. (2009) have examined the role of cognitive alertness in first-time IO recognition. Two issues are notable in this regard. First, alertness is conceptualised by Kirzner (1979) as an ability to detect arbitrage profit opportunities is discordant resource usage. Secondly, Kirzner (1979)

considers that the alert entrepreneur observes markets in which they are present and he did not conceptualise alertness to be functional in international markets. Taking these two issues into consideration, alertness is not considered as a possible attribute of the key decision makers in this study.

Like alertness, other cognitive attributes involving beliefs of entrepreneurs have received recognition in entrepreneurship research, particularly building upon the TPB (Ajzen, 1991). According to TPB, a person's behaviour can be predicted by the combined influence of attitude, intention, and perceived behavioural control. De Jong (2011) applies TPB to understand the exploitation of innovation based opportunities. De Jong (2011) proposes that the decisions to exploit opportunities are influenced by business owners' attitudes towards the opportunity, subjective norms, and perceived behavioural controls. Other TPB studies (e.g., Krueger, Reilly, and Carsrud, 2000; Kolvereid and Isaksen, 2006; Fitzsimmons and Douglas, 2011) in the field of entrepreneurship focused on new firm formation and self-employment. Kautonen et al. (2013a) argue that the entrepreneurial intention is strongly influenced by the attitude, subjective norms, and perceived behavioural control. TPB is an emerging area in entrepreneurial opportunity research as well as in IO research. There is notable scholarly research (Sommer, 2010; Sommer and Haug, 2011; Muzychenko, 2011; Game, 2013, Muzychenko and Leisch, 2015) in IE research that applied the TPB and these are discussed in the following chapter for the purpose of clarity. These papers suggest TPB is well adopted in IE and SME internationalisation literature, but the connection between TPB and IO is not fully understood.

Apart from entrepreneurial cognition, entrepreneurial capability (Prange, 2015) related papers have also illuminated the IE research. Entrepreneurial capability as an

antecedent to pursuing entrepreneurial opportunity is proposed by a number of scholars (Corner and Wu, 2012; Aramand and Valliere, 2012; Woldesenbet et al., 2012). Zahra et al. (2011, p.7) define entrepreneurial capability as "*the ability to sense, select, shape and synchronize internal and external conditions for the exploration (recognition, discovery and creation) and exploitation of opportunities."* These authors transmit the insights of DC literature in entrepreneurship studies and from there IE researchers develop the concept of international entrepreneurial capability (Zhang et al., 2009; Schweizer et al., 2010). Because in IE research there is one stream that adopts firm-level DCs and another stream that adopts individual entrepreneurial capability, there is a need in the literature to examine the relationship among firm-level capability, entrepreneurial capability, entrepreneurial cognition and IO enactment. However, in this study the firm-level DCs are considered for further investigation. The DCs are further discussed in the following chapter accordingly. The key gaps identified in the review are summarised in the following section.

2.4 Summary of the Gaps in the Literature

Scholars (e.g. Mainela et al., 2014; Chandra et al., 2014) have spoken of the relatively limited research on IO and called for more research on this thematic area. In the early works of Oviatt and McDougall (2005), opportunity exploitation is considered as a 'dynamic' process, in which the entrepreneurs or actors play a mediating role by discovering or enacting opportunities. The dynamic nature of IO enactment has not received much scholarly attention from that point. Present literature on IO has a number of key gaps that are identified in the review. First, the role of the key decision maker's cognitive attributes in IO enactment is unknown. There are a number of studies on the inter-relationship between attitude, intention, and self-efficacy, and on their relationship with behavioural outcomes like

knowledge acquisition and network development (Muzychenko and Leisch, 2015). Particularly, Sommer (2010) examines the attitude-intention link that needs further development. Ajzen (1991) introduced intention between the attitude-behaviour relations to increase the model's predictive ability. Since attitude and intention are similar concepts, empirical investigation between their inter-relationships inform little about the behaviour. There is a gap in the literature regarding the relationship among attitude, intention, self-efficacy and the outcomes of IO enactment.

The second gap identified in the literature review concerns whether firm-level DCs influence IO enactment. DC is an emerging perspective in IE literature and there is much room for further research on this area. According to Peiris et al. (2012, p.289), *"our knowledge about dynamic capabilities and its impact on the internationalisation process is still in its infancy. There is still confusion about what exactly a dynamic capability is. ... Understanding DC from an entrepreneurial perspective will enhance our knowledge about how entrepreneurs or the entrepreneurial team adapt, build, integrate and reconfigure knowledge and resources to build sustainable competitive advantage of the firm".*

The third gap stems from the debate within the DC literature as there are many types of DCs. Entrepreneurial capability is an individual-level capability and is gaining prominence in IE literature. The debate between DCs and entrepreneurial capability is highlighted by Prange (2015) and it is critical to determine whether DCs influence IO enactment, and what those DCs are. Again it is important to determine whether both the key decision maker's cognitive attributes and the firm's DCs together influence IO enactment. Acedo and Florin (2006) have empirically examined the

degree of internationalisation with both the individual entrepreneur's posture and the firm's position. This kind of integrated study is missing in the IO literature.

The fourth gap stems from the scholarly attempts (Ellis, 2010; Faroque, 2015) to measure IO recognition. These studies do not clarify the types of IO a firm can enact. The IO literature is missing a study that examines different types of tangible outcomes of IO enactment. Therefore, there is a need for understanding the types of tangible outcomes of IO enactment.

2.5 Conclusion

This chapter reviewed the extant research on IO through a gradual discussion from the internationalisation theories to the present state of IE literature. It is identified that the research on IO is progressing with the tradition of entrepreneurial opportunity research, focusing on the discovery and creation of IO. From the entrepreneurship literature, a number of IO scholars have adopted entrepreneurial cognition and entrepreneurial capability related concepts to explain how entrepreneurs recognise or create IO. These discussions have revealed a number of gaps in the present literature. The critical review of IE literature alludes to the fact that there is a growing recognition for TPB and DC framework in the IO literature that needs further research. At this stage, the scholarly work of Schweizer et al. (2010), Sommer (2010), Muzychenko (2011), Peiris et al. (2012), and Al-Aali and Teece (2013) provides useful directions for examining the connections between TPB, DC, and IO. In the next chapter the two theoretical perspectives of TPB and DC are critically reviewed.

Chapter 3: Theory of Planned Behaviour (TPB) and Dynamic Capability (DC) Framework

3.1 Introduction

Building upon the literature review in the previous chapter, this chapter presents a closer look at TPB and DC. In the first instance, TPB is reviewed to examine the individual specific factors. Then, DC is reviewed with a focus on learning, relational, and innovation capabilities, which are presented in three sub-sections. Finally, conclusions are drawn from the literature review to identify the gap this research aims to fulfil.

3.2 The Theory of Planned Behaviour (TPB)

The importance of TPB in this study stems from the insightful research conducted by scholars on the cognitive processes of individual entrepreneurs. This section is organised in five sub-sections starting with an overview of cognitive research on IO. In the following four sub-sections, an overview of TPB along with detailed discussions on attitude, intention, and self-efficacy are presented.

3.2.1 Background of Cognitive Research

As discussed in the previous chapter, IO related papers continue the fragmented character of entrepreneurial opportunity research and therefore cognitive perspective is notable in IO recognition related papers. Milanov and Maissenhalter (2015) suggest that research on entrepreneurial cognition can be supportive in IE research as the key decision maker in internationalising SMEs can play a vital role in the internationalisation process. Notable research on the relationship between entrepreneurial cognition and IO belongs to Zahra et al. (2005). Discussing IO recognition by born global firms, Zahra et al. (2005) suggest that IE research can

build upon the cognitive perspective of entrepreneurship research because it may shed light on the interrelationship between the environment and the experience, cognition and entrepreneurs' choice of strategies. Within entrepreneurship research, the cognitive perspective is a well-studied area.

Entrepreneurial cognition can be knowledge structures that influence assessment, judgements, and decisions involving opportunity evaluation, venture creation, and growth (Mitchell et al., 2000). Entrepreneurs make non-linear and non-factual leaps in their opportunity recognition process (Alvarez and Busenitz, 2001). Cognitive process of managerial decision making is linear and factual data oriented, but entrepreneurial decision-making is heuristic-logic based, belief based and taken on a shorter time span (Westhead et al., 2005). This short-time decision-making is often noted as 'gut feeling' (Craig and Lindsay, 2001).

Entrepreneurs can connect two or more unrelated ideas or events to recognise an opportunity, which can be explained by Bisociation theory (Ko and Butler, 2004; Baron and Ensley, 2006). There can be a scanning of the best opportunity among a set of 'opportunity projects' (Casson and Wadeson, 2007). Entrepreneurs can also imagine or visualise the strategies to exploit opportunities through mental simulations before acting upon them. (Witt, 2007). Mitchell et al. (2000) note that cognitive research can be a unique field of enquiry as there are many kinds of entrepreneurial cognitions (e.g., arrangements cognitions, willingness cognitions, and ability cognitions) that can be further studied. In IO research, the cognitive perspective can be insightful because certain cognitive scripts are related to cultural values (Mitchell et al., 2000). When entrepreneurs make decisions about the institutional setting of foreign markets and the strategy they will follow, the cognitive

scripts can demystify the decision-making process. Zahra et al. (2005) discuss cognitive systems, like schematic framework and dominant logic, which may influence the way entrepreneurs seek a certain type of data and the way they reflect more upon IO. Cognitive theories spread over diverse areas covering bounded rationality, heuristics, biases, schemas, and social-based. The merit of Zahra et al. (2005) is that individual cognition is brought into the scholarly discussion about international opportunities that can be examined alongside firm specific resources and capabilities.

Butler et al. (2010) also emphasise the need to research cognitive processes to explain why some individuals are more capable of noticing and bearing the uncertainty by taking action in those environments. Uncertainty shrouds the international environment and the ability to absorb and bear uncertainty becomes the defining condition of international entrepreneurial ability (Butler et al., 2010). Kyvik et al. (2013) argue that the cognition of the CEO reflects the goals and visions of small firms with 10-15 employees. They built upon the case for a global mindset (Nummela et al., 2004) and conceptualised it through the 'global orientation'. Within the number of cognitive theories, the TPB is highly adopted in IE research. Scholars (Sommer, 2010; Sommer and Haug, 2011; Muzychenko, 2011; Game, 2013, Muzychenko and Leisch, 2015) have applied TPB in different ways.

Sommer (2010) and Sommer and Haug (2011) examine the attitude-intention relationship and with empirical evidence suggest that attitude highly supports intention to internationalise. These papers provide an initial understanding of the role of entrepreneurial cognition in IE. As the relationship between attitude, intention and behavioural outcomes are not drawn, these papers do not inform much about the

behavioural implication of attitude and intention. Muzychenko (2011) examines a cultural-competence, which she developed from the concept of 'self-efficacy' of the entrepreneur. Her research looks at the cognitive biases of Australian entrepreneurs and argues that partnership risk perception in terms of commercialization, IP, finance, and relationship affect the IO identification behaviour. It should be noted however, that her research focused on how the attitude and intention are formed and not on if those attributes support the enactment of IO. Game (2013) investigates the influence of attitude on the managerial commitment to enter international markets and uses TPB as the base theory. He found supportive evidence for the hypothesis that *"the perceived benefits of the opportunity by the SME decision-maker are associated with the decision to commit to more advanced modes of internationalisation"* (Game, 2013, p.145). Muzychenko and Leisch (2015) suggest that attitude and intention support overcoming the 'liability of foreignness' and the 'liability of outsidership' by influencing knowledge acquisition and network development behaviour. These behaviours can still be considered as drivers of IO enactment and not the outcome of IO enactment. The above-mentioned studies suggest that the TPB is an important avenue to further research on IO. The details of TPB are further discussed what follows.

3.2.2 An Overview of TPB

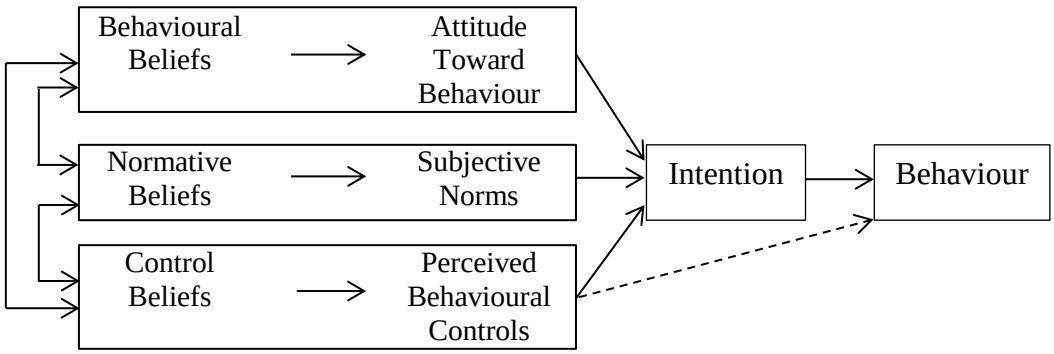
A class of theories commonly referred to as the value-expectancy theories is centrally focused on the decision-making and cognitive processes of individuals. These theories suggest that individuals will embark on a particular behaviour if the outcome of the behaviour will outweigh the cost of enacting the behaviour (Crosby et al., 2013). An intuitive logic or mental calculation is used by individuals to decide if the benefit outweighs the cost and such a calculation serves as the basis for a

behavioural decision. Two theories are generally discussed in the value-expectancy theories and these are the theory of reasoned action (TRA) (Ajzen and Fishbein, 1980) and the theory of planned behaviour (TPB) (Ajzen, 1991).

TRA is a theory of attitude-behaviour relationship that suggests that behavioural outcome is caused by behavioural intention, which again is caused by attitude and subjective norm of the individual (Shaw, Shiu, and Clarke, 2000). An attitude is also a result of the sum product of an individual's belief and the individual's evaluation of the belief. Subjective norms suggest that people are motivated by those acts that are considered normative and accepted by others. Later TRA was criticised because it was only possible to explain those behaviours that are under the volitional control of an individual. To overcome this gap in TRA, Ajzen (1991, 2002) included perceived behavioural control (PBC) and presented the theory of planned behaviour (TPB).

Ajzen (1991) made a basic assumption that belief leads to behaviour, and there are three considerations about beliefs. First, a belief that the behaviour will have some desirable outcomes; second, a belief regarding the normative influence of others and motivation to comply with others; third, a perceived personal control over other factors that may facilitate or impede the behaviour. He formulated that behavioural beliefs produce a favourable or unfavourable attitude toward the behaviour while normative beliefs result in subjective norms and control beliefs give rise to perceived behavioural control. The attitude, subjective norm and perceived behavioural control, in combination, lead to the formation of behavioural intention, which ultimately influences the actual behaviour. A schematic presentation of the model is given in Figure 3.1.

Figure 3.1: The Schematic Model of the Theory of Planned Behaviour (Ajzen, 1991)



The perceived behavioural control (PBC) is formed by the perception of the external environment that includes facilitating factors and inhibiting factors (Crosby et al., 2013). The above schematic model indicates how intention leads to the desirable behaviour along with the influence of attitude, subjective norm, and perceived behavioural control. Armitage and Conner (2001) argue that TPB is robust enough to explain variances in both self-reported and actual behaviour. Although results have supported the applicability of TPB to analyse the entrepreneurial phenomena, measurement issues have created a number of conflicts within the studies (Chandler and Lyon, 2001).

De Jong (2011) applies TPB to understand the exploitation of innovation based opportunities. De Jong (2011) proposes that the decisions to exploit opportunities are influenced by business owners' attitudes towards the opportunity, subjective norms, and perceived behavioural control. Similarly, Game (2013) argues that commitment towards advanced international market entry modes is influenced by the attitude of the manager. Previously, Linan and Chen (2009) found mixed results on the relationship between subjective norm and entrepreneurial intention. Other TPB studies in the field of entrepreneurship focused on new firm formation and self-employment (e.g., Fitzsimmons and Douglas, 2011; Kolvereid and Isaksen, 2006;

Krueger, Reilly, and Carsrud, 2000). Kautonen et al. (2013a) argue that the entrepreneurial intention is strongly influenced by the attitude, subjective norms, and perceived behavioural control. In entrepreneurship research, TPB is slightly changed by scholars as the perceived behavioural control is replaced by self-efficacy (Kolvereid and Isaksen, 2006; Krueger et al., 2000). It can be also noted that subjective norm is not emphasised in entrepreneurship research. Subjective norms suggest that 'gains' from a particular behaviour can be social and not strictly personal. In entrepreneurship research, Krueger et al. (2000) modified the TPB model to argue that social norms have no impact on the entrepreneurial intention. Since the relationship between subjective norm and intention is not critical to the enactment of IO, only attitude, intention, and self-efficacy are considered in the study. In the following sub-sections attitude, intention, and self-efficacy are further discussed.

3.2.3 Attitude

Attitude influences innovative and entrepreneurial behaviour (Garavan and O'Cinneide, 1994) and helps to understand the entrepreneurial behaviour through its influence on the intention. The forming of a certain attitude depends on the belief that the behaviour will result in certain consequences (Boyd and Vozikis, 1994; Fishbein and Ajzen, 1975). Additionally, research on export attitude has focused on how it shapes the internationalisation behaviour of entrepreneurs. This study looks into both attitudes towards entrepreneurship and the export attitude of entrepreneurs.

Grégoire et al. (2010) measures opportunity recognition beliefs to understand the role of attitude in opportunity recognition. They report two dimensions of the opportunity-recognition belief: (a) the degree of alignment between an opportunity's

means of supply and target markets and (b) perceptions of an opportunity's general feasibility. However, their study did not find a positive relationship between general desirability and opportunity recognition belief. Kautonen et al. (2013a) argue that attitude has a significant relation to the entrepreneurial intention and therefore policymakers may facilitate the promotion of an entrepreneurial attitude to stimulate entrepreneurship. Kautonen et al.'s (2013a) study on entrepreneurial intention can be further advanced to examine the relationship between intention and entrepreneurial behaviour or its outcomes.

Eshghi (1992) reviews contemporary literature on export attitude and finds inconsistencies between empirical researches. While some researchers found a positive relation between export attitude and export behaviour (e.g., Cavusgil and Nevin, 1981; Johnston and Czinkota, 1985), others (e.g., Cavusgil and Naor, 1987; Reid, 1984) found no relationship between the two. According to Eshghi (1992), no formal definition was found in the literature on "managerial attitude towards exporting". He views export attitude as the decision maker's pre-conceived views, perceptual tendencies, expectations, beliefs, and general attitude towards foreign markets. In the pioneering work of Fishbein and Ajzen (1975), attitude is seen as evaluations based on beliefs about the attitude object, affective feelings, and behavioural intentions. These beliefs influence three modes of responses, including cognitive, affective, and behavioural responses (Olson and Zanna, 1993).

Ajzen and Fishbein (1977) expect attitude and behaviour to be consistent in most cases but they also stress that attitude has a stronger influence on intention than the behaviour itself. This attitute-intention relation is not uncommon in export attitude research. This can be due to a lack of know-how about exporting when there is a

positive attitude towards it (Czinkota and Ursic, 1987). Eshghi (1992) suggests that it is possible for some exporters to export even when they have a negative attitude towards exporting. Additionally, 'accidental exporting', and time shortage between attitude and exporting behaviour can be reasons to create inconsistencies in the research findings.

Inconsistencies between attitude and entrepreneurial behaviour are also found in the literature (Sharrif and Saud, 2009). While Ajzen (1991) views attitude as the predisposition to respond in a favourable or an unfavourable manner with respect to the object of the attitude, Robinson et al., (1991) have categorised attitude in a tripartite model consisting of three types of reaction to everything: affect, cognition, and conation. Robinson et al. (1991) developed and examined Entrepreneurial Attitude Orientation (EAO) and found differences in attitude between entrepreneurs and non-entrepreneurs. They assert that it is a better way to measure the construct than using a uni-dimensional construct of affective reaction. Although EAO takes a robust approach to measure three types of reactions, it measures an entrepreneurial attitude in a person, whereas the TPB model can be applied to different objects of attitude, for example, IO. Therefore, in this study, the view of Ajzen (1991) is considered.

Muzychenko (2011) and Sommer (2010) have stressed that entrepreneurial attitude and self-efficacy may exert a positive influence on IO identification and have introduced the discussion on the implication of TPB in IO related processes. Still the arguments need supportive empirical evidence, which is a gap in the field of enquiry.

3.2.4 Intention

Intentions are assumed to indicate how hard people are willing to try or how much effort they would exert to perform a behaviour (Ajzen, 1991). Entrepreneurial intention is mostly studied as a dependent variable and researchers have studied factors that exert influence on entrepreneurial intention (for example, Krueger et al., 2000). There is a growing body of literature that highlights the role of entrepreneurial intention in the entrepreneurial behaviour and new venture creation. Empirical analysis of entrepreneurial intention is also well developed in the literature (Kolvereid and Isaksen, 2006; Zhao et al., 2005).

Shapero and Sokol (1982) propose the entrepreneurial event model in which entrepreneurial intentions are influenced by two factors: a) the perception of the desirability and b) the perception of feasibility. Perceived desirability is defined as the degree of attractiveness for a person to create a new venture. Perceived feasibility refers to one's perception about his/her capacity to become an entrepreneur. In addition to these two factors, some propensity to act is required in an individual that will let entrepreneurial intention become entrepreneurial behaviour. Additionally, social events or situations let an individual decide if entrepreneurial behaviour is more desirable than other alternatives. These situations are called 'displacements' and they can be positive, negative, or neutral. The external circumstances, especially social pressure, affect the perceived desirability and perceived feasibility of starting a new venture (Shapero and Sokol, 1982).

Bird (1988) offers a model of implementing entrepreneurial ideas, to explain that entrepreneurial intentions are based on a combination of both personal and contextual factors. The personal factors may include prior experience, personality,

and abilities while contextual factors may include social, political, and economic variables such as changes in the markets and government policies (Bird, 1988). Bird's model is not only applied to understand the intention towards new venture creation, but also applied to understand new value creation in existing firms.

Zhao et al. (2005, 2010) argue that psychological characteristics like self-efficacy and prior experience influence entrepreneurial intention. Research on entrepreneurial intention has often incorporated isolated variables without clear theoretical rationale (Fini et al., 2012). The reason for exploring other influences apart from the attitude, subjective norm, and perceived behavioural control is to identify a better explanation of entrepreneurial intention. Fini et al. (2012) argue that the problem in identifying individual and contextual influences on self-efficacy is the difficulty in measuring the broad conceptions.

Krueger and Brazeal (1994) synthesised the models of entrepreneurial event (Shapero and Sokol, 1982) and the TPB (Ajzen, 1991) and claimed that the models are compatible with one another. The concept of perceived desirability closely matches with attitude towards behaviour and subjective norms, whereas perceived feasibility matches with perceived behavioural control (Krueger and Brazeal, 1994). Segal et al. (2005) examined entrepreneurial intention as the intention of self-employment and identified perceived net desirability of self-employment, tolerance for risk, perceived feasibility (self-efficacy) of self-employment as the three antecedents of entrepreneurial intention. The Shapero Krueger Model included a propensity to act instead of tolerance for risk (Krueger et al., 2000).

3.2.5 Self-Efficacy

Self-efficacy is defined as the belief of '*how well one can execute courses of action required to deal with prospective situations*' (Bandura, 1982, p.122). It is often considered as an antecedent of entrepreneurial action (Zhao et al., 2005), opportunity recognition (Krueger and Brazeal, 1994), performance (Chen et al., 1998), and intention (Boyd and Vozikis, 1994). In entrepreneurship studies, self-efficacy is defined as "*the strength of a person's belief that he or she is capable of successfully performing the various roles and tasks of entrepreneurship*" (Chen et al., 1998, p. 295). Boyd and Vozikis (1994, p. 73) argue that, *"people who have strong beliefs regarding their capabilities will be more persistent in their efforts and will exert greater effort to master a challenge*".

Bandura (1982) argues that people's beliefs influence their behaviour and actions, regardless of the belief to be objectively true. He also argues that behaviour can be predicted by self-efficacy because it determines what people will do with their knowledge and skills. Bandura (1982, 2012) looks into self-efficacy according to the social cognitive theory (SCT). He argues that a behaviour cannot be developed simply by trying it, but rather by interacting with others and replicating others. Self-reflection and self-regulation allows a person to look back at previous activities and consider the reward and punishments. Thus they develop a belief about how successfully they can accomplish a task in the future. Boyd and Vozikis (1994) build upon the concept of self-efficacy taken from the social cognition theory. They form a link between self-efficacy and intention from the works of Ajzen (1991) and Bandura (2012). Boyd and Vozikis (1994) argue that entrepreneurial self-efficacy can be enhanced by experience, entrepreneurial role model, social persuasion, and high goal

setting and also that the entrepreneurial self-efficacy influences the intention to start a new venture.

Ajzen (1991) suggests that perceived behavioural control takes into account the realistic constraints and limitations that influence the person's intention or willingness to act. The concept of perceived behavioural control is closely related to the concept of self-efficacy (Bandura, 1982). Boyd and Vozikis (1994) argue that self-efficacy provides insight into sources of efficacy judgements that eventually influence goal attainment behaviour. As a critical explanatory variable of entrepreneurial intention, self-efficacy can indicate the strength of intention and the likelihood of entrepreneurial behaviour resulting from the intention. Zhao et al. (2005) provide empirical evidence that entrepreneurial experience, risk propensity, and perception of formal learning influence the self-efficacy of an entrepreneur, and that it plays a mediating influence on the entrepreneurial intention.

There is disagreement among entrepreneurship scholars aboout whether perceived behavioural control and self-efficacy are similar concepts (e.g., Krueger et al., 2000; Kolvereid and Isaksen, 2006) or not (e.g., Ajzen, 2002; Linan and Chen, 2009). One key reason for using self-efficacy rather than perceived behavioural control (PBC) is that these concepts are often regarded as overlapping (Krueger et al., 2000). Zhao et al. (2005) argue that entrepreneurial self-efficacy exerts a mediating influence on the development of entrepreneurial intention. Thus, self-efficacy may have a greater role than perceived behavioural control on predicting entrepreneurial intention.

Ardichvili et al. (2003) consider self-efficacy as an antecedent to opportunity identification. Muzychenko (2011) takes this argument further by conducting a

qualitative study on the self-efficacy present in eight Australian SMEs. The argument in favour of the relationship between self-efficacy and IO identification made by Muzychenko (2011) can be further examined in an empirical research that focuses on the enactment of IO. In the following section, literature related to the DC framework is reviewed.

3.3 The Dynamic Capability (DC) Framework

The DC Framework was introduced by Teece et al. (1997) to address the limitations of the RBV. The RBV focuses on gaining sustainable competitive advantages by valuable, rare, and imperfectly imitable resources (Barney, 1991; Barney et al., 2001). To define resources, Barney (1991, p.101) suggests, "*firm resources include all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. control by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness".* In contrast, Teece et al. (1997, p. 516) defined dynamic capabilities as *"the ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments".* This definition was further developed by Eisenhardt and Martin (2000), Zollo and Winter (2002), Zahra et al. (2006), Helfat et al. (2009), and a recent review by Barreto (2010) shows that more than 1,534 papers are written in management studies on DC between 1997-2007 period. Dimitratos et al.'s (2013) review of 54 key papers on DC between 1997-2012 period indicate that the DC literature is diverse, complex, and disconnected. Because of the inherent diversity of DC literature, this study builds upon the scholarly works of Teece (2007, 2014) as they are more related to seizing opportunities.

Two major themes within DC literature involve 'what DC is' and 'how it is developed', which Wang and Ahmed (2007, p. 10) present as 'the concept and

component factor'. To clarify the concept, the difference between dynamic and ordinary capability is often used (Teece, 2014). The difference between these capabilities is that an ordinary capability is focused on producing and selling a defined (or static) set of products and services (Teece, 2014). The 'dynamic' nature of DC means that organisations can renew competencies to achieve congruence within a changing business environment. It is about the enhancement and development of capabilities to capture the opportunities arising from environmental changes. The way capabilities are manifested are often described as 'routines' (Eisenhardt and Martin, 2000; Zollo and Winter, 2002) and 'best practices' (Wilden et al., 2013). Cohen et al. (1996, p. 683) define organisational routines as, *"an executable capacity for repeated performance in some context that has been learned by an organisation in response to selective pressures"*. Critics of 'organisational routines' argue that routines may lead to rigidities that may hinder acquisition of new knowledge (Nieves and Haller, 2014). Teece (2014) does not consider routines and best practices as manifestations of DC but as manifestations of ordinary capability. Helfat and Winter (2011) in contrast maintain that the difference between dynamic and operational capability is blurred, and capabilities can be of dual-purpose.

The DC framework has developed from its early conceptualisation. Teece et al. (1997) conceptualised the core building block of DC comprising a tripartite rubric of processes, positions, and paths. Processes include managerial functions like integration, guided learning, and transformation. Position concerns the resource or asset position of the organisation including human capital and knowledge assets. Path simply means strategy of the organisation. Later, Teece (2007) modified the tripartite rubric with sensing, seizing, and transformative capability. The first two capabilities are concerned with sensing opportunity in the environment and seizing

that opportunity. The third one is concerned with continuous renewal of capabilities. The following table (Table 3.1) clarifies the manifestations of these capabilities in terms of associated tasks.

Table 3.1: Tasks Associated with Sensing, Seizing, and Transformative Capability (Adopted from Al-Aali and Teece, 2013)

Sensing Capability	**Seizing Capability**	**Transformative Capability**
• Exploring technological possibilities • Probing markets • Listening to customers • Scanning the business environment • Build and "test" hypotheses about market and technological evolution, • Recognition of "latent" demand on a global scale • Allow intelligence (not simply data) to flow from the furthest reaches of the organisation to the top management team	• Identifying, establishing control, influence over, and coordinating complementary assets by building a global supply chain • Establishing international alliances and joint ventures • High-speed implementation • Acquisition of assets via market know-how, intellectual property, and other intangibles • Building hard to imitate assets • Reasonably predict about the capabilities needed to deliver a valuable solution to customers at the right time	• Selectively phasing out old products • Renovating older facilities both domestically and globally • Changing business models, methods, and organisational culture • Abandoning (or spinning off) investments that no longer necessarily belong with the enterprise

The above table shows that the recent conceptualisation of DC is concerned with local or international opportunities and is built around tasks associated with knowledge acquisition and dissemination. The entrepreneurial role of management is highlighted in the DC framework with an emphasis on opportunity. However, research on DC has discussed many other types of capabilities as types of dynamic capabilities (Winter, 2003). Literature developed on RBV offers a number of capabilities that are well studied in management studies. Newbert's (2007) review of

empirical works in RBV shows that there is a huge number of overlapping conceptualisation of at least 30 different types of capabilities (Table 3.2).

Table 3.2: List of Firm-level Capabilities in RBV Research (Adopted from Newport, 2007)

Firm-level Capabilities in RBV Research (Alphabetically Organised)				
• Ancillary	• Distribution	• Knowledge	• Negotiation	• Quality
• Change	• Entrepreneurial	• Learning	• Networking	• Research & Development
• Client retention	• Human resource	• Leveraging	• Operational	• Specialisation
• Communication	• Information acquisition	• Market orientation	• Organisa-tional	• Strategic adaptation
• Cost reduction	• Information technology	• Medical	• Pricing	• Supplier relationship building
• Customer relationship building	• Innovative	• Merger & acquisition	• Product development	• Technological

Among these capabilities four capabilities: learning, innovation, networking/relational, and marketing are widely studied in IB research (e.g., Camisón and Villar López, 2008; Weerawardena et al., 2007, and Zhang et al., 2009). Dimitratos et al. (2013) point out that the plethora of types of DC are detrimental to the development of strategic management literature.

There is a notable attempt to establish a single concept of DC, primarily by unifying innovation capability and DC as a single concept. Recent arguments on the similarity between innovation capability and DC can exemplify how multiple types of capabilities relate to DC. Breznik and Hisrich (2014) identify five perspectives in which innovation capability and DC can be connected. These are:

1. Innovation capability as a type of DC
2. DC as an outcome of innovation capabilities
3. Innovation capability as a component of DC
4. DC as a precondition for innovation capability

5. Innovation capability is not a DC
6. Innovation capability as a synonym for DC

These perspectives are also applicable for learning capability. In this study, the first perspective is taken meaning learning, innovation, and relational capabilities are types of dynamic capabilities. These three capabilities are further analysed later in this chapter.

Apart from examining the nature of DC, the way organisations can develop DC also attracted much research. Before developing DC, a firm is initially considered as a bundle of relatively static and transferable resources that can be moulded into capabilities through a firm-specific process of capability development. The process itself is dynamic or interactive, interweaving the firm, individual skills, and technology. The capability is developed organisation-wide within the people of the firm (Madhok, 1997). The capability development process depends on the information management attributes of a firm or, more specifically, on acquiring, evaluating, assimilating, integrating, diffusing, integrating, and exploiting knowledge. Wang and Ahmed (2007) explain the process of developing DC in a hierarchical stage. This hierarchical stage includes converting 'zero-order' resources to 'first-order' capabilities by resources to attain a desired goal. The 'first-order' capabilities are converted into 'second-order' core capabilities, which provide competitive advantage at a certain point of time. From the core capabilities, the 'third-order' or 'ultimate' dynamic capabilities are developed. Eriksson (2013) examines the processes, antecedent, and outcomes of DC and these are examined accordingly. In terms of antecedents of DC, Eriksson (2013) identified internal and external antecedents associated with DC as shown in Table 3.3 in the following page.

Table 3.3: Antecedents of Dynamic Capability (Adopted from Eriksson, 2013)

Internal Antecedents	**External Antecedents**
Structural • Organisational structure • Resource mix • Employee capabilities I. Managerial level II. Other levels	Environment • Institutional • Market • Technological
Social • Orientations I. Organisational II. Managerial • Organisational capabilities I. Flexibility II. Collaboration III. Projects Capability • Organisational practices	Network and Relationship • Network position • Asset complementarity • Learning from/with partners

From these antecedents the scholarly discussions proceed to the outcomes of DC. In terms of the outcomes of DC, Dimitratos et al. (2013, p. 29) note, "*some researchers have used firm performance as the relevant outcome, whereas others have explored processes or organisational outcomes instead*". For example, in IB research the outcome of DC is considered superior international performance (Prange and Verdier, 2011). There are scholarly discussions in the entrepreneurship literature on DC in which venture creation is considered as an outcome (cf., Zahra and Sapienza, 2005; Newbert, 2007). An implicit connection between DC and opportunity formation is presented by Oyson and Whittaker (2010). They define entrepreneurial opportunity as, *"the creative combination of firm capabilities and market opportunity for the formation of economic value"* (Oyson and Whittaker, 2010, p. 6). This definition suggests that firm capabilities and market opportunities are closely linked. While the relationship between DC and opportunity is evident in entrepreneurship literature, it is also critical to evaluate the DC framework in IB and IE literatures.

DC framework is much discussed in MNE context (Pitelis and Teece, 2010; Teece, 2014), and there has been a renewed interest in IE literature to adopt the DC framework and explain the phenomena from a capability perspective (Evers, 2011; Kuuluvainen, 2011, Al-Aali and Teece, 2013, Gabrielsson et al., 2014). Early internationalisation and success in a foreign market is often attributed to firm's internal capabilities (McDougall et al., 1994; Autio et al., 2000). Knight and Cavusgil (2004) argue that innovation culture, knowledge and capabilities leverage born-global firms gain international success. Camisón and Villar López (2008) have shown that internationalisation capability is a predictor of cooperative internationalisation.

Prange (2015) suggests that the DC framework is not suitable to explain IE by international new ventures (INVs) because these firms do not have the size of large multinational organisations. Therefore the early period after inception is not a good time for dynamically changing capabilities, and the DC of local new ventures and INVs cannot be the same. Because this study is not focused on INVs, these limitations are not critical here. However, because the greater scope of IE is not just limited to the INVs, the limitations identified by Prange (2015) cannot be applicable to the entire IE literature. There are notable research studies on the role of DCs in the internationalisation process of born-global and INVs, but not enough is known about the SMEs.

Weerawardena et al. (2007) developed a conceptual model to explain accelerated internationalisation by born-global firms based on the DC framework. These authors suggest that learning capability, marketing capability, and networking capability, along with decision makers' characteristics influence such outcomes as knowledge

intensive products and accelerated internationalisation. The international entrepreneurial capability (Zhang et al., 2009) also maintains a similar structure. Zhang et al. (2009) offer a comparative study on international entrepreneurial capability in born global and traditional Chinese firms examining financial performance and international strategic performance as outcomes of the international entrepreneurial capability.

This study looks into learning, relational, and innovation capabilities particularly as these dimensions are well discussed in the IB literature. In particular, the IEC construct (Dimitratos et al., 2012) highlights the role of learning, innovation, and networking in internationalised firms. Although marketing capability is well studied in IB literature, it is disregarded in this review. The marketing capability of a firm is "*reflected in its ability to differentiate products and services from competitors and build successful brands"* (Kotabe et al., 2002, p. 82). The marketing capability overlaps learning and innovation capability in terms of learning about market and innovating new products and services. Therefore, the following sub-sections of the literature review focus on the learning, relational, and innovation capability. The review in these subsections focuses on the present state of these capabilities and because these capability literatures are taken from the strategic management literature, there is no discussion on the relationship between learning capability and IO, relational capability and IO, or innovation capability and IO. These relationships are drawn in the following conceptual framework chapter.

3.3.1 Learning Capability

In this section, literature related to learning capability is reviewed. Learning is considered critical in IE as well as entrepreneurial opportunity. Recent developments

in the concept of learning capability (LC) have emerged from the scholarly works on organisational learning (OL) (Levitt and March, 1988; Senge, 1997), learning organisation (Pearn et al., 1995; Garvin, 2004), and knowledge management (Nonaka, 1994). A list of key literatures on OL is presented in Table 1 Appendix A. Building upon the OL literature, the literature specific to learning capability is reviewed here.

Sun and Scott (2003) state that an OL stream is descriptive and has an academic focus, whereas the learning organisation (LO) stream is prescriptive and oriented more towards the practicalities. However, scholars have often used the terms interchangeably (for example, Jyothibabu et al., 2010). Goh and Richards (1997) define learning capability as the ability of an organisation to implement proper management practices, structures and procedures that facilitate and encourage learning. Thus, learning capability is seen as a necessary ingredient behind OL and to become a LO, a firm should nurture its learning capability

Discussion on an organisation's capability to learn can be found throughout the OL literature. Senge (1997) views learning capabilities as skills and proficiencies in people that consistently enhances their ability to produce desired results. Learning capability is often used in empirical research to measure the influence of learning on organisational performance (Goh et al., 2012) where previously, measures like the 'learning curve' or 'experience curve' were used to measure learning in organisations (Jerez-Gomez et al., 2005). Jerez-Gomez et al. (2005) argue that OL is a latent multidimensional construct that is made up of a number of dimensions. A great number of conceptual, as well as empirical papers, has discussed the dimensions of learning capability, although there is little consensus among scholars about these

dimensions. Sobhani (2011) presents a list (Table 3.4) of different dimensions of OLC that also show the inter-connection among OLC scholars.

Table 3.4: Dimensions of Learning Capability

(Adopted from Sobhani, 2011)

	Akgun et al.(2003)	Phan and Swierczek (2006)	Perito and Revilla (2006)	Loopez et al. (2005)	Chiva et al. (2007)	Jerez-Gomez et al. (2005)	Calantone et al. (2002)	Lin (2008)	Goh and Ryan (2002)
Management commitment	*				*	*		*	*
Shared vision							*		
Clarifying vision and objective									*
Knowledge storage			*						
Commit to learning		*					*		
Learning Flow		*							
Knowledge interpretation				*					
Openness and experiment	*	*			*	*	*		*
System perspective	*					*		*	
Team working									*
Conversation					*				
Reward system		*							
Taking risk					*				
Knowledge acquisition	*			*		*		*	*
Knowledge transfer	*	*				*	*	*	
Knowledge exploration		*							
Environment interaction					*				
Organisational memory				*					

The multi-dimensional construct of Lin (2008) considers managerial commitment, system perspective, knowledge acquisition, and knowledge dissemination as the

building block of learning capability. These components are synthesised from previous scholarly works. Each of these four constructs has independently received greater research attention and therefore here they are reviewed in the context of learning capability.

Managerial Commitment

The necessity of managerial commitment to initiate and enable learning within an organisation is well recognised (Chiva et al., 2007). It is almost impossible to achieve an objective in any organisation without the support and guidance of the manager. Leadership is required to create a culture that supports behaviour like seeking feedback, admitting mistakes, being open to criticism, and letting others take risks (Goh and Richards, 1997). Thus, an organisation can only learn if the manager is committed to learning and ensure that employees do the necessary to learn and progress. Managers should break away from old mental models and beliefs that were helpful in the past but may not support the changing external environment at present (Nonaka and Takeuchi, 1996). Employees need training programmes as well as the opportunities to gain experiential knowledge (Kolb, 2014) by learning through doing.

System Perspective

Systems perspective means that individuals, departments, or functional areas in an organisation have a clear view of the organisational objectives and understand their role in achieving these objectives (Hult and Ferrel, 1997; Lin, 2008). Senge (1997) argues that system perspective binds all other processes of OL and it can guide the cognitive level learning of individuals to think as a whole. Thus, through coordination, the organisation can progress from adaptive learning to generative learning (Senge, 1997; Hult and Ferrel, 1997). System perspective tacitly raises the

importance of the relationship in the exchange of information (Ulrich, 1993) to support the development of shared mental models (Senge, 1997; Kim, 1998). Grant (1996) discussed an organisation-wide common language that enables individuals to integrate knowledge and go beyond individual learning to collective learning (Jerez-Gomez et al., 2005). 'System perspective' and 'strategic intent' (Casillas et al., 2015) are interrelated as both concepts discuss how the entire organisation can work as a single unit to achieve a set goal. Casillas et al. (2015) suggest that the strategic intent moderates the learning activities of firms in international markets. A study on system perspective can complement the findings of Casillas et al. (2015).

Knowledge Acquisition

Huber (1991) discussed the role of information acquisition in OL at length. It contains substructures like congenital learning (i.e. knowledge exists at the birth of the organisation), experiential learning, vicarious learning (i.e. learning remotely from the experiences of other organisations), grafting (i.e. knowledge acquisition through buying in other organisations) and searching and noticing external as well as internal environment. Schulz (2001) empirically established correlation between external information and competitive advantage. Lin (2008) used knowledge acquisition instead of information acquisition, which may imply that information processing is inherent within the acquisition process.

Knowledge Dissemination

Knowledge dissemination is the process of distributing knowledge to all participating members of process activities (Lin, 2008). The transfer of knowledge can occur through fluid communication, dialogue, and debate within organisational members

(Jerez-Gomez et al., 2005). Team learning allows members to participate in groups and transfer, interpret, and integrate knowledge that was acquired individually (Senge, 1997; Hult and Ferrel, 1997). Team learning allows the creation of a corpus of knowledge to be stored in organisational culture, work process, and organisational memory (Huber, 1991). The stock of knowledge can be retrieved and applied in different situations, even when members of the organisation change (Jerez-Gomez et al., 2005).

Learning in International Entrepreneurship

Although OL literature, at its beginning, focused on learning in large US firms, research on learning within SMEs has gradually received research interest among scholars (Pedler et al., 1991; Ruiz-Mercader et al., 2006). One of the main areas of such research is entrepreneurial learning in SMEs (Harrison and Leitch, 2005; Wang and Chugh, 2014). Lumpkin and Dess (1996) and Brown et al. (2001) argue that learning is critical in developing EO. Additionally, the role of learning in internationalisation, as well as SME internationalisation, is well recognised (Hitt et al., 1997; Zahra et al., 2000). Holden et al. (2006, p.436) comment about learning in SME by asserting that, *"Learning in small businesses is complex, messy, untidy and fraught with difficulties. Networking is an integral part of small business learning; learning is "built" through relationships".*

A new firm often has a 'learning advantage of newness' (Autio et al., 2000) and this argument can be stressed for early internationalising firms. At supra-organisational level, individuals or firms can acquire knowledge from knowledge sharing networks (Coviello and Munro, 1995; Etemad and Lee, 2003). These networks allow the transfer of knowledge, which is integrated with the existing knowledge of

entrepreneurs (Lindsay et al., 2003). Zahra et al. (2009) suggest that increasing social knowledge facilitates SMEs to enter foreign markets. Michailova and Wilson (2008) argue that socialisation tactics, in fact, have a moderating effect on international experiential learning of internationalising SMEs.

Fletcher (2010) argues that internationalisation is a learning intensive process and international entrepreneurs may need to update their out-dated knowledge as the stock of knowledge might be obsolete. Fletcher and Prashantham (2011) suggest that entrepreneurs use experiential learning to update their knowledge about foreign markets. Fletcher et al. (2013) have focused on knowledge management in the internationalisation process, specifically in the acquisition of internationalising knowledge (IK). The market entry IK and localisation IK covers the necessary knowledge a first-time internationalising firm needs to have. However, as this is generic knowledge about country markets it may not provide a specific opportunity for a small firm but would demand much effort to acquire these knowledge bases.

From the above discussion, it can be argued that the process of learning remains a critical factor in the scholarly division between incremental and international entrepreneurship literature. Specifically, the stock of knowledge of founders and experiential learning through networks play a critical role in SME internationalisation (Fletcher, 2010). Weerawardena et al. (2007) and Zhang et al. (2009) have also examined the role of learning capability in SME internationalisation.

3.3.2 Relational Capability

Relational Capability, alliance capability, and network capability refer a wide variety of overlapping conceptualisation of the phenomenon of a firm's capability to harness

relationships in networks (Äyväri and Möller, 2008). The different conceptualisations have a wide array of theoretical background and draw upon a plethora of components of these capabilities. Äyväri and Möller's (2008) critical review provided a synthesis of different conceptualisations available in the scattered literature, but they also noted a lack of consistency among the scholars about the domain of relational capability. Variations of the term include relational capability, relational capabilities, and relational competency. Äyväri and Möller (2008) also mention that relational capability is measured as an individual, firm-level, and network level construct.

Relational capability is considered as a gradual process in which one or more companies broaden their vision of the relationship to gain competitive advantages in the market (Rodríguez-Díaz and Espino-Rodríguez, 2006). They define it as a specific capability developed in the inter-firm relationships, which contribute to the development of inter-organisational teams and integrated operating routines, facilitation of information, and knowledge exchange. Relational capability drives continuous interaction and sharing of inter-firm knowledge and resources, and it can be considered as a part of organisational routines (Lorenzoni and Lipparini, 1999). Empirical research on the formation of relational capability is steadily growing in multiple disciplines (O'Toole and McGrath, 2008).

The industrial marketing and purchasing group (IMP) discusses relationships between network actors who transfer and act upon resources (Pagano, 2009). The transfer and transformation activities link multiple actors in a relation, which further allows mobilising and sharing or resources of network partners (Haakansson and Snehota, 1995). The strategic management literature discusses network relations

from a different perspective. Here network actors focus on one area where they have a competitive advantage and let network partners focus in other specialised areas and thereby reduce the transaction cost (Jarillo, 1988). This view was limited in recognising the ability of other network actors to influence the relations. Later the strategic management literature broadened the concept through accepting that network relations in which firms are embedded can influence firm performance (Gualati, et al. 2006). The strategic networks are inter-organisational ties that are managed using appropriate governance mechanisms, developing inter-firm knowledge sharing routines, making appropriate relationship-specific investments, managing partner expectations, and initiating necessary changes to the relations as they evolve (Jarillo, 1988). A number of scholars have conceptualised relational capability as a multidimensional construct but were limited to conceptual frameworks only. Some of these conceptualisations are presented in Table 3.5.

Table 3.5: Conceptualisation of Relational Capability and Related Concepts

Construct	**Components**	**Author**
Networking Capability	Build, reconfigure, add, delete resource configurations	Mort and Weerawardena (2006)
Relational Capability	Realisation, Assessment, Access to knowledge, Access to opportunity, Co-adaptation, Co-innovation	McGrath (2008)
Relational Capability	i. Human relational capability ii. Technological relational capability iii. Managerial relational capability iv. Cultural relational capability	Ngugi et al. (2010)
Relationship Management Capability	i. Relational infrastructural capability ii. Relational learning capability iii. Relational behavioural capability	Jarratt (2004)
Collaborative Capability	i. Trust ii. Commitment iii. Communication	Blomqvist and Levy (2006)
Relational Capability	i. Trust ii. Sense of Community iii. Knowledge access iv. Co-design practices	Lorenzoni and Lipparini (1999)

There are few common components among the different conceptualisations of relational capability, but factors such as commitment, trust, and communication are widely recognised as being key determinants of relational capability (Blomqvist and Levy, 2006; O'Toole and McGrath, 2008). Common threads between different constructs of relational capability include how relationships can accelerate knowledge, support innovation, and contribute in creating competitive advantages (Smirnova et al., 2011). Higher relational capability indicates that partners in the business relationship acquire better relationship-specific knowledge and gain benefit from knowledge integration. Other common dimensions are that relational capability increases the firm's ability to coordinate, communicate, and govern business transactions (Day and Van den Bulte, 2002). Additionally, relationship capability develops trust and reliance that increases the scope for further collaborations (Morgan and Hunt, 1994; Sivadas and Dwyer, 2000).

Although the literature has signified the role of trust, communication, and commitment as the binding glue that forms relational capability, measurement constructs combining the three factors are rare. Sarkar et al. (2001) conceptualised and empirically tested "relational capital" as a combination of trust, reciprocal commitment, and bilateral information exchange. Blomqvist and Levy (2006) consider the trio as the building block of collaborative capability in their conceptual paper.

Trust, Commitment, and Communication

De Wever et al. (2005, p.1528) define trust as *"the willingness of a party to be vulnerable to the actions of another party based on the expectations that the other*

will perform a particular action important to the trustier, irrespective of the ability to monitor or control that other party". The trust between partners is highlighted by Lorenzoni and Lipparini (1999) and by Blomqvist and Levy (2006) as a key component of relational capability. If actors involved in a business-to-business relationship trust each other, the likelihood of opportunistic behaviour will be low (Leonidou et al., 2006) or the actors would avoid taking advantage of one another (Styles et al., 2008). Welter (2012, p.4) suggests that *"the trustor and trustee might assume that the business partner or customer will not behave in a way detrimental to their relationship, even if there are no written or explicit rules to this effect".*

Welter (2012) identifies three types of trust discussed in entrepreneurship literature, and these are personal, collective, and institutional trust. The duality between trust and control is managed at these three types with different mechanisms. De Wever et al. (2005) consider trust as part of the relational dimension of a network, and strong and weak ties are part of the structural dimension. These authors argue that trust is reflected by the willingness to take risks in a relationship.

Trust is central to international business relations, which is characterised with scope for high opportunism (Katsikeas et al., 2008a). Additionally, in the modified internationalisation theory trust is a key component of the state and change model (Johanson and Vahlne, 2009). Katsikeas et al. (2008a) argue that trust has a greater effect in relationships that have high interdependence whilst in relations with low interdependence the effect of trust is low. Trust can be related to the formal agreement between international network partners (Wu et al., 2007) as these agreements address the risks within the relationship.

Friman et al. (2002) argue that trust and commitment are two critical factors in maintaining a long-term relationship. Trust has a strong relation with affective commitment and together these qualities in a relational capability energise export performance (Bloemer, 2013). Sharma et al. (2006) consider affective commitment as a type of relational commitment that is composed of sentiment of affection, emotional attachment, and social bonding. Friman et al. (2002, p. 405) define commitment as, '*the perceived importance of a relationship*.'

Sharma et al. (2006) state that commitment involves a tendency to continue a relationship and it has both psychological and behavioural dimensions. The psychological dimensions include attitude and belief about current relation, the degree of preference for existing partners, a desire for relational continuity, and a long-term orientation. The behavioural dimensions include observable behaviours like the allocation and development of firm resources as relationship specific resources. These authors identified five types of relationship commitments in international business: affective, value-based, locked-in, obligation based, and behavioural commitment.

Friman et al. (2002) consider communication as an antecedent to trust in the trust-commitment theory. Blomqvist and Levy (2006) argue that communication is a key element in building and managing network relationships. Paulraj et al. (2008) argue that inter-organisation communication is a relational competency. These authors define collaborative capability as (p. 1) an *"actor's capability to build and manage network relationship based on mutual trust, communication, and commitment"*. Paulraj et al. (2008) provide an in-depth study on inter-organisational commitment and argue that it improves buyer-seller relationship. By communication, these

authors looked at the frequency of communication. Turker (2013) contends that communication possesses such dimensions as frequency, trust, and power.

In synthesising trust, commitment, and communication, it can be said that these three concepts are closely related. Some scholars have tried to place them in a sequence of development within a relationship. For example, Friman et al. (2002) and Turker (2013) discuss communication-trust relation and trust-communication relation respectively. These debates are useful for the development of scholarly research in relational capability, but in this study the order in which trust, commitment, and communication are developed or how they influence one another are not given emphasis. Rather, the focus is on investigating their roles in IO enactment.

.*Relational Capability in SMEs*

Relational capability in SME literature revolves around the concepts of strong and weak ties (Granovetter, 1973). Lechner and Dowling (2003) argue that strong ties are the source of in-depth knowledge to entrepreneurial firms while weak ties provide a variety of information. Their study focuses on how entrepreneurial firms overcome the liability of smallness and the liability of newness. These authors argue that a new entrepreneurial firm first uses the entrepreneur's social ties to develop its network relations. Then the firm uses marketing networks and co-opetition networks that lead to technology partnering. Once the entrepreneurial firm reaches its relational capability limits, relationship management is necessary to manage the network structure. Apart from social ties, social capital provides valuable knowledge in order to exploit new opportunities as well (De Carolis and Saparito, 2006).

The role of networks in SME internationalisation has already been reviewed in the previous chapter. Taking the discussion to internationally oriented SMEs, Mlinarič et

al. (2012) examined the relational capability in both the supplier and customer side of a network. Their study shows that internal social capital plays a critical role developing relational capability in both actors. The internal social capital concept closely matches with the concept of systems thinking (Senge, 1997) discussed earlier. The connection between social capital and system thinking suggests that learning capability may exert influence on the relational capability of firms.

In another major work on relational capability of the internationalising SMEs, Kenny and Fahy (2011) conceptualised relational capability as part of a firm's networking capability. Their empirical model on the relationship between firms' networking capability and international performance includes a large number of overlapping concepts. The additive model failed to find any relation between international performance and relational capability. Also strong and weak ties, trust, and information sharing exhibited no influence on international performance.

One weakness of the empirical model of Kenny and Fahy (2011) is that it does not examine the interaction between all the overlapping independent variables or components of networking capability. This type of structural equation model that fails to examine multiplicative relation between independent variables often fails to identify significant relations.

Influence on Innovation Capability

Ngugi et al. (2010) propose a relationship between small firms' relational capability and its innovation outcomes. These authors posit that four types of relation capability: human relational capability, technological relational capability, cultural relational capability, and managerial systems relational capability all interact with one another. This combined interaction leads to innovation outcomes like new

products, new processes, changes in business structure or management practices, and investment in new product development projects. Apart from innovation outcomes, value co-creation outcomes include cost-benefit and risk sharing with other network partners.

3.3.3 Innovation Capability

Innovation capability within the SME context is a well-studied subject that can be traced back to the works of Schumpeter (1934), who defined the term 'innovation' as new combinations that lead to new products, new processes, organisation, inputs, and markets. Further, he explained the innovation process as a sequence of invention, innovation, diffusion, and imitation with a dynamic entrepreneur at the centre of this process. Rangone (1999) considers innovation capability as an integral part of the resource base in an SME.

Early works on the innovation capability in SMEs focused on the barriers to innovation, many of which may be applicable today. Arnold and Thuriaux (1997) mention some the key barriers to SME's innovation capability development as shown in table 3.6

Table 3.6: Barriers to Developing Innovation Capability in SMEs (Source: Arnold and Thuriaux, 1997)

Availability of external technical services	**Lack of information on technologies**
Excessive perceived risk	Lack of opportunities for co-operation
Innovation costs hard to control	Lack of skilled personnel
Innovation costs too high	Lack of technological opportunities
Innovation potential too small	Legislation, norms, taxation
Innovation too easy to copy	No need due to earlier innovations
Lack of appropriate sources of finance	Payoff period too long
Lack of customer responsiveness	Resistance to change in the enterprise
Lack of information on markets	Uncertainty in timing of innovation

Arnold and Thuriaux (1997) observe a shift from neo-classical view of firm innovation to opportunity centric firm innovation in which the concepts of bounded rationality, exogenous-endogenous shocks, and absorptive capacity were integrated. Lefebvre et al. (1998) have examined technological capability in internationalising SMEs and conceptualised technological capability as a combination of technological scanning that involves assessing the technological environment to identify technological opportunities, integrating technology within the firm, dealing with entrepreneurial behaviour, planning technological developments, and commercialization of innovation to make a profit. These authors identified information to play a great role in the development of firm innovation.

The relationship between entrepreneurship and innovation is highlighted in Drucker's (1999, p. 27) words "*Innovation is the specific instrument of entrepreneurship. It is the act that endows resources with a new capacity to create wealth. Innovation, indeed, creates a resource".* Albaladejo and Romijn (2000, p.4) argue that technology capability and innovation capability are not the same as technology capability being concerned with "*the knowledge and skills required for firms to choose, install, operate, maintain, adapt, improve and develop technologies*". In contrast, innovation capability refers "*to the ability to make major improvements and modifications to existing technologies, and to create new technologies*" (p.5). Albaladejo and Romijn (2000) take a contingency view in which internal sources, comprising the founder/manager and firm along with such external sources as network partners, contribute to the development of a firm's innovation capability. These authors portray SMEs as learning organisations that need to learn in order to develop innovation capability.

Subramaniam and Venkatraman (2001) have proposed that tacit knowledge gained from overseas markets can have a positive impact on developing the innovation capability of firms, something that is is further highlighted by Cavusgil et al. (2003). Calantone et al. (2002) also emphasised that learning orientation of a firm may lead to the development of its innovation capability. Wang and Ahmed (2004) state that firm innovative capability has multiple dimensions like product, process, market, behaviour, and strategy. These authors set forth the argument that the difference between product innovativeness and market innovativeness lies in the orientation. Market innovativeness emphasises a market oriented approach, which would lead to new product development, but from a different approach.

Subramaniam and Youndt (2005) differentiate this capability between incremental innovation capability and radical innovation capability and their empirical results show some unexpected findings. These authors identified that social capital has a positive influence on both types of innovation capabilities, but human capital was negatively associated with radical innovation capability. According to these authors (p.459), *"social capital appears to be the bedrock of innovation capabilities*" . Carney and Ryan (2010) compared a number of innovation indices that are used to measure firm-level innovation. These are as follows:

- Romijn and Albaladejo's Innovation Indices
- Hansen and Birkinshaw's Capability Measure
- The Solvay Business School Survey
- The Community Innovation Survey
- The Nesta Innovation Index
- The Ireland Innovation Panel

Yam et al. (2004) show that technological innovation capability is a complex concept that comprises of learning, marketing, R&D, and strategic planning capability. Alongside external knowledge intensive business services (KIBS) meaning "*organisations such as consultancy firms, research institutes, and universities that provide services adding a high level of intellectual value to other firms*" play a supportive role in developing SMEs innovation capability (Yam et al., 2011, p.392).

Story et al. (2011) see the innovation process as a sequence of discovery, incubation, acceleration and commercialisation. The process fits well with the innovation value chain of Hansen and Birkinshaw (2007) who conceptualise the process as idea generation, conversion, and diffusion. Kafouros et al. (2008) identify that innovation capability can lead to high performance if the firm internationalises and serves many markets. Martínez-Román et al. (2011) have reviewed the literature on innovation capability in SMEs and after systhesising key theoretical developments present a new conceptualisation on what constitutes a firm's innovation capability. These authors identify knowledge (incorporation of new members, learning and capacitation, research and development), organisation (autonomy/level of decentralization, liaison/communication, work groups, supervision and control, market orientation) and human factor (staff training and attitude, criteria for promotion and rewards, risk taking) as the key components of innovation capability. However, many of these components are part of other capabilities like learning and relational capability, as well as the EO. There is much overlap of other capability types in regards to this concept.

Konsti-Laakso et al. (2012) noticed that the scholarly discussion displayed a gradual shifting from firm-centric innovation to value networks and open innovation. The

basic idea of a value network is that innovation occurs in a network, and open innovation differs from closed innovation as network actors work together in innovation projects. Since the resource based view focuses on the firm, innovation capability in networks or open innovation may not fit within the theoretical domain of RBV. However, scholars are still continuing to examine innovation capability within the boundary of RBV. With the review of innovation capability, the literature review on DC is concluded.

3.4 Conclusion

In this chapter, two theoretical perspectives of TPB and DC were critically reviewed. The literature review of the theory of planned behaviour (TPB) tracks key developments of the theory in the entrepreneurship and international business literature. Such literature reveals that TPB is a value-expectancy theory with its roots in psychology studies that have been adopted in entrepreneurial studies. The argument of Krueger et al. (2000) that opportunity identification is an intentional act can be extended with the suggestion that IO enactment is also an intentional act, which needs to be examined. In that case, emphasis is given to treat entrepreneurial intention as an independent variable rather than as a dependent variable. The attitude-intention link is already examined by Sommer (2010) and Sommer and Haus (2011). Again, the subjective norm from the TPB model (Ajzen, 1991) is found to be peripheral to the entrepreneurial intention and self-efficacy is found to be more applicable than perceived behavioural control. Therefore, only attitude and self-efficacy are considered as antecedent factors to entrepreneurial intention in an adapted version of TPB. After the review of the TPB literature, a thorough and focused literature review is presented on the DC framework. The review included scholarly discussions on

what is DC, its antecedents, and its consequences. Then three particular capabilities are evaluated as types of DC: learning capability, relational capability, and innovation capability. Learning, networking, and innovation are examined in the IB research as enabling factors of internationalisation, though not necessarily as capabilities. After evaluating a number of conceptualisations of these capabilities, the review identified the works of Lin (2008) on learning capability, Blomqvist and Levy (2006) on relational capability, and Calantone et al. (2002) on innovation capability as key articles that inform about these capabilities. The literature review has syphoned the key areas where the answer to the research question can be found. In the following chapter, the relationships among these factors are drawn in a conceptual framework, and the arguments for the framework are presented.

Chapter 4: Conceptual Framework

4.1 Introduction

This chapter presents a conceptual framework and supportive propositions through which the researcher seeks to explain the phenomenon of IO enactment. The literature review presented in the previous chapters indicates that there are gaps in IE literature on the relationships between IO and TPB and DC. The proposed framework in this chapter guides the research in order to address the gaps in the literature. The chapter is organised into multiple sections. In the first section the concept of IO enactment is clarified based on the literature review. Then secondly, the conceptual framework is presented and in the subsequent sections, relationships between each of the factors and the outcomes of IO enactment are proposed.

4.2 International Opportunity Enactment

Because of the confusion stemming from opportunity recognition, creation, identification, and enactment in the entrepreneurship literature, this section clarifies the concept of 'IO enactment' before proceeding to the conceptual framework. In this study, IO is defined as **situations that allow a firm to operate across national boundaries** (based on Shane, 2003; Eckhardt and Shane, 2003). Therefore, **IO enactment is defined as the act of seizing international market entry, product/service and process development opportunities.**

Jones and Coviello (2005) propose a model of internationalisation, in which they argue that the entrepreneurial internationalisation has a time dimension and a behavioural dimension. Covin and Slevin (1991) also note that 'behaviour' is demonstrable and overt. Behavioural manifestation of entrepreneurship can thus be

reliably, verifiably, and objectively measured. IO enactment can be conceptualised as a pattern and profile of decisions, processes, and activities. Multiple types of international opportunities can be addressed in the IO enactment process, although the types are not clearly defined in the extant literature.

Since the IE literature has limited discussion on the types of IO, entrepreneurship research can be insightful on this topic. According to Schumpeter (1934), entrepreneurs can pursue opportunities by product innovation as well as by entering new markets. Wickham (2006) suggests that there can be product, process, or market innovation. This means that opportunities exist in developing new products, new services, new production techniques, new operating practices, new delivery techniques of products and services, new ways of informing customers, and new ways of managing relationships with organisations. All these can be summarised as future 'economic artefacts' (Venkataraman and Sarasvathy, 2001).

Other types of opportunities include acquiring more knowledge and new capabilities (Pitelis and Teece, 2010). Similarly, in strategic relationship literature, Donaldson and O'Toole (2007) hypothesise that firms at present are not just looking into transactional profits, but are also looking for long-term relationships. This study posits that apart from performance based outcomes, international opportunities can yield future economic artefacts like new market, new knowledge, new capabilities, and new relationships, and new products or services tailored for the new market. Opportunity enactment is often implicitly recognised in empirical research that measures performance outcomes. Covin and Slevin (1991) also argue that the ultimate dependent variable is firm performance.

However, opportunity recognition is also explicitly considered as an outcome in entrepreneurship research (Choi and Shepherd, 2004; Singh et al., 2000; Ucbasaran et al., 2003). Building on these studies, this research considers following three types of opportunities as the outcomes of IO enactment in the conceptual framework:

4.2.1 Enactment of International Market Entry Opportunity

In strategic entrepreneurship research, the focus is not on new venture creation but on existing firms that look for new and existing opportunities (Short et al., 2011). Firms engage in first-time international market entry opportunities and gradually enter new markets. Wang and Ahmed (2004) argue that market innovativeness is the newness of approaches that firms adopt to enter and exploit a targeted market. The market innovativeness is similar to enacting international market entry opportunity in which firms take up opportunities to enter foreign markets and act upon them to seize the entry opportunity successfully.

4.2.2 Enactment of New International Products/Services Development Opportunity

This type of opportunity focuses on developing new products and services with the aim to sell in international markets. Ericson and Pakes (1995) developed a model of an entrepreneurial firm's speculative new product innovation for entering the market. They mentioned that, although many firms incur sunk cost in product innovation, some of them are successful and some are not. Building upon their work, Damijan et al. (2010) undertook empirical investigation into the innovation and export relationship. These authors concluded that product innovation speeds up productivity, which drives a firm towards exporting.

Firms may develop new products in anticipation of participating in international markets. The enactment of an international product/service development opportunity means taking up the opportunity and achieving success in seizing the product/service development for international markets.

4.2.3 Enactment of New Process Development for International Markets

New process development can be an outcome of taking up a process development opportunity. A process is "*a coordinated and standardized flow of activities performed by people or machines, which can traverse functional or departmental boundaries to achieve a business objective that creates value for internal and external customers"* (Verma, 2009, p.9). A process can also be considered as the way in which inputs are converted into outputs. The difference between organisational routines and processes is that routines are repeated patterns of activities conducted by a number of actors in an organisation. In contrast, a process involves the flow chart of how values can be created (Verma, 2009). Based on Verma's definition, a new process development opportunity can be defined as a situation in which a new way of organisational value creation can be developed. Enacting process development opportunities mean taking up and acting upon them successfully in order to seize a process development opportunity to support international markets.

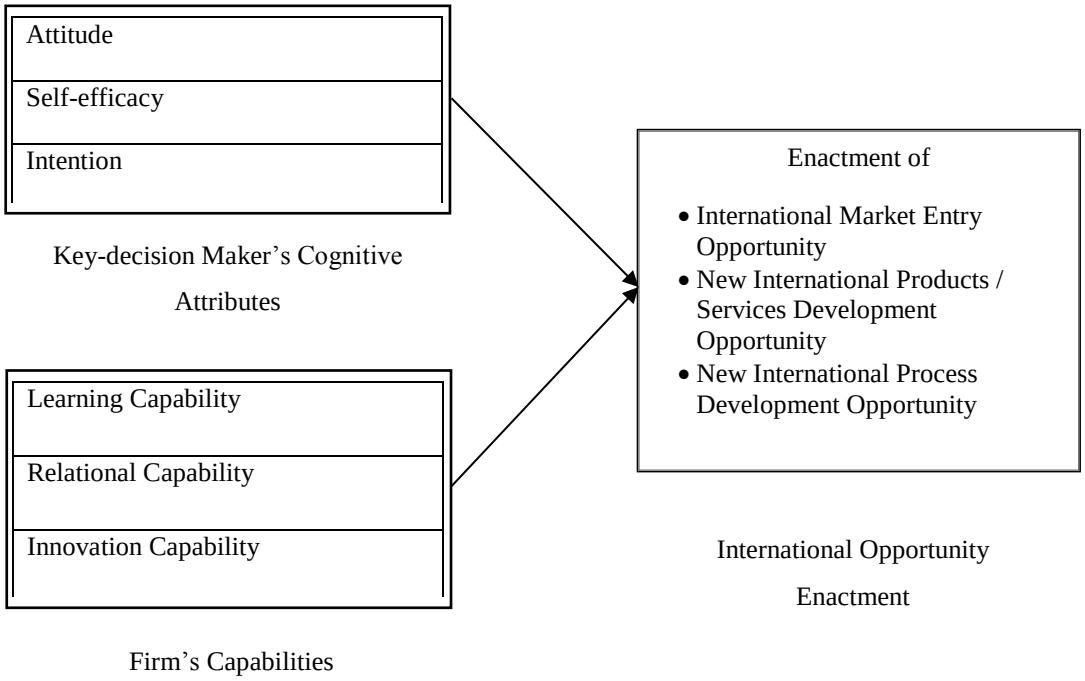
4.3 The Conceptual Framework

In this section, a conceptual framework is provided in order to explain IO enactment amongst UK SMEs as a research context. The framework has both key decision maker level attributes and firm-level attributes influencing IO enactment.

Using both the individual key decision maker and the firm is already established in empirical investigations of entrepreneurship research (Davidsson and Wiklund, 2001; Ibeh, 2003). In IE research, the importance of both the key decision maker and firm-level attributes is highlighted by Etemad and Wright (2003). These authors argue that "*to recognize explicitly the entrepreneurially-oriented export efforts of many SMEs, the overall credentials of the owner/entrepreneur in the early phases of internationalisation are at least as essential as traditional, firm-characteristic measures of internationalisation"* (p.3). Particularly, the cognitive aspects of the key decision maker based on TPB and firm-level capabilities based on DC framework are critical to IO enactment. Therefore the unit of analysis includes both the key decision maker and the firm.

The conceptual framework is deducted from multiple theoretical domains. The base theories on which this research is built are the DC framework and the TPB. Scholars in both DC framework and entrepreneurial opportunity have reflected upon seizure of opportunities in multiple ways. Davidsson (2005) points out that a similar eclectic approach of theoretical integration is notable in organisational research. The three types of international opportunities are enacted in a process as shown in the conceptual framework (Figure 4.1). The premise of the thesis is that attitude, self-efficacy, and intention of the key decision maker along with the learning, relational, and innovation capabilities of the firm exert a positive influence on the outcomes of IO enactment.

Figure 4.1: Framework of International Opportunity Enactment



The framework proposes positive relations between the independent variables of key-decision maker (i.e. attitude, self-efficacy, and intention) and three firm-level capabilities (learning, relational, and innovation) and the outcomes of IO enactment by SMEs. The different constructs of the framework are further discussed, and propositions are developed in the following sections.

4.4 Independent Variables: Key-decision Maker's Cognitive Attributes

Building upon the TPB, the role of a key decision maker's cognition in the IO enactment process is conceptualised in this model. Scholars (Manolova et al., 2002; Ibeh, 2003; Etemad and Wright, 2003) have acknowledged the entrepreneurial role of key decision makers in the internationalisation process. Thus, the entrepreneurial aspect of key decision maker is considered here. The selection of key decision maker's cognitive attributes is based upon the adapted version of TPB as discussed in

the literature review chapter. The proposed relations with each of these independent variables are justified in the following sections.

4.4.1 Attitude towards International Opportunities

The Attitude towards internationalisation is recognised as an important factor behind internationalisation (Aaby and Slater, 1989) taking place. In empirical studies, Axinn (1988) found correlations between management attitude and successful internationalisation. In terms of opportunity identification, attitude is an important part in the revised GEM model (Acs et al., 2009) and what holds the entrepreneur's attitude is an influential factor in the nascent opportunity endeavour. Attitude can be indicative of the risk perception or opportunity perception that is developed based on the entrepreneur's view of the external environment (Acs et al., 2009). Based on TPB, attitude is expected to influence the intention (Kautonen et al., 2013b) to enact IO. Through the intention, attitude is expected to make an impact on the outcomes of IO enactment. If the key decision maker does not have a positive attitude towards IO, it would be reflected in the decision maker's intention to act upon opportunities, and that may influence the opportunity endeavours of the firm. Based on this argument, the following proposition is made:

P1: SMEs whose key-decision makers have a positive attitude towards international opportunities are likely to have a high level of international opportunity enactment.

4.4.2 Entrepreneurial Self-efficacy

Self-efficacy refers to the belief in one's capabilities to organise and execute actions required to manage prospective situations (Bandura, 2012). Krueger and Dickson (1994) suggest that where determining behaviour is concerned, an individual's

perception of skill can be more important than the objective skills themselves. Thus, the prospective key decision maker, who believes in personal abilities for seizing IO, is likely to pursue this course of action. Attitude is developed based on one's perception of external environment and self-efficacy, which in complement, focuses on the perception of the abilities of the self. As discussed earlier, self-efficacy is adopted by Krueger et al. (2000) in the entrepreneurship literature instead of the perceived behavioural control of the TPB model. This study also adheres to Krueger's position and adopts self-efficacy instead of PBC. The adaptation is important because the value-expectancy model in an organisational context becomes more refined if the key decision maker is treated as a person in control. The self-efficacy is expected to influence the behavioural intention and enactment of IO positively. Based on this argument, the following proposition is made:

P2: SMEs whose key-decision makers have a high self-efficacy regarding international opportunities are likely to have a high level of international opportunity enactment.

4.4.3 Intention

Intentionality is a state of mind that directs attention and action towards a specific goal or the means to its achievement (Bird, 1988). According to a number of scholars, entrepreneurial intentions also precede entrepreneurial behaviours (Kautonen et al., 2013a). As discussed in the literature review chapter, Krueger et al. (2000) argue that internationalisation is an intentional act. Additionally, Kautonen et al. (2013b) suggest that intention is a key indicator of entrepreneurial behaviour. Therefore, it could be argued that the intention of the key decision maker in an SME may play a critical role in enacting IO.

The expectation is that the effect of the key decision maker's intention on the outcomes shall be small, as the multi-dimensional model includes a number of firm-level capabilities, but it may still have a clear positive relation. Based on this argument, the following proposition is made:

P3: SMEs whose key-decision makers have a positive intention towards international opportunities are likely to have a high level of international opportunity enactment.

4.5 Independent Variables: Firm-level Capabilities

IE scholars acknowledge that a firm's specific capabilities influence its international entrepreneurial activities (Autio et al., 2000). Evers (2011) argues that despite sophisticated theoretical conceptualisation of dynamic capabilities, empirical research on how firms develop DC and manifest those in internationalisation activities is limited. She further argues that objective and subjective capabilities of both the entrepreneur and the firm results in international competitiveness.

In entrepreneurship research, Kuuluvainen (2011) discusses entrepreneurial opportunity identification processes in the light of DC and provides two views. In the first instance, the process of opportunity identification is seen as being the same as dynamic capabilities (Augier and Teece, 2007) and secondly, opportunity identification is seen as a managerial process that deploys dynamic capabilities (Helfat et al., 2009). In this study, the second view is considered suggesting that SMEs deploy their capabilities to enact IO. In the literature review, three firm-specific capabilities are identified and discussed. These are learning capability, relational capability, and innovation capability. The following sections discuss the connection of these capabilities with IO enactment.

4.5.1 Learning Capability

Learning about the markets is the most critical component of entrepreneurial opportunity recognition (Kirzner, 1979). The learning begins with a broad vision and then focuses on opportunity through gradual information acquisition. The learning path includes evaluation of an opportunity prior to market entry. Similarly, Shane and Venkataraman (2000) claim opportunity recognition to be a process of cognitive information structuring. Entrepreneurs link available and new information to determine an opportunity. Many scholarly insights on entrepreneurial learning are notable, in particular the works of Cope (2003), Lumpkin and Lichtenstein (2005), Corbett (2005), and Dimov (2007). The role of learning capability in the SME internationalisation process is discussed by such scholars as Weerawardena et al. (2007), Fletcher and Harris (2012) and Zhang et al. (2009). From the recent studies to the early works of Kirzner (1979), learning is a dominant factor in opportunity related processes. Al-Aali and Teece (2013) suggest that learning about the market is a core activity of sensing and seizing opportunity. Therefore, the following proposition is made:

P4: SMEs with a high level of learning capability are likely to have a high level of international opportunity enactment.

4.5.2 Relational Capabilities

The literature review illustrates that network relation is widely discussed in strategic management and IB research (Pagano, 2009). In their revised internationalisation process model, Johanson and Vahlne (2009) emphasise the role of trust building, relationship commitment, and network position. Similarly, the 'liability of outsidership' is identified as a key barrier in the process of internationalisation (Schweizer et al., 2010). The network theory of Johanson and Mattson (1988) is also

examined in IE research as firms are found to gain new opportunities from international networks. All these discussions emphasise the heightened role of relational capability in the internationalisation process. Additionally, entrepreneurship literature has highlighted the role of the entrepreneur's social and network ties in entrepreneurial opportunity identification. This study argues that relational capability facilitates forging new international relationship and helps the firm overcome the liability of outsidership. It opines with Teece (2014) that seizing international opportunities includes forming international relationships, which is possible with strong relational capabilities. Therefore, the following proposition is made:

P5: SMEs with a high level of relational capability are likely to have a high level of international opportunity enactment.

4.5.3 Innovation Capability

Organisational innovativeness is much discussed within the internationalisation literature. Knight and Cavusgil (2004) suggest that global technological competence influences the performance of born global firms. Both in internationalisation and entrepreneurship literature, innovativeness is recognised as a vital organisational characteristic. Wang and Ahmed (2007) argue that a firm can have product, process, strategic, market, and behavioural innovativeness. In this research, innovation of strategy or market is not considered but rather, product, service, and process innovation for international markets are focused on.. Products or services innovation deals with new or significantly improved products and services that a firm aims to offer in a target market. Process innovations deal with new or significant improvements of manufacturing or process techniques as well as methods of services. Process innovations are directed to increase the performance of the firm.

Behavioural innovations can be about the idea of new activities. In SME internationalisation research, scholars such as Rangone (1998), Knight and Cavusgil (2004), and Camisón and Villar (2009) have repeatedly highlighted the role of innovation capability. A firm can develop new products/services for the international or local market with an international perspective in the long run. In DC literature, there is a recent debate that DC and innovation capability represent the same capability (Breznik and Hisrich, 2014). Al-Aali and Teece (2013) consider transformative capabilities critical to further exploiting IO after they are seized. The transformative capability is in essence the innovation capability of a firm. In this study, innovation capability is considered as a type of DC. It is also recognised that few SMEs have radical innovations, but most SMEs nurture innovation capabilities to make small improvements (OECD, 2010). Additionally in IE research, the role of innovation on the international performance of a firm is well recognised (O'Cass and Weerawardena, 2009). Based on these discussions, the following proposition is made:

P6: SMEs with a high level of innovation capability are likely to have a high level of international opportunity enactment.

4.6 Conclusion

In this chapter, IO enactment was clarified with a clear explanation of three types of international opportunities. The conceptual framework presented here is the basis on which the study is conducted. The framework illustrates the unit of analysis that includes both the key decision maker and the firm. The thesis is that the key decision maker's attitude, self-efficacy, and intention along with a firm's learning, relational, and innovation capability may exert a positive influence on the enactment of three

types of international opportunities. In the following chapter, the research methodology will be discussed.

Chapter 5: Research Methodology

5.1 Introduction

This chapter presents and justifies the mixed methods undertaken in the study. Initially, the philosophical and methodological position of the study is presented. Then, there follows an in-depth discussion on the survey research and case studies applied in this thesis. Within the survey research section, the procedures taken for instrumentation of scales, sampling, and quantitative data collection are discussed. This is followed by the adopted strategy for data analysis, Partial Least Squares structural equation modelling (PLS-SEM). Then the case studies section discusses the sampling and qualitative data collection. Finally, the triangulation procedure is discussed, and a conclusion is drawn.

5.2 Research Philosophy

Research philosophy is an overarching scholarly domain that covers discussions on the nature of knowledge and how knowledge is developed (Saunders et al., 2011). Research methodology is intimately connected and constrained by the worldview of the researcher and Guba and Lincoln (1994) assert that a worldview consists of the researcher's position on three issues: ontology, epistemology, and methodology. In most research works in social science, worldview and research philosophy are often used interchangeably.

Scholars divide research philosophies into two schools: Positivism and Interpretivism, with a number of other schools of philosophies as offshoots of these two (Saunders et al., 2011). Positivism as a methodological approach implicitly or explicitly assumes that reality can be studied from a 'one-way, value-free mirror'

from a distance (Sobh and Perry, 2006). A Positivist researcher takes a number of strategies to remain distant from the phenomenon under study and receives views from a value-free reflection of reality (Guba and Lincoln, 1994). The outcome of a positivist research is law-like generalisations similar to the product of research in natural science (Saunders et al., 2011). The atomistic ontological view of positivism suggests that reality is relatively stable and is made up of social objects and phenomena that can be decomposed into observable protocols gained through sense data and these social objects are interrelated with one another in predictive law-like relationships (Boisot and McKelvey, 2010). The key features of positivism include prioritisation of observations, verification of the truth, ensuring that research is bias free, and operationalisation of elements under observation for measurement (Williams, 2006).

Interpretivists, on the contrary, broadly argue that the social world is far too complex and therefore truth cannot be generalised and can only be relative (Saunders et al., 2011). At a philosophical level, interpretivists have argued that it is impossible to have context free data and to identify predictive causal relationships and generalise law like relationships. Interpretivism is more concerned with interpretative understanding (Verstehen) than law-governed explanation (Erklaren) (Crotty, 1998). The difference stems from the divergence between natural reality and social reality as the interpretivists claim that the social reality has a meaning and relevance for the beings acting, living and thinking within it. Interpretivism subsumes a number of epistemologies such as symbolic interactionism, phenomenology, and hermeneutics. These epistemologies have specific assumptions that broadly fall under the umbrella of interpretivism. Saunders et al. (2011) consider critical realism and pragmatism as two other schools of philosophies, but these can be explained as philosophies located

on the continuum between positivism and interpretivism. The main differences between positivism and interpretivism are outlined in Table 5.1.

Table 5.1: Differences between Positivism and Interpretivism (Adopted from Lincoln and Guba, 1985)

	Positivism	**Interpretivism**
Nature of Reality	Reality is a single, tangible, and objective.	Realities are multiple, socially constructed, and subjective.
Relationship of knower and the known	Both are independent	They are interactive and inseparable.
Possibility of generalisation	Generalisation is possible	Generalisation is not possible.
Possibility of causal linkage	Cause and effects can be determined	Cause and effect cannot be separated.
Role of values	Research is value free	Research is value-bound.
Methodology adopted	Quantitative	Qualitative
Aim of knowledge	To gain predictive understandings of phenomena	To gain deep and insightful understanding of phenomena.

Research Philosophy in IE

Jones et al. (2011) suggest IB and entrepreneurship as the parent disciplines of IE. It is necessary to review the methodological approaches in IB and entrepreneurship to justify the methodological position of this study. Because both IB and entrepreneurship literatures are multidisciplinary, the methodological approaches in these two fields are diverse. The diversity is visible in the reviews of methodology in exporting research (Katsikeas et al., 2008b), international marketing (Aulakh and Kotabe, 1993; Cavusgil et al., 2005; Taylor, Bowen, and Bang, 2011), entrepreneurship (Chandler and Lyon, 2001; Kyro and Kansikas, 2005; Ireland et al., 2005; Dean et al., 2007; Blackburn and Kovalinen, 2009; Crook et al., 2010), international business (Piekkari and Welch, 2006), and international entrepreneurship (Coviello and Jones, 2004; Hohenthal, 2006; Mainela et al., 2013). The following

paragraphs look for common patterns in the ontological, epistemological, and methodological trends in IB and entrepreneurship.

The ontological and epistemological discussions surrounding entrepreneurial opportunity have effectively entered into the scholarly discussions on IO and scholars have taken opposite positions in the paradigmatic continuum regarding the nature of IO (cf. Mainela et al., 2014). There are intense philosophical arguments on the philosophy of entrepreneurial opportunity that include the critical realist and evolutionary realist views (Alvarez and Barney, 2010), structuration view (Sarason et al., 2006), constructivist framework (Bouchiki, 1993), social construction (Downing, 2005) and different alternative perspectives (Jennings et al., 2005). Due to cross-fertilization from entrepreneurship literature, the objectivist and subjectivist debate on entrepreneurial opportunity has penetrated IO research and IE scholars so far have accepted both opportunity creation and opportunity recognition (Mainela et al., 2014). The effectuation logic of Sarasvathy et al. (2010) in particular suggests that the creation of opportunities depend on actions-interactions and, therefore, known resources are not suitable for explaining these kinds of opportunities. Based on this view, enactment of IO cannot be scientifically modelled and organisational capabilities cannot relate to the enactment of IO. This position is contradictory to that of the IB research, which endeavours to be more scientific in its research methods.

IE scholars have remained silent about the rich ontological and epistemological discussions taking place in the IB literature. Integrating the ontological discussions in IB can strengthen the conceptual foundation of the proposed conceptual framework and make an argument for the methodological approaches taken in this research. Devinney et al. (2013) argue that despite many attempts, the theoretical frameworks

in IB literature cannot be treated as scientific formulas. A basic assumption of a scientific hypothesis, statement or theory is that these can be proven false (Popper, 2005). Devinney et al. (2013) suggest that theories like the OLI paradigm, internationalisation stage theories, or the IE literature on rapid internationalisation and the born-global firms cannot be considered as holistic theories. Buckley (1988) earlier mentioned that the internalisation theory of the MNE is tautologous, and some aspects of it are irrefutable. Empirical evidence has shown that the predictive ability of internalisation theory is at a general level. Sullivan (1998) also highlighted that the complexity of the phenomenon of IB has proven the building of an integrated theory to be much more difficult. The contrast between the two parent disciplines is that there is an argument in favour of studying an entrepreneurial phenomenon as unique events (Bygrave, 1989) in entrepreneurship, while the IB literature attempts to build holistic theories.

This can be acutely observed as Keupp and Gassmann (2009) advocate having more multi-level research in IE and to determine the relative influence of different levels like the entrepreneur and the firm. However, identifying the relative importance between key decision maker and the firm is an irrefutable question that cannot be answered for objective truth. To overcome this challenge, this study does not compare the relative influence of the key decision maker and the firm on IO enactment. In terms of the philosophical position, this study takes a more IB research oriented position.

Philosophical Position of this Study

This study is positioned between positivism and post-positivism in a continuum. It takes some aspects of positivism, but it does not attempt to explain reality in a mirror-like reflection (Alvesson and Kärreman, 2007). In this research, the qualitative and quantitative materials can be viewed as a dialogue partner to gain theoretical insight about reality. When bringing in scientific approaches that involve causality, determinism, and functionality, this study refrains from making law-like generalisations. The idea of truth in proposed causal relationships can be best considered as empirical generalisations, which are weaker than laws, but suitable for social science where there are no universal or necessary laws (Russo, 2011). A causal explanation is only good for the statistical variation in social objects that this study can account for with the empirical data (Russo, 2011). As DiMaggio (1995) posits, theories do not need to be covering laws, but theories can be seen as enlightenment and narrative. Empirical evidence can provide a reality check for the arguments this study presents. Post-positivist triangulation (Cox and Hassard, 2005) of qualitative and quantitative data can elucidate the 'researcher's stance' on the subject, i.e. IO enactment. Love (2002) suggests that the theoretical development in any research is closely related to the ontological and epistemological position taken. In the following sections, the alternative ontological and epistemological positions are presented.

5.3 Ontology

According to Guba and Lincoln (1994), the ontological question concerns the form and nature of reality. Barron (2006, p.202) defines ontology as, "*a concept concerned with the existence of, and relationship between, different aspects of society, such as social actors, cultural norms and social structures".*

Saunders et al. (2011) argue that two branches of ontology: objectivism and subjectivism, both have their devotees among business and management researchers. The subjectivist researcher acknowledges the bias and would not treat data separately from personal bias as an objectivist researcher might do. According to Donaldson (2003), what the objectivist sees as the cause, the subjectivist sees as the reasoning or human choice. Objectivism represents the view that social entities exists in reality external to the social actor and subjectivism represents the view that social reality is formed from the perception and subsequent action of social actors (Saunders et al., 2011). It takes a transcendental view of the world and human behaviour and subjectivist researchers often adopt interpretive phenomenology, ethnography, or other non-positivist epistemologies (Morgan and Smircich, 1980). The objectivist-subjectivist dichotomy is not highly polarised, but can be seen as a continuum. Morgan and Smircich (1980) present six different assumptions about ontology in the objective-subjective continuum, and these are presented in Table 5.2:

Table 5.2: Assumption about 'Reality' on the Objective-Subjective Continuum (Adopted from Morgan and Smircich, 1980)

Subjective	⟵			⟶	**Objective**
Projection of human imagination	Social construction	Symbolic discourse	Contextual field of information	Concrete process	Concrete structure

So far, IO is researched from both the objective position, suggesting IO needs to be recognised by the entrepreneur, and the subjective ontological positions, suggesting the entrepreneur creates opportunities in an effectuation process. This study takes the position that IO is enacted and examines the connection among the cognitive attributes of the key decision maker, firm-level capabilities, and IO enactment. Thus, the ontological position of this study is on the continuum close to the objective end.

A critical aspect of this objectivist ontological position is the assumption that there exists a population mean score of the objects under study (like learning capability and relational capability) and this objective population mean is the basis on which the empirical investigation with the support of inferential statistics is conducted. The opposite, subjectivist approach, allows investigating individual cases of IO enactment to gain rich information and can be triangulated (Denzin, 2012) with the quantitative data. Triangulation as a validation method for objective truth has received some criticism (Flick, 1992) and in contemporary research it is treated as a strategy to justify knowledge by gaining more knowledge (Flick, 2004).

5.4 Epistemology

According to Barron (2006), any instance in social inquiry is based upon the dual fundamental principles of ontology and epistemology. Within social research, epistemological issues concern what should be considered as acceptable knowledge in a specific discipline whilst ontological issues are concerned with the nature of social bodies or entities (Saunders et al., 2011). Sobh and Perry (2006) state that epistemology is the relationship between reality and the observer. Saunders et al. (2011) argue that epistemology governs what is acceptable knowledge in the discipline. The theories of epistemic justification mainly include rationalism and empiricism. Knowledge is considered as justified true belief and two theories of epistemology, empiricism and rationalism, have very different assumptions on how to justify true belief.

Empiricism holds that beliefs can be better justified in the light of the evidence gained from the senses or through surrogate scientific instrumentation (Williams, 2006). Empirical hypothesis testing has a central position in empiricism.

Additionally, identifying the causal relationship through hypothesis testing is a key aim of empirical research. In contrast, rationalism holds that beliefs can be better justified by rational evidence, not by sensory evidence. According to this view, truth appears through reason and not through senses. The scholarly debates surrounding empiricism and rationalism have unearthed the limitations and advantages of both epistemological theories. Recent trends in management research indicate that rationalism is more favourable than empiricism to management scholars who prefer theory building '*at the expense of examining phenomena*' (Birkinshaw et al., 2014, p.7).

This study primarily adopts an empirical approach to examining the proposed connections. Nevertheless, in order to have a better understanding of the contextual issues that can help in making a better interpretation of the propositions, the findings of the empirical investigation are triangulated with additional qualitative data. Thus, this study not only reports the empirical findings, but also justifies the findings with an observer's reasoning. This type of triangulation is consistent with the philosophical position taken between positivism and post-positivism in a continuum.

5.5 Research Methodology

The choice of research methodology is determined by the research questions. Early methodological trends in IE, reviewed by Coviello and Jones (2004), show a burgeoning trend of unifying and clarified methodological direction. These authors argue that the emerging field is too complex to have one methodological direction. Coviello, McDougall, and Oviatt (2011) suggest that IE research sits at the intersection of parent disciplines and therefore innovative research approaches embracing from other fields can enrich the understanding of international

entrepreneurship. Hohenthal (2006) argues that since research in IB is inclined to quantitative methodology and entrepreneurship research is more inclined towards qualitative research, the IE research can develop further if mixed methods are adopted by the researchers. However, Hohenthal (2006) also identifies time consumption and expectations of different reviewers as a source of potential problems in mixed method research. A systematic review conducted by Mainela et al. (2014) show that survey, case studies, and interviews are widely used in IE research. The methodological reviews of international marketing by Katsikeas et al. (2008b) and Taylor, Bowen, and Bang (2011) show substantial development in empirical research over the years and greater use of regression analysis as well as structural equation modelling.

The methodology of this study involves adopting both quantitative and qualitative research methodology in a two-step process. The first step is to examine the six propositions through statistical data analysis with data collected from UK SMEs. This involves conducting a nomothetic, explanatory, and quantitative research following a hypothetico-deductive method for data analysis. The nomothetic characteristic of the quantitative research allows studying IO enactment in a wider context than a few case studies. Social scientists, who employ a nomothetic model of explanation, inevitably take a probabilistic approach to causation (Babbie, 2012). The proposed conceptual framework provided a 'nomothetic explanation' (de Vaus, 2001) of IO enactment. The hypothetico-deductive method has two operations – the formation of hypotheses and then the deduction of consequences to arrive at hypothetical beliefs that are well supported by experiences (Føllesdal, 1994). In this study, research hypotheses are generated through a deductive process from the IB and the entrepreneurship literature through theoretical integration (Davidsson, 2005).

The second step is to conduct a qualitative research using five case studies 'deductively' (Shane, 2000; Bitektine, 2008). Then data-triangulation provides a better understanding of the findings (Babbie, 2012). These steps are explained in detail in the following paragraphs.

5.6 Research Methods

The study employs two research methods: a survey for quantitative data collection and case studies for qualitative data collection.

5.6.1 Survey

The survey method supports a large-scale quantitative research in its content, form of data, and method of analysis. It produces structured data set in the form of a variable-by-case grid, which is helpful for statistical analysis. With the statistical analysis, it is possible to determine the links between the constructs proposed in the conceptual framework. According to de Vaus (2002), survey based data collection can be done through questionnaires, structured in-depth interviews, observation, content analysis and so forth. Questionnaire-based surveys, as used in this research, require that operationalisation of constructs and data be collected based on the indicators. Shiu et al. (2009) suggests data can be collected for state-of-being, state-of mind, state-of-behaviour, and state-of-intention of people or organisations. Thus surveys are useful to collect data about such cognitive attributes as attitude, intention, self-efficacy, and firm-level capabilities.

A variety of survey methods can be deployed (i.e., mail, telephone, online, and face-to-face) and the advantages of each depend on the types of survey conducted. Overall, the survey method allows data collection from a large sample and takes

relatively less time than qualitative methods. It additionally allows data analysis with statistical applications, and offers the flexibility of asking many questions on a single topic (Saunders et al., 2005). The disadvantages include the inability to change the design once it is commenced and lack of room for contextualisation. Babbie (2012) posits that survey questionnaires can give only superficial coverage of complex topics. There is room for error in data collection with the survey method. In this study, the common errors of data collection are appropriately addressed and discussed further in section 5.11.

The choice between four types of survey methods is made considering the merits and demerits of each. Cost, coverage, relevance of information, and accessibility of respondents are considered and then two types of data collection techniques are applied in this study: online and mail survey. In terms of response rate, Wright (2005) suggests that both online and mail surveys provide comparable results. Some of the constraints of mail survey including cost and time requirements, indirect access to respondents, and difficulty in transferring data in SPSS are solved in the latest only survey tools. Web based surveys provide convenience, rapid data collection, cost effectiveness, ease of follow-up, confidentiality, complexity, and visual aids (Rea and Parker, 2005). Because of these updated features, online surveys were primarily employed. After sending online survey invitations, when sufficient data was not collected, the decision was taken to employ a mail survey.

A combination of these two methods was utilised to get the maximum response within the constraints of the research. The *'affordable-largest size'* samples are conveniently accepted in international marketing research (Cavusgil et al. 2005, p. 13). The researcher faced a number of problems in collecting data through the online

survey, which are discussed in brief in the data collection section. There is scope for introducing bias in the data by collecting it through two types of survey methods, something that is further discussed in the management of errors section. Due to the insufficiency of data after employing both online and mail methods, the study conducted five qualitative case studies to collect more data. The case study method is briefly discussed in the following sub-section.

5.6.2 Case Study

The second data collection method, case studies, is a flexible method of in-depth analysis of cases (SMEs in this study) that can be used for descriptive, exploratory, and explanatory research (Yin, 2008). This study uses explanatory case studies to 'deductively' (Bitektine, 2008) examine the six propositions. In opportunity research, Shane (2000) and Chandra et al. (2009) have ably conducted deductive testing of propositions using a number of cases studies. Shane (2000, p.453) explains, "*The case study design allows investigation of how opportunity discovery operates in a real-world environment in which decisions actually take place, provides evidence in a situation in which all of the relevant behaviors cannot be manipulated through experimental design, and allows the incorporation of a variety of different sources of evidence, including both archival documents and interviews".* The advantage of the case study method is that it allows for collection of rich data that would normally be difficult through other research methods, whilst the disadvantages include lack of generalisability of the research findings. In IB research, initially conducted quantitative data analysis is supported by case studies in a number of papers (e.g. Ibeh and Young, 2001; Dimitratos, 2002). This study builds upon the methodological insights from these earlier works. In the interest of clarity and avoiding repetition, the two phases of the study (survey and case studies) are explained in more depth

separately. The following section provides the details of the survey method employed in the quantitative phase of the study.

5.7 Details of the Survey Method

In this section the instrumentation of survey questionnaire, sampling technique, data collection, management of errors in survey research, and data analysis techniques are discussed.

5.7.1 Instrumentation and Questionnaire Development

Instrumentation is the procedure to measure the presence or magnitude of a property in any social object (Hammersley, 1987; Dane, 2010). This study followed the instrumentation procedure following the guidelines of a number of scholars (Hinkin, 1995; Adcock and Collier, 2001; Schwab, 2004; Shiu et al., 2009). In this study, the latent constructs are theory driven, and a number of measurement scales already published in the literature are applied. However, because of the differences in the goals of the empirical research, the scales are adapted from the different contexts in which they were primarily applied.

In terms of the level of measurement, nominal scales are not used in this study as it only provides basic information, and it would not fit with the research objectives. Between ordinal and interval levels, interval level measurement is the preferred level in inferential statistics as it allows measuring a latent construct in equal intervals. The measurement of latent constructs in equal intervals is often difficult and therefore ordinal level data are collected in this study. Because of the non-parametric characteristics of ordinal level data, data collected at this level requires careful interpretation (Grace-Markin, 2008). Here, the constructs are measured on a

continuum to capture the degree of the concept and to rank the scores a Likert-type scale is used.

Likert-Type Scale

Different types of scales like Likert, Thurstone, Guttman, Semantic differential, and Q-sort scales are used in organisational research, with the Likert-type scale being the most appropriate one for measuring the latent constructs in this study (cf. Babbie, 2012). Likert-type rating scales measure a latent construct on a response set that represents a range of trait level ordered from low to high (Bovaird and Embretson, 2008). Jamieson (2004) opposes using the Likert-Type scale in behavioural research as it can only provide ordinal level data. However, Carifio and Perla (2007) argue that the key issue with the Likert-Type scale is that the Likert response set and wording of the anchoring terms are the determining factors in deciding if the scale is at ordinal, interval, or at ratio level. The relative nature of determining if the Likert-Type scale is at ordinal or interval level is not a problem as the PLS-SEM technique is robust enough to analyse non-parametric data and scales at any level (Hair et al., 2012). Therefore, Likert-type scales with five anchor terms are good for analysis in PLS-SEM. The following sections provide details of the instrumentation of latent constructs to conduct an empirical investigation of the conceptual framework. Lists of journal articles reviewed in the instrumentation process of the different capability constructs are presented in Appendix B.

Independent Variables: Key Decision Maker's Cognitive Attributes

Instrumentation of scales for the three latent constructs relating to the attitude, intention, and self-efficacy of the key decision maker is conducted after the analysis of empirical papers for each of the latent constructs. In this study, the object of the attitude, intention, and self-efficacy is IO enactment, which is different from new

venture creation. Since the available measurement scales of entrepreneurial attitude, entrepreneurial intention, and entrepreneurial self-efficacy are mostly concerned with new venture creation, some adaptation and refinements were necessary.

Attitude towards International Opportunities

This study adapted the attitude scale from the empirical investigation of Johnston and Czinkota (1985). Instrument refinement of Johnston and Czinkota's scale was required to maintain the sensitivity of the scale (Pather and Uys, 2008). Johnston and Czinkota (1985) measured managerial attitude towards various aspects of exporting with a ten-item, five-point, Likert-Type scale. Other scales examined but not considered include Entrepreneurial Attitude Orientation (EAO) (Robinson et al., 1991), international risk attitude (Dimitratos et al., 2012), entrepreneurial attitude (Kautonen et al., 2013a), export attitude (Eshghi, 1992) and attitude (Ajzen, 1991). The operational definition of attitude towards international opportunities is the predisposition to respond in a favourable or an unfavourable manner with respect to the object of attitude and this definition is based on that of Ajzen (1991) and Shaver (1987).

In this study, three items adapted from the scale of Johnston and Czinkota (1985) to capture the attitude towards international opportunities are:

1. Acting upon international opportunities to export is a key area of focus for my firm.
2. Executing export opportunities can make a major contribution to my firm's growth.
3. Executing export opportunities can make a major contribution to my firm's profit.

Self-efficacy

This study adapted the self-efficacy scale from the empirical investigation of Arenius and Minniti (2005). The domain specification of entrepreneurial self-efficacy (ESE) is a new venture creation, and it differs from general self-efficacy (GSE) (McGee et al., 2009). Bandura (2012) argues that the self-efficacy should be focused on the specific context and activity domain. Self-efficacy can be more predictive when it is measured in a very task specific measurement. For example, Barbosa et al. (2007) examined different types of task-specific self-efficacy, i.e. opportunity identification self-efficacy, relational self-efficacy, managerial self-efficacy, and tolerance self-efficacy. These task specifications are carried out after extensive research on new venture creation, which is not the case for IO enactment. Based on Bandura's (1982) observation, self-efficacy on international opportunities is defined here as one's belief in how well a person can execute the courses of action required to deal with enacting international opportunities.

While a number of scholars have argued for multidimensional measures, many have used limited dimensional and uni-dimensional measures of self-efficacy (Arenius and Minniti, 2005; Baum and Locke, 2004). Arenius and Minniti (2005) asked respondents if they had the knowledge, skills, and experience to start a new business in a single question. In this study, experience is replaced with abilities because knowledge, skills, and abilities (KSA) are more appropriate dimensions of individuals' competence used in management studies. KSA captures the cognitive, functional, and social competencies of individuals (Le Deist and Winterton, 2007). After adapting the single question of Arenius and Minniti (2005) into three-item scales the following items are developed:

1. I am confident that I have the knowledge required to act upon international opportunities.
2. I am confident that I have the skills required to act upon international opportunities.
3. I am confident that I have the abilities required to act upon international opportunities.

Intention

This study adapted the intention scale from the scales of Armitage and Conner (2001). Likert-Type Scales are widely used to measure entrepreneurial intention based on the initial works of Ajzen (1991). Zhao et al. (2005) use interest to measure intention by asking how interested the respondent is in acting upon the object. The entrepreneurial intention measure of Liñán and Chen (2007) measures the construct with six items based on different conceptualisation of entrepreneurial intention. Krueger et al. (2000) measured intention by asking respondents to estimate the probability of starting a new venture over the next five years. Kautonen et al. (2013b) measured the likelihood of starting a new business with a single question. Kolvereid and Isaken (2006) also measured intention to become self-employed within one year with a single question. All of these studies treated the self-prediction aspect as intention. The study did not limit the period of intention with any period, as Yang et al. (1992) noticed internationalisation is a long-term process. Based on Armitage and Conner (2001) this study adapts measurement scale for intention in its context with the following items in a five point Likert-Type scale:

1. I am keen to act upon international opportunities.
2. I expect to make international opportunities a success.
3. I intend to act upon international opportunities in the near future.

Independent Variables: Firm-level Capabilities

Three types of firm-level capabilities, i.e. learning, relational, and innovation capabilities represent the firm-level attributes. Learning capability and relational capability are operationalized as second order reflective constructs to capture the multifaceted characteristics of the capabilities. Innovation capability, in contrast, is operationalized as a first order reflective construct after careful investigation of the literature.

Learning Capability

The learning capability construct is measured in this study adapting the multi-dimensional reflective construct using the 16-item scales applied by Lin (2008). Multiple scales measuring learning capability are evaluated before deciding upon the scale of Lin (2008). Goh and Ryan (2002), Jerez-Gomez et al. (2005), and Chiva et al. (2007) have influenced most empirical studies on learning capability. Lin (2008) adapts the scales of Jerez-Gomez et al. (2005) while using knowledge acquisition and knowledge dissemination components, integrating them from the knowledge management capability (Gold et al., 2001) construct. Jerez-Gomez et al. (2005) treated knowledge acquisition and innovative experiments together in the 'openness and experiment' measure. The modifications made by Lin (2008) does not cause any deficiency to the original measure of Jerez-Gomez et al. (2005) but improves it to a certain extent by adapting the works of other scholars (e.g., Gold et al., 2001; Hult and Ferrell, 1997). The learning capability construct in this research is measured adapting the multi-dimensional reflective construct using the 16-item scales applied by Lin (2008). A five-point Likert-Type scale is used to measure the items ranging from 1 = strongly disagree to 5 = strongly agree. Here, systems orientation is defined as the degree to which various individuals, departments, and areas of the firm have a

clear view of the organisational objectives and understanding of how they can help in their development. Knowledge acquisition is defined as the business processes that use existing knowledge and capture new knowledge. Knowledge dissemination is defined as the business processes that distribute knowledge among all individuals participating in process activities. The subcomponents of learning capability are measured with the following adapted items:

- Managerial Commitment

In my firm,

1. Investments are made to train employees on export documentation.
2. Employees are encouraged to participate in decision-making processes of exporting.
3. Employees' ability to learn export procedures is considered very important.
4. Appropriate incentives are given to employees for ideas that work in export development.

- Systems Orientation

5. All employees understand the firm's export objectives.
6. All employees understand their role in achieving the firm's export objectives.
7. Employees clearly understand all export related procedures.
8. Employees involved in exporting activities relate to and coordinate with one another.

- Knowledge Acquisition

My firm,

9. Generates new cross-cultural knowledge of foreign markets that support exporting.

10. Acquires cross-cultural knowledge on developing new products/services for foreign markets.
11. Integrates cross-cultural knowledge gained from different international sources.
12. Applies acquired cross-cultural knowledge to excel export in foreign markets.

- Knowledge Dissemination

13. Transfers cross-cultural knowledge gained from international sources to employees.
14. Distributes cross-cultural knowledge gained from international sources throughout the organisation.
15. Shares cross-cultural knowledge gained from international sources among our business partners.
16. Rewards cross-cultural knowledge sharing within the organisation.

Relational Capability

Relational capability is measured as a second order reflective construct, consisting of three components: trust, communication, and commitment. Prior to selecting the three components, measurement scales of relational capability, networking capability, and related concepts are thoroughly examined. Once trust, communication, and commitment are considered as the key components, measurement scales for these three components are also reviewed in the literature.

Trust is measured after adapting the scales applied by Aulakh et al. (1996). Seppänen et al. (2007) provided a comprehensive review of different measurements of trust dating from 1990 until 2003. Among the number of measures available on trust, the empirical study of trust by Aulakh et al. (1996) in an international marketing context is the most suitable for this study. A five-point Likert-Type scale shall be used to

measure the items ranging from 1 = strongly disagree to 5 = strongly agree. The adapted items measuring trust are as follows:

My firm and the international partner firms,

1. Have a business relationship that is characterized by high levels of trust
2. Generally trust that each will abide by the terms of the contract.
3. Generally accept information exchanged among us without scepticism.

Communication is measured after adapting the scale applied by Paulraj et al. (2008). Sarker et al. (2001) measured reciprocal information exchange with a four-item, five point Likert-Type scale. They looked into formal and informal information exchanges among network partners. Paulraj et al. (2008) measured inter-organisational communication as a relational competency. They applied a six-item, seven-point, Likert-Type scale to measure the extent of communication between buyer and sellers. In this study, three items are adapted for a five-item Likert-Type scale and these items are as follows:

My firm and the international partner firms,

1. Share sensitive accounting, finance, or marketing information with each other.
2. Exchange information frequently or in a timely manner.
3. Keep one another informed about events or changes that may affect the other party.

Commitment is measured with three-item scales adapted from Sarker et al. (2001). Other commitment scales evaluated but not considered include that of Anderson and

Weitz (1992), Sharma et al. (2006), and Clarke (2006). The adapted items to measure commitment are as follows:

My firm and the international partner firms,

1. Are willing to dedicate whatever people and resources necessary to make our project a success.
2. Are very much committed to each other.
3. Strive for long-term relationships.

Innovation Capability

Innovation capability is measured as a first order reflective construct after adapting six items from Calantone et al. (2002), Subramaniam and Venkatraman (2001) and Peeters and Pottelsberghe (2003). Both input and output based measures are widely used to determine a firm's innovation capability (Saunila and Ukko, 2012). Albaladejo and Romijn (2000) argue that successful measures considered both inputs and outputs of innovation capability. Input measures look into how resources are arranged for innovation and how innovation related activities are carried out. They can include R&D expenditure and education (Tura et al., 2008). The shortcomings of using input based measurements are that they do not indicate any accomplishment of innovation capability and many firms can have innovation capability but not enough R&D allocations, making the measure inadequate.

On the other hand, output measures that are mostly based on patents and licences, do not offer much insight on all sorts of innovations. Saunila and Ukko (2012) argue that objective and output based measurements of innovation capability are not suitable for small firms because of the constraints arising from quantitative and

financial measures. Davidsson (2005) observes that innovative activity measurements within SMEs are sensitive to input based (R&D expenses), output based (number of launched innovation), or to a proxy measure in-between (e.g., patent registration). Therefore, input based measures may distort the result by firm size as well as industry structure and national distribution (Acs and Gifford, 1996). Some of the large-scale measures of firm-level innovation are available in the Solvay Business School Survey, the Community Innovation Survey, the Nesta Innovation Index, and the Ireland Innovation Panel (Carney and Ryan, 2010). Based on the views of Calantone et al. (2002), this study defines innovation capability as a firm's ability to generate novel ideas and then harvest those ideas by introducing new products, services, or processes in the market. The six items selected to measure the innovation capability construct is guided by this observation and the adapted items are as follows:

My firm,

1. Frequently tries out new ideas to grow in export markets.
2. Seeks out new ways to do things in export markets.
3. Nurtures the ability to respond to unique product requirements of foreign countries.
4. Nurtures the ability to respond to unique process requirements of foreign countries.
5. Frequently introduces new products/services to export markets.
6. Is able to manage intellectual property rights internationally.

Dependent Variables: International Opportunity Enactment

IO enactment in this study is examined for three types of international opportunities. For each type of IO, two aspects are considered: the number of international opportunities taken up and the level of success in those international opportunities. As discussed previously in the conceptual framework chapter, the three types of international opportunities are: to enter a foreign market, to develop new products/services for international markets, and to develop new processes aimed towards foreign markets. In total, six items are considered as dependent variables in this study.

Choi and Shepherd (2004) measured opportunity exploitation in terms of commencing the immediate full-scale operation required in marketing a product or service, and not just market testing. This would require the firm to invest substantially in production operations. In contrast, Singh et al. (2000) measure "new venture ideas identified" and "new venture opportunities recognised" focused on a cognitive stage. They scaled new ideas identified, or opportunities recognised in three categories in the range 0-7, 8-10, and 11+, and then coded the responses accordingly. They also minimized the period to last one year to gain consistency among respondents. Hills and Singh (2004) measure opportunity recognition behaviour by asking, "how many" questions regarding pursued new business opportunities, successful opportunities, unrelated business opportunities, and potential ideas. They scaled responses in five categories: 0, 1-2, 3-4, 5-10, and 10+ and calculated the percentage of entrepreneurs in each category based on the frequency distribution. Hansen et al. (2011) in their extended review of empirical papers on opportunity recognition showed that most opportunity recognition process measures were based on the number of opportunities recognised.

Based on the scale used by Singh et al. (2000) and Ucbasaran et al. (2003) on entrepreneurial opportunity, this study measures the number of international opportunities taken up in the last five years on an ordinal scale. Respondents can identify 0, 1, 2, 3, 4, 5, 6 to 10, 10+ international entry opportunities 'taken up' and after data collection the responses can be allocated with values of '1', '2', '3', '4', '5', '6', '7', and '8' respectively. A similar measure was used by Davidsson and Honig (2003) for opportunity recognition and the authors created three intervals to achieve a better statistical result. The success rate of these initiatives is measured in a five-point scale. Success in general can mean achieving the goal of a specific action or achieving changes in any organisational parameter. In this study 'success' means seizing the three types of international opportunities. Both the number of international opportunities taken up and the level of success represent the degree of IO enactment.

5.7.2 Questionnaire Design

The survey questionnaire was developed following steps suggested by Rea and Parker (2005), de Vaus (2001), and Babbie (2012). There are a number of commonly used survey designs of which cross-sectional design provides baseline information on survey participants and descriptive information about the intervention. This study tried to provide intangible rewards like feedback from the survey to motivate the participants (Morgan et al., 2012). Attention was given to making the questions clear, simple, and relevant to respondents. Double barrelled, negative, and biased items were avoided. A covering letter on an official letterhead was prepared to establish trust following the observations of Dillman (2011).

The questionnaire for the online survey was prepared using Qualtrics, a popular survey management software with institutional access. The online survey was designed with a few questions per screen and visual aids were kept to a minimum in consideration of the download speed following the suggestions of Schonlau et al. (2002). Ethical approval was obtained from the ethics committee of the Department of Marketing, University of Strathclyde, prior to the data collection. The ethical requirement of the university required data to be collected from respondents between 18-65 years of age only. This information was placed on the information screen and respondents were required to agree to the age limitation before participating in the survey. Once the questionnaire was prepared the survey was conducted with a representative sample of UK SMEs. The covering letter and questionnaire is presented in Appendix E. The sampling procedure is discussed below.

5.7.3 Sampling for Survey

The population of interest to this study consists of UK SMEs that have successfully acted upon at least one IO. These include SMEs that have internationalised by making more resource commitments and not just limited to exporting SMEs. Micro firms with less than ten employees are not included in the study. When researching SMEs, scholars have noted some problems when defining the population. This includes narrowly defining the population, for example SMEs that internationalised within three years of inception, and this type of contracted definition makes inference about firms outside the range studied to be be largely speculative (Myers et al., 2010). In contrast, if a wider range of firms is considered, for example SMEs that internationalised many years after inception, there can be more variance and therefore the data may not be clean enough to show the effect of independent variables on the subject of interest. This problem of heterogeneity in researching

SMEs using a quantitative approach is a concern (Davidsson, 2005). Similarly, Ireland et al. (2005) identified that most empirical work conducted by the survey method showed concerns about the generalizability of findings.

Following the call of scholars (Coviello and Jones, 2004; Zahra and George, 2002) for representative sample selection in IE research, this study takes the position that SME internationalisation is incorporated within the broad definition of IE (Oviatt and McDougall, 2005). There is a tension within some IE scholars that gradually internationalising SMEs do not exhibit entrepreneurial, rapid internationalisation after inception and, some exceptiosn aside., SME internationalisation studies are excluded from the domain of IE (Jones et al., 2011). However, a large number of scholarly articles pertaining to SME internationalisation continue to broaden the field of IE. The following four sampling criteria were adopted in this research after careful consideration:

1. Firm Size: In the main database, SMEs having 10 to 249 employees are considered. There is also a general view that firms below ten employees, or micro sized firms can bring bias to data and create non-parametric distribution of statistics.
2. Firm Age: Firms that started operation before 2012 were included in the sample. SMEs of any age that have reported international sales are considered in the survey. No preference was given to rapid internationalising firms in sample selection.
3. Sector/Industry Coverage: To avoid heterogeneity in data earlier empirical studies often focus on one industry, but new statistical techniques are robust and

can take account for heterogeneity very easily. Based on this advantage, SMEs from both manufacturing and services sector are included in the research.

Database of SMEs organised by public institutes are often not accessible, and, therefore, Johnston et al. (2010) evaluated a number of private sources of industry database most often used by researchers. The available databases are Fame, Yellow Page, Kompass, Amadeus, MarketEurope, D&B, and UK Exporters database. After evaluating all available options, this study used Fame database due to its free access and reliability.

Bureau Van Dijk develops FAME from the database of Dun and Bradstreet (D&B) but unlike D&B, it is free to access through the university. One of the key advantages of using FAME is that it provides email addresses of key decision makers, whilst its key disadvantage is that many of the email contacts are obsolete. This study filtered the FAME database for UK SMEs with a number of criteria and the outcomes of the filtering process in presented in Table 5.3.

Table 5.3 Sample Framing from FAME Database

No.	Filter Criteria	Number of Firms
1	Country: Primary Trading address, R/O address: England, Scotland, Wales, Northern Ireland	125,974
2	Number of Employees: Last available year, min=1, max=249	58,893
3	Incorporation date: to 01/01/2012	58,884
4	All companies with reported overseas turnover, last available year.	13,431
5	Number of firms with valid and invalid emails	7,000
6	Firms with valid emails of key-decision makers	2,800

2,800 SMEs were invited to participate in the online survey. To identify these 2,800 firms with valid emails of the key decision maker, initially around 7000 introductory emails were sent as an initial database development process and the obsolete emails were deleted from the database.

For sampling, two basic sampling designs i.e. probability and non-probability sampling are widely used in entrepreneurship research (Ireland et al., 2005). Hitt et al. (2004) mention that stratified and random sampling has a less systematic error and non-probability sampling requires more interpretation of data and findings. There is scope for non-probability sampling in this research based on regions within UK, number of employees, or industry. Analysing the firms within the sampling frame revealed that more than 80 percent of SMEs in the sampling frame are located in England, and only one quarter of SMEs is small and others are of medium size. Thus, location or employee based stratification would not yield sufficient SMEs within Scotland, Wales, Northern Ireland. The online survey resulted in 79 complete responses. The remaining SMEs from the 2800 were considered for further invitation to participate in the mail survey. Although in the online survey, all 2800 SMEs were invited, a probability sampling technique was employed for the mail survey that followed. Through probability sampling, 400 SMEs were selected for data collection. Once the mail survey was completed and an additional twelve responses were collected, it was realised that the small number of responses had not provided sufficient data for the study. Therefore, through discussion with the research supervisor qualitative case studies were deemed necessary.

5.7.4 Key Informant Technique

As the study involves the key decision maker's cognitive attributes and firm-level capabilities, the key informant technique is applied to gain information about both the individual and the firm. Phillips (1981) argues that organisational characteristics and individual characteristics are not the same and therefore key informant technique should include a number of participants from an organisation. However, in practise, often only one key informant represents an organisation and the degree to which the collected information is a valid representation of the firm is an unresolved issue. Scholars (Kumar et al., 1993; Rubber and Fischer, 2002; Buchanan and Bryman, 2007) have identified a number of shortcomings in the key informant technique. This includes highlighting a number of problems in using key informant technique including informant bias, random error, position in the organisation, memory failure, hindsight bias, attribution bias, subconscious attempts to maintain self-esteem, impression management, hypothesis guessing, and multiple job roles. These shortcomings are evaluated in the data collection process.

In this study, the key decision maker (Andersen, 1997) is considered as a key informant. Philips (1981) indicates that the key informant can be the CEO, Executive/President, Vice President (Marketing), and Executive Assistant to the President. Other positions include Managing Director and Director of the firm. The key-decision maker, often the Managing Director (MD) of the SME, is considered here as the respondent of the survey representing both the individual and the firm. In cases where the MDs are not able to participate in the research, other key informants may participate in the survey, although this can lead to possible measurement error (Philips, 1981).

5.7.5 Pretesting of Questionnaire

Pre-testing was conducted in five face-to-face interviews with three academic experts and two industry professionals, bearing in mind the suggestions of effective pre-testing of the questionnaire by Rothgeb et al. (2007). Babbie (2012) suggests a pilot test may not necessarily be conducted with potential respondents only but the participation of someone with relevant knowledge is helpful. A questionnaire appraisal system (QAS) was used to pre-test the survey questionnaire. The appraisal system developed by Forsyth et al. (1999) is adapted for pre-test and it covered areas like comprehension and information retrieval. The appraisal system was helpful in ensuring the questionnaire was well constructed. Once the questionnaire was finally prepared after pre-testing, and necessary modifications, data collection through an online survey and later with a mail survey was conducted.

5.7.8 Data Collection

The sample frame provided a list of 2800 SMEs with the email addresses of the key decision makers. It was expected that data collection following a random sampling would provide sufficient participation. A cross-sectional, online survey was conducted for data collection followed by a mail survey over a total period of six months between February and July 2013. The online survey resulted in 79 responses even though a number of steps were taken to gain a high response rate. The reasons the survey failed to gain a good response rate includes:

1. Lengthy cover letter: The email message written following the ethical requirements of the university was too long, detailing too much information on the research project, and thus was ineffective for email communication.
2. Use of smartphone: The emails received on smartphones were ineffective in prompting survey participation from the link in the message.

3. Timing of emails: As an instantaneous method of communication, emails received at an inconvenient time for the respondents did not generate much interest.
4. Repetitive questions in the survey: A number of participants complained that repetitive psychometric questions about attitude, intention, and self-efficacy discouraged them from participating in the survey.

To mitigate the lack of response at the early stage of the survey, phone calls were made to the first one hundred companies and in most cases, the receptionists were unable to respond on behalf of the invitees. Gradually, all 2800 SMEs in the sample frame were emailed, and 79 complete responses were collected. The invitees were not emailed further to avoid receiving complaints about spamming. Other avenues to gain survey participants included making contact with Scottish Enterprise, Scottish development International, all UK Chambers of Commerce, all UK university Knowledge Transform Protocol centres, ACCA, and Interface. None of these organisations were able to help in gaining access to SMEs.

To acquire more responses 400 postal mails were sent through random sampling from the same sample frame, except those who had participated in the online survey, and twelve mail responses were collected. In this way, a total of 91 complete responses were collected. Further postal mails were not sent considering the cost issues. The aggregate response rate of the survey was 3.25 percent.

5.7.9 Management of Errors

Error, in general, denotes a deviation in empirical research from a true or optimal result. Measures are taken to reduce both systematic and random errors in every

stage of the survey. Two sources of errors are carefully monitored: observer and instrument (Hammersley, 1987), and, unlike qualitative research that recognises observer bias (Kumar and Phrommathed, 2005), the survey attempts to minimise observer bias in the data collection and analysis of data.

Necessary steps were taken to reduce the chances of errors occurring associated with survey-based research such as sampling error, coverage error, measurement error, and non-response error (Dillman, 2011). Within the questionnaire design, errors associated with wording in scale items, lack of temporal, proximal, and psychological distances among questions, ambiguity, and social desirability of the respondents (Podsakoff et al., 2012) are carefully managed through precautionary steps. Additionally, to avoid the type I and type II errors in hypothesis testing (Messick, 1998), the appropriate confidence interval for one-tail tests were sought in the analysis. The procedures to ensure validity and reliability in the survey process are discussed accordingly.

5.7.9.1 Validity

Adcock and Collier (2001) argue that a valid measurement is achieved when there is a meaningful capture of the ideas contained in the corresponding concept. In other words, the measurement is valid when the scores derived from a given indicator can meaningfully be interpreted in terms of the systematised concept that the indicator seeks to operationalise. For the quantitative study, steps are taken to achieve validity on the concerns outlined by a number of scholars (Hammersley, 2008; Shiu et al., 2009). These steps are presented in Table 5.4 in the following page.

Table 5.4: Steps Taken to Ensure Validity in the Empirical Study

Construct Validity	
Problems	**Procedures**
Inadequate pre-operationalisation	Detailed review of the literature is conducted for every construct
Method bias	Statistical analysis conducted to check common method bias
Demand characteristics	The true purpose is kept hidden from respondents by arranging questionnaire to avoid guessing socially acceptable responses
Hypothesis guessing	The functional relationship is kept hidden from respondents by arranging questionnaire to avoid guessing socially acceptable responses
Diffusion of treatment	Respondents are asked to provide their opinion without making a collective response
Internal Validity	
Problems	Procedures
History	No historical event hindered the data collection process
Instrumentation	Questions are separated from one another to avoid contamination
Selection Bias	Careful sampling procure was followed to avoid contamination from selecting a specific group of respondent
Morality	The nationwide data collection is done to avoid any location and size preference
Ambiguity	Conceptual relationships are carefully determined through theoretical deduction
Statistical regression	No bias towards extreme responses is made in sample selection that can effect statistical regression
Attrition	Incomplete responses are carefully identified and managed through data scrubbing
External validity	
Problems	Procedure
Treatment vs. history	Survey is conducted on a broad time frame not to be contaminated by any special day embedded in any certain traits
Treatment vs. testing	Respondents are not sanitised to respond in an abnormal manner
Treatment vs. setting	Caution is made before generalising the results beyond the research environment
Treatment vs. selection	Caution is made before generalising the results for other categories of firm beyond those used in research
Treatment vs. selection	All the respondents in the research are treated with the same research method
Other Types of Validity	
Face / Content validity	Face validation and content validation procedure are discussed further.
Criterion / convergent /discriminant /uni-dimensionality validity	Statistical procedures are followed to ensure validity
Predictive validity	Predictive claims are supported by evidence gained from the primary data
Conclusion validity	Conclusions are drawn from the evidence gained from the primary data

Face Validity

Face validity concerns the appearance of items as assessing an intended latent construct and items should reflect the content of the concept in question (Wegener and Fabrigar, 2004). High face validity ensures that 'on its face' the operationalisation of a construct seems like a good translation of the underlying concept (Trochim, 2008). The entire questionnaire was administered to a pool of two marketing managers and three marketing academics to assess the face validity. In face-to-face interview sessions, the participants were informed of the underlying concepts and were provided with the definitions of each of the constructs. The process of face validation and content validation is intertwined, and content refinement and context specificity that are discussed in the following have many implications for face validation.

One outcome of the procedure of face validation was construct refinement and adaptation to make them a better fit with the research context. Some of the scales taken from the literature consist of multiple items that connote a single aspect of the concept and repetitive items that bring less value to the questionnaire. These were reduced to make the questionnaire manageable.

Content Validity

Content validity is an estimate of how representative the test items are to the underlying concept and the validation procedure assesses the degree to which the operationalisation corresponds to the content domain of an underlying concept (Adcock and Collier, 2001; Trochim, 2008). Content validation in quantitative research is concerned with how manifest variables adequately capture the systemised concept (Wegener and Fabrigar, 2004). The instrumentation and questionnaire development section (Section 5.8) outlines how the items in each of the latent

constructs are derived from the literature. Content validation was also carried out through the discussions with marketing academics.

Convergent Validity

Convergent validity refers to the extent to which indicators of a latent construct converge or share a high proportion of variance (Hair et al., 2011). There are two ways of examining the convergent validity of the constructs, and these are factor loading and average variance extracted (AVE) (Hair et al., 2010). For factor loading, Hair et al. (2010) suggest that the ideal standardised loading should be 0.7 or higher but a loading above 0.5 is acceptable. All factor loadings should be statistically significant and if the factor loading goes lower than 0.7 then more of the variance is due to error variance than measurement variance. The AVE is a summary indicator of convergence and is calculated as the mean variance extracted for the item loadings on a construct (Hair et al., 2010). The rule of thumb of acceptable AVE is 0.5 or higher to indicate convergent validity. Both factor loading and the AVE estimates are considered in this study and are reported in Section 7.4.

Discriminant Validity

Discriminant validity refers to the dissociation among constructs and can be identified by the extent to which one construct is truly distinct from another (Hair et al. 2010). Discriminant validity involves the limit to a construct's domain demonstrating that its measure either relates less or not at all to variables that are conceptually unrelated to it (Wegener and Fabrigar, 2004). The study followed Forner-Larker's Criterion (Fornell and Larker, 1981) and crossloadings (Chin, 1998) to examine the discriminant validity of the constructs. It is undertaken by comparing the average variance-extracted values of two constructs with the square of the

correlation between the constructs and the former estimate should be greater than the later to indicate discriminant validity (Hair et al., 2010).

Challenges to the Validity by Employing Two Survey Methods

The above discussion presents the measures taken to ensure the survey's validity. However, as the study employed two survey methods (online and mail), it is necessary to discuss possible bias that may have taken place. Gal and Rucker (2011) mention a number of biases in surveys such as demand characteristics, impression management, inability to interpret questions, and minimising response effort. Thus, the efforts given to response in the online survey can be different from responding in a mail survey. After critically analysing each of these sources of biases, along with the pros and cons of employing both methods, it was determined that the data collected from both the online and postal surveys can be unified without reducing the validity of the findings. As the ratio between online and mail survey is 79:12, the possible bias from mail survey can be considered as insignificant.

5.7.9.2 Reliability

There is a tension between validity and reliability because greater attempts on reliability reduce the scope for validity (Babbie, 2012). Validity is sometimes understood as exclusively involving bias that is the error that takes a consistent direction or form. From this perspective, validity involves systematic error, whereas reliability involves random error (Babbie, 2012). Moreover, it is argued that reliability is a necessary but not sufficient condition of measurement validity. Davidsson (2005) considers reliability as the relative freedom of random measurement errors. In quantitative research, inter-item reliability is often measured with Cronbach's alpha to determine internal consistency among multiple items and a

score of 0.70 or 0.80 is considered as an acceptable measure (Nunnally, 2010). Davidsson however (2005) argues that this is not sufficient evidence for a valid reliability measurement.

To conduct test-retest reliability, the study collected from a second respondent of five randomly selected firms and compared the data with the first respondents. There were no significant differences among the first and second respondents of the firms. The study applied internal consistency methods to analyse the reliability of the scales in SPSS. Four statistics were taken at this stage, and these were average inter-item correlation, average item-total correlation, split half correlations, and Cronbach's alpha. Among the number of reliability coefficients, alpha is the most common, but item-total correlation and split-half correlations are also not uncommon in social research.

5.7.10 Strategy for Quantitative Data Analysis

The chosen strategy for data analysis in this study is Partial Least Squares based structural equation modelling. Structural equation models (or simultaneous equation models) are multivariate or multi-equation regression models in which the response variable in one equation can be a predictor variable in another and thus the variables in an SEM may influence one another reciprocally, directly, or indirectly through intermediaries (Kline, 2011). The structural equations are intended to represent causal relationships among latent constructs in the model. In SEM, an equation becomes 'structural' when there is sufficient evidence to support the interpretation that the predictor variable has a causal influence on the response variable and a structural model may consist of two or more causal structures to represent complex hypotheses (Kline, 2011).

A structural equation model is based on three pillars (Hair et al., 2010) and these are:

i. Path analysis

ii. Synthesis of measurement variable and measurement model

iii. Methods to estimate the parameters of the structural model

These combined features of SEM make it a more attractive method of theory testing than first generation statistical techniques used for modelling in marketing (Bagozzi and Yi, 1994). In international marketing research also, structural equation modelling is a preferred method for many empirical researchers (Henseler et al., 2009). SEM provides a number of advantages over other multivariate data analysis methods. To achieve precise understanding of the interplay between theory and data, the procedure of SEM must be correctly applied (Chin, 1998).

The analysis of the measurement model and the analysis of the structural model are two integral components of structural equation modelling. While the measurement model deals with the relationship among measured variables and latent variables, the structural model deals with the relationships among latent variables and the incorporated measurement error variances that are identified (Smith and Langfield-Smith, 2004). There is a fundamental distinction in the use of SEM for theory testing and development versus predictive application (Anderson and Gerbing, 1988). The distinction has implications for the choice of estimation method and underlying structural model. The two approaches of SEM are Covariance-based SEM (CBSEM) and variance based or Partial Least Squares SEM (PLS-SEM) (Marcoulides et al., 2009; Hair et al., 2010). In this research, the PLS SEM is considered as the chosen data analysis method. Due to the different objectives of CBSEM and PLS SEM, the

two methods can result in different parameter estimation in a given structural model and therefore the choice of selecting one is neither arbitrary nor straightforward.

The variance based or PLS-SEM is an emerging method of SEM, specifically in international marketing research it has already gained substantial attention from researchers (Henseler et al., 2009). CBSEM and PLS-SEM are essentially two different approaches to the same problem and start from the same set of theoretical and measurement equations but differ in the modus operandi of parameter estimation (Reinartz et al., 2009). In CBSEM, statistical evaluation focuses on the goodness of fit by minimising the difference between the observed covariance matrix and the estimated covariance matrix. The Maximum Likelihood (ML) approach requires a set of assumptions to be met, and these assumptions play a vital role for the 'Raison d'être' of selecting CBSEM or PLS SEM. Because PLS SEM uses a series of Ordinary Least Square regression (OLS) for estimation, the approach has a different set of statistical assumptions than CBSEM (Reinartz et al., 2009). Some of the key considerations for comparing the two methods are outlined here:

1. **Degree of Emphasis on Covariance Explanation:** CBSEM focuses on determining appropriate estimates for structural paths among latent constructs and the corresponding roadmap connecting all item variables. In contrast, the PLS algorithm takes into account blocks of variables and relative importance is given to nearby constructs when the corresponding paths are estimated (Reinartz et al., 2009). Because of this full information approach, CBSEM is considered confirmatory in nature and thus requires strong theoretical and substantive background knowledge for its successful deployment.

2. **Soft distributional Assumptions:** In its procedure estimating parameters, PLS makes no distributional assumption other than predictor specification, which is the basis for PLS modelling (Chin, 2010). The limited-information approach of PLS is built on mild distributional assumptions regarding the properties of indicators and therefore it is considered to be a 'soft modelling' technique, whereas in an ML modelling approach, the assumption of normal distribution must be met. Therefore, CBSEM is considered as a 'hard modelling technique' (Reinartz et al., 2009). Hair et al. (2010) argue in favour of PLS because it is a non-parametric method that works extremely well with non-normal data.

3. **Exploratory Nature:** Because CBSEM typically employs a full information Maximum Likelihood (ML) modelling approach, the parameter estimates that it yields are consistent and a chi-square model is correct under the assumption of a 'true' model being tested (Chin, 2010). CBSEM requires strong theoretical underpinning of the constructs and relationships to avoid bias and achieve reliability and validity of statistical results. In contrast, PLS is good for studies that start with a baseline model and incorporates new measures and structural paths that are incrementally developed on a rigorously tested model.

4. **High Model Complexity as Criterion:** Chin (2010) argues that CBSEM is good for modelling when research studies try to determine *falseness* of the model and PLS is good for modelling when research studies try to achieve *completeness* of the model. Regardless of the adequacy of the underlying theory, PLS is capable of analysing a model with many latent constructs and high model complexity. Larger numbers of indicators are helpful in reducing "consistency at large" (Chin, 1998).

5. **Sample Size Requirement:** Sufficient sample size is required for both methods of ML based CBSEM to ensure model identification and it is mandatory that sample size is higher than the number of indicators (Reinartz et al., 2009). As a rule of thumb, sample size in CBSEM modelling must be more than 200 cases in most situations (Boomsma and Hoogland, 2001). According to Hair et al. (2010), there is no identification issue with a small sample size (35-50) in PLS and it generally achieves high levels of statistical power with small sample sizes (35-50). Larger sample size (250+) increases the consistency of PLS SEM estimation.

Chin (1998) suggests that, as a rule of thumb, the sample size for PLS modelling can be determined in two possibilities: (1) it can be ten times the number of items of the largest predictor construct (the largest measurement equation) and (2) it can be ten times the structural paths directed to a response variable which has the largest number of predictor variable affecting it (the largest structural equation).

Additional differences between CBSEM and PLS SEM are that PLS has the ability to handle missing data, use of both reflective and formative measures, and constructs with multiple and single items (Hair et al., 2013). PLS can provide a strong approximation of CBSEM estimates (Hair et al., 2013) when statistical assumptions necessary for CBSEM are not fully met. The differences of CBSEM and PLS is summarised in Table 5.5 in the following page.

Table 5.5: Comparison of CBSEM and PLS SEM

(Adopted from Chin, 2010; Hair et al., 2011)

Criterion	**CBSEM**	**PLS SEM**
Theory and Substantive Underlying Knowledge	A strong theory base is required	Sound theory base is not essential
Research Objective	Theory testing and confirmation	Supports both exploratory and confirmatory research
Orientation	Parameter oriented	Prediction oriented
Consistency of Estimates	Consistent	Consistent as indicators and sample size increase
Distributional Assumptions	Requires normal distribution of indicators if the ML approach is used; can be flexible for other estimation techniques	No parametric assumption is required
Sample Size	Large sample size is required (200-800)	Small sample size is sufficient (30 – 100)
Latent Variable Score	Indeterminate	Explicitly estimated
Measurement Model	Typically only reflective constructs	Both reflective and formative constructs
Item per Construct	Minimum 3 items per latent construct is required	Works with single and multiple-item constructs
Structural Model	Less Complex	Capable of managing complex models
Implication	Optimal for parameter accuracy	Optimal for prediction accuracy

Reasons for Selecting PLS SEM

The choice of CBSEM and PLS SEM is not arbitrary, and the two approaches are complementary to each other (Hair et al., 2011). Using table 5.5 as a guide, and considering how this research project fulfils the criteria for the two approaches, the following observations can be made:

1. This research examines IO enactment by SMES, which is still at an exploratory stage (Jones et al., 2011; Dimitratos et al., 2012). The latent constructs capturing three distinctive capabilities of SMES i.e. learning, innovation, and relational capabilities, are adapted from the extant literature and are contextualised to the study. The response variables of three types of international opportunities are also developed from previous literature. In a similar study, Morgan et al. (2011) adopted CBSEM to investigate the relationship between export marketing capabilities and international performance. This researcher notes that the development of this proposed conceptual model is based on the theory of planned behaviour and DC framework, with the response variable influenced by entrepreneurship literature. Therefore the model is exploratory and CBSEM would not be the best choice for model estimation in this research.

2. After an extensive survey over a period of six months, data was collected from 91 cases. This sample size is not sufficient to conduct a covariance based SEM, and PLS would be an alternative that would provide a strong approximation to CBSEM estimates.

3. PLS deals effectively with both reflective and formative scales and different types of scales (Diamontopoulas and Winklhofer, 2001; Kock, 2013). In this research

the response variables are instrumented with ordinal scales, while the capability constructs are instrumented with a Likert-Types scale, which can be both ordinal and interval depending on the data. Therefore, PLS offers the support in estimating the measurement model and structural model in this research.

4. The initial data analysis found that most latent constructs have non-normal distribution, which violates the assumption of multivariate normality for conducting CBSEM. Since most of the latent constructs in this research violates the assumption of parametric normality as reported later, and PLS is far less restrictive in this context.

5. Finally, model specification and model interpretation is much easier in PLS SEM than CBSEM (Chin, 2010). Here the study is not focusing on the fit of the model but on the variance explained or the predictiveness of the model.

Given the overall suitability of PLS SEM in this research context and modelling requirement, this study adopted a PLS path-modelling procedure.

5.8 Details of the Case Study Method

The case study method offers the scope for a research design within itself (Yin, 2008). The multiple case study method involves research design, individual case study, and cross case analysis. To support the findings of the survey, it was decided to conduct multiple case studies based on data saturation needs and follow a deductive data analysis technique. In the following subsections the research design, sampling, data collection, and data analysis techniques are elaborated.

5.8.1 Case Study Research Design

In this phase of the research, the data collection needs were evaluated and a case study protocol was formulated. Literature related to deductive case study analysis from the entrepreneurship and IE literatures was reviewed. The interview guide consisted of a semi-structured questionnaire. The case study protocol and interview guide are presented in Appendix C. The research design was conducted between March and April 2014.

5.8.2 Sampling for Case Studies

For case studies, a selection of cases is more appropriate than sampling (Eisenhardt, 1989). Langley (1999) suggests that, depending on the qualitative research strategy, the number of cases can range from being one information rich case for narrative strategy to being more than five cases for a synthetic strategy. The case selection procedure involved selecting information rich SMEs that are suitable for in-depth investigation. For proximity issues, only Scottish internationalised SMEs were initially shortlisted from the sample frame. In cross matching with the survey participants five Scottish SMEs were identified for case studies that have participated in the survey. After contacting the five firms and identifying the key informants, two SMEs agreed to take part in the case study. Then the database of 2800 SMEs was evaluated to identify internationalised Scottish SMEs located in Glasgow and crosschecked with their web sites to identify which SMEs have archival data. Two particular aspects were evaluated when selecting these SMEs for the depth study, and these were similarity with survey participants and a wide range of industry coverage. No emphasis was given to early-internationalised SMEs matching with the sampling criteria of the survey research. Following this procedure ten SMEs were initially identified and sequentially invited to participate in the research.

Three case studies were conducted from the list. Based on the theoretical saturation needs, data collection should continue until the point of redundancy (Patton, 1990; Lincoln and Guba, 1985). In this study, total five cases were selected based on theoretical saturation needs (Eisenhardt, 1989).

5.8.3 Case Study Data Collection

Data collection in case studies involved five face-to-face interviews with the key decision makers of the five SMEs. An ethical approval to conduct the interviews was taken from the university prior to conducting the interviews. The interview guide was followed to facilitate the interview process and to ensure that all interviews had the same research focus. The interviews were digitally recorded and transcribed verbatim as prescribed by Piekkari and Welch (2006). From each of the SMEs, archival data was also collected to corroborate and validate the interview data (Yin, 2008). Thus, supplementary information from company websites and news archives enriched the individual case studies. The data collection through the case studies was conducted between the April-September, 2014 period.

5.8.4 Integrity in Case Studies

Case studies are often criticised for lack of methodological rigour and inclusion of the researcher's bias in the findings (Yin, 2008). This study followed the procedures of Shane (2000) to conduct case studies for deductive theory testing. A case study protocol and a case study database were created to ensure reliability. The case study protocol ensured that data was collected on every aspect of the firm's learning, relational, and innovation capability, the key decision maker's cognitive attributes, and the firm's IO endeavours. It also supported in achieving the desired construct validity. The case study database involved storing archival information on the

international endeavours of the SMEs. Pieces of information were evaluated with the propositions and the findings of the quantitative data following the pattern matching procedure. Pieces of information that provided alternative and opposite views of the propositions were evaluated with other information to identify the degree to which they were inconsistent (Yin, 2008). This pattern matching logic also ensured internal validity of the constructs. To achieve external validity, the multiple case studies were analysed with cross-case analysis. Additionally, the transcripts were discussed with an academic scholar to alleviate the researcher's subjective concerns and to gain additional insights on the key themes that emerged from the data.

5.8.5 Case Study Data Analysis

The case study data analysis involved writing individual case studies followed by a cross-case analysis deductively. Saunders et al. (2011) note that there are pattern matching and explanation building techniques to conduct deductive case studies. In this study, the pattern matching approach was followed with a particular focus on the relationship between dependent and independent variables. Finally, the findings of the cross-case analysis were triangulated with the findings of the survey and conclusions were drawn.

5.9 Conclusion

This chapter presents the details of the modus operandi of the mixed method research and justifies the research process after comparing and contrasting different methodological alternatives. The philosophical position of the research sits between positivism and post positivism in a continuum. A survey method was selected for the initial empirical research. Additionally, a qualitative case study method was adopted for deductive theory testing that brought in the virtues of qualitative research and

provided a contextual understanding about the phenomenon under investigation. From the FAME database, a sample frame of 2800 SMEs was created after sending an initial email to 7000 SMEs with email addresses of the key informants. The obsolete emails were deleted from the database to create a sample frame. The survey questionnaire was developed after developing instrumentation of measurements for all of the constructs in the conceptual framework. The procedures to manage validity and reliability of the constructs along with the steps to minimise errors in the study are also discussed. Following the ethical approval, pre-testing and data collection through online and mail surveys was conducted.

The challenges of data collection and subsequent mitigations resulted in 91 responses over a six-month period. The approach taken for data analysis was Partial Least Squares-based structural equation modelling (PLS SEM), which provided a number of advantages over the Covariance Based Maximum Likelihood Structural Equation Modelling (CB-SEM). Then, five case studies were conducted to evaluate the findings of the PLS-SEM models. Five cases were selected form the same database based on theoretical saturation needs. The findings of the research are reported in the following two chapters.

Chapter 6: Quantitative Research

6.1 Introduction

This chapter presents the quantitative data analysis and findings of the study. It is organised in three major sections: data purification, factor analysis, measurement model validation, and structural model analysis. Data purification and factor analysis are done with SPSS and the measurement model validation and structural model analysis is done with WarpPLS software. The procedures and findings are reported in multiple sub-sections. Finally, the findings are summarised at the conclusion of the chapter.

6.2 Data Purification

The responses collected in Qualtrics are transferred in SPSS, and the data was scrubbed, something that is considered as an initial step in quantitative data analysis. Before proceeding to the details of data purification, an overview of the demographic profiles of the participating firms and the key decision makers is presented. The data showed that 20% were operating for more than 50 years and overall 95% of the firms were operating for more than ten years. In terms of the size of the firms, 46% of them have more than 100 employees. The data also showed that 90% of the participating SMEs have three or more members in the management team. For the majority of the cases (53%), the Managing Directors of the SMEs participated in the survey. Other respondents included: Chairperson, Director, Partner (LLP), General Manager, Manager, and Chief Relationship Officer. Overall, medium sized firms with multi-member management teams and over 30 years of business operations represented half of the responding SMEs. The other half consisted of small firms of different ages.

The study collected data through the online survey management site Qualtrics and mail survey. The responses collected from the mail survey were entered in Qualtrics by the researcher. Coding was done when the questionnaires were prepared in Qualtrics and data was checked for inaccurate or unreasonable values. Variables were examined by following eight statistical procedures that included identification of out-of-range values, treatment for missing data, identification of non-response bias, estimation of univariate and multivariate normality, evaluation of outliers, diagnosis of multi-collinearity and homoscedasticity, assessment of response bias and common method bias. These steps were necessary to ensure that the data was suitable for further statistical analysis applying the PLS-SEM technique. The findings of the eight data purification procedures are presented in the following paragraphs.

Step 1: Out-of-range Values

Data entry errors are common in quantitative research and therefore data-cleaning procedures start with looking for out-of-range values (Coakes and Steed, 2009). The questionnaire in Qualtrics provided no scope for entering out-of-range values; yet, the study examined data for out-of-range values and found none.

Step 2: Missing Data

Missing data occurs if the respondents do not answer any question, which can be prevented in an online survey by forcing responses before proceeding further. The ethical requirement set out by the university ethics guideline does not allow forced responses in online surveys and thus the option to force a response was not set in Qualtrics. Most of the respondents answered all questions with a few exceptions. The study examined if missing values were a problem before treating data for missing

values. In SPSS, missing values can be dropped from analysis through pairwise deletion and listwise deletion (Pallant, 2011). There are several options for imputing a value to replace the missing values and imputation. However, the Expectation-Maximisation (EM) method is the most recommended (De Vaus, 2002). Before applying the EM method, the study checked if the missing values were at random (Enders, 2010).

Little's (1988) Missing Completely at Random (MCAR) test was conducted using the SPSS missing value analysis to check if the chi-square test was statistically not significant. The Expectation Maximisation Mean result indicates the level of significance for MCAR test, which was not statistically significant (χ^2 =627.434, df = 608, p = 0.284) indicating the missing values occurred completely at random. Thus, the data imputation could be carried on. With this information, new values were then imputed to replace the missing values by applying the Expectation-Maximisation (EM) method for each variable separately, and a new data set was created. This dataset was used for the subsequent statistical analysis.

Step 3: Non-Response Bias

To assess non-response bias, the 91 cases were arranged into three groups: early respondents, late respondents, and mail respondents. Multivariate analysis of variance (MANOVA) was selected to assess the difference between these three groups (Hair et al., 2010). To analyse group difference in one-way MANOVA some assumptions needed to be fulfilled. The four variables measuring 'management commitment towards learning capability' were selected for the MANOVA test as the construct has the ability to influence interpretation of the overall differences among

groups. The variables also correlated with one another other in a moderate range, fulfilling the assumption of the MANOVA test.

In the MANOVA analysis, medium effect size was considered (Hair et al., 2010). In one important assumption for group difference to occur, the Box's test of equality covariance matrices must not be statistically significant (>0.005) (Huberty and Petoskey, 2000). The Box's M value of 23.473 associated with p value of 0.389 was interpreted as non-significant meaning there was no difference between the three groups. Because the three groups were not of equal size, the Box's M statistics were not robust (Tabachnick and Fidell, 2007), but were indicative that there were no statistically significant differences between early online respondents, late online respondents, and paper- based respondents. A statistically non-significant MANOVA effect was obtained, Pillai's Trace= 0.145, F(12,249)=1.055, p>0.001. The multivariate effect size was estimated at .036, which implies that only 3.6% of the variance in the canonically derived dependent variable was accounted for by survey response category. The MANOVA results are furnished in Table 6.1.

Table 6.1: MANOVA Test Results

Effect		**Value**	**F**	**Hypothesis df**	**Error df**	**p-value**
GRP	Pillai's Trace	.145	1.055	12.000	249.000	.399
	Wilks' Lambda	.860	1.046	12.000	214.597	.408
	Hotelling's Trace	.156	1.034	12.000	239.000	.418
	Roy's Largest Root	.098	2.027	4.000	83.000	.098

Step 4: Univariate and Multivariate Normality

Parametric normality of data distribution is an important assumption in CBSEM, although it is not necessary for non-parametric PLS SEM analysis (Hair et al., 2011). Univariate normality of variables was examined through histogram, normal probability plot, and Kolmogorov-Smirnov statistic (Pallant, 2011) to develop a sense of the data. Additionally, skewness and kurtosis statistics were obtained to determine normal distribution. Values ranging within the conventional range of +-2.5 for skewness and kurtosis statistics were used, and the results indicated that some variables were beyond the conventional range. The Leptokurtic distribution was found mostly in the key decision maker's attitude, intention and in dependent variables related to foreign market entry opportunities. The skewness and kurtosis identified in the dataset was not worrisome for further analysis.

Multivariate normality was examined through a measure of multivariate kurtosis named Mardia's Coefficient, and its normalised estimate is of particular relevance to empirical research (de Vaus, 2002). A sample is considered to be a multivariate normally distributed with 95% confidence when Mardia's multivariate kurtosis coefficient is close to zero with a critical ratio less than 1.95. Mardia's coefficient was examined using AMOS.20, and the results of multivariate normality indicates significant value of Mardia's coefficient (Mardia's coefficient = 49.66, CR = 2.657, $p < 0.05$) suggesting significant multivariate kurtosis. Therefore, the dataset did not meet the assumption of multivariate normality. This was not a problem for further analysis in PLS SEM.

Step 5: Outliers

An outlier is an extreme numeric value or a deviant case in a distribution that can assert undue influence in some statistics. This is especially noticeable in parametric statistics where it might distort the mean and standard deviation in a univariate distribution or cause problems in bivariate or multivariate correlation and regression analysis (de Vaus, 2002). Standardised scores (Z-scores) of variables can be used as a method of checking outliers. Coakes and Steed (2009) suggest that for a sample with more than 80 cases, the standardised residual value in any case exceeding the range of +-3.26 indicates there might be an outlier. Hair et al. (2011) suggests the range to be +-2.58 for any sample with less than eighty cases. Even if a case has a standardised residual within an acceptable range, an unusual value can still distort correlation and regression coefficients. In addition to the Z-score, de Vaus (2002) suggests three other statistics, i.e. Mahalanobis Distance, leverage statistic or hat-value, and Cook's distance to be examined. Each of these statistics have their respective threshold score for determining outliers.

Outliers were examined using a syntax in SPSS 21 (de Vaus, 2002). The outcome variable 'Number of foreign market entry opportunities taken up (NumMar)' was taken as a dependent variable and other variables pertaining to the structural model were taken as independent variables. The residual statistics presented in Table 6.2 summarises the findings of the four statistics.

Table 6.2: Residuals Statistics for Examining Outliers

Residuals Statistics[a,b]					
	Minimum	**Maximum**	**Mean**	**Std. Deviation**	**N**
Predicted Value	1.55	9.18	7.23	1.311	91
Std. Predicted Value	-4.334	1.484	.000	1.000	91
Mahal. Distance	34.793	80.353	60.000	9.140	91
Cook's Distance	.000	.290	.039	.059	91
Centred Leverage Value	.382	.883	.659	.100	91
a. Dependent Variable: NumMar					
b. Linear Regression through the Origin					

Although all the 91 cases in the dataset indicated within-range standardised residuals or Z-scores, some of the cases that crossed the cut-off points in other statistics were noted. Data for z residuals, Mahalnobis Distance, Cook's distance, and a Centred Leverage score for all 91 cases were produced and each case was checked in the dataset for outliers. Case number 56 was notable for having the highest Mahalanobis Distance of 80.34 and highest Centred Leverage Value of 0.883 – this was of particular concern. In addition, cases 88, 74, and 44 with a high value of Cooks' distance scoring .23, .25 and .28 respectively were much greater from the calculated cut-off point of 0.148. These outlier cases were mild but not extreme. Thus, it was decided not to omit them from the dataset as there was no demonstrable proof that the outlier cases were un-representative of any observation of the population (Hair et al., 2010).

Step 6: Multicollinearity and Homoscedasticity

Multicollinearity refers to a very high correlation between two independent variables (r =.9 or above), and existence of multicollinearity is not desired in a regression

based model (Pallant, 2005). An inter-item correlation matrix presented in Appendix D is used to identify high correlation among the variables. To assess multicollinearity, the study analysed bivariate correlation among independent variables, Variable Inflation Factor (VIF), and tolerance measure using SPSS 21. The VIF Index of attitude, intention and self-efficacy are presented in Table 6.3.

Table 6.3: Multicollinearity Analysis - Key decision Maker's Attributes

Coefficients[a]								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	6.533	.862		7.583	.000		
	PQ_1	-.165	.321	-.105	-.513	.609	.270	3.700
	PQ_2	-.284	.354	-.191	-.804	.424	.201	4.982
	PQ_3	.233	.292	.157	.799	.427	.291	3.434
	PQ_4	-.014	.287	-.011	-.049	.961	.208	4.805
	PQ_5	-.346	.471	-.253	-.734	.465	.095	**10.521**
	PQ_6	.738	.427	.546	1.728	.088	.113	8.822
	PQ_7	-.078	.418	-.055	-.186	.853	.129	7.747
	PQ_8	.302	.515	.209	.587	.559	.089	11.218
	PQ_9	-.199	.486	-.125	-.410	.683	.122	8.174
a. Dependent Variable: NumMar								

Variance Inflation Factor (VIF) scores above 10 and/or tolerance levels below 0.10 are considered to be indicative of multicollinearity. Hair et al. (2010) suggests that if two predictor variables have a correlation greater than .9, then a VIF score above 5 indicates multicollinearity. Bivariate correlation analysis shows items PQ_5 and PQ_6 measuring the attitude of the key decision maker were highly correlated ($r=.926$, $p<.001$). Additionally, in the self-efficacy measure, items PQ_7 and PQ8

(r=.920, p<.001) and items PQ_8 and PQ_9 (r=.917, p<.001) exhibited multicollinearity.

The residual plots of standardized residuals against the standardized predicted residuals were obtained using SPSS and by taking the NumMar as the dependent variable. The standard single-step entry method of regression was applied because the purpose of the analysis was simple multicollinearity examination. Although it is standard practice to have a sample ratio of 20:1 when all blocks are entered into the model (Tabachnick and Fidell, 2007), the study was not able to fulfil this criterion of sample size. At first, only the residual score for the first nine independent variables related to a key decision maker was obtained - this shows that variables PQ_5 and PQ_8 have a high level of multicollinearity.

There are number of ways to resolve multicollinearity problems, and the most common one is to omit variables from the analysis (Hair et al., 2010). De Vaus (2002) and O'Brien (2007) suggest that independent variables can be merged into a single variable to reduce multicollinearity as long as it is theory driven and such a merger does not reduce the power of the model. It was decided to create three new variables for intention (INTN_NEW), attitude (ATT_NEW), and self-efficacy (SEFF_NEW) of the key decision maker by transforming the three-item scales into single item scales using the mean value of the items in SPSS 21. Since PLS SEM accepts single-item scales, the new latent constructs did not pose any problems for the structural model. Once the independent variables were combined, residual scores were again obtained and there was no multicollinearity problem. The multicolinearity diagnostic of all variables after creating three new variables is presented in Table 6.4 in the following page.

Table 6.4: Multicollinearity Analysis: Firm-level Variables.

Coefficients[a]								
Model		**Unstandardised Coefficients**		**Standardised Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	4.354	2.370		1.837	.072		
	LC1_1	-.271	.437	-.158	-.619	.538	.173	5.792
	LC1_2	.216	.449	.127	.482	.632	.160	6.235
	LC1_3	-.018	.270	-.012	-.068	.946	.363	2.752
	LC1_4	-.093	.385	-.046	-.242	.810	.303	3.297
	LC1_5	-.074	.249	-.053	-.299	.766	.354	2.822
	LC1_6	.574	.333	.336	1.721	.091	.293	3.418
	LC1_7	-.385	.388	-.225	-.993	.325	.217	4.606
	LC1_8	.105	.232	.079	.453	.652	.371	2.695
	LC2_1	-.186	.456	-.113	-.408	.685	.146	6.846
	LC2_2	.210	.441	.133	.478	.635	.143	6.970
	LC2_3	.579	.479	.362	1.207	.233	.124	8.045
	LC2_4	-.132	.475	-.087	-.277	.783	.113	8.878
	LC2_5	-.033	.409	-.021	-.080	.936	.164	6.089
	LC2_6	.029	.474	.018	.061	.951	.131	7.648
	LC2_7	-.339	.302	-.238	-1.124	.267	.249	4.024
	LC2_8	.208	.270	.137	.771	.444	.352	2.838
	IC1_1	-.603	.417	-.372	-1.447	.154	.169	5.924
	IC1_2	.575	.383	.331	1.503	.139	.230	4.340
	IC1_3	.063	.325	.043	.195	.846	.226	4.429
	IC1_4	-.028	.370	-.020	-.077	.939	.172	5.808
	IC1_5	.331	.246	.250	1.348	.184	.325	3.079
	IC1_6	.051	.188	.039	.270	.789	.546	1.830
	RC1_1	-.086	.452	-.041	-.191	.849	.246	4.067
	RC1_2	-.115	.418	-.051	-.275	.784	.325	3.073
	RC1_3	-.086	.373	-.047	-.230	.819	.263	3.795
	RC1_4	.144	.210	.105	.686	.496	.481	2.080
	RC1_5	.318	.422	.166	.753	.455	.231	4.322
	RC1_6	-.692	.371	-.368	-1.864	.068	.287	3.487
	RC1_7	.122	.332	.062	.367	.716	.395	2.533
	RC1_8	.446	.390	.215	1.144	.258	.316	3.169
	RC1_9	.056	.472	.024	.119	.906	.263	3.801
	INTN_NEW	-.182	.475	-.111	-.382	.704	.132	7.587
	ATT_NEW	.031	.363	.022	.085	.933	.160	6.263
	SEFF_NEW	.124	.327	.081	.381	.705	.244	4.092
	a. Dependent Variable: NumMar							

Finally, the study used a graphical method to check homoscedasticity in all independent variables using scatterplots. Homoscedasticity refers to the level of homogeneity of variance (Hair et al., 2010). The scatterplots showed evenly scattered data around the horizontal line of the plot indicating that the variables were fairly homoscedastic.

Step 7: Assessing Response Bias

Due to the non-parametric distribution identified in the dataset, ceiling and floor effects were estimated. Mitchell and Jolley (2012) suggest that statistical inference can be problematic if all or most subjects obtain a minimum possible score - a floor effect - or if all, or most subjects obtain a maximum possible score – a ceiling effect. The mean and standard deviations of seven exogenous constructs were evaluated to check for possible ceiling and floor effect. Table 6.5 shows the mean and standard deviation of the exogenous variables.

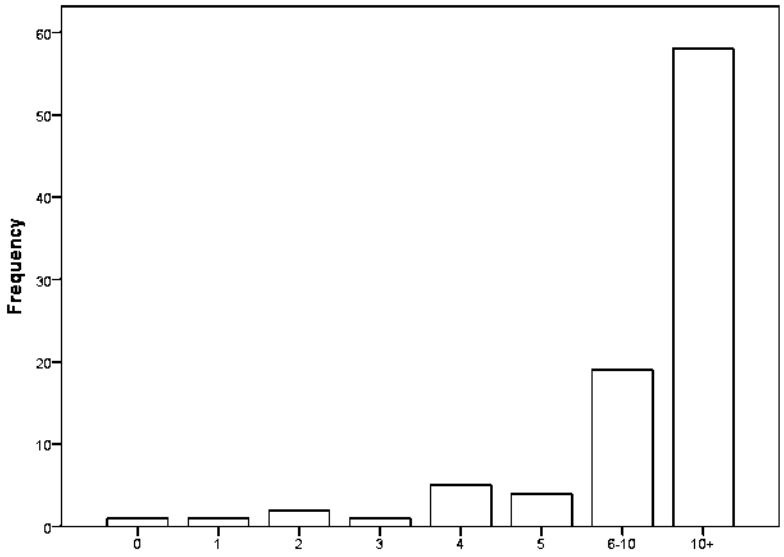
Table 6.5: Mean and Standard Deviation of Selected Exogenous Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Intention	91	1.00	5.00	4.3883	.86390
Attitude	91	1.00	5.00	4.3114	1.02656
Self-efficacy	91	1.00	5.00	4.1062	.92146
Innovation Capability	91	1.0000	5.0000	3.641562	.7448660
Learning Capability	91	1.4646	5.0000	3.571089	.6688473
Relational Capability	91	2.4320	5.0000	4.013802	.5161281

From the above table it can be identified that relational capability (RelCap) with a mean of 4 and standard deviation of .5 indicates a ceiling effect as the endogenous variable is truncated from a minimum value of 2.4. A similar procedure was followed for the exogenous variables. The number of market entry opportunities (NumMar) is

skewed with a higher mean score of 7.24 and a standard deviation of 1.4. The highest frequency in large number (10+) of market entry opportunities taken up by firms can be observed in the Figure 6.1.

Figure 6.1: Frequency Distribution of Number of Market Entry Opportunities Taken Up



The observed ceiling effect in relational capability (RelCap) and skewedness in the number of market entry opportunities taken up (NumMar) variables may indicate a response bias in these two variables. However, Berk (1983) suggests the ceiling or floor effects only imply a nonlinear functional form and do not demonstrate failure to observe certain values of the endogenous variable.

Step 8: Assessing Common Method Bias

To manage the method's biasing effect (Campbell and Fiske, 1959) appropriate steps were taken to measure the existence of common method bias (Podsakoff et al., 2012). Particularly in this study, since the same respondents provided data on both dependent and independent variables, estimating that common method variance (hereafter CMV) is critical. Regardless of the strong debate surrounding CMV, if it

really exists (Podsakoff et al., 2012; Spector and Brannick 2009), it is estimated in this study.

Chang et al. (2010) mention that within the international business literature, CMV is mostly identified through the Harman one-factor analysis, although Podsakoff et al. (2012) have outlined a number of other ways to statistically detect CMV. A Harman one-factor analysis of 50 items measured in this study produced 13 components with the eigenvalue greater than one and the single factor accounted for 27.7% variance in the model, which is not a majority. This generally indicated that CMV is not a problem in this research. Podsakoff et al. (2012) argue that the Harman one-factor analysis is not helpful to statistically control for method effects and suggests a number of other techniques.

The prevalent techniques for identifying common method bias including Partial Correlation Technique, Multitrait-Multimethod (MTMM) Technique, Correlation Marker Technique, and CFA Marker Technique, all have their inherent strengths and weaknesses (Chin et al., 2012). Within PLS-SEM studies, the procedure of unmeasured latent method construct (ULMC) developed by Liang et al. (2007) is widely adopted and is used in this study. Chin et al. (2012) identifies some weaknesses in the ULMC procedure in their simulation and offers an alternative to ULMC, which is the measured latent method (Chin et al., 2012). This method needed a measured latent method variable (MLMV) to be included in the questionnaire prior to data collection. The basic difference between ULMC and MLMV is that in the latter, data are collected in the survey on an unrelated scale. In the questionnaire used in this study, there was no pre-defined marker, but there were a number of demographic questions that are not related to the dependent variable. The study opted

to follow the ULMC procedure and measured CMV in the data. The ULMC method of Liang et al. (2007) has two steps, which the study followed. The first step, the Harman single factor test, is already described in the above paragraph. The second step, a common method factor, was introduced in the structural model. The model was run in WarpPLS and CMV analysis following the ULMC procedure failed to identify any statistically significant CMV in the data.

Summary of the Data Purification Steps

With the eight steps, the data purification procedure was accomplished. Based on the findings of the statistical procedures, it was concluded that the data was suitable for further stattistical analysis for PLS-SEM modelling. The key findings of the data purification section are reported in Table 6.6 in the following page. At the next stage of data analysis, the factor analysis procedure helped identify the dimensions of the latent constructs. The factor analysis procedure and its findings are presented in the following section.

Table 6.6: Findings and Decisions in relations to Data Purification

Topic	Findings	Decisions
Missing Values	Missing completely at Random (MCAR) test shows values are missing at random.	Data imputed with Expectation-Maximisation (EM) Method.
Non-Response Bias	Group difference in one-Way MANOVA analysis shows no statistically significant difference between early, late, and mail survey respondents.	There is no non-response bias.
Univariate Normality	Leptokurtic distribution found in three variables	Skewness and kurtosis identified are not worrisome for further analysis.
Multivariate Normality	Mardia's coefficient shows significant multivariate kurtosis. Assumption of multivariate normality for CB-SEM is not met.	This is not problematic for PLS-SEM analysis.
Outliers	Four cases are identified as mild cases of outliers	Cases are not omitted from dataset
Multicollinearity Analysis	VIF index suggests variables pertaining to attitude, intention, and self-efficacy have multicollinearity issues.	Variables are merged to create new three new variables for the three constructs.
Response Bias	Ceiling effect identified for relational capability. Skewedness identified for number of market entry opportunity taken up.	Findings do not indicate that data collection failed to observe certain values
Method Bias	Common method variance (CMV) examined with unmeasured latent method construct (ULMC) procedure did not identify any method bias.	Method bias is not a problem for further analysis.

6.3 Factor Analysis

As part of the measurement model analysis, the study examined the interrelationship between latent constructs and manifest variables. The unidimensionality of three constructs: learning capability, innovation capability, and relational capability were assessed through exploratory factor analysis (hereafter EFA). The constructs related to the key decision maker's cognitive attributes i.e. attitude, intention, and self-efficacy, were summated as single-item scales and were not included in the dimensionality assessment. Loehlin (1998) notes that EFA has a highly restricted nature, as it is a path model in which there are no causal links among the latent

constructs and the relationships among latent and observed variables are in a single layer with no looped or reciprocal paths. There are five choices within EFA that need careful judgement, and the choices made in the study are justified accordingly in the following steps:

1. Principal component analysis vs. factor analysis: this study opted for factor analysis with a principal axis factor. Scholars note that principal component analysis (PCA) is a data reduction technique and not a proper factor analysis technique (Fabrigar et al., 1999; Costello and Osborne, 2005). The main difference between PCA and PAF is the way communalities are used. Principal component analysis does not consider error variance in the data whereas factor analysis does assume error variance (Brown, 2009). When the variables are skewed, as is the case in this research, principal axis factoring (PAF) is the most suitable factor extraction method (Fabrigar et al., 1999). Costello and Osborne (2005) argue that the exploratory nature of EFA allows room for exploration and even if assumptions are not met, principal axis factoring with oblique rotation is helpful to retain factor solutions. Based on these observations, the study undertook factor analysis.

2. Sample size for factor analysis: There are a few rule-of-thumb sample size requirements discussed in the literature (Matsunaga, 2010) that the study has evaluated. These guidelines aside, adequate sample size can be determined by observing the communality of variables. In SPSS, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, Bartlett's Test of Sphericity, anti-image matrix, and communality matrix are the options to determine if a sample size is acceptable for proceeding to factor analysis. To assess the factorability of manifest variables, the study examined KMO values and item communality with the sample size of 91 case

(N=91). After a step-by-step purification achieved by omitting items with low communality, the remaining items indicated that the KMO measure of sampling adequacy is 0.846, which is above the threshold value of 0.6 (Field, 2009). The p-value for Barlett's test of Sphericity was .000 indicating factorability of the items. The anti-image matrix showed all items to have an anti-image correlation higher than .7 and well above the threshold point of .5 (Field, 2009). These measures provided sufficient justification to obtain a factor solution with 91 cases.

3. Number of factors to retain: Since the learning capability and relational capability constructs both had sub-components, the total number of factors to retain was a key decision made in EFA. Apart from scree plots, a percentage of variance criterion was used to determine the number of factors to retain when the solution accounts for 60 percent of total variance. Here, no fixed number was desired but the percentage of variance was selected as the determining criterion.

4. Factor rotation choices: Orthogonal rotation in factor analysis produces easily interpretable results, whereas oblique rotation allows factors to correlate. Scholars (e.g., Costello and Osborne, 2005; Matsunaga, 2010) suggest that behaviours in social science cannot be neatly packaged in the way that orthogonal rotation offers. Nor can constructs such as learning capability, innovation capability, and relational capability be neatly packaged without any inter-correlation. Tabachnick and Fidell, (2007) point out that the best way to decide which rotation to select can be determined after obtaining the inter-correlation among factors through requesting an oblique rotation and, if factors indicate inter-correlation above .32, then there is 10% or more overlapping variance among factors that warrant oblique rotation. This study applied oblique rotation or promax in SPSS 21 and, after the factor solution,

correlation among factors was analysed (Brown, 2009). The promax rotation was selected using the stated power (kappa) as 4 so that the factors are maximally distinguishable (Matsunaga, 2010).

5. Crossloadings: Complex variables that load on multiple factors above the .32 threshold point indicate problems of cross-loading items. Matsunaga (2010) suggests item screening is an integral part of factor analysis and items that have good loading (.5- .6) in a factor should be retained. This study took .5 as a cut-off point and any item that shows low communality (<.5) or low factor loading (<.5) were screened out in the EFA. After many iterations, the final factor solution accounted for more than 60% of total variance and each of the factors extracted had Chronbach's alpha greater than 0.7. A synopsis of each of the constructs after factor extraction is provided further on as are the findings of the factor analysis.

Learning Capability

Learning capability is conceptualised as a second order reflective construct with four components, adapted from the scale used by Lin (2008). In the factor solution, knowledge acquisition and knowledge dissemination came out as one factor. After the factor analysis, three factors were retained as the sub-components of learning capability: System Thinking, Management Commitment towards Learning, Knowledge Acquisition and Dissemination. The factor loadings of learning capability components are presented in Table 6.7 on the following page.

Table 6.7: Factor Loadings of Learning Capability Construct

		Learning Capability Pattern Matrix[a]		
	Total Variance Explained: 61.265(Cumulative)	**System Thinking**	**Manage-ment Commit-ment towards Learning**	**Knowledge Acquisition & Dissemin-ation**
Variables	Items (in brief)			
LC1_1	Understand firm's export objectives	0.785		
LC1_2	Employees understand their role	0.85		
LC1_4*	Employees coordinate with one another		0.662	
LC1_5*	Investments are made to train employees		0.742	
LC1_6	Encouraged to participate in decision making processes		0.654	
LC1_7	Employees' ability to learn is considered very important.		0.764	
LC2_1	Acquires cross-cultural knowledge			0.743
LC2_2	Integrates cross-cultural knowledge			0.896
LC2_3	Applies cross-cultural knowledge			0.689
LC2_4	Generates new cross-cultural knowledge			0.814
LC2_5	Transfers cross-cultural knowledge			0.842
LC2_6	Distributes cross-cultural knowledge			0.817
LC2_7	Shares cross-cultural knowledge among business partners.			0.74
LC2_8	Rewards cross-cultural knowledge sharing			0.536
Extraction Method: Principal Axis Factoring.				
Rotation Method: Promax with Kaiser Normalization.[a] *** These items exhibited lower factor loading (<.5) in WarpPLS and were removed**				
a. Rotation converged in 7 iterations.				

From the original dataset, three items were dropped in EFA. Items LC1_8 and LC2_8 showed low communality and item LC1_3 came out as a complex variable indicating correlation with innovation capability. Subsequent measurement

modelling in WarpPLS showed that item LC1_4 and item LC1_5 did not offer sufficient item loading (<.5) and reduced the average variance of learning capability. These items were dropped for these reasons.

Innovation Capability

Items of the innovation capability construct loaded on a single factor in the EFA. Table 6.9 provides the factor loading of the five items retained through principal axis factoring. The initial factor analysis identified item IC1_6 to lack communality requirements as it did not contribute to the total variance. This particular item is about managing intellectual property rights internationally, which is conceptualised as an aspect of innovation capability by Peeters and Pottelsberghe (2003). However, the ability to protect innovation did not contribute to the overall innovation capability of firms in this study. Although the item IC1_5 had a low factor loading of .447, it was not removed. Further analysis in WarpPLS showed that the item had a greater factor loading and contributed to the measurement model.

Table 6.8: Factor Loadings of Innovation Capability Construct

	Innovation Capability Total Variance Explained: 61.265(Cumulative)	**Factor Loadings**
	Items (in Brief)	
IC1_1	Frequently tries out new ideas to grow	0.611
IC1_2	Seeks out new ways to do things	0.658
IC1_3	Nurtures the ability to respond to unique product requirements	0.71
IC1_4	Nurtures the ability to respond to unique process requirements	0.615
IC1_5	Frequently introduces new products/services	0.447

Relational Capability

In the EFA, seven items related to relational capability were retained in a single factor as shown in Table 6.10. Among the nine-item instruments, two items, RC1_4 and RC_7, indicated low communality and were excluded. Relational capability is conceptualised as a second order reflective construct with three components, i.e. trust, commitment, communication. Although each of these constructs was adapted from different scales, the factor solution provided a single factor for relational capability. In the structural model analysis, the three sub-constructs of trust, commitment, and communication are separately modelled. In the following section the validation of the measurement constructs are discussed.

Table 6.9: Factor Loadings of Relational Capability Measures

	Relational Capability Total Variance Explained: 61.265(Cumulative)	**Factor Loadings**
	Items (in brief)	
	My firm and its international partners	
RC1_1	Business relationship is characterised by high levels of trust	0.832
RC1_2	Generally trust that each will abide by the terms of the contracts	0.818
RC1_3	Generally accept information exchanged without scepticism	0.730
RC1_5	Exchange information frequently or in a timely manner	0.673
RC1_6	Keep one another informed about events or changes	0.594
RC1_8	Are very much committed to one another	0.560
RC1_9	Strive for long-term relationships	0.595

6.4 Measurement Model Validation

In this section the assessment of reliability and validity of each of the latent constructs are reported. It is necessary to follow reliability and validity estimations

before assessing the structural model. Hair et al. (2011) suggests the following steps to assess the validity and reliability of a measurement model in a PLS SEM analysis:

- The assessment of construct reliability through item reliability, Cronbach's alpha, and composite reliability and
- The assessment of construct validity through convergent, discriminant, and nomological validity

The construct reliability of these constructs was estimated using five statistics, i.e. average inter-item correlation, average item-total correlation, split-half correlations, Spearman-Brown prophecy coefficient, and Cronbach's alpha. These estimates are presented in the following table (Table 6.10 a and b):

Table 6.10(a): Internal Consistency Analysis of Capability Constructs

	Learning Capability		**Innovation Capability**		**Relational Capability**	
Number of Items	12		4		8	
Average inter-item correlation	0.513		.757		.588	
Average item-total correlation	.606		.806		.657	
Split-half correlations	.838	.917	.832	.790	.817	.797
Spearman Brown Coefficient	.653		.793		.811	
Cronbach's alpha	.897		.853		.875	

Composite reliability of the constructs was examined in WarpPLS. The convergent validity was examined using average variance explained (AVE), which should be ≥ 0.5 to indicate a sufficient level of convergent validity (Hair et al., 2011). To

examine the discriminant validity of the constructs, the study followed Forner-Larker's Criterion (Fornell and Larcker, 1981) and crossloadings (Chin, 2010).

Table 6.10 (b): Reliability and Validity Statistics of Three Capabilites

	Learning Capability	**Innovation Capability**	**Relational Capability**
Number of Items	14	5	**7**
Cronbach's alpha	0.919	0.864	0.816
Composite Reliability	0.853	0.903	0.891
AVE	0.659	0.650	0.732

These estimates show that all latent constructs have an acceptable level of reliability as both composite reliability, and that the Cronbach's alpha estimates are greater than 0.7 (Hair et al., 2011) as exhibited in Table 6.11. Additionally, the convergent and discriminant validity of the sub-constructs are estimated. The results indicated that the latent constructs have an AVE value greater than 0.5 which is indicative of a satisfactory level of convergent validity (Hair et al., 2011).

Validation of the Subconstructs

Apart from these capability constructs, the study estimated validity measures for the subconstructs of learning and relational capabilities. According to Fornell-Larker's Criterion (Fornell and Larker, 1981), the square root of AVE shoud be greater than correlation between each of the constructs. Tables 6.11 (a) and 6.11(b) in the following page show the correlation matrix of the subconstructs of learning and relational capabilities.

Table 6.11 (a): Correlation Matrix and √AVE of the Learning Capability Subconstructs

	Systems Thinking	**Management's Commitment Towards Learning**	**Knowledge Acquisition and Diffusion**	**Learning Capability**
Systems Thinking	1			
Management's Commitment Towards Learning	0.483	1		
Knowledge Acquisition and Diffusion	0.506	0.476	1	
Learning Capability	0.819	0.802	0.815	1
√ AVE	0.953	0.894	0.824	0.812
P value for all correlations are <.001				

Table 6.11 (b): Correlation Matrix and √AVE of the Relational Capability Subconstructs

	Trust	**Communication**	**Commitment**	**Relational Capability**
Trust	1			
Communication	0.625	1		
Commitment	0.566	0.601	1	
Relational Capability	0.854	0.87	0.842	1
√ AVE	0.862	0.888	0.879	0.855
P value for all correlations are <.001				

The correlation estimates indicate sufficient discriminant validity of the constructs. The level of significance of the correlation values indicates that these correlations make sense and ensure nomological validity of all these constructs (Hair et al., 2011). Additionally, the construct reliability, composite validity and convergent validity of the sub-constructs were estimated and the estimates presented in Table 6.11 (c) in the next page show the sub-constructs to meet the necessary reliability and validity criteria.

Table 6.11 (c): Reliability and Validity Statistics of the Capability Sub-constructs

	Learning Capability Sub-constructs			**Relational Capability Sub-constructs**		
	Systems Think-ing	**Manage-ment's Commitment Towards Learning**	**Knowledge Acquisition & diffusion**	**Trust**	**Commun-ication**	**Commitment**
Number of Items	2	4	8	3	2	2
Cronbach's alpha	*.901*	*.813*	*.930*	0.827	0.731	0.707
Composite Reliability	0.953	0.89	0.944	0.897	0.881	0.872
AVE	0.91	0.801	0.679	0.743	0.788	0.774

6.5 Structural Model Analysis

In this section, the findings of the structural model analysis are reported after examining the relationship between the latent constructs. Assessment of the structural models involved examining the model's predictive capabilities and the relationship between the constructs (Hair et al., 2013). The structural model assessment involved a five-step procedure (Hair et al., 2013), and these are:

1. Assessment of structural model of collinearity issues
2. Assessment of significance and relevance of the structural model relationship (path Coefficients)
3. Assessment of the level of R^2
4. Assessment of the effect size f^2
5. Assessment of predictive relevance Q^2

The collinearity issues are discussed in the above section when the factor correlations and divergent validity of the constructs are estimated. None of the constructs have

multicollireatity problems. The other four steps are briefly discussed in the following:

Path Coefficients

The study estimated the individual path coefficients in PLS structural models. These standardized beta coefficients result from the Partial Least Squares estimation of the structural relationships. The size of the path coefficients were evaluated once their level of significance was confirmed. The goodness of the estimated path coefficients was tested by means of a bootstrapping procedure to attain the t-statistics. In a one-tailed test, the level of significance at 0.01% requires t-statistic> 2.33, at 0.05 (require t-statistic> 1.645 and at 0.10 (requires t-statistic> 1.28. Once the level of significance of path coefficients was examined, the size of path coefficients was assessed relative to one another (Hair et al., 2013). In PLS models, it is possible to measure and to evaluate a construct's direct effects as well as the indirect effect via one or more mediating constructs. However, based on the study's research objectives, the focus of the estimation was on total effects. It is possible that when the direct effect is not very meaningful, the total effect can indicate a strong influence on the endogenous construct (Hair et al., 2013).

Determination Coefficient (R^2)

In this study, the determination coefficient (R^2) is used to judge the structural models. The determination coefficient (R^2) was evaluated in WarpPLS, and the structural model's quality was determined based on the coefficients direction and level of significance (Chin, 2010). The determination coefficient (R^2) reflects the share of the latent construct's explained variance with a value between 0 and 1. The value explains the percentage of variance in the outcome variables that can be

explained by the cognitive attributes of the key decision maker and the capabilities of the firm.

Effect size (f^2)

Apart from determination coefficient R^2, another statistic of effect size f^2 was also estimated in PLS, which is similar to traditional partial F-tests (Hair et al., 2013). This study estimates the effect size in WarpPLS 4.0 alongside estimating structural relations. The WarpPLS software interprets the estimation and reports small, medium, and large as effect size. The study considered these values when interpreting the findings.

Predictive Relevance (Q^2)

In addition to evaluating the structural model by estimating determination coefficient R^2 as a criterion for predictive accuracy, the model's predictive validity was tested by means of the non-parametric Stone–Geisser test (Hair et al., 2013). The Stone–Geisser test criterion Q^2 is interpreted without loss of degrees of freedom. For PLS SEM models, Q^2 values larger than zero for a specific reflective endogenous variable indicate a path model's predictive relevance. Q^2 values of zero or below indicate a lack of predictive relevance. In WarpPLS, the Q^2 value was estimated in a single procedure alongside total model estimation. In the estimation a positive value was considered sufficient to convey predictive relevance (Kock, 2013). This study evaluated the predictive relevance of the models when interpreting the structural relations.

Strategy of Model Building

The study evaluated the advantages and disadvantages of different modelling strategies in SEM (Bollen, 2000; Hayduk and Glaser, 2000). The core reason being that a similar model fit can be achieved by a subset of factors, and empirical studies can evaluate multiple models to determine which factors to retain in a parsimonious structural model. The modelling strategies discussed in the literature include one-step, two-step, four-step, separate factor analysis, and jigsaw pieces technique (Bollen, 2000) and none of these techniques have reduced the controversy (Hayduk and Glaser, 2000). This study follows the jigsaw pieces technique (Bollen, 2000) and investigates the structural model after evaluating a number of sub-models from the conceptual framework. The jigsaw pieces strategy fits the pieces of the model individually and together until a coherent model is developed.

Based on the conceptual framework, the study has made six propositions that are independent of one another. At the same time, the study was interested to know the extent to which the key decision maker's cognitive attributes and the firm's dynamic capabilities influenced the outcomes of IO enactment. Thus it followed a modelling strategy in which a preliminary understanding of the bivariate relations between each of the drivers and the outcomes is gained. Conclusions about the propositions were not drawn from the preliminary bivariate relations. Later, the study modelled three full SEM models, each for one type of IO. In these full multivariate models, all the independent latent constructs were entered. The determination coefficient and R^2 values in these models are reported accordingly. Both the preliminary and full models are evaluated in support of the propositions.

Sub-Models and Full Models

Following the variable purification and measurement model analysis, this section provides the structural models fitted in the WarpPLS 4.0 software. In total, seven structural models were evaluated and these are presented hereafter. Sub-models are those examining one independent latent construct at a time in preliminary support of the propositions. Full models are those with all independent latent constructs fitted in a model.

Sub-Model 1: The Relation between TPB and IO Enactment

At first the relationship between each of the key decision maker's cognitive attributes and outcome variables are examined. Then the three attributes were entered in a model with the outcome variables. The sub-model 1 examines the association between the key decision maker's attitude, intention, and self-efficacy on the six dependent variables. This model obtained the direct effect of intention, and both direct and indirect effects of attitude and self-efficacy. Figure 6.2 presents the structural model for the key decision maker's attributes. The determination coefficient (R^2) values show that the key decision maker's attributes exert a small amount of influence on the outcome variables.

Figure 6.2: Structural Model with Key Decision Maker's Attributes (Estimated in WarpPLS, n=91)

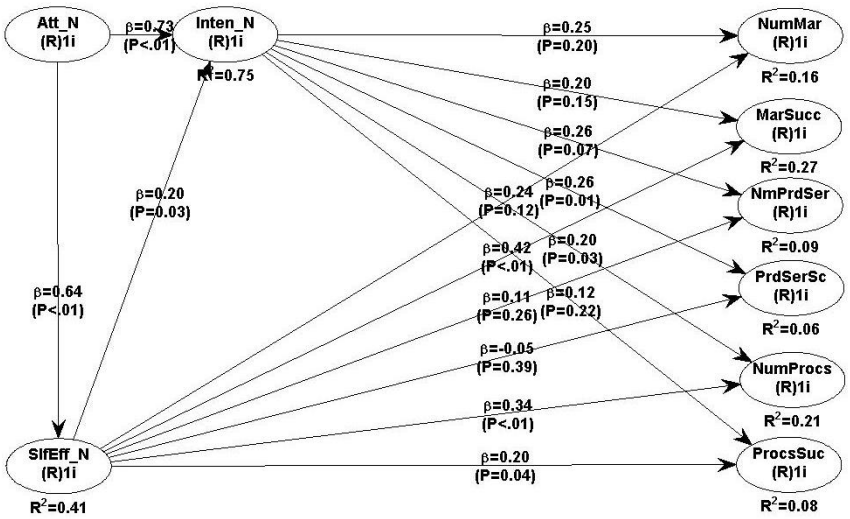


Table 6.12 presents the total effect of the independent latent constructs. Attitude, intention and self-efficacy exerts statistically significant positive influence on some of the dependent variables. In bivariate relation, attitude does not exert any statistically significant influence of the outcome variables but when mediated through self-efficacy, the total effect shows statistically significant influence.

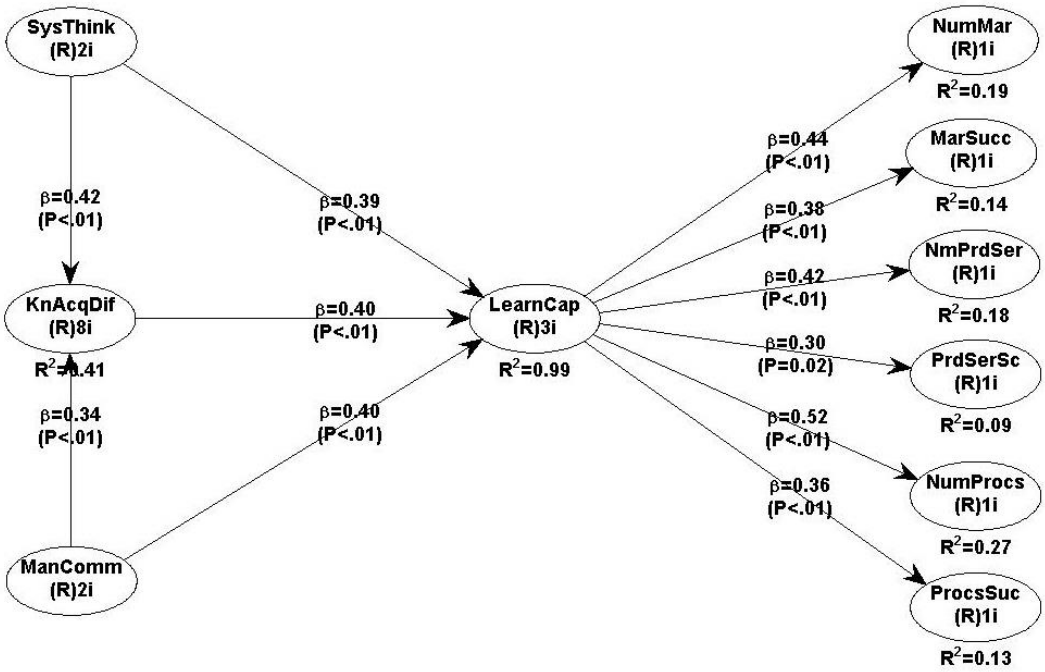
Table 6.12: Total Effect, Determination Coefficient R^2 values for Key Decision Maker's Attributes (n=91)

	International Market Entry Opportunity		**Product/Service Development Opportunity**		**Process Development Opportunity**	
Total effect	**Numbers Taken Up**	**Level of Success**	**Numbers Taken Up**	**Level of Success**	**Numbers Taken Up**	**Level of Success**
Attitude	0.372*	0.437***	0.289**	0.183	0.386***	0.232**
Intention	0.253	0.198	0.257*	0.256**	0.197**	0.122
Self-efficacy	0.292*	0.456***	0.159	-0.004	0.378***	0.222**
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						
R^2 Values	0.16	0.27	0.09	0.06	0.21	0.08

Sub-Model 2: Learning Capability and IO Enactment

This sub-model examines the influence of learning capability on the endogenous variables. Learning capability (LearnCap) is conceptualised as a second order reflective construct combining system thinking (SysThink), management commitment to learning (ManComm), and knowledge acquisition and dissemination (KnAcqDif). The model also relates system thinking and management commitment towards learning with knowledge acquisition and dissemination construct. Figure 6.3 presents the structural model of the influence of learning capability.

Figure 6.3: Structral Model with Learning Capability (Created with WarpPLS, n=91)



The study obtained the total effect of learning capability and its components on the six dependent variables. The estimates are presented in Table 6.13 The estimates suggest that learning ability exerts a positive influence on the endogenous. The determination coefficient (R^2) on most dependent variables are above .10 and both

learning capability and all its sub-constructs separately have statistically significant influence on all six dependent variables. The Stone–Geisser Q^2 values suggest that the model has predictive relevance. The effect size of learning capability on the six dependent variables taken from analysis shows medium to small effect sizes.

Table 6.13: Total Effect and Determination Coefficient R^2 values for Learning Capability Construct (n=91)

	International Market Entry Opportunity		**Product/Service Development Opportunity**		**Process Development Opportunity**	
Total effect	Numbers Taken Up	Level of Success	Numbers Taken Up	Level of Success	Numbers Taken Up	Level of Success
Learning Capability	0.439***	0.379***	0.422***	0.304**	0.515***	0.356***
Knowledge Acquisition and Dissemination	0.178**	0.153***	0.171***	0.123**	0.209***	0.144***
System Thinking	0.248***	0.214***	0.238***	0.172**	0.292***	0.201***
Management Commitment	0.237**	0.205***	0.228***	0.164**	0.278***	0.192***
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						
R^2 Values	0.19	0.14	0.18	0.09	0.27	0.13

Sub-Model 3: Relational Capability

This sub-model examines the relative influence of relational capability on the endogenous variables. Relational capability (RelCap) is conceptualised as a second order reflective construct combining trust (Trust), commitment (Commit), and communication (Commcn). Figure 6.4 presents the structural model of the influence of relational capability. The study obtained total effect of the three sub-constructs of relational capability and the second order relational capability on the six dependent

variables. The estimates are presented in Table 6.14. The determination coefficient (R^2) on most dependent variables are very small. Relational capability has no statistically significant relation with enacting international process opportunities.

Figure 6.4: Structural Model with Relational Capability (Created with WarpPLS, n=91)

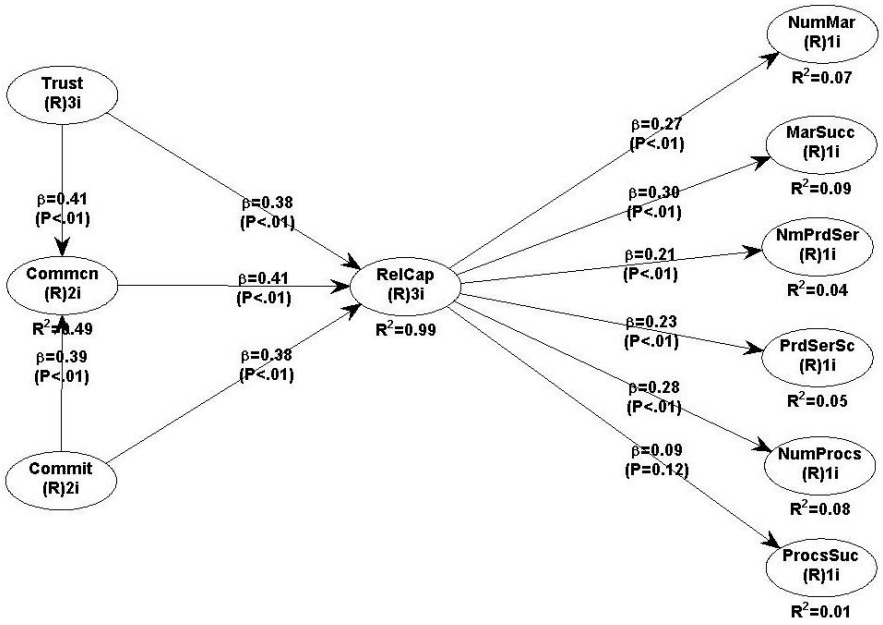


Table 6.14: Total Effect and Determination Coefficient R^2 values for Relational Capability Construct (n=91)

	International Market Entry Opportunity		**Product/Service Development Opportunity**		**Process Development Opportunity**	
Total effect	**Numbers Taken Up**	**Level of Success**	**Numbers Taken Up**	**Level of Success**	**Numbers Taken Up**	**Level of Success**
Relational Capability	0.271***	0.3***	0.207***	0.232***	0.282***	0.094
Trust	0.146***	0.162***	0.112**	0.125***	0.152***	0.051
Communication	0.11**	0.122**	0.084*	0.094**	0.114**	0.038
Commitment	0.144***	0.16***	0.11**	0.124**	0.15***	0.05
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						
R^2 Values	0.07	0.09	0.04	0.05	0.08	0.01

Sub-Model 4: Innovation Capability and IO Enactment

This sub-model examines the relative influence of innovation capability on the endogenous variables. Innovation capability (InnCap) is conceptualised as a first order reflective construct, and it has no sub-constructs such as those of learning capability or relational capability. Figure 6.5 presents the structural model of the influence of innovation capability. The study obtained the direct effect of innovation capability on the eight dependent variables. The estimates are presented in Table 6.15 in the next page. The results indicate that innovation capability exerts statistically significant influence on all six dependent variables, and the determination coefficient R^2 values are in the range between.16 and .33 showing weak to moderate influences. Estimates of Stone–Geisser test criterion Q^2 provide positive values for the eight dependent variables indicating predictive relevance of the structural model. The effect size on the dependent variables is estimated as medium size for all six relations.

Figure 6.5: Structural Model with Innovation Capability

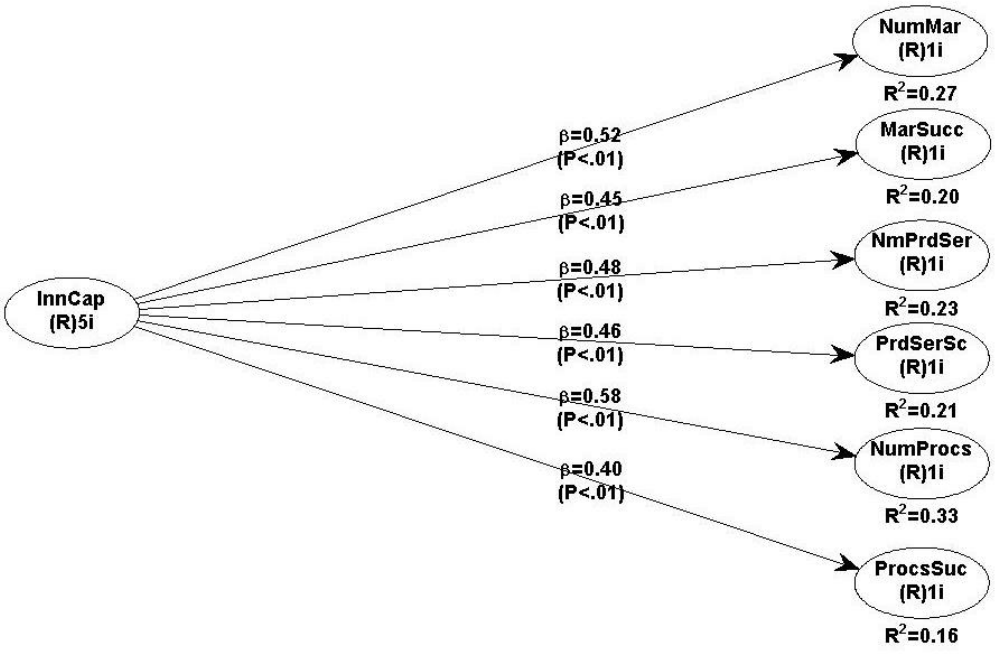


Table 6.15: Total Effect, Determination Coefficient R^2 values for Innovation Capability Construct (n=91)

	International Market Entry Opportunity		**Product/Service Development Opportunity**		**Process Development Opportunity**	
Total effect	Numbers Taken Up	Level of Success	Numbers Taken Up	Level of Success	Numbers Taken Up	Level of Success
Innovation Capability	0.519***	0.448***	0.48***	0.463***	0.577***	0.403***
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						
R^2 Values	0.27	0.20	0.23	0.21	0.33	0.16

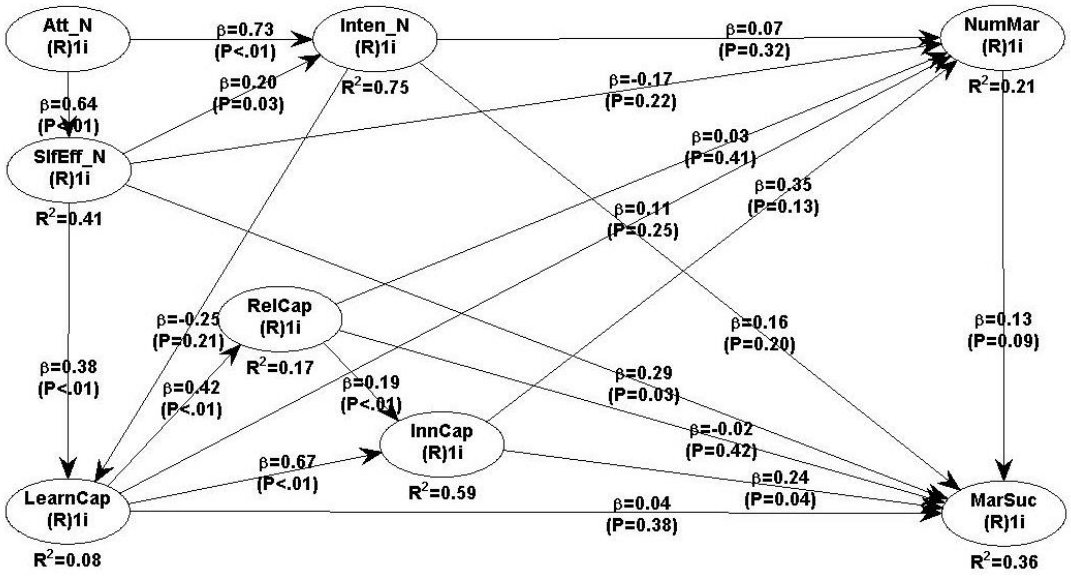
Summary of the Preliminary Sub-Models

In the above sub-models, the univariate influences of three firm-level capabilities on the six dependent variables are examined. Also, the influence of three cognitive attributes of the key decision maker is also examined. The models suggest that the three firm-level capabilities exert statistically significant influence on IO enactment. Estimation of the key decision maker's cognitive attributes show mixed results. In these models, the mediating influences of exogenous constructs are not examined. Braumoller (2004) argues that without taking higher order interactions into consideration, only considering lower order additive models can lead to misinterpretation of path coefficients and mislead hypothesis testing. Now, the study proceeds with building the full models that combine the different theoretical constructs and the models look at one type of international opportunity with all exogenous factors.

Full Structural Model 1: Enactment of International Market Entry Opportunities

A full structural model was fitted to estimate the multivariate influence on the number of international market entry opportunities taken up (NumMar) and the level of success in acting upon these opportunities (MarSuc). The model integrates the views discussed in the TPB and the DC framework literature together. Both the individual key decision maker's cognitive attributes and firm-level capabilities are combined in this model to examine the influence of these constructs on market entry opportunity enactment. The structural model, presented in figure 6.6 shows the structural relations among all exogenous constructs with the two endogenous variables.

Figure 6.6: Structural Model of International Market Entry Opportunity Enactment (NumMar and MarSuc) (Estimated in WrapPLS, n=91)



The study obtained the total effect on the two endogenous variables, NumMar and MarSuc, from the structural path model in WarpPLS 4.0. The model shows that the cognitive attributes of the key decision maker and the firm-level capabilities together

influence successful enactment of international market entry opportunities. The summary of total effects of the estimates is presented in Table 6.16.

Table 6.16: Total Effect on NumMar and MarSuc Endogenous Variables (n=91)

	Key Decision Maker's Attributes			**Firm-level Capabilities**		
International Market Entry Opportunity	Attitude	Intention	Self-efficacy	Learning Capability	Relational Capability	Innovation Capability
Number of opportunities taken up (R^2=0.358, Adj. R^2 =0.312)	-0.043	-0.027	-0.036	0.382***	0.092	0.345***
Level of Success (R^2=0.398, Adj. R^2 =0.347)	0.322***	0.103	0.384***	0.255***	0.035	0.284***
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						

The structural model shows that, even though relational capability has statistically significant direct effects, because of the full mediation (Hair et al., 2011) in the capability constructs, it does not have statistically significant total effects.

Full Structural Model 2: Enactment of New Product/Service Development Opportunities for International Markets

The study followed the same path model to estimate the path relations for new product/service development opportunities for international markets. The number of new product/service development opportunities taken up was measured with 'NumPrdSer' with the level of success being measured by 'PrdSerSc'. Figure 6.7 illustrates the full structural model for enacting new product/service development opportunities for international markets.

Figure 6.7: Structural Model of Enacting New International Product/Service Development Opportunities (NmPrdSer and PrdSerSc) (Estimated in WrapPLS, n=91)

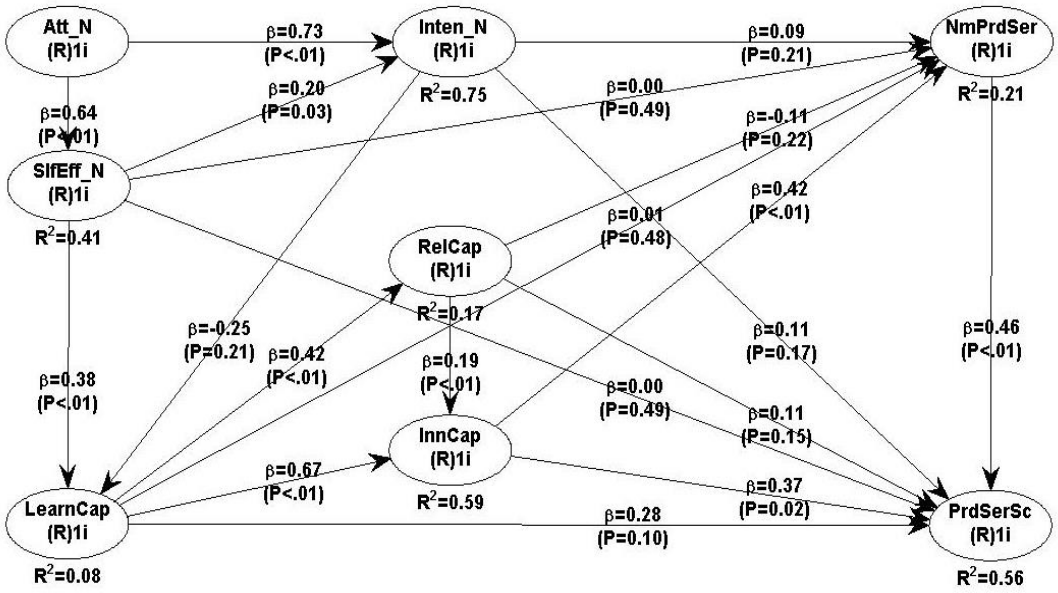


Table 6.17: Total Effect on NmPrdSer and PrdSerSc Endogenous Variables (n=91)

	Key Decision Maker's Attributes			**Firm-level Capabilities**		
Product/Service Development Opportunity for International Markets	Attitude	Intention	Self-efficacy	Learning Capability	Relational Capability	Innovation Capability
Number of opportunities taken up (R^2=0.21, Adj. R^2 =0.181)	0.086	0.02	0.111*	0.275***	-0.033	0.419***
Level of Success (R^2=0.56, Adj. R^2 =0.532)	0.149**	-0.036	0.271***	0.726***	0.163**	0.562***
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						

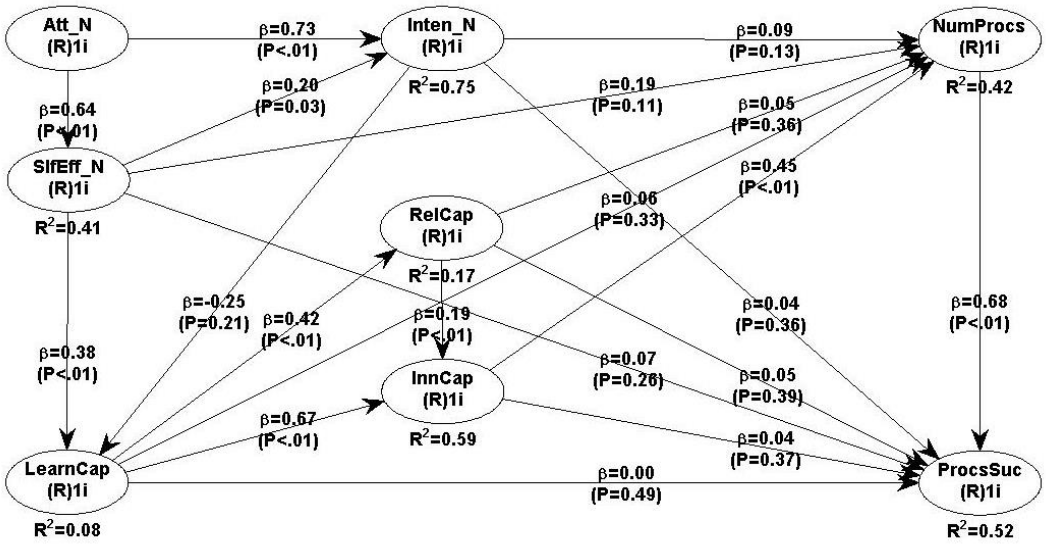
The study obtained the total effect on NmPrdSer and PrdSerSc from the refined structural path model in WarpPLS 4.0. The summary of the estimates is presented in

Table 6.17. The findings indicate that self-efficacy of the key decision maker and the learning and innovation capability influence both the number of product/service opportunities taken up and successful enactment. Estimates of Stone–Geisser test criterion Q^2 value for NmPrdSer was .290 and for PrdSerSc was 0.446 indicating sufficient predictive relevance of the structural model.

Full Structural Model 3: Enactment of New Process Development Opportunities for International Markets

The study followed the same path model to estimate the path relations for new process development opportunities for international markets. The number of process development opportunities taken up was measured with 'NumProcs' and the level of success was measured by 'ProcsSuc'. Figure 6.8 illustrates the refined structural model for enacting new process development opportunities for international markets.

Figure 6.8: Structural Model of Enacting New International Process Development Opportunities (NumProcs and ProcsSuc) (Estimated in WarpPLS, n=91)



The study obtained the total effect on NumProcs and ProcsSuc from the refined structural path model in WarpPLS 4.0. Here, findings suggest attitude and self-

efficacy of key decision maker, and firm-level learning and innovation capability influence enacting international process development opportunities. The summary of the estimates is presented in Table 6.18.

Table 6.18: Total Effect on NumProcs and ProcsSuc Endogenous Variables

	Key Decision Maker's Attributes			**Firm-level Capabilities**		
New Process Development Opportunity for International Markets	Attitude	Intention	Self-efficacy	Learning Capability	Relational Capability	Innovation Capability
Number of opportunities taken up (R^2=0.364, Adj. R^2=0.319)	0.214***	-0.014	0.348***	0.417***	0.134	0.447***
Level of Success (R^2=0.511, Adj. R^2=0.464)	0.222***	0.014	0.329***	0.331***	0.142	0.339***
One tailed, *p ≤0.10, **p ≤0.05, ***p ≤0.01, n.s=not significant						

Estimates of Stone–Geisser test criterion Q^2 value for NmPrdSer was .406 and for PrdSerSc was 0.556 indicating sufficient predictive relevance of the structural model. The Warp2 and Warp3 bivariate causal direction ratio and difference (Kock, 2013) indicates a possible reverse direction in the relationship between enacting process development opportunities and relational capability. The reverse relation suggests that increase in the level of success in developing new processes for international markets may increase relational capability of the firm.

With these full models, the structural model analysis is accomplished. Multivariate and bivariate relations in the structural models discussed above indicate that in most

models, firm-level capabilities and key decision maker's attributes exhibit non-linear relation with the criterion variables. The quadratic and cubic functions in the non-linear regressions indicate that enactment of different types of international opportunities interact with the firm-level capabilities as well as the attributes of key decision makers.

6.6 Conclusion

This chapter presents the vital quantitative analysis and reports the findings. Data collected from 91 cases were purified in SPSS. At this stage, a number of statistic showed that data has skewness and kurtosis and therefore is not ideal for covariance based structural equation modelling. The PLS-SEM technique is well suited for analysing data that does not meet the assumptions of normal distribution. The EM method was used to impute data in cases with missing values. The attitude, intention, and self-efficacy constructs originally had three measurement items for each, but due to high multicollinearity the three items were merged into single-item measures. In the measurement model analysis, the three firm-level capabilities were refined with exploratory factor analysis. With satisfactory refinement of the constructs, structural model analysis provided statistical estimation of the relationship between IO enactment and the independent latent constructs. Findings suggest that self-efficacy of the key decision maker and firm-level learning and innovation capability exert positive influence on all types of IO enactment. A firm's relational capability exerts a positive influence in two types of IO enactment. The attitude and intention of the key decision maker does not exert a statistically significant positive influence in IO enactment. These findings are further investigated in multiple case studies to establish support for the propositions. The following chapter presents the findings of the qualitative case studies.

Chapter 7: Qualitative Research

7.1 Introduction

This chapter presents the findings of five case studies conducted in the second phase of the research. The qualitative data complements the quantitative data by providing a deeper understanding about the role of the key decision makers' planned behaviour and firm-level DC interplay in the enactment of IO. The chapter is organised into four sections with the first one providing an overview of the participating SMEs. Then, the IO enactment section looks into the overall enactment process. Subsequently, individual key decision maker's cognitive attributes and firm-level capabilities are explored in the last two sections.

7.2 An Overview of the Five SMEs

The case studies cover five different industries and SMEs of varying sizes. Case 1 is a legal service provider specialising in intellectual property law and has previously participated in the survey research. Case 2 is an offshore catering service provider, which also participated in the survey research. Case 3 is the UK market leader in the cloud computing service sector and is the largest participant. Case 4 is an IT company that produces software for the oil and gas industry and won the Queen's Award for International Trade in 2011. Case 5 is a manufacturer of electrical transformers that is currently exporting to seven countries. The five case studies provided seventeen accounts of IO enactment in Europe, Asia, North America, and South America. In the following pages, a summary of each of them is presented. Table 7.1 in the next page provides key statistics of the participating SMEs.

Table 7.1: Profile of Participating SMEs in Case Study

Case	Industry	No of Employees	No of Years Operating	Sales Revenue	Overseas Sales	Profit	Key Informant
1	Legal	234	21	£32,918,000	£14,778,000	£2,708,000	Head Global Marketing
2	Hospitality	49	24	£8,441,000	£4,660,000	£425,000	Chairman
3	Internet Hosting	111	14	£23,240,000	£2,674,000	£2,826,000	Chief Marketing Officer
4	Software Development	40	19	£3,000,000	£2,700,000	£500,000	Marketing Director
5	Electrical Manufacturing	50	41	N/A	N/A	N/A	Marketing Director

*Based on Annual Reports of 2013 taken from FAME

Case 1

Case 1 is a Glasgow-based law firm specialising in intellectual property (hereafter IP) laws. It has 230 IP professionals and has 14 branch offices across the UK, USA, Switzerland, Finland, France, Germany, Italy, and Ireland. The company is ISO 9110:2008 accredited, is recommended by Legal 500, is a winner of the World Leaders IP award 2009 and Scottish IP firm of the year 2013 award. From its inception in 1975, it has gained a reputation for providing customised solutions to innovative organisations. A strong presence in European jurisdictions makes it attractive to US based customers for European IP-related legal needs. Having branch offices across Europe allows the company to be local to its European customers and overcome the cost of using associate law firms.

The services of Case 1 are categorised into three streams: (i) Patents, (ii) Trademarks, Copyrights and Designs, (iii) Global IP services. Patenting services are

provided to technology businesses covering mechanical engineering, electronics, software, nanotechnology, life sciences, chemistry and energy related companies. Trademark, copyrights, and domain name dispute-related services are provided to all types of businesses. Global IP services deal with global patent filing in multiple jurisdictions for a single product or service. When engaging with filing activities, the company builds project teams consisting of legal, engineering, scientific, and customer service professionals depending on the client's intellectual property needs. These teams often work with a client's in-house legal department as a seamless extension and work together to achieve patents.

The company segments customers in the following categories: multinational corporations, university technology transfer departments, affiliated legal practices, and start-up companies. With multinational corporations, it works with a client's in-house legal experts. With affiliated legal practices in different jurisdictions, it operates on a sub-contract basis. Additionally, it has served around 65 universities globally for patent filing services. Start-up firms do not have any in-house legal expertise and therefore need tailored services.

The Global IP service is based on an innovative client management software solution through which clients can efficiently place orders, track developments, and manage filing activities. Beyond Europe, the company has established a growing presence in USA from 2004. It entered Japan in 2010, but after one year's fruitless effort it backtracked from there. At present 80 percent of the company's revenue is generated outside the UK and the future plan is to grow in the US market till 2020 before entering another country.

Case 2

Case 2 is an Aberdeen based SME that provides hospitality and catering services internationally in off-shore oil production facilities. It looks after the workmen within the oil and gas industry to maintain a favourable lifestyle in remote locations. These locations include a portfolio consisting of a semi-submersible drilling facility, floating production vessels, accommodation ships for construction workers, and oil vessels. It offers everyday services like cleaning, laundry, catering, hotel keeping and janitorial, maintenance, and waste management. It also seeks opportunities in supply chain management, consultancy, facility design, and facility management services. The firm was awarded the Queen's Award for Enterprise in International Trade in 2003. So far, it has served multinational oil companies in as many as twenty-six countries from its year of inception in 1990. The company's majority share is owned by the Chairman, who has a portfolio of businesses operating from the same office, all of which have international operations.

The international activities of Case 2 are mostly operated through international joint-ventures that employ around 120 employees in different countries. There is an international knowledge exchange programme through which the company transfers knowledge of hospitality services to its international partners. According to the company website, the country selection strategy is, "*Where our clients go… so do we*". Only in Norway does it have no local partner. It maintains branch offices in Singapore, Norway, France, Algeria, Newfoundland and Trinidad. The company is prone to take up adventurous international opportunities where other SMEs do not want to participate due to the various risks associated with those foreign countries. It prepares legal papers extensively for all international projects to safeguard all international operations. Within the offshore service industry, the firm lost some

major catering contracts in 2013, but gained other services contract extensions, hence maintaining a portfolio of different services is necessary for its growth.

Case 3

Case 3 is a Glasgow based cloud computing provider that expects to become a large organisation in the near future with its current growth rate of 65 percent. The firm is enjoying a recent boom in cloud-based hosting services and serving large enterprises in the UK for data hosting. Currently, it owns eight data storage facilities in the UK and equipment installations or 'Point-of-Presence' in the USA, Dubai, and Singapore. The company began business in 1998 and gradually shifted focus from an outdated Internet hosting technology to cloud-based hosting and managed service provider (MSP) sector. As a very dynamic organisation, it regularly sheds out-dated hardware and software and upgrades facilities with the latest technology. It has also acquired a number of small technology firms to enhance its service portfolio.

The firm's function is to ensure business customers have 100% 'uptime' of their online presence, meaning that the customers will never face a server down problem – something that is all too common in the Internet hosting business. The eight data centres are critical for the online business operations of the customers and a fault at data centre level can mean instant loss of service and revenue for those online businesses. To fulfil service level agreements, the company invested heavily in infrastructures. It has connected the UK-wide data centres with 1860 kilometres of fibre optic cables, providing a reliable connection without depending on other carriers. By taking out other data carriers in the supply chain, the company ensures 100 percent uptime to all e-commerce activities of its customers.

The firm is growing in accordance with the rapid growth in the mobile, web content, and cloud-based traffic over the last few years. It is trying to invest heavily in infrastructures and developing excellent customer service. The service level agreements it has with large enterprises ensure a confirmed income for the next three years, which enables the company to plan future projects efficiently. The service level agreements depend on three types of customers: micro, SME, and large enterprises. A majority of the SME customers are in one-year contracts, and large enterprises are in three-year contracts.

Case 3 is highly capital market focused and publicly traded from 2003. From 2001 onwards it has made fourteen acquisitions, launched seven new brands, and sold off three service brands. It has three non-executive directors who are notable IT investors in the USA. The Managing Director and other directors have vast experience of working in large IT enterprises. It suffered from financial losses during the 2008-2010 recessions but is now enjoying robust growth.

Case 4

Case 4 is a Glasgow based software development company that provides high-tech solutions to measure underground oil reservoirs. The company's founder is a physicist, who is an expert in measuring oil reservoirs and converted his doctoral thesis into a software application. His brother took up the task of sales and marketing and co-owns the business. The company launched the first flagship software in 2000 and so far has developed a portfolio of software solutions. It was awarded the Queen's Award for Enterprise: International Trade in 2011 as it enjoys 90 per cent of revenue from overseas sales. Since 2002, the company has achieved a 25 per cent

growth rate annually. It has sold software to 120 companies across eighty countries around the world.

The company is involved in oil and gas extraction projects that include a series of upstream and downstream supply chain developments. Upstream activities involve extraction, and downstream activities involve distribution of oil and gas. Within the upstream activities, reservoir simulation deals with measuring accurately the amount of oil in a reservoir. The simulation requires a tremendous amount of data analysis that is made easy with the high-tech reservoir simulation software. The software calculates and presents a three-dimensional view of the reservoir through computer-generated imaging. Oil engineers are trained by Case 4 to operate the software. Major organisational clients of the firm have a multi-user software agreement and pay millions of pounds as license fees. The company sells software licenses starting from $30,000 with a 20 percent annual maintenance and service charge. It predicts that, in 2016, the revenue from maintenance will be greater than the license-generated revenue.

Since every new oil field requires simulation to understand the nature of the reservoir, the market for simulation software is consistently growing. Accordingly, the software supports monitoring of this reservoir on an ongoing basis. The company provides engineering support, training, and sales support by frequently flying from Scotland into different countries. It manages international business from the Glasgow office and has one dedicated customer service executive in the Middle East. It employs a number of staff with a PhD qualification and operates as a research lab. It is not interested in bringing in more investors to gain rapid growth and prefers to operate as a family-owned, research-oriented business. The firm’s overall objective

is to act as a knowledge-based organisation and to achieve a steady growth without seeking investments from the financial market.

Case 5

Case 5 is a Glasgow based manufacturer that sells a portfolio of electrical transformers for the measurement, control, and protection of low voltage and medium voltage electrical power systems. Although established in 1973, the company has not substantially grown and currently has fewer than fifty employees. It does not disclose sales data to the public. Although transformers are manufactured around the world, the company enjoys the benefit of British country of origin and provides high-quality transformers.

The company has a metering product line and a protection transformers product line. Metering products measure electricity usage, and this is a saturated market. The instrument transformer products secure electrical goods from sudden electricity surge. Within the transformer market, it focuses on low voltage transformers and is working on manufacturing medium-voltage ones. Over the last two years, it has increased factory capacity in accordance with this plan. It also designs, working with the buyer's engineers, customised transformers that can meet the client's required specifications. Customisation is a rare service in the transformer industry as major manufacturers only sell off-the-shelf transformers. The company spends more on engineering costs but saves labour and raw material costs by manufacturing customised transformers.

The firm serves two segments of customers: electricity utilities and switchgear manufacturing factories. Industry specific segmentation includes manufacturing,

marine, commercial, electrical power infrastructure, and renewable power plants. For electricity utilities, it designs and manufactures customised transformers along with off-the-shelf transformers.

For manufacturing companies, it works with the customer to produce customised solutions. It provides 'advice' on how better to design products with transformers to fit in a small space, but does not provide consultancy services to avoid liability. It has some proprietary technology through which it can design and manufacture small sized transformers that can fit within a limited space. This customisation ability differentiates the company from the competitors. Case 5 sells directly to large buyers and through agents in Hong-Kong, Korea, West Indies, Sri Lanka, Mauritius, and Portugal. It has sold transformers to power infrastructure in the UK, UAE, and Hong Kong. It has a growing export market in Japan where the company is focusing now.

An analysis of the five cases shows that though they operate in different industry contexts they have commonalities in internationalisation activities. The following sections present the findings from the cross-case analysis presented in accordance to the three research questions of the thesis.

7.3 International Opportunity Enactment

This section summarises the cognitive attributes of decision makers and firm-level capabilities in relation to IO enactment. These are further elaborated in sections 6.4 and 6.5 where the other two research questions are discussed. Data from cross-case analysis reveals that the SMEs enact IO by deploying learning and innovation capabilities in foreign markets. High self-efficacy of the key decision makers supports the enactment process. The findings concur with the view that DC literature

is well suited to explain IO enactment (Teece, 2007). Additionally, data suggests that the decision makers' attitude and intention play a subdued role in the enactment process. Relational capability supports enacting new IO and thereafter maintaining strong relations, which eventually reduces the prospect of taking up more and more IO.

In relation to the key decision makers' 'planned behaviour' (Ajzen, 1991) to take up international opportunities, in all five cases there is evidence of the presence of positive attitude and intention.. These attributes may play a greater role in IO identification, but not in enacting IO. Key decision makers do not necessarily act upon all international opportunities based on positive attitude and intention to enact IO. The difference occurs when country-specific opportunities arise. In this instance the key decision makers exhibit a wide variety of attitudes towards different countries. Two types of countries, favourable and unfavourable, are found to interplay with the attitude and intention. Opportunity from favourable countries fits with a positive attitude and intention towards international opportunities while unfavourable countries entirely change the intention. However on the surface, there is a broader positive attitude on IO, which is evident in the following extract taken from Case 1:

"*International opportunities means with the types of clients I am targeting right now, I have to consider they are global entities. They encompass international opportunities because the companies we are targeting they all have R&D facilities spread across the entire world. That presents international opportunities within itself. When they are developing research and development, innovations around the world, the opportunity for us is to be local to them wherever they are."*

A positive attitude and intention towards international opportunities does not mean SMEs will take up a particular IO. Cases tend to look proactively for opportunities in favourable countries they want to enter, but sometimes they face reactive international opportunities. The following extract taken from Case 2 illustrates a reactive IO:

"If we take the case of Total [a large oil company]....they had a manager [John] here in Aberdeen. I knew him.... and I have looked after Total here for one of my clients. John was transferred here within the Total group and then ended up in Thailand. And he went to their offshore installations and found that standards were not as good as he would hope for or what he expected. So he called me here and said had I ever thought of working in Thailand. Which the automatic answer was no, but I am happy to. So he invited me out, and I took a couple of friends with me to see how the business was."

The above extract illustrates how IO can arise even when initially there was no intention of looking for opportunities in Thailand. This type of opportunity is associated with reactive internationalisation (Leonidou et al., 2007) in IB literature. In entrepreneurship research, this kind of opportunity is considered as serendipitous opportunity (Muzychenko, 2009). The intentionality is subdued because Cases 1, 2, and 3 serve multinational organisations with the expectation that one day the Monks shall provide IO, and these firms can then act upon those opportunities.

Evidence suggests that the intention of key decision makers to take up international opportunities is optimistic and constructive but is based on limited information at an early stage of an international endeavour. According to the Marketing Director of Case 5, international opportunities "*are never what they appear to be*." The attitude

and intention of decision makers changes when new information about a particular opportunity becomes available. Even when decision makers intend to internationalise within one year or six months' time, the particular opportunities need to be suitable for them.

The argument set forth by Krueger et al. (2000) that internationalisation is an intentional act is important to note here. Although positive attitude and intention are common among all participants, they did not act upon many IO when their positive intention changed. It is found that attitude and intention about internationalisation are generalised expressions for overall internationalisation ambition. When a particular IO requires acting upon , the general positive attitude and intention do not have much implication. In contrast, positive self-efficacy of key decision makers is found to be integral to the enactment of international opportunities. The following excerpt from Case 5 indicates how the key decision maker recognises his role in the enactment process:

"We are a small business, relatively. So as a decision, well not as decisions between the directors, there is a discussion that myself as marketing director, [I] will ultimately make the final decision on which markets we will approach."(Case 5)

Here, the key decision maker assesses IO based on his confidence about the markets. Findings indicate that the self-efficacy enables decision makers to draw conclusions about taking up a particular IO and in this way impact upon the enactment process.

Additionally, three firm-level capabilities are deployed to enact IO. Evidence suggests that all cases engage in learning about foreign markets, collecting information about the country, industry, and potential foreign partners. The learning process is illustrated in the following extract taken from Case 2:

"So we went to Thailand, we knew nothing about the business in Thailand. We met him [John, the manager of Total] and went to visit the offshore installations. We came back and did some investigations about what it is like to do business there, what is the business environment. And the first thing was we needed to immediately find a partner. So we set about how do we find a partner."

The 'knowledge acquisition' activities of the company demonstrate 'learning capability' (Lin, 2008). Investigations help it gain 'explicit knowledge' and visiting helps it gain 'tacit knowledge' (Nonaka and Takeuchi, 1995) about foreign markets. Case 5 points out the necessity of knowledge acquisition saying, *"Our business is very much face to face."* As the firm sells electric transformers, it needs to know a lot of technical details and thus when dealing with a Japanese counterpart it has to organise face-to-face meetings in Japan. Similarly, Case 1 learns about prospective foreign customers through establishing local offices with at least one local employee. All its foreign offices have local employees with good understanding of the country market. It engages with foreign customers by creating a team of legal and technological experts. The participation of these experts in international meetings enhances knowledge acquisition from international counterparts. The following excerpt from Case 1 shows how the company learns about potential foreign customers in a number of meetings:

"It would be myself leading the meeting and I would bring in a specialist, for example a translation specialist, or I will bring in a lead attorney, or I will bring in the founder [of Case 1], it may be. So it depends on what we are trying to achieve on the next meeting."

Learning within the local UK market appeared to be beneficial for Cases 3 and 4 as these companies sharpened operational know-how first in the local market and then by entering foreign markets. 'Learning locally' gives opportunity of 'knowledge dissemination' within the firm and creation of new knowledge (Lin, 2008). The following extract from Case 4 indicates how learning in the local market supported international expansion:

"After launching our products we have developed the sales force through sometimes trial and error and sometimes knowledge of what companies are doing. Initially, we set up for the first year or two, sold our software in the UK. We found the problems of our products, etc., etc. Our view was that, after selling our products to the UK we had to go international with them. So we started off going to America and Europe at the same time. We were lucky because with scientific products generally the language used is English and so we went there."

Notable here is that this company did not follow sequential growth from Europe to USA, but took up IO in Europe and USA concurrently. This concurs with the view that opportunities play a critical role in rapid internationalisation (Johanson and Vahlne, 2009). Case 3 learned data hosting services in UK so well that it achieved a competitive advantage in the USA market and gained a contract from a large USA company. The following extract from Case 3 indicates how learning capability opens up new IO to this firm:

"They [US retailer SHI] invested in the Avomer Platform or the EMC platform, and then realised they did not have any skills to deal with it. They bought it and found it is more difficult than they thought. They found out that we are Avomer experts, we are over there and said you do it for us. So we have done a deal with SHI, where we have rebranded Avomer, with SHI colours and we are managing it on their behalf."

The opportunity to serve a major US retailer (SHI) appeared because Case 3 learned high-tech data hosting activities so well that even though the USA is the birthplace of the technology, the UK company was still able to enact IO in that market. Knowledge acquisition activities also supported developing relationships with foreign counterparts. The relational capability appears to be critical in the enactment process. Evidence suggests that all cases prefer a long-term relationship with a major foreign counterpart based on mutual 'trust', 'commitment', and 'regular communication'. These are the three cornerstones of relational capability (Blomqvist and Levy, 2006; O'Toole and McGrath, 2008). For trust building, all cases have achieved an industry standard certification that portrays a positive image. The extract taken from Case 3 illustrates that achieving certification is aimed at gaining trust and confidence from international customers:

"[Clients want to know that] you have expertise in the fields you are reporting to the market. So if we say we are a Windows house or a Windows gold standard, yes we are. Oracle – are you Oracle gold standard? Yes, we are. VM Wire – are you VM Wire service supplier status? Yes, we are. Now it might seem like ticking the boxes but when you are sitting down with the client, these are the issues they want."

Mutual trust is critical among international network partners, and cases search for information to ascertain the trustworthiness of a foreign counterpart. The following extract from Case 2 concurs with the view that the firm seeks trustworthy international partners and adopts appropriate legal steps to strengthen the relationship:

"Almost in every case it is total trust. That is why we take much time to find a suitable partner …wherever we go on the world, we ensure that everything we do is legal."

This extract and data from cross-case analysis indicates a common feature of the trustful relationship among international network partners, and that is a legal obligation. Evidence suggests that firms aim to reduce vulnerability by creating strong legal contracts and trust involves abiding by the legal contracts.

Communication activities support cases to overcome the liability of outsidership (Johanson and Vahlne, 2009), which is a major barrier for internationalisation. Once a firm creates a congenial relationship, it overcomes the liability of outsidership. Case 5 visited one Japanese company for learning purposes and after several meetings created a good working relationship with it and then got an opportunity to supply a subsidiary in Italy. As the Japanese market was proving difficult to enter due to local competition, the Japanese MNC offered Case 5 a supplying opportunity for its European division. The following extract from Case 5 illustrates how relational capability supported it to gain IO in Italy. The Japanese MNC introduced Case 5 in its network and provided the UK firm an IO:

"The issue the Japanese will have is they have their own indigenous manufacturers... We realized that you know competing locally that's taking business away from their market, and they are not likely to willingly give that up. We looked at that they are international companies as well. A lot of their projects are not domestic....Then we said okay in terms of costing; it is more economical for them to import and then export that product. So that was a win-win situation for us … he pointed us to their division in Italy, and we've supplied them as well."

The international relationships are maintained in all five cases with dedicated sales teams, business development teams and customer service teams. One motivation

behind keeping a healthy relationship is to seek more sales growth with the international partners. In most cases it was found that relational capability is supportive in gaining first-time IO, but as relational commitments get higher, firms tended to grow within that set of relations rather than looking for more IO in other countries.

Apart from learning and relational capabilities, innovation capability appeared to be critical for enacting IO. Some cases have highly innovative products and services and international opportunities provide scope to internationalise this 'embedded know-how' (Madhok, 1997).

The following extract from Case 4 demonstrates how an innovative product allows this firm to enact IO:

"What we call OEM [original equipment manufacturer], our product [reservoir simulation software] is the Halliburton [USA] product. We've sold our software to Halliburton, and we have a big contract that gives us guaranteed money from Halliburton. Basically, every year we get money - that is a good contract for us. We still have four or five contracts like that. We are getting revenue by supplying other company's products and then we also sell ourselves as well."

Case 4 is a high-tech software company with an intensive innovation process in place. Its flagship software is a radically innovative product, and the company has incrementally innovated new upgrades and variations of its core software. Its innovation capability allowed it to enact take up international opportunities through reseller branding.

Other cases are not entirely innovation centric businesses but have benefitted from innovation to enact IO. Cases 1 and 5 have both developed in-house software for operations management and are continually upgrading the software to support customers. This way, these two firms have gained efficient management of international activities. Case 2, itself, sees translation of its operating manuals as an act of innovation. It has to translate service manuals for employees around the world and finds the process innovative:

"We work in Brazil, where the ISO documentation is in English and although English remains the first language in all the installations, there are many locals who cannot understand the English. Therefore, we had to adapt all of our work system to their local language. We had translations done and made sure the translations were accurate and work schedules, we have done that. That is been a major (innovation) because in their language they do not have it. We have created it in their language, and that is innovative."

Evidence suggests that incremental innovation in terms of products, services, and processes is supportive to IO enactment by all five SMEs. Radical innovation is not common to all, but it is enabling Case 4 to generate 90 percent of revenue from foreign markets. In cases 3 and 4, innovation capability is embedded in its core business, and innovation takes place before learning about foreign markets. In cases 1, 2, and 5, innovation takes place in tandem with learning and relationship building in foreign markets.

Overall, findings suggest that the companies do not take up all international opportunities even when the key decision makers have positive attitudes and intentions about internationalisation. Positive attitude and intention towards IO are

funnelled through attitudes towards different countries and therefore the broad positive views often do not hold when specific IO is considered. SMEs enact international opportunities by learning about foreign markets, developing relationships, and innovating products and services to meet the needs of the markets. The Table 7.2 summarises the capabilities of the five SMEs.

Table 7.2: The Five Cases and Their IO Enactment Efforts Summarised

Case	International Opportunity	Capabilities
1	Europe (Successful) USA (Successful) Japan (Unsuccessful)	**Learning:** Customers' business needs, country specific intellectual property laws **Relational:** Trusting relationship with customers and associates on intellectual property **Innovation:** Development of in-house software
2	Thailand (Successful) Norway (Successful) Timor-Leste (Unsuccessful)	**Learning:** Country, industry, and potential partner firm **Relational:** Trusting relation with MNE customers, foreign partners **Innovation:** Translation of offshore service manuals in foreign language, process innovation
3	USA (Successful) Singapore (Successful)	**Learning:** Customers' needs and development in the value networks **Relational:** Committed relationship with customers based on agreements **Innovation:** Incremental innovation of value networks
4	India (Successful) USA(Successful) Middle East (Unsuccessful)	**Learning:** Research-based organisation **Relational:** Frequent communication based relation with engineers of the customers **Innovation:** Software solution for Oil and gas industry
5	Japan (Successful) Saudi Arabia (Unsuccessful)	**Learning:** Country, industry, and customer specific **Relational:** Frequent communication with engineers of the customers **Innovation:** Customisation of conventional technology to meet the needs of customers

In the following two sections, further details of individual cognitive attributes and firm-level capabilities are reported in relation to the second and third research questions.

7.4 Key Decision Maker's Cognitive Attributes

This section reports on the influence of the key decision makers' attitude, intention, and self-efficacy on IO enactment. It tries to elucidate if the positive attitude and intention towards IO and self-efficacy of key decision makers stimulate acting upon IO. As discussed in Section 7.3, findings from cross-case analysis indicate that attitude and intention towards IO are broad and are subject to change depending on the country or opportunity in consideration. Therefore, these are relevant only for opportunity identification but inconsequential when a particular market entry opportunity is considered for enactment. In contrast, the self-efficacy of key decision makers stimulates the take up of international opportunities and leads the enactment process through to success.

7.4.1 Attitude and Intention

Data suggests that there is a broad positive attitude of key decision makers towards IO that changes when assessing the potential in a particular foreign market. Key decision makers' attitude towards a particular country is related to the perceived country attractiveness. Cavusgil et al.'s (2004) scale for country attractiveness also suggests that international markets comprise both attractive and unattractive countries. Similarly, these case studies indicate that, where there is a negative attitude towards a country, the overall positive attitude towards IO becomes ineffective. Respondents enact IO only when they have a positive attitude towards a particular foreign country. The five decision makers that participated in the study demonstrated both positive and negative attitudes towards different countries. The following extract from Case 5 indicates a negative predisposition of the key decision maker about multiple countries and regions.

"I mean if there's someone says, for example, I want to go to Iraq. Maybe one of my colleagues says, you know Iraq, they are redeveloping and all the rest (of it), and somebody else will say yes, come to me. I will say we got security issues there. So that is not going to happen. We do have a discussion, but ultimately me myself make the final decision. If I'm going to put somebody on the ground there I need to make sure that they are safe. Or even in central Africa or any of these countries where maybe there's mosquitoes or malaria or anything. It's not just weapons stockpile, but those other types of security is what you have to consider."

The same respondent has a positive attitude towards Myanmar, which has a very low score in the country attractiveness scale (Cavusgil et al., 2004). The following extract shows positive political news created a positive attitude towards entering into Myanmar:

"A country that we are looking at the moment is Myanmar Aung San Suu Kyi has been released. Myanmar is becoming more sort of democratic (now) - not quite but sort of democratic. And then obviously the UK government has a trade mission there. Britain is great and trying to open a business. Now that sort of 'spurred' us on. We've identified that this is an area we want to maybe engage with."(Case 5)

Analysis indicates that the respondents' country specific attitudes are developed based on information about economy, political stability, market size, culture, and language. While IO in general is perceived as being rewarding and valuable (Muzychenko, 2009), specific countries are perceived as dangerous and troubling from the evaluation of country-specific risks. Negative information in the form of external stimuli (Ajzen, 1991) creates negative attitudes. The unattractiveness of countries can attract some key decision makers, as in the case of Case 2. Negative

country image can appear like a challenge, which can be attractive. The key decision maker of Case 2 has no problem entering a troubled country as it may offer an opportunity:

"It is interesting to be constantly moving into a new market. We look forward to it...There is something about expanding business into places that other people won't go or don't go [because they look troublesome] but I feel fascinated…and sometimes you have constraints. But that is natural."[Case 2]

This extract illustrates the complementary value of attitude towards countries in conjunction to attitude towards IO. Whereas the attitude toward IO is positive for all cases, both positive and negative attitudes towards different countries can make an initial positive attitude towards a particular country ineffective. Again, having a positive attitude towards a country may not result in successful IO enactment in that country, as is evident in Case 1.

The key decision maker in Case 1 selects countries to enter based on the number of IP filing. The large market sizes of USA and Japan attracted the decision maker of the IP legal service providing company. The company entered the USA based on the country's top ranked position of intellectual property case filing. It tried to enter Japan as the country is second in IP filing globally, but failed to enact any opportunity in Japan. The key decision maker did not consider cultural issues in Japan to be too problematic when seeking opportunities in Japan, but the positive attitude did not help him to enact opportunities. Therefore, the connection between IO and key decision maker's attitude towards IO appears to be weak.

Similarly, positive intention to internationalisation appears generic and, like attitude, it fails to impact once opportunity is narrowed down to a particular country. New information and situations can change the positive intention of the initial stage in an opportunity enactment process. The following extract from Case 2 provides evidence:

"We were signed up to go into Mauritania and we went to a multi-service company there. The local partner was the president's son-in-law. The president went to Saudi Arabia for the funeral of the King and by the time he got back there had been a coup, and the President was no longer in power. So we went off. That was the end of that."

Here it is evident that an IO in Mauritania could not be acted upon because the political conditions changed. The change of intention can also occur due to unethical practices of the foreign counterpart, which is evident in the following excerpt from Case 2:

"We did not go to Kazakhstan because the company we looked at were running two sets of books: one for themselves and one for the government. So there was a basic dishonesty in the accounting system. If they are dishonest with their own government, they would be dishonest with us. So we did not go into Kazakhstan. These things have an effect on us."

Here, the key decision maker changes their intention after identifying unethical practices in the foreign partner. Thus, new information through interactions can change the intention towards IO. New information can often come from research and country specific learning. The key decision maker of Case 5 looked at the BRIC nations and wanted to enter Brazil as he perceived there was an opportunity in that market. Positive views about Brazil as a rising economy initiated an interest to enter

the market. However, he abandoned the plan after learning more about the country through desk research. The following extract from Case 5 shows how the intention to internationalise in Brazil changed after desk research.

"We were looking around the markets, around the world, and said Brazil is a brilliant country, how do we get in there? How do we stamp our authority? And same deal, we went through Scottish Enterprise with some research and we engaged another consultant to do some on-the-ground research for us. ...There were too many barriers. So this is a fuzzy area. The market was too difficult for us to enter and make a profit. So ultimately we have stepped back from it."

The findings on attitude and intention from cross-case analysis are similar to the findings of the quantitative research. While quantitative data shows a lack of statistical influence on IO enactment, the qualitative data shows discontinuation of positive attitude and intention towards IO when identified opportunities need acting upon. Muzyhenko's (2009) case studies of Australian SMEs concerns factors that lead to positive attitude and intention with the assumption that attitude and intention of entrepreneurs influence IO identification. The difference here is that this study is concerned with IO enactment and the attitude and intention towards IO may become inconsequential when opportunities are not taken up. Opportunity identification has little purpose if the opportunities are not acted upon (Kirzner, 1979). The findings of cross-case analysis in this study suggest that attitude towards a particular country and a potential foreign partner overrules positive attitude and intention towards IO. Data about self-efficacy provides a different view suggesting that key decision makers assess their capacity to manage international risks, and that is presented below.

7.4.2 Self-efficacy

Evidence relating to self-efficacy of key decision makers was examined in the five case studies. Findings suggest that self-efficacy (Bandura, 2012; Krueger et al., 2000) of a key decision maker is a driving force in the enactment process. The Chairperson of Case 2 was the Managing Director of a large French catering company with more than 10,000 employees between 1981 and 1989. He has sufficient knowledge and experience in the offshore hospitality industry. The self-confidence of the Chairman comes from the global outreach of his company that has entered 26 countries in the world:

"In this business I have around 43 years of experience, my managing director he has been around almost 30 years. So we have got a lot of experience, and when things happen, or we think things might go wrong, then we will know if we have seen it in the past. Most of the time there is not anything entirely new…. It is a big world and wherever you go there are problems, but I have not found any insurmountable problem."

This extract shows that self-efficacy encourages IO enactment and successful enactment of IO strengthens self-efficacy. Self-efficacy is found to be developed from previous jobs, work experience, and success in international endeavours for all participants. The Marketing director of Case 4 recalls, "*My background was I used to sell AutoCAD products. I was Scotland's top salesperson. Before that, I was in Samsung. I have learned a lot of methodologies they would use. So a lot of those methodologies, we have used ourselves."*

The Head of Global Marketing for Case 1 is an American, who took up the responsibility for the market entry of the UK law firm in the USA. He expressed his

confidence about knowing the local market and playing a critical role in establishing the presence of Case 1 in the USA, through the following excerpt:

"Within the first 90 days [after joining], I had learned about intellectual property, understood what our value prop is, how to differentiate our company, how to position it so that we would be of great value to the US market. And within the first 90 days, I was able to pick up our first client, Yale University. The next month after that, we were able to pick up Dow, and we just came on from there."

Based on Bandura's (2012) observation that an individual's belief about behaviour and action is developed from self-regulation and self-reflection, it can be noted here that the key decision makers reflected on what worked and what did not work in their international endeavours. Overall, self-efficacy reflected confidence in their knowledge, skills, and abilities in the top-management position to delegate the employees in enacting IO.

In summary, the cognitive attributes within the theoretical perspective of TPB examined in the case studies suggests that positive attitude and intention towards IO are nonspecific and are subject to change with country specific details and new information. In the quantitative data analysis connection between IO enactment and attitude and intention showed mixed results. All respondents in the survey indicated positive attitude and intention regarding internationalisation as a common attribute regardless of their successes in enacting IO. The case studies further clarify these relationships by showing that positive attitude and intention do not result in more IO enactment. Self-efficacy of a key decision maker appears to support IO enactment matching with the findings of quantitative data analysis. Self-efficacy supports IO enactment and in the same way successful enactment of IO boosts self-efficacy of

key decision makers. In the following section findings of the firm-level capabilities are discussed.

7.5 Firm-level Learning, Relational, and Innovative Capability

Findings from cross-case analysis suggest that learning, and innovative capabilities play a positive role in enacting IO, while relational capability supports it to a certain extent. The three capabilities support the theoretical perspective that dynamic capabilities (Al-Aali and Teece, 2013) are well suited to explain IO enactment. In the following sub-sections, the details of learning, innovation, and innovative capabilities are presented.

7.5.1 Learning Capability

Findings indicate that learning capability is strongly present in all cases. Case 1 and 4 are knowledge intensive organisations with many PhD qualified employees working in research environments and Cases 2, 3, and 5 pursue customer focused learning activities. While literature offers a number of conceptualisations of learning capability (Sobhani, 2011) as presented in the literature review chapter (Table 3.4), the analysis focused on three particular dimensions: 1. System perspective, 2. management's commitment towards learning and 3. knowledge acquisition and dissemination (Lin, 2008) in accordance to the quantitative data. These dimensions are discussed below:

System Perspective

System perspective binds all employees with a unified objective and therefore guides individuals to engage in learning activities as a whole (Senge, 1997). Findings suggest that in SMEs functional departments like sales and engineering have their own objectives, and then functional departments engage in learning activities in

cooperation with one another to create a unified whole. For example, Case 2 has specific international learning objectives in three functional areas: operations, legal, and personnel. For operations, its website has training materials for all employees to learn industry acronyms used in the international oil industry. These training activities are purposeful for the company's international objectives. For legal objectives, the company takes necessary initiatives to maintain the legal standard in all countries, which is evident from the following extract:

"Wherever we go in the world we ensure that everything we do is legal. We believe in business ethics; we practice it as much as we can. We can go to bed and sleep soundly at night because we are not playing any funny games with anybody."

For an international human resource management objective, it learns about the specific work culture of different countries. The following extract from Case 2 suggests that it learns about Thai culture to ensure employee satisfaction in Thailand:

"The Thai people are beautiful; they are lovely, lovely people. But they have different smiles. Although they are always smiling, but different smiles are not all that general. … Another simple fact is that if we employ people say in Scotland and you take three or four on the same day, or you take three or four on consecutive days, one on Monday, one Tuesday, one Wednesday, one Thursday. In your mind, you think the best worker is number four. That is not the Thai system. Number one must be offered the promoted post. It was a fascinating learning curve and a classic example of local culture, that if you do not take the time and trouble to learn you will be in serious trouble."

As an international service provider, Case 2 is challenged with maintaining the service standard, for which it needs to satisfy three stakeholders: international

customers, international partner firms, and international employees. This perspective as a whole directs operational, legal, and human resource related learning activities in foreign markets.

Case 3 has an overarching objective to maintain top IT industry standards for cloud computing that requires it to update knowledge of the latest technology. It cannot maintain such standards without continuously learning about the developments in the market. The need to maintain accreditations and certifications provide Case 3 with clear learning objectives. The following extract illustrates the implication of maintaining a top standard for Case 3 as these standards guide employees to learn technical advancements within the industry:

"We cannot go to RFP [Request for Proposals], or tender processes the companies require for the suppliers when it comes to these, without proving things like you have all the correct qualities, standards, compliances it requires."

Apart from maintaining industry standards, it aims to retain valuable employees and that requires providing them with a clear growth path. The employees have a self-motivated urge to learn new tools to gain promotions, which requires a company-wide training procedure to be in place. Despite the need of technical experts who seek career growth opportunities, the company feels it is difficult to address employee-learning needs. The following extract from Case 3 shows the difficulty it faced at one stage in offering training facilities:

"We needed more technical stuff. So how do you attract those people? Well, you attract those people with salary and package, but then what training do you offer? What's my career development? What's my training path? We could not answer those questions two years ago."

The company established a well-defined training process to address the dual objectives of maintaining expertise and providing training in an affordable manner.

"The process started with developing the HR department, we had our dedicated training manager, this was a couple of years ago and that training manager's role has been, not just about straight training, sales training, technical training, it's been about cultural training as well."

It was discussed earlier that Case 3 had learned cloud computing so well that it seized the opportunity from a large US retailer to manage its cloud computing market. The company balanced its employees' need to learn more to reach their own potential and top management's need to achieve value from investments in training. Thus, a system perspective develops converging the self-actualisation objectives of individual employees and market specific objectives of the organisation as a whole.

In Case 5 there is a boundary between the marketing and engineering departments and therefore the overall perspective is that in international projects, engineers shall interact with an engineering counterpart and customer service personnel shall facilitate the creation of a connection between the engineers. The functional departments understand their respective roles in any international endeavour. The following extract from Case 5 indicates that a system perspective develops after functional departments understand their boundaries:

"The marketing insight is very much my realm and the engineering side I can also give some insight into that. Say we got the dialogue going and the marketing person in our business, his or my position is really to raise the profile of [Case 5] and the capability of [Case 5] with the client....So the marketing part here for us is to raise

the profile with the customer and make a connection with the commercial side of the customer's business."

The commercial side refers to engineers who deal with technical specifications in the industry. The organisation as a whole operates when both sales and engineering departments work in tandem. The marketing department suggests engineers need to make faster product delivery and the engineers suggest that marketing personnel learn technical details of new transformer products. The following extract from Case 5 illustrates how the marketing department learns that the customers need faster delivery, which it then refers to the engineering department to find solutions:

"Previously we have partnerships around the world but again our customers want something next week, next month, bring it six weeks from India or five weeks from Spain, and they don't want that. They want it very quickly."

The marketing department has its learning objectives, and it relates to the engineering department accordingly. This suggests individual learning gets transformed into collective learning (Jerez-Gomez et al., 2005) in an international market, sequentially from an individual to the department and then across the organisation.

As mentioned earlier, Case 1 and Case 4 are knowledge intensive organisations that employ researchers with learning constituting a major activity within them.. Case 1 tries to be at the forefront of intellectual property laws in different jurisdictions of the world and its experts know their role in acquiring the up-to-date information in all areas of the business. It has online video tutorials and regularly organises webinars to address emerging issues of IP laws in different jurisdictions. In dealing with clients,

it creates project teams, consisting of specific industry experts and legal experts who work together to craft intellectual property filing for the client. The overall objective of the SME is to ensure its clients achieve patents of their innovations. This perspective binds all learning activities in Case 1.

Case 4 has a research driven learning objective that covers its recruitment process. It employs researchers and provides them with sufficient scope for learning and development. It is planning to finance many of its software programmers to obtain postgraduate degrees in oil engineering to improve the reservoir simulation software. The following extract from Case 4 suggests that a system perspective in research intensive SMEs is to nurture talent:

"We are quite intellectual heavy; I suppose. We are always doing training courses. We try training on both products and ideas, two guys upstairs are doing a training course at a university; they are learning some of the advancements, and they will come back and get people talking. I think in the sense of capabilities, you are always trying to train them. Our HR manager organises training. He is taking on graduates. We have two interns working upstairs. He is bringing more staff in, trying to complement what we do. We are always trying to learn, relearn, and learn new things. A lot of the time, because me and another guy worked in the American companies, we borrowed a lot of their philosophy. There is cross fertilisation of knowledge as university students are used to learning."

Overall the training objectives are governed by a focus on profit and the management ensures that in-house research contributes to sales. Therefore, the employees understand their role in achieving the company's international objectives. The

following extract indicates that learning objectives and sales objectives together provide Case 4 with a unified perspective:

"We always want to stay one step ahead in the market. We want to get to a stage where people want the tools. We produced two products last year. But the end of the day how much did we sell? We are pretty much a sales lead business. What we want is money."

These findings suggest that system perspective as a whole is created through balancing the self-actualisation motivation of employees and a complementary reward-punishment mechanism approach of the top management. Additionally, functional departments work together to develop a company-wide system perspective. In this way, all employees understand the international objectives of the firms and their role in achieving the objectives. The next sub-section discusses management's commitment towards learning, another component of the learning capability of SMEs.

Management's Commitment towards Learning

Findings indicate that top management faces a number of challenges when committing resources towards learning. SMEs need to evaluate whether the employees require codified knowledge or tacit and experiential knowledge (Fletcher and Harris, 2012). Different industries in which the SMEs operate determine the degree of commitment towards any learning required. Data suggests that markets related to intellectual property law, cloud computing, and software for reservoir simulation are characterised by rapid change and therefore employees require updating on subject specific knowledge that other organisations in these industries share. In contrast, the markets for offshore hospitality service and electrical

transformers are more traditional and therefore employees require more experiential knowledge than subject specific knowledge.

In rapidly changing markets, employees are required to continuously learn from updated codified knowledge for personal growth and better performance of the firm. In these cases, the challenge for the management is to provide a viable means for employees to get professionally trained in a cost effective way. The following extract from Case 3 suggests codified knowledge is necessary for international certification and acquiring the readily available knowledge was not easy:

"You have to get at a level, in terms of formal training, in terms of ensuring that each of our staff goes through the Microsoft programme, the VMWire programme, you are actually saying, you need to come off your desk or PC for a period of 6 weeks in a year. Can we afford that? No, we could not afford that, but now we are at a stage where we can afford. …So we invested hugely in that in the last 18 months. But make no mistake we had not like most SMEs, got the time, the investment, and you know it is a cost."

Case 3 committed to training programmes gradually and at present, as a medium-sized organisation, it is able to offer employees necessary training on high-tech IT programmes. SMEs that operate in relatively stable industries put emphasis on experiential learning, and the management's role is to provide a culture that promotes that sort of learning. The following extract from Case 2 shows management's commitment to promoting learning through participation and knowledge sharing.

"The whole concept is: don't make the same mistake that I made. So, that is where it's being open with knowledge and the willingness to share if someone wants to learn. In this world, there are so many people who don't share. This is my little

knowledge. This is what keeps me in a job. It's 100 percent the wrong way. You just turn the whole thing around. There is knowledge. We have a culture that shows there is nothing to gain by taking that attitude. It is just an attitude of mind. As long as people can embrace the concept of sharing knowledge because if you share it, it makes your life easy."

Findings also suggest that management's commitment towards learning depends on the stage of life in which the company is operating. SMEs commit to experiential learning at the initial stage. For example, Case 4 learned about the problems with its software in the UK market at an early stage and then expanded to international markets. Similarly, Case 3 found it difficult to invest on formal training programmes at an early stage and was more interested in experiential learning. Case 3 committed to training for certification gradually when it approached multinational organisations. Management's commitment towards learning in these cases is evaluated with respect for codified knowledge and tacit knowledge. Evidence suggests acquiring codified knowledge has direct costs and acquiring tacit knowledge has indirect costs. Commitment towards learning in these cases appears to be a rational decision made after careful considerations. Eventually, it supports IO enactment through appropriate knowledge acquisition and dissemination, which is discussed in the following sub-section.

Knowledge Acquisition and Dissemination

Findings suggest that knowledge for international markets is equally needed for technical employees and marketing employees, necessitating codified and experiential knowledge acquisition respectively. Technical experts like engineers, programmers, and lawyers attend certified training programmes and bring back

knowledge to the organisation. Experiential learning for marketing professionals takes place through desk research, support of consultants, and interaction with international network partners. Knowledge dissemination within functional departments differs from mere information exchange so that, when a functional department converts information about a specific foreign market into knowledge, that knowledge is shared across different departments. SMEs acquire knowledge about foreign markets in multiple levels like country, industry, and network partner. SMEs participating in this study have taken support from either Scottish Enterprise or Scottish Development International to learn about foreign country markets and have undertaken desk research at the initial stage. The following extract taken from Case 2 shows knowledge acquisition activities:

"First of all I will look into DTI [Department of Trade and Industry] and then I will look to Global Scots. That is our first two stops because that gives us the understanding of the market. Then we will go into our knowledge base. For different countries, we have already identified people that we have met over the years. We will decide if that individual or the company that they have fit with what we require. If the answer is yes then we make contact and follow through from there."

Case 5, the electrical transformer manufacturer, took a proactive approach in finding international opportunities when it decided to explore opportunities in Japan. Because of the technical nature of its market, it required face-to-face discussion with Japanese counterparts to know more about them. The firm took support from Scottish Enterprise to organise face-to-face meetings that facilitated knowledge acquisition in Japan, as is evident in the following extract:

"We identified the market, we identified particular companies, how do we engage with them? Well, we have Scottish Enterprise. We, through our Scottish Enterprise

Account Manager, spoke to the Scottish Development International. They are still part of Scottish Enterprise, and we hooked up with the Scottish Enterprise office in Tokyo. We were assigned a member of staff there, and we gave him all the contacts. This is our profile, this is our company, this is what we do, these are the companies we want to talk to, and we reached out to them and over a period of six months we said right, okay, we've moved on a bit. We have piqued their interest. That triggered a trip out to the country."

The initial market research activity advances into screening of potential network partners and in all cases the SMEs tried to find the right partner without approaching many foreign firms. This exhibits a progressive learning activity that restricts search activities within a limit and focuses on a potential small number of foreign firms based on the initial knowledge acquired. The role of learning in network partner selection is asserted by Hitt et al. (2000) and the findings concur that learning helps in selecting the right foreign partner.

The face-to-face interaction with a potential network partner provides a better understanding of a foreign network partner, and this constitutes a major part of an IO enactment process. SMEs are found to be learning and correcting their propositions in multiple meetings to seize a potential market entry opportunity. The following extract taken from Case 5 demonstrates the learning activity within face-to-face interactions:

"So, we went out and met with three or four companies. Out of the four, one company broke up. It was a conglomerate business; it broke up. They went their own way. Another company says no we're going to deal with China. Another company

says, well your product may be not good for us here in Japan, but how about dealing with them in Europe. They pointed me to a division in Europe. I didn't deal with Japan there, and the fourth company said yeah we want to do business with you. Let's start talking about developing some projects and that then progressed."

Learning at these initial interactions allows an SME to understand the needs of foreign companies. These interactions can also lead to identifying the right partner as international networks can refer which company would be the best place to communicate. In Case 4, the software company went to explore the Indian market with a list of Indian oil companies, but was guided to the training institute for oil engineers. The following extract shows how it learned about an entry point in the market, which helped it to overcome the liability of outsidership (Johansson and Vahnle, 2009):

"You then go down to Oil India and the first thing they will say is, have you sold to IRS [Institute of Reservoir Studies]. Because they are the guys in charge of Indian oil and gas research."

Employees within SMEs, who gain knowledge through training and interactions, share this new knowledge with other employees. Case 4 has a novel approach for knowledge sharing that involves having stand-up meetings with its programmers who write down their project condition on paper and paste it on the boards in their meeting room. Everybody then discusses the paper notes and every week the papers move forward as the project progresses. Case 1 has its marketing team spread around its regional offices in Europe and USA, and it uses video conferencing heavily to exchange market information. Apart from these knowledge intensive companies, other SMEs use meetings to disseminate knowledge through maintaining a flat

structure. The following extract from Case 2 indicates that a flat structure in SMEs that supports knowledge dissemination:

"We have a constant close contact. There is nobody that does not speak to somebody. They have their own management meetings as well, and that's a team meeting, which I personally stay out of intentionally… That is their chance to chat. It works very efficiently. I think the movement of information within the management team is exceptionally good. Any challenges are shared."

Evidence shows that in acting upon the new international knowledge the SMEs have effectively seized IO. However, SMEs also acknowledged making mistakes. For example, Case 1 tried to enter Japan, which is culturally different from the USA and Europe and kept on trying for one year without much success. The following extract shows that the company learned about its mistakes in the Japanese market and de-internationalised from there:

"Building business in Japan is at least a five year window. I knew that going in Japan this is a slower growth type of opportunity, but what I did not know was that the amount of investment it needed to truly operate… it was crucial to have a whole staff of Japanese and English speaking paralegals and support staff to be able to receive the instructions from outside counsel or from actually companies. What I also did not know was that it was very rare for even a large company to instruct directly to foreign associates. The overwhelming majority always used a local Japanese law firm to send out international instructions. There was a tremendous learning curve in the realisation that cost we would need to pour into that market place to be successful would be exorbitant, versus that same amount of money for a quicker return in the United States. Unfortunately it was too much too fast to jump to

Japan, we did not have all the assumptions fully understood before we stepped into that market."

The opportunity-cost was too high for the company in Japan because it identified more opportunities in the USA with the same investment. Thus, learning helps companies to evaluate opportunities by comparing opportunity cost. Findings indicate that SMEs take a balanced approach after learning the consequence of aggressively taking up more and more international opportunities. The following extract from Case 4 indicates that it also faced challenges when it tried to take up more opportunities then it could commit to:

"I went down about five years ago, had a salesman there and we started to sell in the Middle East. But then just due to the volume of business, I brought another salesman in to stay focused in that area. Then we lost the momentum in the Middle East. So, I think what you're trying to do is that the balancing act for a company, and sometimes there are stuff you are doing, looking at it, I think depending on the model you have to figure out what suits yourself. Also be sensible to know what's the best way to maximize sales potential on what the resources are. In our sense, it was if we spotted an opportunity in another place we could still sell. ....I would say we look for opportunities, but it was very much with a proper plan in place to try and to go there."

The SMEs eventually cut down on taking up more international opportunities even though they continue to learn about foreign markets. There is a self-imposed restriction where SMEs do not want to spread geographic markets, but focus more on maintaining already enacted opportunities. Learning capability, therefore, allows SMEs to enact international opportunities, but after a certain stage SMEs tend to

evaluate the opportunity cost between focusing on few foreign markets and expanding into more foreign markets.

The learning capability of SMEs is deployed in tandem with the relational capability as interaction with foreign partners encompasses not only learning activities, but also the relationship building activities. The role of relational capability in enacting IO is discussed below

7.5.2 Relational Capability

Findings suggest that relationship building is an integral part of enacting IO and in most cases the relationships with foreign counterparts are guided by legally agreed terms and conditions. Case 3 suggests its long-term service level agreement is the corner stone of its relational activities. Similarly, Case 4 charges 20 percent of its software licence fee for customer service and that agreement translates into all relational activities. Apart from these legally binding relational activities, Case 2 focuses on relationship building before joining a legal joint venture and takes a lot of time to find the right partner. Case 1 finds its foreign customers to be more proactive in relationship building because they need to share their company secrets to the law firm, and the trust level must be high in such interactions. The relationship in this case is similarly guided by some legal standards. Case 5 promotes engineer-to-engineer level relationship building to have a champion in a foreign company. It tends to avoid legally binding consultancy services and also faces problems with trusting foreign sales agents. The relational capability is examined as a combination of trust building, commitment, and communication and each of these sub-constructs are discussed accordingly.

Trust

Blomqvist and Levey (2006) suggest that trust is a key component in relational capability. Indeed, building upon the findings presented in the earlier IO enactment section, it can be further explained that an SMEs relationship with foreign partners is not only characterised by trust, but also by legally binding obligations. All international contracts aim to mitigate the vulnerability of the parties and obligations overtake the role of trust in the relations. The following extract from Case 3 indicates that SMEs thrive to maintain trust with customers on a continuous basis:

"I think it is fair to say in this industry, it's a highly competitive industry, the hosting market or the outsourcing market. When it comes down fundamentally to the same business models regarding any industry and that is about trust.... If you say, you have a data centre they believe you. You can go visit it that is not a big issue. How you manage the data centre is the big issue. Can I get 24/7 support if something goes wrong and inevitably, it will. You know that no service is guaranteed free of risk, and it's not what goes wrong but when it goes wrong - how you deal with it. So, you have humans in your data centre 24/7, do I have a line which will answer within three rings? Do I have a private text number to your non-protection issues? These are all the things you don't see from the outside, but we provide. That's the way you create trust."

Findings indicate that when trust building takes place the parties involved can arrive at a situation where legally binding contracts with foreign counterparts can be made. SMEs take a proactive role to prove their trustworthiness to foreign counterparts and investigate the trustworthiness of a potential foreign partner at the same time. The following extract from Case 2 suggests that the trust plays a critical role at the initial stage of creating international joint ventures.

"But then we discovered for Timor Leste, the language is Portuguese. It is not English; it is not their local language. It is Portuguese. And all documents have to be translated into Portuguese. Therefore, the partner translates the documents, and we think that's fine. We have English in it. But under the Timor Leste law the real power lies within the Portuguese version, not the English version. And you then think well let's get this double-checked. You suddenly find the Portuguese version is dramatically different from the English version and the authority, etc. had things in in it that, the English version did not exist, and the partner had majority say and everything in the Portuguese version. So, that's one example that was nasty, but thankfully that we found it in time to get out. We were not interested."

This example illustrates that trust paves the way towards obligation, and if there is no trust in the relation then international opportunities are difficult to seize. Case 5 also reported similar doubts about the motivations of a foreign company that offered an opportunity in Ghana: trust building takes place at the early stage of building international relationships.

"We had an inquiry, for Ghana. There were lots and lots of discussions. It looked fairly interesting, and they said to us we need you to come to Ghana and deal with the specifications for a project. This was going to be maybe a two-month project. You have to get in and live in the country. And then they said there is no guarantee that you will get the business.... What we got from the discussions was they don't want us, they want the designs and for free. We will say this is what you need, and they will go out to someone else in the market to get what they need….In this case, as I said, we decided the business was not for us."

Katsikeas et al. (2008a) indicate that international relations are characterised by high levels of opportunism. The case studies indicate that to have all contractual relations in international markets and at instances where the company's perceived there to be a lack of contractual agreement, they moved away from the opportunities. The companies in the case studies did not commit to international relations simply based on trust without full contractual agreement. Trust in the entrepreneurship literature is mostly applied in non-contractual based collaborations (Welter, 2012). Similarly, in this study it is considered as a firm's willingness to be vulnerable to its foreign network partner (De Wever et al., 2005). As the SMEs consider legal contracts essential, the scope for non-contractual trust in these relations is limited. Findings suggest that the opportunistic motives of international partners are well evaluated before contracting and the companies tried to determine if foreign firms were trustworthy at that early stage of IO enactment.

Commitment

Findings indicate that SMEs commit to international network partners perceiving them as important (Friman et al., 2002) and try to retain customers with the objective of gaining more international opportunities from them. Commitment in these cases translates into dedicating resources for customer retention as the MNE customers have proven difficult to acquire, as is evident in the following extract:

"A lot of time invested out with the initial acquisition costs. They then sign a contract, and they are saying, for the next three years we are going to pay you X, and in return you are going to deliver us Y and Z. So, we need to honour that. Because legally that company has to pay us X, legally we have to honour the XYZ, but when you get to the 6 months outside of the end of the contract, you want that customer to sit down with you, look you in the eyes and say, I have been so impressed with what

you have done. Here are my next 3 years. If you don't, you suddenly will potentially lose this client. We could have lost a customer worth a quarter of a million pounds a year. That's a huge revenue gap to find over a three year period. So it is absolutely crucial that the relationship that we build with those clients is not a case of sign the contract and two and a half years' time sign the renewal." (Case 3)

SMEs thrive to create committed relationships with foreign customers by encouraging employee level bonding. There are positive and negative aspects to this. On the positive side, this creates a champion within the foreign counterpart, a finding supported by the following extract from Case 5:

Occasionally, I call it embedding an engineer with the customer is that relationship that really bonds the day-to-day thing. As we find, if you provide a quality product, and provide excellent support, knowledge about the product, what you are doing or the customer is trying to do, you get the engineer, and a warm place, and they will go yes I can feel comfortable dealing with this guy. Therefore we now have a champion, if you like, within the customer who is going to champion us with the buyers, with the logistics people, and say no I want to deal with [Case 5]. I know lots of companies may be 10p/20p or a £1 cheaper, but these guys really know what we want. If needed quickly they will do it quickly for me.

The employee level commitment turns into firm-level commitment in a positive way. On the negative side, this may lead to opportunistic behaviour of employees as found in Case 1, which let its legal experts develop close relationship with clients but then some legal experts established their own boutique law firm and took away some of the company's customers. Again in Japan, the employee responsible for dealing with the Japanese clients started working for that Japanese company. Therefore, balance

between firm-level commitment and employee opportunism is critical to protecting international opportunities.

Findings also suggest that commitment is related to the perceived importance of the relationship. Case 5 has a number of international sales agents, and it acknowledges that there is relatively less profit in selling its low voltage transformers. As other products offer more profitable opportunities, agents can become disinterested in committing to the relationship. In other words, less profitability results in a lack of commitment in international relations:

"But also some other products that we do are very little cost, say £10. You've got to sell a lot of transformers at £10 as an agent to make a revenue. I fully appreciate and fully understand that. I had my agent in Saudi Arabia, which we had for fifteen to twenty year's duration ... So he was selling my transformers and making £1 on a unit. Sell a bus and make £20,000. You look at this scale of things. He really had to work hard to sell these. It is not easy to sell these and make a lot of money. So what we find is if you have a presence in the market but are not active as a business, it doesn't help us."(Case 5)

So in summation then, firm-level commitment depends on the scale of business between international network partners. When the business volume is low, opportunistic behaviours of a single employee or a sales agent can threaten international opportunities. Overall SMEs thrive to maintain a committed relationship with MNEs with the expectation of contract renewal and further international opportunities.

Communication

Findings concur with the observation that communication plays a significant role in building and maintaining international network relations (Blomqvist and Levy, 2006). SMEs use multiple channels to manage communications internationally. In the localised customer service, international visits, and customer relationship management software are pre-dominantly used. Inter-firm communication and learning often take place at the same time and, therefore, the communication aspect of relational capability overlaps the knowledge acquisition activities of learning capability.

As discussed earlier, international visits allow SMEs to understand and initiate relationship building through face-to-face meetings. The following extract from Case 2 demonstrates that both verbal and non-verbal communication (Stier, 2006) take place in these meetings:

"I am currently at the initial stage with a business in Sri Lanka... They are very active, very smart, nice bright people. Really bright and I like that, with a number of different businesses... I met a Sri Lankan gentleman in Aberdeen, and he works for a major company... He has great respect for the owners of this company, and I then went to meet them and realised why he had great respect for them. I suppose we all can easily be hoodwinked, but it depends on your nature whether you can read through to behind. I think in majority of the cases we are able to do that."

In Case 2, international visits are used as a means to establish a relationship with the foreign partner and the visits are not routine. However, in Case 4, international visits are routine activities as the software company provides technical support to its clients. Case 4 organises frequent visits for sales and engineering discussions:

"Our support engineer is in Tokyo today and he is training an engineer there. We have ten customers there. This week he is there, and he was there only two months ago. He will have five to six meetings this week. Sales guy was there probably three weeks ago. I fly internationally fifty-sixty times a year. The frequency of meeting is directly proportional to the size of the potential client. For example, Abu Dhabi is one of our big customers in the Middle East. My sales guy is there, and he is probably meeting them once or twice a week because they will have forty departments. I am at the base level; so two meeting is a minimum [per year]. For bigger customers, we tend to do more and more visits."

The frequency of the meetings is deemed important in Case 4. High frequency of communication with international customers is also critical in Case 3. The following extract from Case 3 demonstrates that firms engage in regular communication to maintain a relationship:

"Because if you are not talking to the customers on a daily basis, your competitors are. For our corporate customers and the SMEs, not at the micro level, we have, most of the people you passed out there are account managers. Their job, they've got a number of accounts; their job is to discuss the weather, sports, new technology trends, I don't care what it is, but make regular contacts. Invite the clients to events that we organise, invite them to coffee, just, you know, build that relationship, when it comes to contracts. When they get the inevitable three competing letters, the competitors call: is there is anything we can do for you? No, they go: we are so happy with [us] that we are not looking at anyone else. And that's the challenge we have, and that's the key relationship."(Case 3)

Most cases use different types of customer relationship software to maintain communication with customers, with the exception of Case 2. The development of customer relationship software is further discussed in the next sub-section as part of the innovation capability of the SMEs. The following extract from Case 4 illustrates how the software supports communication:

"We have started doing user group on our site. We are doing two to three things. One our developers go into sites. At the same time, we have Customer Support Engineers. And we have Zen desk, which is a web-based support system. If there is a query, a feedback, a report from the site visit, everything is put into that. That's the support side. For the sales side, we use Zen desk, and we have sales reports. We are always trying to keep the knowledge in a central storage area. We are always trying to find solutions to the customer's problems."

Findings suggest that frequent communication is critical for international customers and in most cases it is part of the service proposition in most international contracts. For Case 4 it is part of the 20 percent service charge it takes. Case 3 provides twenty-four hour customer service for its customers for data hosting services. However, constraints in communication management are also evident in the findings, notable in Cases 2 and 5:

Case 2 does not want to have any customer relationship software as it is afraid of Internet security issues. In Case 2 it is further observed that it developed relational constraints with an international customer, which led to new process development. It is found that relational capability can be improved when process development opportunities are seized. It is discussed further in the innovation capability sub-section. Case 5 has production management software for the engineering tasks, and

it supports only a few types of sales data. The marketing department uses it but is unable to make a better use of it. The engineers do not want to integrate customer relationship support in the software because they want to maintain a functional boundary. These are examples of constraints that create problems in international communication, but SMEs indicate that they manage communication activities within the constraints.

Overall, findings show that the relational capability of SMEs supports enactment of market entry opportunities to a certain extent. SMEs prefer to focus on new product/service development opportunities to hold on to existing customers, rather than continuously looking for new market entry opportunities. The opportunity cost between international geographic market expansion and product/service development is considered by SMEs. Additionally, the international relations are mostly governed by legal contracts, which emphasises more on obligation than trust. In the quantitative survey, data suggests that the relational capability has a reverse relationship with process development opportunities. The case studies clarified the issue by showing that relationships become weak if there is a problem in organisational processes. When processes are redesigned, relationships become more satisfactory. This is further discussed in the following section on innovation capability.

7.5.3 Innovation Capability

Incremental and radical innovation capability (Subramaniam and Youndt, 2005) along with open innovation (Konsti-Laakso et al., 2012) are identified within the SMEs. Findings indicate that innovation capability allows SMEs to match with the needs of potential foreign customers. Among the participants, Case 4 is a

sophisticated software development company that has one base software for reservoir simulation, and it incrementally improves the software. Hence, a radical innovation is used:

"We have a product called HPG standing for high performance grids. We created that product to solve our problem in the oil industry. Sometimes we are in the Middle East, India or wherever, thinking about a field that is 200 miles long 30-40 miles wide. It is in production for the next couple of hundred years. So, the model is massive. Even if you have a lot of blocks, for simulation where you need to rig a block, you can suddenly have thousands of blocks by thousands of blocks and that's a million cells. To see these blocks you need monitors. Some of these models take an hour to load. A model that takes an hour for others to do anything with it, our model takes only 5 seconds." (Case 4)

This radical innovation allows the company to approach globally and then incrementally customise the product according to international needs. The following extract from the same company demonstrates the relationship between incremental and radical innovation:

We try to make simulations faster. Sometimes there are modules that they do not want fast. If they want it, then we need to develop (it). We can put new innovations into our base product to make the base product better. We always want to stay one step ahead in the market. We want to get to a stage where people want the tools. We produced two products last year. These software products are giving us two new streams that we did not have before. We are also targeting new areas. In that sense, we are building a whole suite of products."

Another example of radical innovation in a new market can be presented from Case 1, which received a number of awards for its innovative customer management software. The software advanced the IP legal service industry by automating international case filing. Case 1 developed the software only to attract a large American company. The following extract taken from Case 1 demonstrates that innovation in SMEs can be about commercialisation of an existing technology (Story et al., 2011) in a new market:

"They started discovering that we could not only do a thing from a European point but we came up with and commercialised a product called IP Portal. They had a need to centralise all communication, all instructions of work, and all management of intellectual property on a global level with us. They really felt comfortable with that. They would liaise with one email and then we would internationalise that IP around the world with one step."

The innovative product came out of learning and relational developments with the prospective international customer, a view shared by Calantone et al. (2002). The learning and relational capabilities can advance into collaborative innovation projects. The collaborative and open innovations (Konsti-Laakso et al., 2012) are demonstrated by Case 3. The cloud computing service provider develops control panel software to operate hardware manufactured by American companies:

"Downstairs is our developer's team and they are huge. And that has put us in a really good position in today's market competitive wise because we have got guys now, that can take virtually any API, merge it, develop it, twist it, do whatever you want and deliver a new product. That's what we have done over the years. The innovation is the control panel that allows the customer to engineer any kind of services, see exactly how the processes are used in real time, CPU usage, what is my

carbon emission, how am I using it, how many trouble tickets do we have. You know that view is the IPR [Intellectual Property Right]."

Some SMEs find their customer base to be reluctant to use low cost traditional products, and therefore radical innovative products do not support their business. The following extract taken from Case 5 demonstrates that the innovation can have a cost disadvantage and firms that have a low-cost customer base want to keep them happy without changing the cost structure:

"I would love to use optical technology in the low voltage but that the cost differentiation is not just there. For example, I'll take an example for our regular low voltage current transformer. I may pay £10. An equivalent optical transformer would probably cost hundreds….What we're finding is that some companies are moving away from traditional current transformers and moving to what we call against the coils which are more electronics based. So there is a drift towards that. However, there is still a huge legacy demand for traditional transformers."

This reflects the constraints of innovation in SMEs, but also it concurs with the view of international product life cycle theory (Hill, 2008). According to the international product life cycle theory, innovative products are manufactured and consumed in developed economies first then gradually the manufacturing and consumption of these products shifts to the developing countries. Case 5 finds demand for its traditional transformers in developing countries like West Indies, Sri Lanka, and Mauritius. Therefore, the company finds international market entry opportunities in developing countries even when its products do not have much scope for development.

Finally, findings indicate that relational constraints can bring in process development opportunities. The following extract from Case 3 demonstrates that SMEs changes international processes when there is a relational problem:

"We operate laundries off-shore and in that someone puts their coveralls. They all have their coveralls when they are working.... Those coveralls have to be washed every day. Some of them have knives, Stanley knifes, other blades of different sorts, sharp nails in their pockets…. So there is a danger for our staff of getting cut. It is very dangerous. So, one of the staff members came up with the idea of a metal detector. It worked well and all of a sudden that concept that came from the lowest level goes right through the whole business. Then they said that worked but the person who has put it in is still not taking the responsibility for the risk they have for other people. Then they came up with a card that the individual uses to say that there is nothing sharp in their pocket and they have to put it in the pocket before the product goes into the laundry. That then puts on this personal liability that was not there before. Making people responsible for their own actions. That is the way things have changed for safety."

This example illustrates that problems in employee relationships with international partners can lead to international process innovations. The innovation capability of SMEs helps seize those opportunities, and support and maintain the working relationship. Overall, the innovation capability helps SMEs to tailor products and services to international network partners, and that helps secure market entry opportunities, especially in developed countries like the USA. In cases where SMEs do not find room for innovation they exploit entry opportunities in developing countries. Thus, it can be summarised that radical and open innovations in SMEs are suitable for those firms aiming to enter developed economies and incremental

developments, or less innovative activities are suitable for firms aiming to enter developing economies.

7.6 Conclusion

This chapter presented the findings of cross-case analysis in light of the three research questions addressed in the thesis. Findings indicate that the positive attitude and intention of decision makers on IO do not influence IO enactment. Key decision makers have predispositions about different foreign countries, and country attitudes can overrule attitudes towards IO. Self-efficacy, in contrast, is identified as critical in IO enactment. Key decision makers reflect on their experiences and knowledge on international endeavours and thereafter guide organisations on IO enactment. Apart from self-efficacy, qualitative data clarifies that learning capability and innovation capability positively support IO enactment. Relational capability supports enacting international market entry opportunities but gradually it may bind a firm to serve existing customers by providing better products and services. Thus, cases with high relational capability are found to serve existing international markets more effectively than seizing more and more international market entry opportunities. Additionally, seizing process development opportunities may increase relational capability of the SMEs. In the following chapter, the findings are discussed in relation to the theory of planned behaviour and DC framework.

Chapter 8: Discussion of the Findings

8.1 Introduction

This chapter discusses the key findings of the study. Based on the analysis of quantitative and qualitative data, the six propositions presented in the conceptual framework chapter (Chapter 4) are discussed here. Each of the propositions is evaluated taking the p-values and effect size of the multivariate relations into consideration. The findings of the qualitative case studies are triangulated with the structural equation models to provide greater details. The chapter is presented in two sections. Section one discusses the propositions related to the role of a key decision maker's attitude, intention, and self-efficacy. Section two discusses propositions related to the role of a firm's learning, relational, and innovation capabilities in IO enactment.

8.2 Cognitive Attributes of the Key Decision Maker

One of the objectives of this study is to examine if the cognitive attributes of the key decision makers, particularly the attitude, intention, and self-efficacy, exert a positive influence on IO enactment. Muzychenko (2008) offers useful insights on the formation of desirability, willingness, and passion of key decision makers to identify international opportunities. She also proposes that an individual's self-efficacy positively influences successful IO identification. This study provides a complementary view by relating the attitude, intention, and self-efficacy with IO enactment. Propositions related to these are discussed accordingly.

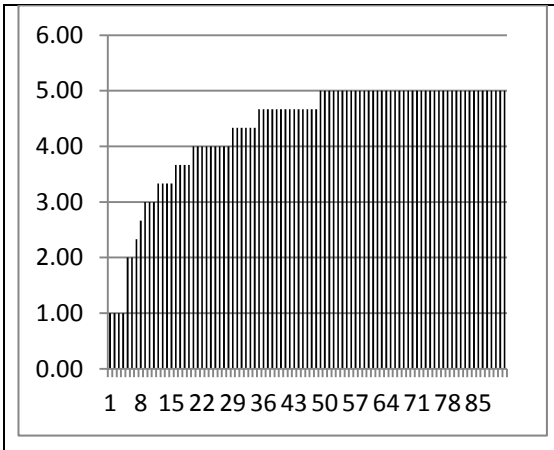
8.2.1 Lack of support for Propositions 1 and 2

The propositions are:

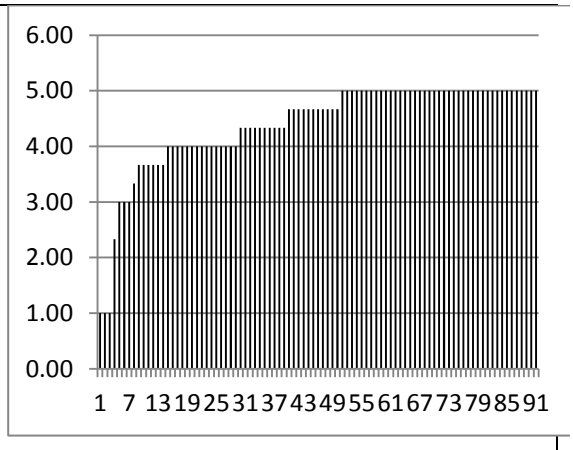
1. SMEs in which the key-decision makers have a positive attitude towards international opportunities are likely to have a high level of international opportunity enactment.
2. SMEs in which the key-decision makers have a positive intention towards international opportunities are likely to have a high level of international opportunity enactment.

Quantitative data analysis provides evidence that key decision makers in most participating SMEs have overall positive attitude and intention to internationalise - yet these positive attributes do not influence the propensity to enact IO. The frequency distributions presented in Figure 8.1 (a, b) indicate that most of the 91 participants have a positive attitude and intention to internationalise.

Figure 8.1 (a and b): Bar Graphs of Attitude and Intention of Key Decision Makers (From Low to High)



A. Attitude of Key Decision Makers



B. Intention of Key Decision Makers

Separate discriminant analysis indicates that the mean attitude of the key decision makers is above 4 or 'positive' for any number of IO enactments. Based on the discriminant analysis, it can be argued that most responding SMEs have a positive attitude and high intention, but these SMEs did not enact a similar number of IO. From the PLS-SEM of TPB and IO enactment presented in Figure (6.2), it is observed that although attitude has a negligible direct effect and a statistically significant total effect on some types of IO, the effect size is small.

Findings from the quantitative data analysis can be linked with literature on export attitude and entrepreneurial attitude. Earlier attitude related studies (e.g. Johnston and Czinkota, 1985; Kautonen et al., 2013b) suggest that exporters have more positive export attitude than non-exporters and entrepreneurs have more positive venture creation attitude than non-entrepreneurs. In this study, therefore, a positive attitude among most key decision makers is expected. However, this study cannot confirm their connection with IO enactment. The empirical evidence provides mixed results on these relationships. Intention has no statistically significant influence on IO enactment.

Qualitative case studies enhance the understanding on these relations. It is found that the key decision makers have both positive and negative attitudes towards foreign countries. Here, IO as the 'object of attitude' (Robinson et al., 1991) covers both attractive and unattractive countries (Cavusgil et al., 2004). Even if the key decision makers have a positive attitude towards IO, they may have a negative attitude to a country. The attitude towards countries and the nature of IO creates four situations, which are illustrated in Table 8.1 in the following page.

Table 8.1: Effect of Country Attitude on IO Enactment

		Attitude towards Foreign Country	
		Positive	Negative
Nature of International Opportunity	Proactive	1. Positive country attitude supports proactive IO enactment	3. No proactive endeavour
	Reactive	2. Positive country attitude supports taking up reactive IO enactment	4. Negative country attitude discourages IO enactment

The case studies show key decision makers are faced with proactive and reactive opportunities from attractive and unattractive countries. Proactive endeavour is observed for entering the USA and Japan while reactive endeavours are observed for entering Italy and Thailand. However, in Iraq there is no proactive endeavour and in Ghana a reactive opportunity was refused by an SME. Data from the case studies shows that even if key decision makers have a positive attitude towards international opportunities, they evaluate opportunities (Hisrich, 2013) based on country attractiveness and other factors such as trustworthiness of foreign partners. Key decision makers often do not intend to enact IO if they have a negative perception about the country or the potential partner. There are multiple objects of attitude involved in the enactment process.

Through triangulation of the qualitative and quantitative research findings, it can be suggested that SMEs that have enacted at least one IO and SMEs that have enacted more than ten IO all have a positive attitude and intention towards internationalisation as common elements. Krueger et al.'s (2006) view is that opportunity identification is an intentional process, though there is a gap between identification and enactment. Similar views are also expressed by Muzychenko (2009) who observes that attitude and intention support IO identification. The key

decision makers who are able to identify IO do not necessarily act upon all those opportunities. Opportunity identification and enactment are two different concepts. As this study is focused on enactment, rather than identification of IO, it puts forward the views offered by Krueger et al. (2006) and Muzychenko (2009). Again, in the words of Zahra et al. (2005, p.138): *"Behaviours do not always reflect cognition, making it difficult to document the role of cognition in entrepreneurial decisions."* The evidence strongly suggests that while most key decision makers have a positive attitude and intention towards IO, when it comes to the enactment of IO, the positive attitude and intention do not have any predictive ability on IO enactment. Findings from qualitative case studies also suggest the same. Relating the findings to TPB, it can be summarised that the belief-behaviour connection offered by Ajzen (1991) is applicable to IO enactment only if all the objects of belief are considered. Two possible objects can be the country and the potential foreign partner about which the key decision maker may have negative beliefs. In other words, an IO is a situation in which all these aspects need to be supportive. If there is a negative belief about the country or the partner, the situation is no longer an opportunity. Thus, positive attitude and intention towards IO do not exert a positive influence on IO enactment.

8.2.2 Support for Proposition 3

Proposition 3: SMEs in which key-decision makers have a high self-efficacy in internationalisation are likely to have a high level of international opportunity enactment.

In the case of self-efficacy of the key decision maker, PLS-SEM models indicate a statistically significant total effect of self-efficacy on enacting IO. The results fit with

the views of Kautonen et al. (2013b) who posit that entrepreneurial self-efficacy has a positive influence on entrepreneurial behaviours. Muzychenko (2009, p. 371) argues that: "*the success in international opportunity identification will be directly correlated with the level of ESE [entrepreneurial self-efficacy] pertaining to this task"*. This study advances the argument by linking self-efficacy with IO enactment.

Qualitative case studies show that key decision makers assess the risk of international opportunities and evaluate if their knowledge, skills, and abilities fit with the international opportunities. The entrepreneurship literature (Krueger and Dickson, 1994; Keh et al., 2002) has already established that the risk aversion traits of entrepreneurs relate with cognitive biases like self-efficacy, and this influences opportunity recognition. The case studies show that key decision makers evaluate opportunities before taking them up in relation to their past experience on what worked and what did not work. Ultimately, they decide on which IO to take up and which to reject. The self-reflection on past experiences evident in the case studies is supported by social cognitive theory (Bandura, 1982).

Self-efficacy has its roots in social cognitive theory (Bandura, 1982), which suggests that people remember a model of how things work and apply that in future behaviours. Its inclusion in the TPB (Ajzen, 1991) is common in entrepreneurial studies as scholars replaced 'perceived behavioural control' with self-efficacy. Findings from the case studies indicate that key decision makers follow a pattern when they take-up such international opportunities as intermediate goals to achieve and use past experiences in the present context, which indicate their self-efficacy.

The implication of this to the TPB is that the theory as a whole is less applicable to explaining IO enactment by SMEs. Self-efficacy of the key decision maker, without attitude and intention, exerts a positive influence on IO enactment. It is one of the cognitive attributes examined in this study. Hishrich (2013) offers a number of traits typical of an international entrepreneur: a willingness to embrace change, a desire to achieve, and a high tolerance for ambiguity all of which are related to self-efficacy. Entrepreneurial trait-theories emphasising 'alertness' are criticised because they often create a nature vs. nurture debate. As self-efficacy is a cognitive attribute, it is not a biological trait of individuals (Bandura, 2012) and therefore this study makes no claim for a special trait of international entrepreneurs. Self-efficacy is concerned with the conscious mind as the person concerned proactively develops the surrounding environment and does not merely react to behavioural stimuli. The key decision makers develop this self-efficacy from conscious thinking about previous endeavours. This study advances the discussion on entrepreneurial self-efficacy and confirms the SMEs in which key decision makers have high self-efficacy to enact more IO.

8.3 The Role of Firm-level Capabilities

This section discusses the propositions related to the learning, relational, and innovation capabilities. One of the objectives of this study is to examine if these capabilities exert a positive influence on enacting IO. A DC framework is well suited to explain IO enactment and Teece (2014) argues that sensing, seizing, and transformative capabilities enable MNEs to exploit international opportunities. This study does not focus on this recent conceptualisation of DC, but considers learning, relational and innovative capabilities as different types of DC. They can be dual-purpose capabilities (Helfat and Winter, 2011), both dynamic and operational in the

participating SMEs. Regardless of this difference, the major thrust of this study is to determine the influence of these capabilities on IO enactment. In the following subsections, the three propositions are discussed.

8.3.1 Support for Proposition 4

Proposition 4: SMEs with a high level of learning capability are likely to have a high level of international opportunity enactment.

Quantitative data analysis fully supports that SMEs with higher learning capability (Lin, 2008) enact more IO. However, the relationship between learning and IO enactment is curvilinear, and firms do not necessarily continue to take up more international opportunities as they continue to learn. The quantitative data indicates that initial success in opportunity enactment reinforces learning, and SMEs do not continue to accumulate knowledge for a prolonged period without any successful opportunity enactment. Three particular areas are examined here: system perspective, management commitment towards learning, and knowledge acquisition and dissemination. The PLS-SEM models indicate that systems thinking and management commitment towards learning exert a positive influence on the knowledge acquisition and dissemination component of learning capability. These three components capture the learning capability of an SME. The PLS-SEM models show all paths towards three types of international opportunities have statistically significant path coefficients, indicating support for the third proposition.

Qualitative case studies further confirm the findings in relation to learning capability. System perspective (Hult and Ferrel, 1997; Jerez-Gomez et al., 2005) in this regard means an organisation wide objective to achieve success in international markets.

Qualitative case studies clarify how SMEs gradually develop a system perspective from individual learning needs. Individual employees want to learn with the aspiration to develop their career and fulfil self-actualisation needs. Case studies show that SMEs try to formulate training programmes to support career development of employees and put monitoring mechanisms to condition behaviour towards achieving organisational goals. For example, software programmers are trained in new technological advancements for their career development, but they are also monitored to ensure any experiment with programming brings sales to the organisation. Therefore, a system perspective ensures all employees understand the organisational goals in international markets.

These findings corroborate with Voudouris et al. (2011) who states that learning about foreign markets in SMEs develops from individual, group, and intra-organisation and inter-organisation levels. Additionally, the findings suggest that learning at these levels depends on the goals of each of the levels, meaning that individuals learn within the monitoring of the departments and the organisation. It is important to note that different theoretical perspectives have presented the learning organisation with overlapping constructs. The 'learning orientation' of the firm (Zhang et al., 2006; Voudouris et al., 2011) is an overlapping concept to the system perspective (Jerez-Gomez et al., 2005). Voudouris et al. (2011) argue that the change in the external context is critical in the entrepreneurial learning process. However, their claim on the changes in the external environment has been well accepted in learning capability literature for a long time. Linking these literary perspectives, it can be argued that learning about international markets is not only progressing from individual, group, organisation, and inter-organisation level, but also is governed by the objectives of these levels. Thus, when an organisation sets the goal of enacting

IO, its sales department sets the goal of raising the company's profile to prospective international partners, and its individual sales team member is motivated to progress their career and learning is guided in accordance with these goals.

Another overlapping construct that is studied in IE literature is strategic intent (Casillas et al., 2015). Casillas et al. (2015) argue that strategic intent conditions learning in exporting firms. This is relevant to the findings of this study. The strategic intent provides an organisation with a sense of direction and destiny (Hamel and Prahalad, 1994). These are similar ideas to systems perspective, which is concerned with how systems influence one another as a whole to achieve one objective. This study clarifies the position that systems perspective is part of the learning capability of an SME and is omnipresent in every learning activity involving IO enactment. The strategic intent construct does not clarify how departments and individuals learn together about international markets while maintaining their domains. This study provides a context in which systems perspective sufficiently explains how employees learn together.

In relation to management's commitment towards learning, case studies show that management needs to address both codified (Nonaka, 1994) and experiential knowledge (Kolb, 2014) acquisition. Codified knowledge acquisition requires facilitating training and achieving industry standard certification. Experiential knowledge acquisition requires facilitating industry visits in foreign countries and working with foreign counterparts. Data suggests that SMEs try to enact IO from MNE customers who recognise the need for certification and therefore commit resources to achieve industry standards. Certification helps overcome the first hurdle of introducing a company to a foreign counterpart. Afterwards, learning from foreign

counterparts about their needs involves committing employees with technical expertise to interact with them. Within the inter-organisational interactions, experiential learning takes place that supports IO enactment.

It is necessary to evaluate the literature related to management's commitment towards learning (Chiva et al., 2007; Lin, 2008) and entrepreneurial learning (Politis, 2005) for further clarification on how learning capability relates to IO enactment. Politis (2005) focuses on the individual entrepreneur as the learner and identifier of opportunities. There is no systems perspective or management commitment towards learning in his conceptualisation of the learning phenomenon that leads to opportunity recognition. In contrast, learning capability is a firm-level construct and in this capability perspective, individuals are employees whose learning in local and international markets leads to enactment of IO. When the top management facilitates both codified and experiential learning to take place, employees are able to acquire and disseminate knowledge that is necessary for IO enactment. In this capability perspective, learning by the individual entrepreneur is not emphasised.

In terms of knowledge acquisition and dissemination, the case studies show that knowledge acquisition occurs through desk research and interactions with foreign counterparts. Through face-to-face interactions, individuals try to find ways to adapt organisational processes with the needs of foreign counterparts. The adaptive nature of learning is detected in the data. The knowledge employees acquire is disseminated to the functional departments (i.e., sales and engineering), and these departments adapt to the needs. When a functional department (like a marketing department) interprets knowledge about how fast customers want product delivery, the knowledge

is shared with another functional department (such as an engineering department) to adapt to the market demand.

The relationship between learning and opportunity recognition is already established in the literature (c.f. Harrison and Leitch, 2005) and in its entrepreneurial context, learning by entrepreneurs is considered to be organic rather than mechanistic. The learning capability literature acknowledges that the environment in which learning takes place is dynamic, yet employees learn within a goal oriented systems perspective. Therefore, entrepreneurial learning and learning capability literature can be in contrast and in harmony at the same time. One view is that goal oriented learning is a mechanised, 'lower-level' learning (Cope, 2003), which differs from the 'higher-level' entrepreneurial learning. Therefore, these perspectives on learning are in contrast. Another view is that, when employees try to modify themselves to achieve a goal, they become entrepreneurial by facing a new challenge (McHenry, 2008). Here, entrepreneurial learning and learning capability literature is in harmony. Findings in this study suggest that learning capability in SMEs is more complex than either organic or mechanistic learning.

Within an SME, different departments have departmental goals, for example, customer service and R&D each have their own goals. Customer service executives have routines for communicating with international customers and operate in a mechanistic environment. Employees involved in R&D or software development are allowed to experiment and at the same time are guided to ensure international sales from any innovative product and services. Their learning environment is managed to support 'higher level' learning (Cope, 2003) that can trigger innovation. The departments operate with unique departmental goals with the top management committing different types of resources for the departments. Overall, learning within

top management, sales team, and R&D team is neither organic nor mechanistic, but comprises both organic and mechanistic learning.

Findings advance the discussion on the relationship between learning capability and IO enactment and confirm the fourth proposition.

8.3.2 Partial Support for Proposition 5

Proposition 5: SMEs with a high level of relational capability are likely to have a high level of international opportunity enactment.

PLS-SEM models indicate that the relational capability exerts a positive influence on enacting market entry and product/services development opportunities. However, it has a reverse relationship with enacting process development opportunities. Like learning capability, relational capability is also conceptualised as a set of processes and routines that organisations deploy to achieve their relational objectives. This study examined relational capability as the ability to manage network relations based on mutual trust, commitment, and communication (Paulraj et al., 2008). Elements of relational capability, like trust and commitment, are recognised in international business literature (Johanson and Vahnle, 2009). Since the PLS-SEM models provided some contrasting evidence to the proposition, qualitative case studies have provided some valuable insights on this area.

The case studies indicate that UK SMEs are more reliant on legal obligations than trust to manage relationships with international network partners. It is critical to determine if legal obligation is different from trust prior to making a connection between trust and IO enactment. Some scholars (e.g. Svejenova, 2006; Wu et al., 2007) consider trust and formal agreement as separate concepts, but other scholars

(e.g. Zaheer et al., 1998; Plank et al., 1999) consider trust as the reliability on meeting obligations. Welter (2012) considers trust as a catch-all phrase used in non-contractual collaborations and argues it as an elusive concept. In this study, trust is considered as a separate concept from legal obligations based on the definition of trust as posited by De Wever et al. (2005). Findings in the case studies indicate that SMEs are not willingly vulnerable to a foreign partner based on trust, and they cover all aspects of the relation through legal contracts. Once a legal contract is placed, SMEs trust that the foreign counterparts shall oblige to the contracts in place. There are two phases when the issue of trust emerges: before a new international relationship is developed and after a relational contract has taken place. SMEs provide certification and industry recognition to gain trust at the initial stage of interactions with foreign counterparts and then they assess the trustworthiness of foreign counterparts. Afterwards, legal contracts overtake any trust related issue.

Hisrich (2013) outlines a number of risks in international markets and firms mitigate many of the risks through contracts. Within the case studies, no such case was found where an SME trusted a foreign counterpart without a legal contract. The SMEs mitigated risks and vulnerabilities before making any resource commitment. Thus, it can be summarised that trust plays a role in initiating the contracts, but contracts shape the international relations more than trust. In relation to the new process model of Johanson and Vahnle (2009) in which trust is considered as a major component in the internationalisation process, it can be commented that trust can be a major factor only if formal contact is considered as part of trust and the concept of trust is contextualised in the IB literature as reliability on formal contracts.

In terms of commitment, case studies show that the importance of a foreign network partner plays a critical role. Because most SMEs operate with MNEs, the perceived importance of these international customers is high. Sharma et al. (2006) identify five types of commitment: affective, value-based, locked-in, obligation-based, and behavioural resource commitment in international marketing relationship. The authors suggest that in the European cultural context are firms who have become locked-in to an obligation-based commitment. This study corroborates with the views of Sharma et al. (2006).

Case studies show that SMEs are willing to commit necessary resources for the MNE clients to secure contract renewal and new business opportunities. They do not want to lose MNE customers from a potential long-term contract renewal. In this regard, an interesting view emerges regarding the opportunity cost of maintaining current customers and acquiring new international customers. SMEs can expand a working relationship by committing to product/service innovation for existing customers or SMEs can commit resources to seize new market entry opportunities. Because SMEs perceive an MNE customer as important and want to commit resources to maintain a relationship, there is more incentive to update products and services than to commit resources to acquire new international customers. Case studies indicate that SMEs that are not regularly developing new products or services are taking up market entry opportunities and other SMEs that are trying to satisfy major MNE customers are developing new products and services in order to maintain the relationship.

Another issue identified in terms of commitment is that international markets comprise countries that are of different sizes. The number of markets entered does not represent the relative resource commitment required to enact IO in the

international markets. For example, the USA is a large market, and Case 1 is committed to deploying necessary resources to enact opportunities in the USA for the next five years. In contrast, Case 5 is operating in multiple developing countries. The resource commitment in a small developing country shall be smaller than that needed in the USA. Therefore, by committing resources to many smaller countries an SME can enact more IO than another SME that is committing an equal amount of resources to enact opportunities in one large country, like the USA. This disparity leads Case 1 to focus on innovating more products and services than focusing on entering many countries. This is how commitment in a large country reduces the chance of enacting market entry opportunities in many smaller countries.

In terms of communication, case studies suggest that SMEs have appropriate processes and routines in place to continuously communicate with international network partners. The following table (Table 8.2) summarises the communication processes identified in the case study.

Table 8.2: Channel, Characteristics and Frequency of Communication with International Network Partners

Channel of Communication	**Characteristics of Communication**	**Frequency**
International Visit	Offers scope for verbal and non-verbal communication	Quarterly, annually
Local Customer Service	Offers scope for native language support	Weekly, monthly
CRM Software	Offers specific exchange of instructions	Daily, weekly

Table 8.2 shows that SMEs have multiple channels with which they can communicate frequently with existing foreign customers and the frequency of communication depends on the relative importance of the customer. This study focuses on the frequency of communication although communication has other

characteristics such as power (Turker, 2013). Regular communication allows SMEs to maintain a working relationship with their international counterparts and create champions within network partners. The frequency also helps to create a barrier to competitors trying to take away future contracts. For new international opportunities, face-to-face interviews are common in the SMEs, which is also an appropriate way to evaluate opportunities (Hisrich, 2013). The data further suggests that employee level communication often follows a pre-defined rubric – for instance, scheduled visits have specific subjects concerning problems with products or services or training for new users. Therefore, SMEs place appropriate communication templates that help maintain the relationships with network partners.

PLS-SEM models suggest that relational capability has a reverse relationship with process development opportunities, which is an area that qualitative case studies have further clarified. The case studies suggest that when processes do not work, relationships become strained but when appropriate processes are developed, working relationships are maintained. Process development (Verma, 2009) is not well studied in IE literature, but a similar concept of reconfiguration capability (Teece, 2007, 2014) is much discussed. Teece (1997) argues that firms need to reconfigure and transform organisational assets when the external environments change. It can be argued that relational capability is suitable for maintaining stability and reconfiguration capability is suitable for managing changes. Therefore, when relationships with international partners are constrained a reconfiguration capability can help the firm to enact process development opportunities and afterwards relational capability can support a committed relationship.

In summarising the findings on the three components of relational capability (i.e. trust, commitment, and communication) partial support for proposition five is claimed. Trust supports initiating new international relationships and then trust takes place with the support of legal obligations. Again, commitment allows an SME to grow relations with an MNE counterpart or in a particular country, but because of the committed relationship the SME needs to evaluate the opportunity cost between growing the relationship with developing new products/services or entering a new country market. Additionally, process development opportunities may arise because relationships face difficulties and not because relationships are sound. Based on the evidence partial support for proposition 5 is claimed.

8.3.3 Support for Proposition 6

Proposition 6: SMEs with a high level of innovation capability are likely to have a high level of international opportunity enactment.

PLS-SEM models show that innovation capability exerts a statistically significant positive influence on the dependent variables and path relations have a medium effect size. The near linear positive relation between innovation capability and the dependent variables supports the sixth proposition. To further understand the implication of innovation capability on IO enactment, findings of qualitative case studies are insightful.

Innovation capability is a well-studied concept and the case studies agree with many of the arguments pertaining to innovation capability literature. Qualitative case studies show that SMEs have introduced products/services with radical and incremental innovation (Subramaniam and Youndt, 2005). The case studies suggest

that firms that have incremental or 'ordinary' innovation (Hisrich, 2013) have entered into developing countries. Firms with disruptive innovation have successfully expanded to European countries and the USA market. Hence, market entry opportunity is enacted by SMEs with radical and incremental innovation. It is important to note that whether an innovation is radical or incremental depends on the competing products/services in the market. Innovation capability in contrast is concerned with idea generation and responding to the unique product/services requirements of international markets (Calantone et al., 2002; Subramaniam and Venkatraman, 2001). An SME has a choice in which market it will compete depending on the requirements of the markets.

According to the international product life cycle theory (Hill, 2008) the age of an industry is related to its location in the developed and developing countries. A new industry starts from the developed countries and gradually shifts to the developing countries. Based on this view, UK SMEs with disruptive innovations already gain the benefit of a local UK market in which these innovations can be tested. This is the position of Case 4 as it tested its reservoir simulation software in the UK before expanding to Europe and the USA. In contrast, incremental innovation is supportive to entering developing countries, which is the situation for Case 5. This company is selling traditional transformers mostly in developing countries. It is also important to note that incremental innovation is supportive for growth within an MNE customer. Case 3 incrementally improved its control panel software to give its MNE customers the desired control over a cloud-computing server. Overall, both types of innovation are well suited to international opportunities.

In terms of developing the innovation capability in SMEs, the recruitment of employees appears to be of importance. SMEs that have disruptive or technological innovation attract highly qualified employees and provide necessary training. Within the broader SME category, these are high technology SMEs. Scholars (Johnson, 2004; Crick and Spence, 2005) have studied the internationalisation activities of these high technology SMEs and have asserted that these firms are able to seize IO at a faster speed than traditional SMEs. This study identifies that learning capability and relational capability supports the deployment of innovation capability. SMEs are able to integrate knowledge of international sales and customer service with new product developments.

The case studies show that learning and relational capabilities enhance innovation capability by providing an understanding of commercialisation. Management within these SMEs guide innovation related activities to achieve international sales and do not promote innovation for innovation's sake. The commercialisation aspect dominates idea generation and new product/service introduction in these SMEs. A firm's end objective is not to achieve more products and services, but to achieve sales from new products and services. The commercialisation aspect is fundamental to Schumpeter's (1934) conceptualisation of innovation. Within the domain of innovation capability (Breznik and Hisrich, 2014), learning about a customer's needs and maintaining a relationship is largely missing as these are discussed in learning and relational capability. This study finds that the innovation capability within the R&D departments is reinforced by the learning and relational capabilities of the sales department. Therefore the 'commercialisation' aspect of innovation, particularly in international markets is an organisation-wide phenomenon.

The implication of the 'commercialisation' aspect on DC and innovation capability literature is immense. It has previously been discussed that scholars (Breznik and Hisrich, 2014) have suggested that innovation capability and DC are the same capabilities. However, as a unique capability construct, innovation capability theoretically excludes the activities related to learning and relationship building. Even in quantitative data analysis it is found that learning and relationship-building activities are not part of the same innovation capability construct. Therefore, the commercialisation aspect of innovation cannot solely be explained by the innovation capability of SMEs. It is critical that innovation capability in SMEs is supported with their learning and relational capability. Theoretically, any holistic conceptualisation of DC as a unique capability that supports IO enactment has to cover all these critical dimensions of learning, relationship building, and innovation.

In summary, it can be argued that innovation capability influences IO enactment to a great extent, but on its own it does not explain all the variances in the outcome variables. This means that SMEs cannot enact IO with only innovation capability. The initial position of this study that learning, innovation, and relational capabilities are types of DC is supported by the quantitative and qualitative findings. After considering the quantitative and qualitative data analysis, the study confirms that innovation capability positively influences IO enactment.

8.4 Conclusion

In this chapter, the quantitative and qualitative data are triangulated, and each of the six propositions is discussed. In terms of the key decision maker's cognitive attributes, findings show that the positive attitude and intention towards IO are inconsequential in IO enactment. Thus propositions concerning the relationship

between attitude, intention, and IO enactment are not supported. In contrast, the study's findings illustrate that the self-efficacy of a key decision maker has a positive influence on IO enactment. Furthermore that, in terms of a firm's capabilities, learning and innovation capabilities are supportive to IO enactment. Support for propositions regarding the relationship between a key decision maker's self-efficacy, a firm's learning and relational capabilities and IO enactment are claimed. Additionally it was found that a firm's relational capability supports IO enactment to a certain level and maintaining strong international relations often does not allow SMEs to seize further opportunities. Thus partial support for the proposition on the relationship between relational capability and IO enactment is claimed. In the following chapter a contribution of the study is presented, and the overall conclusion is drawn.

Chapter 9: Conclusion and Recommendation

9.1 Introduction

This chapter draws a conclusion by relating the findings with the aim and objectives of the study. It begins by revisiting the three research objectives sequentially and then the overall contributions of the study are presented. The limitations, implications, and learning outcomes of the study are discussed thereafter before concluding this chapter.

9.2 Enactment of International Opportunities

The aim of this study is to examine if the enactment of international opportunities by an SME is positively influenced by the cognitive attributes of its key decision maker and the dynamic capabilities of the firm. It brings in complementary insights from management studies to examine IO, a thematic area in IE that is predominantly examined in light of entrepreneurship literature (Mainela et al., 2014). To fulfil the research aim, three research objectives are set: to examine the overall relationship between the key decision maker's cognitive attributes, a firm's dynamic capabilities, and IO enactment, to examine if the key decision maker's attitude, intention, and self-efficacy positively influence IO enactment, and to examine if the firm's learning, relational, and innovation capabilities positively influence IO enactment. The TPB (Ajzen, 1991) enables examining the key decision maker's cognitive attributes, while the firm's capabilities are examined through the DC framework (Teece, 2014). The thesis proposed a conceptual framework on IO enactment that consists of six propositions. The conceptual framework was then empirically examined with a mixed method approach: online and mail surveys (data from 91 SMEs in the UK) and qualitative analysis of five cases studies. The results of the quantitative and

qualitative analysis supports three propositions, partially supports one and does not support a further two propositions.

The overall finding of the study is that the key decision maker's self-efficacy and the firm's learning and innovation capabilities are positively related to IO enactment. Relational capability partially influences IO enactment. Positive attitude and intention towards IO of the key decision makers is found as common elements in most participating SMEs - yet, these cognitive attributes do not exert a positive influence on IO enactment.

The way an SME enacts IO can be explained through a number of activities that reflect the self-efficacy of its key decision maker and the firm's learning and innovation capabilities. Key decision makers in SMEs self-reflect and self-regulate on their past experiences on what worked and what did not work in the international markets. They evaluate past experiences to set international goals through cognitive thinking. A firm's learning activities include developing a company-wide systems perspective that guides individual employees and functional departments on what to learn and achieve in the international markets. The top management makes necessary resource commitments to support employees in gaining codified and experiential knowledge. Employees acquire knowledge about international markets through desk research, face-to-face interactions, and customer relationship management software. This knowledge is then disseminated within the organisation allowing departments to play their roles in IO enactment. Apart from the learning activities, innovation related activities include idea generation and developing products and services to meet the needs of international markets. The innovative activities lead to incremental

and radical improvements to the firms' products and services. These are the core activities that allow an SME to enact international opportunities.

Additionally, such SMEs make legal contracts with international partners and try to meet the obligations. The selection of partners is critical as companies strive for long-term relationships. Firms try to satisfy existing international markets by committing to the obligations and by making frequent communications. The relational capability allows the SMEs to grow within MNE customers, and these customers can sometimes provide new international opportunities. SMEs in committed relationships strive to grow more within the relations rather than continuously looking for new entry opportunities. In a nutshell, the relational capabilities are supportive in enacting IO to a certain extent, but it is critical for maintaining existing international relations. If firms face relational constraints, they can change processes and improve the relationships.

9.3 Contribution of the Research Study

This section presents the theoretical implications that emerge from the findings of this study. Considering the joint contributions of the cognitive attributes of the SME's key decision maker and the firm's dynamic capabilities in IO enactment, the study identified a number of factors that positively influence three types of IO outcomes. The proposed and empirically examined conceptual framework has the potential to be applied in the internationalisation endeavours of SMEs as it sheds light on some of the critical enabling factors of IO enactment. From the findings of this study, scholars and practitioners can gain a deeper understanding of their work on IO.

Contribution to the IE literature:

The study has made contributions to the IE literature in six areas, which are highlighted here. In the first instance, this study has focused on the 'what' questions in relation to IO enactment and identified four independent factors upon which the enactment of IO is dependent to some extent. The major theoretical contribution of this study is that it provides empirical evidence that the key decision maker's self-efficacy and the firm's learning, relational, and innovation capabilities are directly associated with the enactment of international market-entry opportunities, product/service development opportunities, and process development opportunities. The empirical work of Ellis (2010) is notable in IO research, but his study focused on the relationship between social ties of entrepreneur and IO recognition. The eight case study-based papers identified in the literature review (Table 2.4 in Chapter 2) look at the different attributes of the entrepreneur that support IO recognition or identification. There is a gap in extant IO research for studies that take a larger sample and investigate the phenomenon of IO enactment. By taking a larger sample the study has gained some interesting perspectives about the factors of IO enactment.

Secondly, the value of the empirical model is that it changes the way the relationship between IO recognition and its several antecedents are conceptualised in the extant IO literature. Current literature suggests that IO recognition or discovery is influenced by a number of entrepreneur related attributes (cf. Mainela et al., 2014). Based on the literature the current wisdom is that the entrepreneur plays the central role as far as IO is concerned. In contrast to the contemporary thinking, the empirical findings suggest that within the UK SMEs, entrepreneurial attributes exert very little influence on IO enactment. When the factors include firm-level capabilities, the relationships between IO enactment and its independent drivers become stronger.

The proposed framework re-organises the way causal links are drawn in extant IO literature and transforms extant views on IO recognition or discovery. To some extent the findings of the study are unsurprising because IB studies have thoroughly maintained the position that firm-specific advantages play a major role in the internationalisation of firms (Rugman, 2010). Because IO scholars mostly focused on the entrepreneur, the relational link between firm-specific attributes and IO enactment was missing from the IO literature. As the scholarly development in IE stems from two parent disciplines, it is critical to note that mere reliance on the entrepreneur cannot sufficiently explain the complex and dynamic phenomenon of IO enactment.

Thirdly, in considering both the key decision maker and the firm in the conceptual framework, this study connects the entrepreneur-focused thematic area of IO with other thematic areas of IE. As the firm was relatively out of focus in the extant IO related papers, these papers have fragmented the IE literature between the firm-focused and the entrepreneur-focused studies. As the entrepreneur-focused papers examined only the 'thought processes' (Milanov and Maissenhalter, 2014) of the entrepreneur, the firm was taken out of the picture. This study shows that IO enactment is possible because it is not just a result of the key decision maker being self-confident, but because firms can utilise their learning, relational and innovative capabilities in the international markets. By nurturing these capabilities across the organisation, it is expected that SMEs can enact IO. The 'IO Development' model proposed by Peiris et al. (2012) integrates at the level of the entrepreneur and the firm in the process of creating sustainable competitive advantage, in which IO is implicitly present. As this study takes the discussion further by explicitly examining

IO enactment with both the key decision maker and the firm, it defragments the thematic areas within IE literature.

Fourthly, this study suggests that SMEs can enact IOs continuously as it is not confined in the pre-internationalisation phase. In the extant literature IO recognition is discussed as a pre-internationalisation activity (Chandra et al., 2009) of the entrepreneur, suggesting that IO recognition occurs before internationalisation takes place. The empirical model of this study shifts the focus away from the pre-internationalisation phase to the entire internationalisation and post-internationalisation period as the model covers both the taking up and successful seizure of multiple IOs. The problem of single IO recognition prior to internationalisation is already mentioned by Chandra et al. (2014), who introduced the concept of the 'serial entrepreneur' in IO literature. In terms of when opportunities are available, the entrepreneurship literature and DC literature have two different positions. In the 'recognition view' of entrepreneurship literature, it is proposed that there is a 'window of opportunity' (Gaglio and Katz, 2001) within which the entrepreneur has to recognise the opportunity before it diminishes. In contrast, the DC literature (Teece, 2007) proposes that firms are continuously endeavouring to seize opportunities. By building upon the DC literature, this study shows that SMEs can enact multiple IOs by using its DCs. The implication of this view is that SMEs do not need to wait for any 'window of opportunity' when planning for internationalisation. SMEs do not need to cross the pre-internationalisation phase by recognising an IO, but can continuously search for multiple IOs and act upon them. In the same vein, it is not essential for an SME to have a 'serial entrepreneur' to seize multiple IOs. SME key decision makers can

decide to take up multiple IOs without characterising themselves as a 'serial entrepreneur'.

Fifthly, and to the best of the researcher's knowledge, this is the first study in which the key decision makers and firm-level attributes are associated with some tangible IO outcomes. Prior work looked at some cognitive consequences like IO recognition (Chandra et al., 2009; Faruque, 2015). As such, the empirical findings are valuable in the sense that extant literature has so far examined intangible outcomes, which can make SMEs reluctant to act upon IO. In entrepreneurship literature, the most recognised outcome of opportunity recognition is new venture creation (Davidsson, 2005). The IE literature often associates IO with the creation of international new ventures (INVs). A further outcome of IO recognition is internationalisation (Schweizer et al., 2010). This study introduces three types of outcomes: international market entry, international product/service development, and international process development in the IO literature. SMEs can benefit from these outcomes in the sense that managers can endeavour to seize product/service/process development opportunities in international markets.

Sixth, in associating the findings with the difficulties of UK SMEs in seizing IO, it can be stressed that SME decision makers can develop firm-level learning, innovation, and relational capabilities with the prospect of IO enactment. Managerial decision making in SMEs regarding IO enactment can be focused on developing DC in the firm. It can be further emphasised that IE scholars have conceptualised multiple types of capabilities in IE literature (Peiris et al., 2012; Prange, 2015) and this study contributes in clarifying about the specific capabilities, something further discussed later within this section.

Contribution to the TPB literature:

The study contributes to the TPB literature by showing that the cognitive beliefs can explain IO recognition in certain contextual settings, but within the UK SMEs, the relationships between the components of TPB and IO enactment do not hold. It is important to reiterate that the TPB theory has been applied in IO research twice and this study has applied TPB for the third time in IO research, but to examine relationships with a different set of outcomes. Muzychenko (2009) and Game (2013) have adopted TPB to study the identification and commitment towards IO in their studies that were conducted upon Australian and Canadian SMEs respectively. Although these scholarly discussions advocate the role of attitude and intention in IO recognition, this study presents empirical evidence that such relations are weak. The implications of the empirical findings can be summarised in the following four points:

In the first place, the findings of this study suggest for the first time that positive attitude and intention towards IO are common attributes in the key decision makers and these are not critical drivers in IO enactment. There is an accepted view in present literature that positive attitude and intention support IO recognition. For example, Muzychenko (2009) examines factors that create a positive attitude and did not draw any attitude-IO recognition link. This study explicitly examines the link and does not investigate how the positive attitude is developed. The theoretical merit of these findings is that the key decision makers may often operate with the best of attitude and intention towards IO, but fail to see much difference in the IO outcomes. The notion that positive attitude and intentions can make a difference in international markets is tested in this study and it shows that these attributes make little difference.

Secondly, the study has found that key decision makers have attitudinal beliefs and intentions towards foreign countries and potential international partners. The IB literature has recognised country attractiveness (Cavusgil et al., 2004) based on the same business indicators, but IO scholars have not recognised the importance of the key decision maker's personal perceptions about particular foreign countries. The bias towards different countries may exert a negative influence to the behaviour of a key decision maker. Therefore, the key decision makers who are endeavouring in IO enactment can be benefitted by this study by thinking about their country preferences. The study offers a matrix that can be applied by SME key decision makers in planning IO endeavours. By applying the matrix, decision makers are expected to identify their country perceptions and the kind of international network partners they prefer. Thus, a comprehensive view of the attitudinal beliefs can be crystallised with a view to hopefully addressing belief-behaviour incongruence in IO enactment.

Thirdly, the study further clarifies the position of intention that is used in the 'Integrative model of IE' by Peiris et al. (2012). In that model, intention is theorised as the starting point of IE endeavour. However, findings from this study show that intention as a building block or driver of IE influence IO enactment to such a negligible extent that it does not warrant any managerial or scholarly attention. Key decision makers cannot expect to achieve any difference in the outcomes of IO enactment by having a positive intention. By clarifying the relational weakness, this study shows that intentionality of the key decision makers is not a key driver of IO enactment. The theoretical implication of this finding is that the key decision makers may not embark on any project without intention, but having high intentions shall not differentiate the outcomes of IO enactment.

Fourthly, in contrast to the findings about attitude and intention, this study shows that the self-efficacy of the key decision maker is a driver that positively influences IO enactment. Muzychenko (2011) has already put forward a similar argument by presenting the concept of 'cultural competence' for IO identification. The explanation that Muzychenko (2011) provides in regards to why cultural competence is needed revolves around the risk perception of hostile foreign cultures. A similar concept of the 'global mind-set' (Gupta and Govindarajan, 2002; Nummela and Saarenketo, 2004) is in the scholarly discussions of the last fifteen years. This study looks at the self-efficacy in a different way from these earlier views, as self-efficacy is not concerned about the adaptability of the individual in a foreign culture or market. The cultural adaptability of the key decision maker was not emphasised in the self-efficacy construct. Rather, the findings related to the key decision maker's confidence in reflecting upon past experiences of what worked and what did not work are considered here. Therefore, the self-efficacy studied in this study and the concepts of 'cultural competence' and 'global mind-set' are different. The implication of the findings is that SME key decision makers can build their self-efficacy not by studying foreign country cultures, but by looking at previous endeavours in foreign markets to evaluate what worked and what failed to work. By observing the activities of other firms and by reflecting upon their successes and failures, the key decision makers can build self-efficacy.

The implication of this finding is that, when building up competence, the key decision makers need to observe other 'social actors' such as someone who has enacted IO to know what is effective, rather than merely coping with different country cultures. It can be summarised that key decision makers in SMEs can shift focus from developing attitudinal beliefs and intentions as these are less influential

and focus on building stronger self-efficacy. Boosting self-confidence in the key decision makers therefore, directly supports the IO enactment endeavour of the SMEs. In the next paragraphs, the contribution to the DC literature is presented.

Contribution to the DC literature:

With a particular focus on learning, relational, and innovation capabilities, the study contributes to the following five areas:

To begin with, this study provides first-hand evidence for the fact that DCs in SMEs are directly associated with IO enactment. The implication of these findings can be evaluated with the recent views of Prange (2015), who suggests that applying the DC framework in IE is challenging. In contrast to the challenges mentioned by Prange (2015), this study advocates that the DC framework is applicable to the IE literature because the field of inquiry is not just concerned with INVs, but also with the entrepreneurial internationalisation activities of older SMEs. Therefore, the findings of the study progresses the scholarly discussion of DC literature in IE.

Secondly, Prange (2015) notes that the extant literature differentiates between entrepreneurial capability and DC, suggesting that entrepreneurial capability is supportive to opportunity identification. In contrast, Teece (2007) argues that the DC is an opportunity centric capability. This study shows that DC is associated with IO enactment as learning, relational, and innovation capabilities drive the outcomes of IO enactment. The difference between entrepreneurial capability and DC is mostly conceptual, meaning there is a lack of empirical evidence to suggest that entrepreneurial capability is associated with IO and DC is not. However, when IO identification or enactment is theoretically associated with international entrepreneurial capability only, SMEs can be reluctant to develop other DCs. As this

study shows the relative importance of learning, relational, and innovation capabilities in IO enactment, managerial decision makers in SMEs can develop these capabilities.

Thirdly, the study contributes to the learning capability literature by investigating the relationship between its sub-constructs and IO enactment. The study shows that systems perspective and management's commitment towards learning drive IO enactment. Based on the study's findings, SMEs can take new approaches in developing its learning capability. SMEs can develop a systems perspective that supports an organisation-wide objective to enact IOs. Similarly, SMEs can commit necessary resources to facilitate learning among employees that drives IO enactment.

And fourthly, the study contributes to the relational capability literature by showing its link with process development in international markets. Because of the inverse relationship identified in the study, SMEs can focus upon developing more effective processes in foreign markets that support trust building and improved communication between international partners. The relational capability is understudied in the IO literature and the findings of the study can shift the scholarly focus from social or formal ties (Ellis, 2010; Kontinen and Ojala, 2011) to the relational capability of SMEs. The implications of the findings are that SMEs without social or formal ties in international markets can build relational capability to offset the shortcomings of relational ties.

Fifthly, the study advances the recent attempts to clarify DC. Al-Aali and Teece (2013) and Teece (2014) present a unique conceptualisation of DC that consists of sensing, seizing, and transconfiguration capabilities. The limitation in the unique

conceptualisation of DC is that Teece (2014) does not clarify what types of opportunity these three capabilities (i.e. sensing, seizing, and transconfiguration) are concerned with. To conceptualise DC as a unique concept, the type of opportunity it relates to needs to be clear. This study does not offer a new composite construct of DC by combining learning, relational, and innovation capabilities. However, the findings of the study suggest that these capabilities are each drivers of IO enactment. The study provides an alternate view apart from sensing, seizing, and transconfiguration capabilities by examining the link between learning, relational, and innovation capabilities and IO enactment.

4. Contribution to the Methodology: The study contributes to the methodology in extant IO literature by conducting a PLS-SEM based empirical research. PLS-SEM has been applied to international marketing (Henseler et al., 2009) and strategic management (Hair et al., 2012) literatures. This technique was not applied in the thematic area of IO research and thus it opens up a new methodological approach in this area. Within the IO research, the dominance of the qualitative methodology stemming from the entrepreneurship literature is visible. Building upon the ontological and epistemological debate surrounding discovery and effectuation of opportunities (Alvarez et al., 2013), the domain suffers from some methodological constraints. For example, the recent work of Chandra et al. (2014) suggests that to seize multiple international opportunities, the entrepreneur has to be a serial international entrepreneur. In this study a scale is used to measure multiple IO enactment. No assumptions were made regarding serial entrepreneurship in the respondents. By avoiding the epistemological debate in entrepreneurship literature, this study attempts hypothesis testing, an area where the IO research is stagnant. This kind of hypothesis testing is not possible if the phenomenon is studied through the

effectuation logic (Sarasvathy et al., 2010). The thesis has also refined scales for measuring learning, innovation, and relational capability and a scale to measure IO enactment. Scale refinement is a continuous process of (re)evaluation as the underlying latent construct that a scale tries to capture changes with time. The refinement of these capability measuring scales fulfils such a mission.

9.4 Limitations

Like any other research, this study has its own limitations. These limitations are discussed below:

First of all, any valid and robust empirical investigation needs to be conducted with appropriate resources in place, and these resources were not fully evaluated in the planning stage of the study. As quantitative research is subject to many stringent validity criteria, it is critical to plan sample frame, response rate, and data collection techniques to budget appropriately. Planning to collect data from hundreds of key decision makers of internationalised SMEs without having appropriate financial and relational resources in place resulted in collecting data from a small sample size, which is a key limitation of the study. A better understanding of the relationship between the dependent and independent variables would have been possible to gain had there been more participants.

Secondly, the survey as a cross-sectional study does not offer the insights gained from a longitudinal study. The key informant technique applied to collecting data about both the key decision maker and the firm may lead to bias in the findings. The study did not investigate the relationship between the key decision maker's attributes and three firm-level capabilities as that would have made the research very complex.

Thirdly, the analysis technique of Partial Least Squares structural equation modelling cannot separate error variance from true variance and therefore the findings are an approximation of the true variance. The bootstrapping procedure does not allow room for generalisation of the findings to a broader level. The small sample size of the study did not allow scope for examining unobserved heterogeneity in the study and therefore the structural models could not be evaluated in different industries of small and medium sizes. Again, the algorithm used by Warp-PLS software is different from Smart-PLS and therefore the statistical results can vary using different PLS packages.

Fourthly, the study was limited to capturing learning, relational, and innovation capability constructs to a greater depth and breadth because that would have required many more measurement items. In extant learning capability, innovation capability, and relational capability literature, each of the capabilities are studied separately placing a great deal of emphasis on the domain of the construct. As this study tried to capture three capabilities in a single study, each of them was limited. Including a large number of items in the survey can lead to the respondents being unwilling to participate and therefore the study focused on the key aspects of each of the constructs.

Fifthly, in terms of sampling procedure there can be some weaknesses as data collected from the FAME database is subject to many errors. It is possible that firms have more employees than is reported in the FAME database. Thus, the filtering of the database can actually include firms that are beyond the 249 cut-off point. Again, since the majority of the participating 91 SMEs are of medium size, the findings can

have a bias towards the medium-sized firms (100-249 employees) than the small-sized firms (10-99 employees). The micro firms (1-9 employees) were also absent from the study. Taking the decision to conduct an online survey has resulted in excluding many SMEs that do not provide email addresses. By conducting both online and mail surveys, there was a possibility of including survey bias. Although it was expected to be negligible, it was a limitation of the study.

Sixth, in terms of the cognitive attributes of the key decision maker, it must be noted that attitude, intention, and self-efficacy are just three attributes. The findings cannot be generalised for the overall cognitive attributes of the key decision makers. Similarly, there are other types of DCs that this study has not examined. The conceptual framework does not inform about the speed of opportunity enactment, the risk-taking attitude of the decision maker or the firm, or the external environmental factors.

Seventh, the case studies only include Scottish SMEs and out of the five cases, four are located in Glasgow. This can introduce possible bias of location in the findings. The three capability constructs are interlinked and it is difficult to separate the constructs from qualitative data. Again, the attitude, intention, and self-efficacy are difficult to assess from face-to-face interviews as the respondents can try to manage impression. Finally, the deductive approach in analysing the case study has the limitation of de-contextualising the narrative, which is indeed a limitation of the study.

9.5 Implications

The study highlights new possibilities for further research and offers some implications for practitioners and policy makers.

9.5.1 Areas of future Research

Research on IO is in a burgeoning phase, and there is much to study on this topic. The discussion on entreprepreneurial traits and IO enactment is at an early stage, and there is much room for cognitive studies in this area. The extant literature has only some notion of alertness and cultural competence of the key decision maker. The key decision maker's schema and decision heuristics are the next areas where the cognitive studies in IO can progress. Accordingly, the relationship between each of the capabilities examined in this study and IO enactment offer many interesting research avenues.

This study joins the quest for determining a comprehensive conceptualisation of DC. Indeed the relationship among learning, innovation, and relational capability can be further investigated to know if there is a unique concept of DC. Future studies may lead to a unique conceptualisation of DC that has no variants and types. The 'opportunity' in DC literature needs clarification by exploring what types of opportunities firms sense and seize, and if capabilities change with the types of opportunities they are presented with. Similarly, further research is invited regarding opportunity in the entrepreneurial capability literature. As there are growth opportunities in local markets and IOs, it can be beneficial to determine how entrepreneurial capability and international entreprenurial capability differ. Again the inter-relationhip between 'entrepreneurial cognition' and 'international entrepreneurial capability' is one area that offers many interesting questions. The

distinction between ‘international entrepreneurial capability’ and ‘international entrepreneurial orientation’ can be further evaluated as these overlapping theoretical perspectives can fragment the research on IO. The overlapping conceptual boundaries of these concepts appear as a challenge to the IE literature.

The ontological and epistemological debate in IO is at an early stage and much conceptual development on this topic is needed by linking epistemology in IB and entrepreneurship literature. As long as entrepreneurship literature remains the source of legitimacy, IO research is subject to new findings on entrepreneurial opportunity. Therefore, to gain legitimacy as a new and unique field of enquiry a comprehensive epistemological debate that takes a firm grasp of the centre stage is invited.

The case studies show that MNEs are one of the possible sources of international opportunities for SMEs. So far, IB and IE scholars have differentiated between MNE and SME internationalisation literature. As additionally stressed by Etemad (2004), this study proposes that the connection between SMEs and MNEs needs to be taken into serious consideration in both IE and IB research.

This study has taken a step to connect management literature with IO lietareture. As the thematic area of IO is much influenced by entrepreneurship literature, there is an absence of management literature on this topic. By bringing iinternational marketing theories to the discussion on IO enactment it is particularly possible to know how SMEs learn about consumer behaviour in the foreign markets in order to seize market opportunities, what role advertising plays in enacting IO, and how supply chains are managed to seize IOs.

9.5.2 Managerial Implications

The findings of the research suggest that managers need to focus on developing the learning, relational, and innovation capability within the firm to enact international opportunities. The specifics of developing these capabilities are highlighted in the following paragraphs.

Learning Capability: Managers need to disseminate organisational international goals to the employees in order to help them understand their role in the endeavour. This is necessary to create a systems perspective within the organisation that is supportive to IO enactment. Employees have different learning motivations to promote their careers and functional departments have their departmental objectives. Though in many entrepreneurial firms, these departmental lines are blurred, the manager needs to synchronise the learning goals at both individual employee level and departmental level so that the entire organisation can work together in order to seize an international opportunity. Managers need to ensure that employees receive appropriate training and certification that strengthens their capability and at the same time ensure that employees are result-oriented. Employees should be allowed to learn from international network partners and at the same time be discouraged to be opportunistic, because such opportunism can lead to situations when employees create their own business ventures with the foreign partners. A culture of organisation-wide knowledge sharing must be promoted so that other employees can learn from the experience of international interactions of one employee.

Relational Capability: Managers in UK SMEs need to understand that trust can have different meanings in different country cultures and is not the same as legal obligations. Thus, efforts in trust building with international partners must consider

the meaning of trust in that country. Process alignments can improve trust and communication among international partners. If organisational processes do not align, then there is scope for distrust. Similarly, commitment towards an international relation depends on country culture. Managers must evaluate commitment towards one relation and new international opportunities. If an SME is committed to a limited number of MNE customers, it may either not be able to, or need to, exploit further international opportunities. In that case maintaining a committed relationship will be in the best interest of the SME. In terms of communication, the manager needs to ensure regular communication between marketing and operational counterparts with their international partners. Communication at marketing level has to look after customer satisfaction in order to thwart any threat of customers leaving, to ensure contract renewals, and to gain growth opportunities. Communication at the operational level should work to ensure smooth operation, to facilitate training, and to discuss R&D and product/service customisation.

Innovation Capability: To ensure employees exercise innovation within the firm, managers need to allow idea generation that is supportive in seizing international market opportunities. New products and services can create new revenue streams for the organisation. If the firm has constraints towards innovation, the manager can focus international activities towards the developing countries where there are opportunities for entering with existing products and services.

Cognitive Attributes: Managers are recommended to evaluate positive attitude and intention not only towards international opportunities, but also towards the countries they have a positive attitude towards and to the type of potential partners they prefer to commit to. International opportunities can come through proactive searching and

through unintended invitations. If managers have a negative attitude towards specific countries they will struggle to seize those opportunities. Again, just by having a positive attitude about a developed country or large market, managers should not expect to seize opportunity in that country market. Managers are recommended to sharpen their understanding on different country cultures and observe what is effective and what is not in international markets to sharpen their confidence. In this way their self-efficacy can positively support enacting international opportunities.

9.6 Learning Outcomes

The study has provided the researcher with a number of learning opportunities. It has deepened the understanding of international entrepreneurship, international business, and entrepreneurship literature to a great extent. The researcher developed the capability to conduct qualitative and quantitative researches. Additionally, it has improved the researcher's ability in developing measurement scales, collecting data from respondents, and interpreting the results. These skills will be useful in assisting the researcher in conducting high-quality research, publishing in scholarly journals, and presenting research papers at conferences. Furthermore, in working with peers and academic scholars, taking and synthesising their views, this study has enhanced the communication skills needed to present new insights on research topics. The greatest learning outcome of the study is a conceptual framework on international opportunities itself. The researcher can apply this newly acquired knowledge and enact international opportunities for career development. Finally, the study has provided an opportunity to reflect upon 'opportunities' over a long period, which will support the researcher in all future endeavours.

9.7 Conclusion

This thesis on IO enactment by UK SMEs presented a conceptual framework and through investigation found evidence of the connection between IO enactment, key decision maker's self-efficacy and a firm's dynamic capabilities. For the empirical investigation, it collected data from 91 UK SMEs through online and postal surveys, and analysed the quantitative data with PLS-SEM modelling technique. Then the findings are triangulated with five qualitative case studies providing rich understanding of the phenomena and validating the propositions. The study did not obtain sufficient evidence to connect key decision maker's positive attitude and intention towards international opportunities with IO enactment. This investigation is expected to be a welcome addition to IO research as it offers perspectives from management studies to the thematic area, which is predominantly studied with entrepreneurial opportunity literature. It contributes to IE research by arguing that firms exercise international entrepreneurship by deploying dynamic capabilities in international markets. With these new perspectives, the study pushes the boundary of both IE and DC literature. The new insights are interpreted for implication for new research and practice, providing a fresh perspective to the SMEs that want to enact international opportunities in the future.

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Appendix A

Table.1: Key Debates in Organisational Learning Literature

Potential and realised absorptive capacity	Jansen et al., 2005
Continuous and ad-hoc learning	Senge, 1990
Individual learning and organisational learning	Weick, 1991
Cognitive development and behavioural development	Huber, 1991
Organisational learning and learning organisation	Kim, 1993, Sun and Scott, 2003
Single loop and double loop learning	Argyris, 1977
Academic learning and practitioner learning	Argyris, 1995
Normative learning and learning capability	DiBella, 1995
Explicit and Tacit knowledge	Nonaka and Takeuchi, 1995
Adaptive learning and generative learning	Chiva et al., 2010
Descriptive learning and prescriptive learning	Sun and Scott, 2003; Shipton, 2006
Learning Process and Knowledge Content	Harrison and Leitch, 2005

Appendix B

Table 1: Measurement Scales of Learning Capability and Related Concepts

Construct	Component	Scale	Author
Learning Capability	• Clarity of mission/vision • Supportive leadership • Experimenting culture • Ability to transfer knowledge • Teamwork	21-item scale	Goh and Ryan (2002)
Learning Capability	• Management commitment • System perspective • Openness and experiment • Knowledge sharing and transfer	16-item scale	Sobhani (2011); Jerez-Gomez et al. (2005)
Learning Capability	• Experimentation • Risk taking • Interaction with external environment • Dialogue • Participative decision making	14-item scale	Chiva, Alegre, and Lapiedra (2007)
Learning Capability	• Team orientation • Systems orientation • Learning orientation • Memory orientation	23-item scale	Hult and Ferrell, 1997
Learning Capability	• Managerial Commitment • System Orientation • Knowledge Acquisition • Knowledge Dissemination	16-item scale	Lin (2008)
Learning Organisation (DLOQ)	• Continuous learning • Inquiry and dialogue • Team learning • Employee empowerment • Embedded system • System connection • Strategic leadership for learning	53-item scale	Jyothibabu et al. (2010);
Organisational Learning	• Managerial commitment and empowerment • Experimentation • Risk taking • Interaction with the external environment • Knowledge transfer and integration	23-item scale	Tohidi et al. (2012)
Organisational Learning	• Implementing • Improving	35-item scale	Chaston et al. (1999)

	• Integrating		
Learning Organisation	• Learning and information sharing • Vision and strategy • Rewards and recognition • Benchmarking • Training	20-item scale	Abu Khadra and Rawabdeh (2006)

Table 2: Measurement scales on relational capability and related concepts

Construct	**Components**	**Scale**	**Author**
Relational Capability	Changes in relational intensity Cooperative decision making	2-item scale	Ling-Yee and Ogunmokun (2001)
Relational Capability	Inter-organisational communication	6-item scale	Paulraj et al. (2008)
Relational Capability	Competence to serve customers through product design, communication, problem solving, process control	4-item scale	Smirnova et al. (2011)
Initial Relational Capability	Collaboration in technology management Collaboration in marketing management Collaboration in financial management	6-item scale	Brinckmann and Hoegl (2011)
Relational Capability	Relational Embeddedness Relational Skills Relational Capital Social Competence	12-item scale	Kenny and Fahy (2011)
Network Capability	Coordination Relational Skills Partner Knowledge Internal Communication	19-item scale	Walter et al. (2006)
Network Capability	Develop network structure Supplier base reduction Long term orientation	11-item scale	Ziggers and Henseler (2009)
Relationship Capital	Mutual Trust Reciprocal Commitment Bilateral Information Exchange	11-item scale	Sarkar et al. (2001)

Table 3: Measurement scales on innovation capability and related concepts

Construct	Component	Items	Author
Innovative Capability	• Incremental innovative capability • Radical innovative capability	6-item scale	Subramaniam and Youndt (2005)
Innovation Capability	Potential, process, results	Balanced Scorecard	Saunila and Ukko (2012)
New Product Development Capability	• Frequency of new global product introductions • Being first in the market with new product introductions • Ability to introduce new versions simultaneously in several markets • Ability to respond to unique requirements of different countries • Ability to price competitively • Ability to penetrate new overseas markets	7-items scale	Subramaniam and Venkatraman (2001)
Innovation Capability	• Incidence of major product innovation • Number of patents • Product innovation index	Indices and 5-item scale	Albaladejo and Romijn (2000)
Innovation Competency	Culture, idea generation, ideas implementation, intellectual property rights management, commitment to innovation	40-item scale	Peeters and Pottelsberghe (2003)
Innovation Value Chain	Idea generation, conversion, diffusion	13-item scale	Hansen and Birkinshaw (2007)
Firm Innovativeness	Idea generation and implementation	6-item scale	Calantone et al. (2002)
Organisational Innovativeness	• Product Innovativeness • Process Innovativeness • Market Innovativeness • Behavioural Innovativeness • Strategic Innovativeness	20-item scale	Wang and Ahmed (2004)
Innovation and Technology Capability	• Product innovation • Process technology and innovation • RandD capacity • Proximity to the business technological frontier • Level of scientific-technical information	5-item scale	Camisón and Villar López (2009)

Table 4: Measurement Scales of Opportunity Recognition and Related Constructs

Construct	Component	Scale	Author
Ability to recognise opportunity	Customer sensing Seizing Opportunity	4-item scale	Chandler and Jensen, 1992
Opportunity identification sequence	Learn/Replicate, Learn/Innovate, Learn/Acquire, and Innovate/Educate	4-item scale	DeTienne and Chandler, 2007
Perceived market opportunity	Firm's ability to attract customers Firm's ability to compete	2-item scale	Edelman and Yli-Renko, 2010
Opportunity recognition	Firm's ability to scan opportunity	6-item scale	Kemelgor, 2002
Opportunity recognition	Organisational processes	8-item scale	Koen and Kleinschmidt, 2005
Opportunity recognition	Product/service innovation	6-item factor	Kolvereid and Isaksen, 2006
Opportunity recognition	Recognition, alertness	6-item factor	Ozgen and Baron, 2007
Number and innovativeness of opportunities	High and low innovativeness	2-items scale	Shepherd and DeTienne, 2005
Degree of opportunity tacitness	The type of business, the availability of information, duration of the opportunity.	3-item scale	Smith, Matthews, and Schenkel, 2009

Appendix C

Case Study Protocol

1. Change Record
A list summarizes the main updates and changes embodied in each version of the protocol and the reasons for these.

2. Background
a) Literature review on the constructs
b) Clarify the main research questions

3. Design
a) Establish research design with support of the theory
b) Research procedure on deductive theory testing with case studies
c) Identify articles that have tested propositions with case studies and analyse the procedure

4. Data Collection
a) Identify the data to be collected
b) Define a data collection plan
c) Develop a data storage plan

5. Analysis
a) Transcribe interview recordings
b) Use a deductive method for interpreting case study findings
c) Prepare individual case studies
d) Take note of alternative explanations of the results and identify key information to distinguish between these
e) Identify key data elements to be used to address the research questions and how to interpret them

6. Validity
a) Construct validity – Each and every aspect of the constructs used in the quantitative research need to be evaluated
b) Internal validity – Identify differences among different capabilities
c) External validity – Conduct cross-case analysis to find common themes that can be generalised

7. Limitations
a) Identify limitations of the case studies
b) Review limitations of case study research

8. Reporting
A) Identify appropriate way to triangulate with quantitative findings

9. Schedule
a) Maintain schedule as agreed with the supervisor

Interview Guide

Main Research Questions

- How does the SME enact international opportunities?
- What is the connection among the key decision maker's attitude, intention, self-efficacy and IO enactment?
- What is the connection among the firm's learning, relational, innovation capability and IO enactment?

Questions

Phase 1: Introduction

1. Please provide a brief overview of the organisation. What is your role in the firm?
2. Please provide some idea about the market in which the firm competes.

Phase 2: International Opportunity Enactment

1. What is international opportunity to you and to your firm?
2. Has your firm seized any international opportunities? Please provide some examples of how your firm has done so.
3. Do you have any situations where the international opportunities did not work out successfully?

Phase 3: Key decision maker's cognitive attributes

1. What is your reaction to international opportunities? Do you feel positive about them?
2. Do you feel confident in dealing with international opportunities?

Phase 4: Firm's Dynamic Capabilities

1. Please give an overview of the learning activities in your firm. Do you have any training programme? How do you manage the learning activities?
2. Do your employees share information with one another? How does the internal communication work?
3. Do your employees interact with the foreign customers?
4. How do you manage relationship with international partners? How much trust is there in the relationship? Do you have a highly committed relation with your foreign partners? What is the nature of the commitment?
5. How frequently do you communicate with the international partners?
6. Does your firm engage in R&D activities? How many new products or services have you developed for international markets?
7. What is your future plan regarding international markets? Do you intend to take-up new international opportunities?

Appendix D

Correlation Matrix

Correlations

	NumMar	MarSuc	NmPrdSer	PrdSerSc	NumProcs	ProcsSuc	NumRel	RelSuc	LC1_1	LC1_2	LC1_4	LC1_5	LC1_6	LC1_7	LC2_1	LC2_2	LC2_3	LC2_4	LC2_5	LC2_6	LC2_7	LC2_8	IC1_1	IC1_2	IC1_3	IC1_4	IC1_5	RC1_1	RC1_2	RC1_3	RC1_5	RC1_6	RC1_8	RC1_9	HH1	HH2	HH3	FH1	FH2	FH3	EXI	EXF	EXP	INTN_NEW	ATT_NEW	SEFF_NEW
NumMar	1																																													
MarSuc	.318**	1																																													
NmPrdSer	.332**	.330**	1																																											
PrdSerSc	.217*	.486**	.558**	1																																										
NumProcs	.277**	.351**	.493**	.478**	1																																									
ProcsSuc	.145	.225*	.398**	.545**	.691**	1																																								
NumRel	.577**	.441**	.321**	.260**	.303**	.143	1																																							
RelSuc	.350**	.671**	.173	.373**	.390**	.268**	.542**	1																																						
LC1_1	.099	.205*	.301**	.229*	.302**	.230*	.223*	.135	1																																					
LC1_2	.217*	.346**	.241*	.327**	.246**	.274**	.326**	.246**	.820**	1																																					
LC1_4	.161	.120	.203*	.200*	.131	.146	.275**	.139	.424**	.494**	1																																				
LC1_5	.184*	.086	.182*	.129	.115	.166	.268**	.177*	.293**	.316**	.556**	1																																			
LC1_6	.342**	.123	.233*	.100	.236*	.183*	.236*	.077	.377**	.449**	.558**	.466**	1																																		
LC1_7	.273**	.129	.270**	.142	.292**	.271**	.282**	.091	.385**	.438**	.532**	.512**	.602**	1																																	
LC2_1	.234*	.271**	.211*	.155	.395**	.275**	.325**	.261**	.443**	.429**	.334**	.303**	.373**	.480**	1																																
LC2_2	.219*	.220*	.255**	.112	.439**	.218*	.283**	.247**	.382**	.311**	.192*	.231*	.266**	.286**	.791**	1																															
LC2_3	.314**	.498**	.350**	.362**	.500**	.317**	.409**	.464**	.452**	.490**	.333**	.266**	.346**	.451**	.727**	.751**	1																														
LC2_4	.232*	.397**	.379**	.252**	.427**	.253**	.433**	.385**	.459**	.382**	.259**	.292**	.257**	.434**	.728**	.715**	.811**	1																													
LC2_5	.307**	.286**	.213*	.173	.314**	.160	.338**	.228*	.419**	.446**	.323**	.221*	.461**	.317**	.632**	.674**	.667**	.647**	1																													
LC2_6	.290**	.407**	.351**	.216*	.390**	.222*	.414**	.288**	.451**	.471**	.245**	.252**	.375**	.383**	.581**	.587**	.691**	.737**	.766**	1																												
LC2_7	.146	.276**	.362**	.081	.309**	.255**	.193*	.194*	.295**	.216*	.138	.263**	.153	.256**	.440**	.552**	.549**	.603**	.512**	.668**	1																											
LC2_8	.275**	.417**	.249**	.195*	.315**	.222*	.259**	.335**	.296**	.377**	.233*	.350**	.357**	.414**	.459**	.477**	.558**	.579**	.523**	.621**	.563**	1																									
IC1_1	.238*	.382**	.357**	.306**	.409**	.264**	.328**	.414**	.458**	.433**	.260**	.214*	.383**	.301**	.484**	.588**	.644**	.612**	.566**	.552**	.492**	.547**	1																								
IC1_2	.385**	.339**	.312**	.317**	.423**	.295**	.407**	.398**	.358**	.363**	.366**	.316**	.447**	.468**	.456**	.429**	.514**	.471**	.450**	.467**	.343**	.439**	.731**	1																					
IC1_3	.219*	.337**	.353**	.357**	.361**	.263**	.280**	.349**	.353**	.316**	.129	.134	.134	.279**	.435**	.474**	.604**	.550**	.421**	.467**	.435**	.375**	.597**	.511**	1																				
IC1_4	.274**	.434**	.280**	.291**	.533**	.280**	.294**	.385**	.305**	.340**	.170	.101	.266**	.457**	.456**	.533**	.653**	.513**	.446**	.527**	.391**	.525**	.559**	.549**	.707**	1																			
IC1_5	.282**	.307**	.603**	.482**	.465**	.375**	.283**	.255**	.386**	.311**	.353**	.309**	.252**	.384**	.360**	.371**	.476**	.555**	.341**	.422**	.350**	.371**	.583**	.533**	.462**	.368**	1																		
RC1_1	.218*	.250**	.070	.216*	.230*	.056	.284**	.404**	.227*	.281**	.289**	.103	.190*	.158	.209*	.186*	.305**	.273**	.313**	.244**	.089	.245**	.378**	.429**	.276**	.291**	.291**	1																	
RC1_2	.099	.103	.013	.197*	.168	-.045	.321**	.261**	.254**	.245**	.379**	.215*	.172	.179*	.187*	.168	.117	.136	.230*	.163	-.021	.151	.231*	.291**	.100	.139	.165	.601**	1																
RC1_3	.098	.213*	.091	.180*	.124	-.049	.316**	.232*	.343**	.346**	.389**	.226*	.231*	.125	.095	.129	.146	.136	.295**	.303**	.015	.216*	.214*	.268**	.164	.202*	.172	.577**	.666**	1															
RC1_5	.307**	.138	.006	.158	.159	.118	.304**	.304**	.364**	.421**	.326**	.180*	.300**	.224*	.366**	.255**	.334**	.257**	.377**	.304**	.154	.251**	.349**	.377**	.315**	.261**	.267**	.588**	.488**	.477**	1														
RC1_6	.112	.222*	-.115	.123	.223*	.141	.175*	.404**	.302**	.323**	.383**	.191*	.330**	.220*	.341**	.250**	.370**	.205*	.277**	.183*	.016	.202*	.342**	.351**	.247**	.256**	.150	.554**	.359**	.410**	.576**	1														
RC1_8	.263**	.155	-.080	.066	.104	.040	.380**	.349**	.176*	.258**	.229*	.290**	.190*	.361**	.178*	.166	.259**	.276**	.229*	.240*	.094	.258**	.289**	.407**	.188*	.255**	.161	.525**	.407**	.298**	.471**	.484**	1												
RC1_9	.253**	.237*	.100	.174*	.237*	.101	.355**	.424**	.211*	.173	.275**	.237*	.245**	.319**	.287**	.241*	.288**	.236*	.250**	.216*	.088	.213*	.454**	.547**	.223*	.289**	.245**	.445**	.512**	.393**	.490**	.432**	.547**	1											
HH1	.046	-.023	.130	-.032	.124	.043	.149	-.094	-.055	-.046	.034	.050	.138	.295**	.021	-.023	.046	.086	-.010	.089	.166	.009	.075	.067	.120	.075	.150	-.140	-.083	-.120	-.162	-.096	.052	.165	1											
HH2	-.003	.017	.083	.004	-.139	.006	.086	-.108	-.136	-.029	.061	.061	-.102	-.087	-.245**	-.231*	-.168	-.234*	-.170	-.075	-.020	-.171	-.118	-.138	-.145	-.233*	-.013	-.199*	-.013	-.095	-.148	-.278**	-.069	-.104	.217*	1									
HH3	.220*	.065	.016	.042	-.063	.091	.056	-.042	-.188*	-.151	-.049	.044	.051	.027	-.234*	-.239*	-.172	-.261**	-.175*	-.103	.017	-.118	-.172	-.070	-.128	-.133	-.140	-.009	-.030	-.065	-.010	-.033	.014	.035	.236*	.451**	1								
FH1	-.029	-.065	.000	-.114	.016	-.151	.062	-.038	-.120	-.199*	-.065	-.087	.065	.008	-.064	.000	-.035	-.054	-.088	-.019	-.107	-.116	-.062	.002	-.130	-.074	-.017	-.057	.075	-.015	-.054	-.104	.011	.125	.152	-.014	.028	1							
FH2	-.087	-.169	-.029	-.128	-.165	-.124	-.017	-.245**	-.193*	-.137	-.045	-.074	-.027	-.133	-.383**	-.256**	-.289**	-.292**	-.161	-.120	-.118	-.252**	-.130	-.152	-.199*	-.244**	-.081	-.043	.003	.084	-.121	-.227*	-.013	-.106	.256**	.438**	.233*	.275**	1						
FH3	.035	-.070	.005	-.031	-.042	-.083	.079	-.174*	-.124	-.081	.022	-.033	.107	.010	-.288**	-.232*	-.155	-.218*	-.226*	-.149	-.102	-.127	-.171	-.061	-.170	-.144	-.079	.040	.007	.063	-.029	-.106	.057	-.117	.268**	.266**	.511**	.332**	.604**	1					
EXI	.063	-.047	-.062	-.109	.070	.118	-.075	-.074	.143	.183*	.324**	.212*	.217*	.276**	.145	.071	.074	.023	.117	.092	.014	.162	.014	.021	-.097	.111	.002	-.010	-.041	.152	.101	.129	.006	-.044	.039	.105	-.008	-.249**	-.040	-.045	1				
EXF	.076	-.053	-.134	-.088	-.111	-.045	-.049	-.015	.125	.071	.223*	.170	.032	-.019	-.004	-.050	-.089	-.084	.010	.105	.060	.077	-.120	-.110	-.148	-.113	-.107	.001	.042	.224*	.150	.108	.003	.023	-.070	.259**	.173	-.209*	.137	-.007	.598**	1			
EXP	-.044	.072	-.149	-.020	.042	.078	-.073	.082	.054	.096	.112	.029	-.009	-.113	.041	.068	.034	-.078	.026	.056	.007	.032	-.059	-.034	-.072	-.007	-.223*	.012	.000	.217*	.158	.290**	-.031	.009	-.177*	.167	.027	-.092	.054	-.071	.442**	.549**	1	
INTN_NEW	.099	.285**	.175*	.252**	.305**	.183*	.126	.346**	.080	.026	-.050	.030	.060	.072	.247**	.235*	.224*	.274**	.237*	.070	-.033	.223*	.295**	.279**	.147	.262**	.146	.092	.081	.047	-.126	.077	.081	.251**	-.141	-.190*	-.077	-.076	-.272**	-.240*	-.097	-.171	-.203*	1	
ATT_NEW	.162	.288**	.213*	.253**	.312**	.249**	.145	.394**	.186*	.150	.084	.083	.145	.208*	.296**	.252**	.319**	.312**	.225*	.156	.064	.254**	.452**	.451**	.215*	.312**	.285**	.096	.097	.042	.020	.164	.150	.381**	-.042	-.180*	-.095	-.024	-.293**	-.268**	-.072	-.163	-.118	.827**	1
SEFF_NEW	.123	.357**	.116	.141	.344**	.258**	.242*	.353**	.217*	.231*	.227*	.215*	.199*	.226*	.397**	.309**	.416**	.429**	.386**	.284**	.173	.317**	.335**	.269**	.119	.345**	.184*	.166	.160	.149	.021	.208*	.145	.271**	.049	-.043	.005	-.124	-.148	-.054	.125	.006	.007	.619**	.594**	1

**. Correlation is significant at the 0.01 level (1-tailed).

*. Correlation is significant at the 0.05 level (1-tailed).

Appendix E

Covering Letter and Questionnaire

Dear Sir/Madam,

You are cordially invited to take part in an online research survey *on international opportunity enactment by SMEs in UK*. It is part of a research project I am conducting in fulfilment of the requirements for the award of PhD (Marketing) degree at the Department of Marketing, University of Strathclyde, Glasgow.

The project focuses on finding the critical factors, which may influence the outcomes of acting upon international opportunities by SMEs. Through sound research, I hope to eventually understand how best to support practitioners, policy makers, and academic researchers in further improving the prospect of international opportunity enactment by SMEs.

Your firm is part of a representative sample of SMEs in UK selected to participate in this research. Your participation is voluntary and you may wish to participate at a suitable time. The survey questionnaire involves responding to multiple-choice questions and it shall require approximately 30 minutes to answer. If you wish to participate, please try to answer all the questions and at your earliest convenience.

The research project is conducted under the ethical code of the university and the confidentiality of your responses will be maintained with utmost care. Please be assured that the survey endeavours theory testing and the responses you shall provide will be used in an aggregate form.

Your participation shall immensely support my research endeavour and also may stimulate a reappraisal of the way your firm engages in international opportunities. I am willing to send you a summary of the dissertation findings in PDF format once it is complete. I shall remain truly grateful if you could assist in this research survey through active participation.

Thank you for your support.

Yours faithfully,

Khandker Md Nahin Mamun
Doctoral Candidate

Department of Marketing
University of Strathclyde
Email: khandker.mamun@strath.ac.uk

International Opportunity Enactment Survey

Dear Participant,

I would like to thank you for accepting the invitation to take part in this research survey. The research project is undertaken in part-fulfilment of the requirements for an award of PhD degree at the Department of Marketing, University of Strathclyde, Glasgow.

The general aim of this research is to explore how SMEs in UK identify and act upon international opportunities. The survey includes multiple-choice-questions (MCQs) and shall take approximately 10-15 minutes of time to complete. All the data received will be kept confidential and anonymous.

Please participate in the survey if you are aged between 18 and 65 years of age. You have the right to leave or drop out of the research project at any time. Please do not hesitate to contact me anytime if you need any further information.

Yours sincerely,

Khandker Md Nahin Mamun
Doctoral Candidate
Department of Marketing
University of Strathclyde, Glasgow

Instructions

Please select only one option from the multiple choices for each statement. Multiple selections may invalidate the response. You can check and uncheck any box by clicking on it.

After providing your responses, please save the document and email it to khandker.mamun@strath.ac.uk

If you like to get an appraisal computed based on your response please indicate it at the end of the questionnaire.

Questionnaire Starts from the Next Page

Section A (Assessing the Individual)

The following statements relate to your individual intentions, attitudes, and level of confidence towards international opportunities. Please indicate the extent to which you agree or disagree with the following statements using the following scale.

Statements	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
I am keen to act upon international opportunities.	☐	☐	☐	☐	☐
I expect to make a success of international opportunities.	☐	☐	☐	☐	☐
I intend to act upon international opportunities in near future.	☐	☐	☐	☐	☐
Acting upon international opportunities to export is a key area of focus for my firm.	☐	☐	☐	☐	☐
Executing export opportunities can make a major contribution to my firm's growth.	☐	☐	☐	☐	☐
Executing export opportunities can make a major contribution to my firm's profit.	☐	☐	☐	☐	☐
I am confident that I have the knowledge required to act upon international opportunities.	☐	☐	☐	☐	☐
I am confident that I have the skills required to act upon international opportunities.	☐	☐	☐	☐	☐
I am confident that I have the abilities required to act upon international opportunities.	☐	☐	☐	☐	☐
I am keen to act upon international opportunities.	☐	☐	☐	☐	☐

Section B (Assessing the Opportunities)

In the following questions, please indicate the number of different international opportunities your firm has acted upon in the last five years. (Please click the appropriate choice to answer.)

How many opportunities to enter foreign markets have your firm taken up?							
☐ 0	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	☐ 6-10	☐ 10+

Please rate your firm's level of commitment to act upon these entry opportunities.				
☐ Very Low	☐ Low	☐ Neither Low Neither High	☐ High	☐ High

How successful have these initiatives been in entering foreign markets?				
☐ Not Successful	☐ Somewhat Successful	☐ Neutral	☐ Successful	☐ Very Successful

How many opportunities to develop new products for international markets have your firm taken up?							
☐ 0	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	☐ 6-10	☐ 10+

Please rate your firm's level of commitment to act upon these product development opportunities.				
☐ Very Low	☐ Low	☐ Neither Low Neither High	☐ High	☐ High

How successful have these initiatives been in developing new products for international markets?				
☐ Not Successful	☐ Somewhat Successful	☐ Neutral	☐ Successful	☐ Very Successful

How many opportunities to develop new processes for international markets have your firm taken up?							
☐ 0	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	☐ 6-10	☐ 10+

Please rate your firm's level of commitment to act upon these process development opportunities.				
☐ Very Low	☐ Low	☐ Neither Low Neither High	☐ High	☐ High

How successful have these initiatives been in developing new processes for international markets?				
☐ Not Successful	☐ Somewhat Successful	☐ Neutral	☐ Successful	☐ Very Successful

How many opportunities to build new international relationships have your firm successfully worked							
☐ 0	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	☐ 6-10	☐ 10+

Please rate your firm's level of commitment to act upon these relationship opportunities.				
☐ Very Low	☐ Low	☐ Neither Low Neither High	☐ High	☐ High

How successful have these been in developing new cross-border relationships?				
☐ Not Successful	☐ Somewhat Successful	☐ Neutral	☐ Successful	☐ Very Successful

Section C (Assessing the Firm)

The following statements relate to your firm. Please indicate the extent to which you agree or disagree with the following statements using the following scale.

In my firm,	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
all employees understand the firm's export objectives	☐	☐	☐	☐	☐
all employees understand their role in achieving the firm's export objectives.	☐	☐	☐	☐	☐
employees clearly understand all export related procedures.	☐	☐	☐	☐	☐
employees involved in exporting activities relate to and coordinate with each other.	☐	☐	☐	☐	☐
investments are made to train employees on export documentation.	☐	☐	☐	☐	☐
employees are encouraged to participate in decision-making processes of exporting.	☐	☐	☐	☐	☐
employees' ability to learn export procedures is considered very important.	☐	☐	☐	☐	☐
appropriate incentives are given to employees for ideas that work in export development.	☐	☐	☐	☐	☐
all employees understand the	☐	☐	☐	☐	☐

firm's export objectives					
My Firm,					
acquires cross-cultural knowledge of foreign markets that support exporting.	☐	☐	☐	☐	☐
integrates cross-cultural knowledge gained from different international sources.	☐	☐	☐	☐	☐
applies acquired cross-cultural knowledge to excel export in foreign markets.	☐	☐	☐	☐	☐
generates new cross-cultural knowledge of foreign markets that support exporting.	☐	☐	☐	☐	☐
transfers cross-cultural knowledge gained from international sources to employees.	☐	☐	☐	☐	☐
distributes cross-cultural knowledge gained from international sources throughout the organisation.	☐	☐	☐	☐	☐
shares cross-cultural knowledge gained from international sources among our business partners.	☐	☐	☐	☐	☐
rewards cross-cultural knowledge sharing within the organisation.	☐	☐	☐	☐	☐
acquires cross-cultural knowledge of foreign markets that support exporting.	☐	☐	☐	☐	☐

My Firm	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
frequently tries out new ideas to grow in export markets.	☐	☐	☐	☐	☐
seeks out new ways to do things in export markets.	☐	☐	☐	☐	☐
nurtures the ability to respond to unique product requirements of foreign countries.	☐	☐	☐	☐	☐
nurtures the ability to respond to unique process requirements of foreign countries.	☐	☐	☐	☐	☐
frequently introduces new products/services to export markets.	☐	☐	☐	☐	☐
is able to manage intellectual property rights internationally.	☐	☐	☐	☐	☐

The following statements relate to your firm's relationship with foreign firms. Please indicate the extent to which you agree or disagree with the following statements using the following scale.

My firm and its international partners	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
have a business relationship that is characterised by high levels of trust.	☐	☐	☐	☐	☐
generally trust that each will abide by the	☐	☐	☐	☐	☐

terms of the contracts.					
generally accept information exchanged among us without scepticism.	☐	☐	☐	☐	☐
share sensitive accounting, finance, or marketing information with one another.	☐	☐	☐	☐	☐
exchange information frequently or in a timely manner.	☐	☐	☐	☐	☐
keep one another informed about events or changes that may affect the other.	☐	☐	☐	☐	☐
are willing to dedicate whatever people and resources necessary to make our projects a success.	☐	☐	☐	☐	☐
are very much committed to one another.	☐	☐	☐	☐	☐
strive for long-term relationships.	☐	☐	☐	☐	☐
have a business relationship that is characterised by high levels of trust.	☐	☐	☐	☐	☐

Section D (Assessing the Competitive Environment)

The following questions relate to your competitors in UK market. Please assess its market activities in the last five years. (Please click the appropriate choice to answer.)

Over the last five years, how predictable has your key competitor in UK become?				
☐ Far Less Predictable	☐ Less Predictable	☐ No Change	☐ More Predictable	☐ Far More Predictable
Over the last five years, how hostile has your key competitor in UK become?				

☐ Far More Hostile	☐ More Hostile	☐ No Change	☐ Less Hostile	☐ Far Less Hostile
In how many functional areas (like pricing, advertising, delivery, service, production, and quality) does your key competitor in UK affect you?				
☐ In Many More Areas	☐ In More Areas	☐ No Change	☐ In Few Areas	☐ In Far Few Areas

The following questions relate to your competitors in foreign market. Please assess its market activities in the last five years. (Please click the appropriate choice to answer.)

Over the last five years, how predictable has your key competitor in foreign market become?				
☐ Far Less Predictable	☐ Less Predictable	☐ No Change	☐ More Predictable	☐ Far More Predictable
Over the last five years, how hostile has your key competitor in foreign market become?				
☐ Far More Hostile	☐ More Hostile	☐ No Change	☐ Less Hostile	☐ Far Less Hostile
In how many functional areas (like pricing, advertising, delivery, service, production, and quality) does your key competitor in foreign market affect you?				
☐ In Many More Areas	☐ In More Areas	☐ No Change	☐ In Few Areas	☐ In Far Few Areas

Section E (Descriptive Data of the Firm and the Individual)

Please provide the following background information about your firm.

How many years is your firm in operation? (Please select the option that applies.)						
☐ Less than 2 Years	☐ 2 - 5 Years	☐ 6 - 10 Years	☐ 11 - 20 Years	☐ 20 - 30 Years	☐ 31 - 50 Years	☐ More than 50 Years
What is the present level of employment at your firm?						
☐ Less than 10	☐ 10 - 24	☐ 25 - 49	☐ 50 - 99	☐ 100 – 249	☐ 250 – 499	☐ 500+
In your firm, how many people are working in top management position?						
☐ 1	☐ 2	☐ 3 - 5	☐ 6 - 10	☐ 11 - 20	☐ Above 20	

Please provide the following background information about yourself.

What position do you hold in your company?	
Managing Director / CEO	☐
Director	☐
General Manager	☐
Marketing / Sales Manager	☐
Other (Please specify below)	☐

Please indicate your experience in the industry.					
☐ Less than 2 Years	☐ 2-5 years	☐ 6 -10 years	☐ 11-20 years	☐ 21-30 years	☐ More than 30 Years
Please indicate your experience in the firm.					

☐ Less than 2 Years	☐ 2-5 years	☐ 6 -10 years	☐ 11-20 years	☐ 21-30 years	☐ More than 30 Years
Please indicate your experience in current position.					
☐ Less than 2 Years	☐ 2-5 years	☐ 6 -10 years	☐ 11-20 years	☐ 21-30 years	☐ More than 30 Years
To which of these age ranges do you belong? (Please select the one that applies.)					
☐ Under 25	☐ 25 - 30	☐ 31 - 40	☐ 41 - 50	☐ 51 - 65	☐ 65+

What is your gender?	☐ Male	☐ Female

Please provide your contact details:	
Name	
Company Name	
Address	
Address 2	
City	
Postal Code	
Email	

End of Survey

Would you like to get a copy of a summary of the dissertation findings?	☐ Yes	☐ No

Once complete, please email the document to khandker.mamun@strath.ac.uk

Thank you for your participation.