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Entrepreneurial and market orientations: the moderating role of social networks on post-entry performance of international new ventures

Abstract

This paper investigates whether entrepreneurial and marketing orientations (respectively EOs and Mos) impact – individually or collectively – international new ventures' (INVs') post-entry performance growth. Furthermore, we investigate whether such relations are moderated by the foreign social networks, both formal and informal, of international new ventures.

Using a survey, we test our hypotheses on a sample of Italian high-tech INVs located in a cluster near Rome. A quantitative analysis is used to test the hypotheses. We found that EOs and MOs positively impact the post-entry international performance growth of INVs. Moreover, while informal foreign social network ties significantly moderate the impact of EOs and MOs, formal foreign social network ties do not have a significant moderating effect. Many theoretical and practical contributions are discussed in the paper.

Keywords: Born global, International new ventures, Entrepreneurial orientation, Marketing orientation, Social network, International performance, Formal social network, Informal social network

1 Introduction

In the last twenty years, an increasing number of new ventures have implemented an international approach since their inception (Romanello and Chiarvesio, 2019; Sapienza et al., 2006). These venture types have been defined with different terms (Baier-Fuentes et al., 2019), such as international new ventures (INVs) (Oviatt and McDougall, 1994, 1997), born global companies (Knight et al., 2020; Madsen and Servais, 1997) or global start-ups (Rialp et al., 2005). Following Oviatt and McDougall (1994: 49), we refer to this company type as an INV, conceptualising it as “a business organisation that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”.

In the existing international entrepreneurship (IE) literature, special attention has been given to the performance of INVs (Autio et al., 2000), but little attention has been given to post-entry performance (Bouchard and Basso, 2011; D’Angelo and Buck, 2019). Some works have investigated the combined direct influence of marketing orientation (MO) and entrepreneurial orientation (EO) on INV post-entry performance (Cano et al., 2004; Lumpkin and Dess, 1996; Rauch et al., 2009; Adams et al., 2019; Zahra and Mohsen, 2022). However, these studies have been not systematic and have only rarely produced interesting and valuable results with simple argumentation and methods. Moreover, to the best of our knowledge, no studies have verified the potential impact of some moderator variables influencing post-entry performance. While social networks have been deeply analysed in the context of IE, particularly in reference to the performance of INVs, their role as moderator variables has not been considered, especially in relation to post-entry performance (Jonsson, 2015; Presutti et al., 2016). Surely, this topic requires more in-depth analysis and more complex analysis models, as suggested by both

traditional and more recent studies (Braunerhjelm and Halldin, 2019; Felzensztein et al., 2015; Freeman et al., 2006).

This study addresses this research gap by examining the moderating effect of both formal (business and professional ties) and informal (social personal ties) foreign social networks on the impact of both MO and EO on post-entry performance (Presutti and Odorici, 2019). Thus, we combine the literature on IE with the network theory, producing many theoretical and managerial implications that are deeply discussed in the paper. Our argumentation comes from the evidence that access to social networks provides an opportunity for born global companies to overcome the traditional problem of knowledge deficiency, moderating the positive entrepreneurial ad market attitude of the same company.

Specifically, we aim to answer the following two interrelated research questions:

RQ 1) Do EOs and MOs have direct effects, both separately and collectively, on INV post-entry performance growth?

RQ 2) Are the impacts of EOs and MOs on INV post-entry performance growth moderated by the development of either formal or informal foreign networks?

We test our model on a sample of 100 Italian high-tech INVs located inside a cluster near Rome. Our findings suggest that EOs and MOs positively impact the international post-entry performance growth of INVs. Moreover, informal social foreign network ties significantly moderate the impacts of EOs and MOs, while formal social ties do not have a significant moderating effect.

This study provides several theoretical and managerial contributions to the IE literature. First, our findings respond to the call for more studies on how different dimensions of strategic orientation impact the international post-entry performance of this company type (Knight et al.,

2020). Furthermore, this work contributes to social network theory studies, showing that only informal foreign ties can positively and significantly reinforce the direct relationship between EOs/MOs and the international performance of INVs. This finding supports the idea that informal social networks represent an opportunity for INVs to improve the benefits of their EOs and MOs (Karami and Tang, 2019; Wales, 2016). When combined with high EO and MO levels, extensive informal foreign interorganisational ties positively and significantly positively moderate INVs' performance growth. Therefore, we strongly contribute to IE theory by demonstrating the critical moderating role of informal foreign ties and enriching IE theory with a network approach that, for the first time, values the role of networks as moderator variables.

Finally, our contribution offers an innovative perspective on INV performance measurement since we focus on the post-entry period.

The remainder of this paper is structured as follows: First, we analyse the existing literature on EOs, MOs and social networks to develop our research hypotheses. We subsequently describe our empirical analysis and applied methods. After presenting our findings, we discuss the main results with significant theoretical and managerial implications. Finally, we conclude by describing the study's limitations and future research directions.

2 Literature review and hypothesis development

2.1 Entrepreneurial orientation

EO is a seminal construct in the entrepreneurship literature and is adopted to represent a company's strategic orientation and decision-making style. EO is the set of "organising principles" by which decisions are made; therefore, it refers to the strategy-making processes that

provide organisations with a basis to complete innovative, proactive and risk-taking decisions and actions (Covin and Miller, 2014; Karami and Tang, 2019; Rauch et al., 2009; Wales, 2016). Initially, EO was conceptualised based on three main issues: proactiveness, innovation and risk-taking (Covin and Miller, 2014). Lumpkin and Dess (1996) suggested adding the dimensions of autonomy and competitive aggressiveness. Finally, Gerschewski et al. (2016) proposed considering passion and perseverance (Fellnhöfer, 2016). All these elements allow small and medium-sized enterprises (SMEs) with strong entrepreneurial orientations to embark on proactive and aggressive marketplace initiatives aimed at remaining competitive and gaining competitive advantages despite limited resources (Knight et al., 2020; Turnalar-Cetinkaya, 2022)

From an international entrepreneurial perspective, an EO became a critical factor, enabling the INV internationalisation process (Nassani and Aldakhil, 2021) and thus allowing companies to pursue new market opportunities (Autio et al., 2000; McDougall and Oviatt, 2000). According to the recent literature review developed by Jiang et al. (2020), EO is the most frequently investigated independent variable in the international entrepreneurship literature. A firm's EO characterises the extent to which it engages in learning efforts in a new foreign market. For example, the propensity to proactively search for new business partners (which is one component of an EO; Lumpkin and Dess, 1996) induces a company to find foreign suppliers and customers. This discovery permits the company to exchange valuable knowledge with its foreign partners more intensively and to improve its strategic competitiveness abroad (Sapienza et al., 2006). Therefore, EOs positively influence the foreign performance of SMEs (Falahat et al., 2018; Presutti and Odorici, 2019) since they provide them with the requisite number of capabilities to adequately compete abroad. Hence, Sapienza et al. (2006) found that an EO is positively related to the intensity of the learning effort that a company conducts in an

international market. Similar findings have been provided in Knight and Cavusgil (2004), Gerschewski et al. (2015, 2016), Kuivalainen et al. (2007)). Finally, D'Angelo and Buck (2019) investigated the level of decision-making centralisation, one of the characteristics of an EO (i.e., high levels of decentralisation are correlated with high EO levels), and found that higher firm centralisation equates to a higher moderating effect of firm age and size on the relationship between the EO and the internationalisation process (Martens et al., 2016). Accordingly, while a liability of newness is expected to decrease as a firm ages and grows, higher EO levels would lessen both the liabilities of ageing and scaling. Firms that can maintain high EO levels over time might limit their liability of newness loss due to their older age and larger size.

This discussion leads to the formulation of the following hypothesis:

***Hp 1:** INVs that are characterised by a high EO level achieve better post-entry performance.*

2.2 Market orientation

According to the existing literature, an MO represents the implementation of a marketing concept (Kohli and Jaworski, 1990) to align a company with its market. Specifically, an MO is based on obtaining current and future customers' needs and preferences through various sources (Kohli and Jaworski, 1990) and on monitoring competitors and developing innovative solutions via an interfunctional approach. These managerial activities allow a company to be innovative (Lukas and Ferrell, 2000) and to create superior value for customers (Narver and Slater, 1990), thus improving their loyalty. Scholars have clearly shown that MOs are specifically suitable for SMEs, allowing them to achieve superior margins and market shares.

Within international business research, it is widely recognised that an MO facilitates the acquisition and dissemination of knowledge regarding international markets). This situation positively influences firms' performance during the internationalisation process (Boso et al., 2013b). The positive impact of MOs on international performance has been specifically demonstrated by several scholars (Gerschewski et al., 2015; Knight et al., 2020).

This discussion leads to the formulation of the following hypothesis:

H_p 2: INVs that are characterised by a high MO level achieve better post-entry performance.

Given the above considerations, following Cake et al (2020) - who found a positive and significant effect of the interaction of EO and MO in a sample of non INVs companies - we also posit: that EOs and MOs reciprocally reinforce their impacts on post-entry performance.

Therefore, we also posit the following:

H_p 3: INVs that are characterised by high levels of both EOs and MOs achieve better post-entry performance than do those with a high level of only one of these dimensions.

2.3 Networks

Social networks—broadly defined as webs of personal connections and relationships for the purpose of securing favours regarding personal and/or organisational actions (Burt, 1992; Granovetter, 1985)—have been deemed another critical issue in the study of the internationalisation process of firms, especially INVs. Studies have long stressed the importance of “international” network capability for developing relationships in international networks (Bai et al., 2018; Levin and Barnard, 2013).

Gerschewski et al. (2015) suggested that the international performance of INVs should be investigated by considering a firm not only in isolation but also in the context of its wider market environment (Johanson and Mattsson, 1988; Kirwan et al., 2019). Hence, the international business literature has also considered social capital, considered to be the set of network relations through which actors can utilise, employ, or enjoy the benefits of capital that is controlled or owned by other actors.

We refer to social network ties as the pattern of resources and information that is available to an INV because of its location within a social network structure (Lin, 1999). Consistent with our research problem, we investigate the foreign dimension of social networks (Faroque et al., 2022), which may entail the number and quality of the relationships between an entrepreneur and his or her foreign community (Afandi et al., 2017).

Many studies have contributed to the understanding of the role played by networks in the rapid internationalisation of firms (i.e., Braunerhjelm and Halldin, 2019; Cannone and Ughetto, 2012; Freeman et al., 2006; Jiang et al., 2018; Øyna et al., 2018). The networking concept was introduced many years ago in international studies (Johanson and Mattsson, 1988), starting with the idea that the success of INVs is not the result of only their own efforts but also of their relations with other companies in their environments (Cavusgil and Knight, 2015). Compared to the traditional internationalisation model, which focuses mainly on the international market and modes of entry, the network approach focuses more on the impact of relationship networks on different outcomes, such as market entry decisions or performance effects (Musso and Francioni, 2015). Thus, the born global phenomenon is conceptualised by the establishment of more explicit relationships than the original traditional Uppsala model and other, more recent, theoretical approaches, such as the network approach applied to company internationalisation. It

has been observed that relational resources or relationship networks have begun to have importance in internationalisation strategies. Various traditional but also more recent authors have noted that these relationship networks generate social capital for new international companies (McDougall and Oviatt, 2000; Presutti et al., 2016). The networks facilitate the acquisition and use of resources for early internationalisation. Thus, an increase in the company's social capital provides better access to international business opportunities.

According to this view, networks facilitate the acquisition of knowledge about foreign markets and the identification of new foreign opportunities and customers. This action has a positive effect on firm performance (Kwon and Adler, 2014; Prashantham and Birkinshaw, 2015; Sepulveda and Gabrielsson, 2013; Slotte-Kock and Coviello, 2010). Scholars have also highlighted how social networks (both formal and informal) shape the early internationalisation process that influences firm decisions regarding market choice (where), entry mode (how) and partner selection (with whom) (Coviello and Munro, 1997; Felzensztein et al., 2015).

Moreover, network relationships and networking capabilities reduce the resource and knowledge constraints that INVs entering foreign markets generally face (Boulocher-Passet et al., 2019; Loane and Bell, 2006). Accordingly, such relationships allow INVs to overcome the liabilities of newness (Stinchcombe, 1965), smallness (He and Wei, 2013) and foreignness (Freeman et al., 2006; Gleason and Wiggenhorn, 2007). All of these studies have focused their attention on networks to explain the “time to internationalisation” (Acosta et al., 2018; Cake et al., 2020; Hilmersson et al., 2017), i.e., the precocity and form of a firm’s first international experience. In contrast, less attention has been given to INVs’ post-entry international growth. The prevalent attention given to a firm’s first experience in foreign markets has induced scholars to concentrate on a firm’s network prior to its first internationalisation and always as a direct

influencing variable. Thus, scholars have conceptualised a network as a sort of precondition (Loane and Bell, 2006) for overcoming the internationalisation barriers that young and small ventures, without previous international experience, may encounter (Presutti et al., 2020). However, some scholars have suggested that networking could more significantly impact the performance (intensity, profitability) of the firm undergoing an internationalisation process than only in its precocity. Hence, notably, only in recent years have scholars started to question whether INVs can maintain their rapid growth after their first market entry (Jonsson, 2015; Kirwan et al., 2019).

We therefore focus on institutions, social networks, and their role(s) in resource management. Formal structures refer to intentionally designed organisations that arise out of larger institutional arrangements; informal structures consist of the social networks that are based on an individual's communication contacts.

Specifically, we provide an original contribution by unpacking "social networks" in the context of the current research on international new ventures as moderator variables, identifying two different kinds of structures, formal and informal, with the aim of exploring how these links moderate the impacts of EOs and MOs on INV post-entry performance (Basso et al., 2009). Following many studies, we define a) formal networks as those that involve social relationships among individuals and are embedded in a formal structure of business connections, such as buyer–supplier relationships or strategic alliances, and b) informal networks as those referring to personal relations that are bounded in informal networks, such as geographical, social, or institutional spaces.

To verify the moderating impact of social networks, we assume that EOs and MOs may have positive impacts on INV post-entry performance. However, to exploit such a positive effect,

firms need to access resources (Boso et al., 2013a; Covin and Miller, 2014), which is somewhat difficult (Jordan and O'Leary, 2011). To overcome such a barrier, INVs may leverage their networks to positively moderate the effects of MO and EO on post-entry performance. Some previous empirical studies confirm our supposition. Su et al. (2015) found that such relationships reinforce the impacts of EOs and MOs on venture performance and growth (Ferro et al., 2009). In addition, Boso et al. (2013a) showed that social and business networks improve the positive impacts of EOs and MOs on SME performance in emerging markets. However, inside the international context, the moderating role of social networks in influencing post-entry performance has never been tested. Based on this evidence, we hypothesise the following:

***Hp 4a:** Extensive informal networks positively moderate the EO impact on INV post-entry performance.*

***Hp 4b:** Extensive informal networks positively moderate the MO impact on INV post-entry performance.*

***Hp 5a:** Extensive formal networks positively moderate the EO impact on INV post-entry performance.*

***Hp 5b:** Extensive formal networks positively moderate the MO impact on INV post-entry performance.*

The proposed theoretical model is summarised in Figure 1.

[insert Figure 1.]

3 Methodology

3.1 Research setting

The investigated sample consisted of high-tech INVs that belong to a cluster located near Rome, which has been deeply investigated in earlier IE studies (Presutti et al., 2016, 2019). The cluster is composed of firms that belong to the computer, electronics (in the strictest sense), telecommunications, and so-called new economy industries.

We collected data from February to September 2020 by using a survey implemented through structured questionnaires. We started the data collection with personal face-to-face interviews, but successively because of COVID-19, we continued the empirical collection online. To obtain the necessary data, we developed and tested a structured questionnaire based on Likert-type scales. Moreover, to evaluate the post-entry performance of the sampled firms, we referred to these companies' annual reports. The key informant at each small firm was the entrepreneur, who was considered representative of the entire firm.

To identify the INVs to be sampled, we applied the following three criteria, following Taylor and Jack (2012):

- a) international process implemented no later than the third year after the firm's establishment,
- b) a minimum 25% foreign share of total sales, and
- c) an international presence in multiple countries (minimum of three).

Within the entire cluster, we identified 100 firms that met these criteria, 80% of which agreed to participate in the survey. Thus, the analysis has been conducted on 80 high-tech INVs. A comparison of the differences in the mean values of the sales and employees (average of the last three years) of the responding and nonresponding companies did not reveal any significant no-response bias. The investigated companies started to sell abroad on average at a year and a half; their foreign sales impact on total sales was 28% on average; they are small in size (total

employees on average maximum 20); and they are four years old on average. The entrepreneurs of these born global firms are 45 years old on average. The companies in the sample mainly belong to the telecommunication industry for 34%, computers for 30%, electronics for 23%, and finally the new economy for 13%. The most important countries where they sell are France (30%) and the UK (22%).

Table 1 reports the descriptive statistics of the untransformed variables, showing the most important characteristics of the sample, the distribution of the foreign sales in the different countries and the various investigated sectors.

Table 1. Descriptive statistics of the untransformed variables (average values)

Variable	Value
INV's age at first internationalisation	1.5
Total sales (thousand euro)	305
% of foreign sales on total sales	28%
Firm age	4
Number of foreign markets served	3
Total employees	18
Entrepreneurs' age	45
Number of new products or services launched each year	3
Computer firms (of total companies)	30%
Electronics firms (of total companies)	23%
Telecommunication firms (of total companies)	34%
New economy industry (of total companies)	13%
Division of foreign sales among different countries (in percentage of total number): France	30%

UK	22%
Spain	13%
Belgium	11%
Holland	9%
Eastern Europe	7%
USA	5%
Other countries	3%

3.2 Variables and measures

We used standard and validated measurements taken from the existing literature. The items were all measured on a seven-point Likert-type scale, ranging from 1, indicating “strongly disagree”, to 7, indicating “strongly agree”, if not specified otherwise.

3.2.1 Independent variables

3.2.1.1 MO

To measure MO, we used a composite index (Boso et al., 2013a) that included three dimensions: market intelligence generation, dissemination and responsiveness. Following Jaworski and Kohli (1990), we used two items to measure market intelligence generation and dissemination and three items to measure market responsiveness.

3.2.1.2 EO

To measure EO, we adopted the scale proposed by Lumpkin and Dess (1996), which included three dimensions: innovativeness (measured by 3 items), proactiveness (3 items), and risk propensity (2 items).

3.2.2 Moderating variables

Informal Networks (InfNet). We measured informal networks by following Boso et al.'s (2013a) approach. Therefore, we asked the respondents if they engaged in any informal social activity with someone who is influential in their industry. Second, we asked the respondents if they could collect information on their industry from their informal and social contacts faster than they could from their formal and business networks.

3.2.2.1 Formal networks (FNet)

We measured formal ties with three items to attempt to evaluate the amount of effort the INVs had invested in establishing close formal relationships with their customers, suppliers and competitors over the previous two years. We based the items on the works of Yiu et al. (2007), Boso et al. (2013a) and Su et al. (2015).

3.2.3 Dependent variable

Post-entry International Performance Growth (PeIntPerfGrow). Our dependent variable was the growth of INV performance abroad, measured using a dynamic perspective. Specifically, we considered the variation in the percentage of an INV's foreign sales with respect to its total sales between the first year of its foreign activity and 2020.

3.2.4 Control variables

We included three control variables. First, we considered the age of each INV (INVAge), measured as the number of years since the founding of the company until the end of the data-

collection period. We used the log of the obtained value. We also included firm age at internationalisation (INVAgeInt) as a control variable that could influence an INV's ability to learn from a customer relationship and influence knowledge acquisition abroad. Following similar studies (Boschma, 2005), we also included the average geographical distance (GeoDist) of the foreign countries where an INV operates as a control variable, which we computed using the natural logarithm of the physical distance (in km) between an INV's location and its foreign countries. We then calculated the average distance between the INVs and the foreign countries in which they operated.

Table 2 shows all of the selected items that were used to measure EO, MO, FNet and InfNet and summarises the Confirmatory Factor Analysis (CFA) results of the measurement model. The measurement items for each factor are presented with their standardised factor loadings. Regarding the factor loadings, the measurement model performed very well, as evidenced by the selected constructs' good internal consistency and reliability. Indeed, the standardised factors were all above the recommended minimum of 0.40. Finally, the CFA showed that the measurement models fit the data reasonably well, with a goodness-of-fit index (GFI) greater than 0.85. In this table we present also the results for composite reliability (CR) and average variance extracted (AVE), which would be necessary for consideration in CFA. The acceptable values for CR and AVE should be more than 0.70 and 0.50, respectively (Awang, 2014). The higher the values of CR and AVE are, the more reliable and valid the construct to be tested. In this study, all constructs satisfactorily fulfilled the requirements since the values of CR and AVE were greater than the recommended values. The discriminant validity is considered to be satisfactorily fulfilled when the value of the sum squared of the average variance extracted (SQAVE) is greater than the value of construct correlation as recommended by Hair et al.

(2010). Therefore, this discriminant validity requirement was satisfactorily fulfilled before we proceeded to the testing of the hypotheses.

Table 2. Model measurement

Measures	Measurement item	Standardised loading	Cronbach's alpha	CR	AVE	SQAVE
<i>MO</i>	We generate a large amount of information concerning trends in our target markets.	0.52**	0.80***	0.961	0.709	0.945
	We are quick to detect fundamental shifts in our target markets.	0.63***				
	Information that can influence the way we serve our customers takes forever to reach relevant personnel.	0.88***				
	Important information about our customers is often “lost in the system”.	0.51***				
	Information about our competitors’ activities often reaches relevant personnel too late to be of any use.	0.55***				
	We are quick to respond to important changes in our	0.49*				
		0.70**				

	<p>competitors' price structures in target markets.</p> <p>We rapidly respond to competitive actions that threaten us in our target markets.</p>					
<i>EO</i>	<p>Our company is known as an innovator among businesses in our industry.</p> <p>We promote new, innovative products/services in our company.</p> <p>Our company provides leadership in developing new products/services.</p> <p>The top managers of our company generally tend to invest in high-risk projects.</p> <p>This company shows a great deal of tolerance for high-risk projects.</p> <p>We seek to exploit anticipated changes in our target market before our rivals do.</p> <p>We seize initiatives whenever possible in our target market operations.</p> <p>We act opportunistically to shape the business</p>	<p>0.50**</p> <p>0.76**</p> <p>0.79***</p> <p>0.60***</p> <p>0.61**</p> <p>0.50**</p> <p>0.79***</p> <p>0.75***</p>	0.84***	0.957	0.599	0.940

	environment in which we operate.					
Formal networks (<i>FNet</i>)	<p>The INV has put much effort into establishing close relationships with customers in recent years.</p> <p>The INV has put much effort into establishing close relationships with suppliers in recent years.</p> <p>The INV has put much effort into establishing close relationships with competitors in recent years.</p>	<p>0.75**</p> <p>0.65**</p> <p>0.77***</p>	0.69**	0.889	0.790	0.815
Informal networks (<i>InfNet</i>)	<p>The INV obtains information about its industry from its informal network of social contacts faster than it does through its formal connections.</p> <p>The INV engages in informal social activity with someone who is influential in its industry and on its strategic activity.</p>	<p>0.61**</p> <p>0.80***</p>	0.83***	0.891	0.801	0.793

Goodness-of-fit index (GFI) = 0.87, and adjusted goodness-of-fit index (AGFI)=0.79.

*p<0.05, **p<0.01, and ***p<0.001.

3.2.5 Reliability and validity

We took several steps to ensure the validity and reliability of the data. First, we pretested the survey with three entrepreneurs and asked them to closely review the survey. We then revised any potentially confusing items, following the received suggestions. Second, we used previously validated measurement items wherever possible to help ensure the validity of our measures. Third, since many of the critical variables in this study have no perfect proxies, we relied on the entrepreneurs' opinions. Some of the relationships among the variables could be affected by common method variance. To overcome this potential problem, we employed previously validated measures and Harman's one-factor test. This analysis resulted in three factors with eigenvalues greater than one, with the first factor accounting for only 29% of the total variance and for the dependent and independent variables loading on different factors. Thus, a common method variance was unlikely to cause relationships among the variables in our study. Fourth, multiple-item measures were used for most of the constructs to enhance content coverage. We measured these items in the questionnaire by using 7-point Likert-type scales.

In the first step for the validity measurement, we submitted the scales to a factor analysis using the principal axis method and positing a single factor (exploratory factor analysis) to assess the unidimensionality of the MOs and EOs and the formal and informal networks. This method was confirmed for each measure. Only a single factor had an eigenvalue greater than 1.0 in each case. The alpha coefficients for the item sets were all greater than 0.75, showing a high degree of internal reliability. After evaluating the factor structures of the data, we conducted confirmatory factor analysis (CFA) using the LISREL system.

4 Results

Table 3 shows the descriptive statistics and zero-order correlations among the variables. To check for multicollinearity problems, we conducted a variance inflation analysis, which indicated no significant parameter distortion due to multicollinearity, as the variance inflation factor values were below the recommended threshold of 2.5 (Allison, 1994).

Table 3. Correlations among the variables

<i>Variables</i>	1	2	3	4	5	6	7
1. <i>INVAge</i>	1						
2. <i>INVAgeInt</i>	0.55*	1					
3. <i>GeoDist</i>	0.08	0.31	1				
4. <i>FNet</i>	0.12	0.28	0.39	1			
5. <i>InfNet</i>	0.32	0.75**	0.20	0.11	¹		
6. <i>MO</i>	0.48*	0.51*	0.10	0.08	0.56**	1	
7. <i>EO</i>	0.45*	0.70**	0.33	0.34	0.70*	0.55+	1

*p<0.05, **p<0.01 and ***p<0.001.

Table 4 shows the results obtained with the regression analysis. In Step 1 (Model 1), we regressed our control variables. In Step 2 (Model 2), we added all our selected independent variables. Finally, in the last column (Model 3), we included the supposed interactive effects. The overall model performance was always satisfactory. Specifically, the variables included in the final model accounted for approximately 67% of the total variation in the growth of the foreign total sales of the INV sample.

Table 4. Regression analysis results of international firms' performance growth

	Model 1	Model 2 (Full model)	Model 3 (Interactions)
<i>INVAge</i>	0.122*	0.199*	0.190*
<i>INVAgeInt</i>	0.008*	0.209*	0.083*

<i>GeoDist</i>	0.110	0.100	1.018
<i>InfNet</i>		0.286**	0.238*
<i>Fnet</i>		0.220	0.036
<i>MO</i>		0.088*	1.110**
<i>EO</i>		0.105*	0.133*
<i>MO*EO</i>		0.011**	0.912***
<i>MO*InfNet</i>			0.307***
<i>EO*InfNet</i>			0.015***
<i>MO*Fnet</i>			0.011
<i>EO*Fnet</i>			0.909
R²	.30	.57	.67
Var R²		.27	.10
F statistics	40.11**	43.70**	46.15**

*p<0.05, **p<0.01 and ***p<0.001.

Model 1 contained the two control variables, the ages of the INVs and their durations of internationalisation, which were positive and significant, unlike geographic distance, which was not significant. For Model 2, the results in Table 4 show that both EO and MO had positive and significant impacts on firms' foreign performance growth, confirming both Hypotheses 1 and 2.

The analysis of Model 3 yields significant observations concerning the interactive effects suggested by our final three hypotheses. First, the combined effects of MO and EO had a positive and significant impact; therefore, INVs that were characterised by simultaneously high EO and MO levels had higher levels of post-entry performance than did those with a high level of either MO or EO. Consequently, Hypothesis 3 was also confirmed. Moreover, the interactive effect of informal networks on the impacts of EO and MO on INV post-entry performance was positive and significant, confirming Hypotheses 4a and 4b, respectively. However, the interactive impacts

of the formal networks were positive but not significant. Therefore, Hypotheses 5a and 5b were not confirmed.

To better address the interactive effects between the informal networks and MO and EO, we graphically represented the results, following Aiken and West (1991). We used values of 1 and 0 to code the categorical variables and values corresponding to 1 standard deviation (S.D.) above and 1 S.D. below the mean to code the continuous variables. In both Figures 2 and 3, the y-axis represents the dependent variable (post-entry growth of foreign sales as a percentage of total sales). The results shown in Figures 2 and 3 clearly support the supposed interactive effects: the growth of foreign sales was positively influenced by the development of both EOs and MOs regarding extensive InfNets.

[insert Figure 2.]

[insert Figure 3.]

5 Discussion

The research into born global companies has attracted great interest in recent, particularly because it has identified a phenomenon that the dominant theories and paradigms in the field of international business have been unable to explain. A surprising number of valuable studies have been published on this topic, and interest has grown in explaining the positive foreign performance of born global companies (Patel et al., 2015). Focusing on the post-entry performance of BGS, a specific topic not very well developed in the literature, the results obtained in the empirical investigation confirm the positive influence of both EO and MO on post-entry performance and the positive moderator impact of informal networks. In contrast, in this research, formal networks are unable to exercise a moderator role.

In light of the obtained results, we can conclude that INV post-entry performance is improved when a company formulates and implements an intense long-term strategy that combines innovative, proactive and risk-taking decisions, that is, develops high levels of EO (Presutti et al., 2020). Additionally, we confirm the importance of paying careful attention to the needs of its served markets to deliver superior-quality products and services to its customers, that is, developing high levels of MO (Prashantham and Young, 2011).

Based on these findings, we confirm that the most important organisational culture attributes in born-global firms are international entrepreneurial and market orientation. These results are consistent with both traditional Cavusgil et al., 1993; Slater and Narver, 1992) and more recent studies of IE (Braunerhjelm and Halldin, 2019; Dzikowski, 2018; Øyna and Alon, 2018), which confirm the need to invest in entrepreneurial and marketing competences within foreign markets.

Having an international entrepreneurial orientation implies that these firms make the leap into international markets because of unique entrepreneurial competences and outlook. Our findings imply that international entrepreneurial orientation may be especially important to these firms because it appears to drive them to develop high-quality goods that are distinctive and technologically advanced and that are associated, in turn, with born-global post-entry international success. Like international entrepreneurial orientation, international marketing orientation is also particularly relevant to born global firms that seek to offer services whose value foreign buyers perceive to exceed the value of the competitors. The necessity to continuously provide superior buyer value and attain superior performance drives BGCs to create and maintain a business marketing culture that fosters the requisite successful business behaviours.

Consequently, we contribute to the debate on INV performance (Huang et al., 2021), with no clear demonstration of which orientation has a more relevant impact on INV performance (Evers et al., 2019). In fact, we first verified that both EO and MO reinforce post-entry performance, but our empirical findings are in line with studies that support the superiority of combining MO and EO to obtain superior post-entry performance (Evers et al., 2019; Øyna et al., 2018).

In addition, we verified the positive moderating role of informal networks in reinforcing the direct and positive effects of EO and MO. Specifically, informal networks allow INVs to reinforce the positive effects of EOs and MOs in identifying global market opportunities while developing new connections with foreign intermediaries (Ellis, 2000; Ellis and Pecotich, 2001). However, our data do not confirm the moderating role of formal networks. In this way, we advance the theory on social networks and rapid internationalisation by shedding some light on the acquisition of better kinds of networks to reinforce post-entry performance.

Such disparate results may be explained—at least partially—by the nature of networks, since informal networks are less rigid than formal networks. Most likely, informal networks assure high levels of flexibility and reduce barriers to obtaining information, thus improving transaction cost efficiency (Deutscher et al., 2016).

Our results underscore the moderating role of the informal aspects of social capital, that is, the intangible resources that are embedded in the social structures of personal, informal relationships that can be used by an INV to reinforce its foreign performance. Therefore, our results verify how the development of informal relationships with actors who are strategically influential in an industry can positively moderate the impact of EO and MO on INV foreign post-entry performance (Rauch et al., 2009; Rodríguez-Serrano and Martín-Armario, 2019).

In contrast, the engagement of an INV in formal networks implies task interdependencies with suppliers, customers and competitors that entail investments, contractual conditions and obligations. Consequently, they cannot further the efficiency and effectiveness of the positive and significant relationships among firms' EOs, MOs and foreign performance (D'Angelo and Presutti, 2019; Pellegrino and McNaughton, 2015, 2017). That is, a hierarchical or a top-down approach to the governance of an interfirm network is not effective in this specific context, unlike the generic assumption that is often sustained in the literature (Huang et al., 2021).

We contribute to many studies that have claimed how it is imperative to appreciate the personal human element and its emotional and social aspects in informal business-to-business relations (Ahuja, 2000; Øyna et al., 2018). These networks are based on the sharing of information and knowledge and are characterised by asynchronous reciprocity.

In summary, this paper shows that the interactions of high levels of both EO and MO within an informal set of networks provide insight into how to create profitable foreign opportunities and achieve high post-entry performance. INVs investing in EO and MO that operate through the broader appeals of informal social networks seem to obtain a rapid and experiential learning advantage more effectively and therefore find it relatively easy to achieve their desired performance outcomes during early internationalisation. For the first time, we verify the important moderator characteristics of informal networks for reaching economic goals among international new ventures, which are characterised by a small size and usually informal management roles and positions. Finally, informal personal networks increase the value of EO and MO by reducing the search and coordination costs associated with connecting parties who have related knowledge and interests and thus can cause international performance effects to be more positive (Martin et al., 2017).

6 Main implications

Several implications can be derived from this research. In particular, we suggest that to obtain higher performance levels, INVs should combine strategies that aim to simultaneously increase their EOs and MOs and develop informal networks. Thus, entrepreneurs of INVs should design strategies that encourage efforts to simultaneously develop high levels of entrepreneurial-oriented and market-oriented activities (Boso et al., 2013a). These results are crucial for an INV because while an EO and an MO are distinct aspects of a firm's strategic orientation, the two can be viewed as complementary. Greater levels of entrepreneurial processes entail higher degrees of uncertainty and risk, but they also offer greater opportunities for growth; conversely, market-oriented operations involve more certainty and less risk, but they can also generate structural inertia and reduce firm innovativeness. Therefore, we encourage entrepreneurs to manage these two dimensions effectively and find a good fit between an EO and an MO.

Accordingly, we suggest that policy-makers engage in efforts to develop informal network ties that maximise the benefits of these complementary strategic orientations for SME performance; hence, we encourage entrepreneurs to leverage their informal external network ties to earn greater rewards for their entrepreneurial- and market-oriented activities. Of course, informal networks can take very different forms, their effectiveness varies considerably, and they are difficult to manage. Although many companies try to formalise and control such informal networks, we believe doing so reduces the power of informal networks. Therefore, flexible and horizontal kinds of control and power must be organised to maximise relevant efforts and their results by effectively investing in these kinds of social relationships. Considering informal network ties, a potential contingency factor in the link between entrepreneurial and market

orientations and foreign performance is important for an INV, as informal networks are likely to enhance the synergies between EO and MO activities. That is, the interaction between these two strategic orientations is more strongly positively related to foreign performance amid extensive informal network ties. Consequently, INV entrepreneurs are advised to formulate and implement long-term strategies that are characterised by high levels of both EOs and MOs.

From a methodological perspective, the obtained results suggest further analysis to reinforce the illustrated managerial implications, opening new directions in terms of panel experiment events.

7 Conclusions

In this paper, we first investigated whether EO and MO improve firms' performance abroad after their first entry; then, we showed how their combination reinforces the individual effects of EOs and MOs. Finally, following a contingency approach, we also analysed the moderating effects of formal and informal social networks on the impacts of EOs and MOs on INV post-entry foreign sales growth.

The obtained findings enhance the understanding of INVs and networks, benefiting scholars, entrepreneurs and policy-makers alike. For scholars, we more clearly delineate the boundary conditions of both EOs and MOs; that is, we determine the extent to which their effectiveness is moderated by formal or informal networks (Chung, 2012). Many considerations can be obtained from this research for developed countries. Thus, it could also be interesting to test how some informal, network-specific characteristics, such as age and size, can change the impacts of these phenomena on international performance. Moreover, it could be interesting to

verify how knowledge can be connected with EOs, MOs and social networks to develop novel opportunities that contribute to INV performance.

Some limitations of our study must also be discussed to pinpoint opportunities for further research. First, our study involves small and new firms operating in high-tech environments; thus, to generalise our theoretical model, a test should be performed with other sector types. Future research should be conducted on firms from other sectors and/or countries to enrich the comparability of our empirical findings. Second, our study relied on self-reported data to measure EO and MO, creating the possibility for same-source bias. In fact, because of the difficulty of measuring these concepts, we employed self-reported measures due to their potential for concept-specific accuracy and the unavailability of other measures across the entire sample. However, this is a common problem with cross-sectional designs (Yli-Renko et al., 2001). Future studies could better investigate how networks influence the studied variables, specifically by finding more effective ways of measuring both formal and informal ties. Third, we consider the general network of an organisation without focussing on any international networks because other scholars have considered these in their investigations (Kwon and Adler, 2014; Prashantham and Birkinshaw, 2015; Sepulveda and Gabrielsson, 2013; Slotte-Kock and Coviello, 2010).

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