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Planned Internationalization Level and Founder Attitudes Towards Venture Strategy

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Although the behavioral differences of firms that internationalize rapidly from birth (born globals) are well documented, the effects of early internationalization on new venture strategy remains largely unexplored. Using a large sample of nascent entrepreneurs, we explore the relationship between internationalization level and founder emphasis on four key dimensions of business strategy (i.e., price, product scope (i.e., niche/focus), differentiation, and innovation). Our finding of support for a non-linear (inverted-U) relationship between internationalization level and strategy suggests that strategy differences between born globals and domestic firms decrease at higher levels of intended internationalization.

Introduction

Increased globalization over the last three decades has spurred the phenomenon of early internationalization in newly emerging firms, or “Born Globals” (BGs), and led to the creation of a new stream of research defined as International Entrepreneurship (Baronchelli & Cassia, 2011) which includes the concept of born globals (BGs) (Knight & Cavusgil, 1996). Research attributes the rise of born global firms (BGs) to factors, such as new communication technologies, possession of unique high-tech products (Hennart et al., 2021), falling trade barriers, increased mobility of information-based resources, converging consumer preferences across cultures, and increasing mobility of capital goods, services, and people (B. M. Oviatt & McDougall, 2005). In contrast to firms that internationalize gradually, BGs tend not to have established routines or a stock of established resources or well-developed capitalization (cf. Laanti et al., 2007). Research suggests that these firms adapt quickly rather than wait for established organizational learning processes, which are often slow, to progress (Jones, 2001).

Unlike traditional multinationals, BGs are often small and decision-making is typically in the hands of the founder, or a small group of founders, who exert a unique and crucial role in the organization (Angelsberger et al., 2017; Dzikowski, 2018; Westhead et al., 2001). These founders typically have well-established networks and previous international experience (Crick & Jones, 2000; Laanti et al., 2007). Given their unique role, the mindsets and attitudes of founders are much more important in born global firms than organizational routines and policies (B. Oviatt & McDougall, 1997). As such, a growing body of literature exists on how these founder attitudes differ in terms of their entrepreneurial mindset, attitudes about internationaliza-

tion, and attitudes about risk-tolerance (Ananthram et al., 2012; Harveston et al., 2000).

This new line of research has been seen by many as an apparent disconnect with the Uppsala model view of international expansion (Andall & Fischer, 2005; Hennart et al., 2021). The Uppsala model (Johanson & Vahlne, 1977) suggests that internationalization is a gradual process based on knowledge development and increasing foreign market commitments. In practical terms, companies start internationalization in similar markets and subsequently move further away (Bose, 2016). Despite the challenges to their model, Johanson and Vahlne (2009) contend that rapid internationalization is indeed covered by their model and that BGs are simply moving faster rather than skipping steps. “Events move more quickly and assume somewhat different forms. Nonetheless, one constant in coping with uncertainty remains: firms need to learn, and to create or strengthen relationships in order to exploit opportunities” (Johanson & Vahlne, 2009, p. 1423).

Although the debate over the validity of born global versus gradualist models of internationalization are based largely on past firm behavior, we know little about how plans for early internationalization are reflected in founders’ views on new venture strategy. As such, we answer Angelsberger et al.’s (2017) call to study how BGs recognize internationalization opportunities. More specifically, we try to address whether founders who plan to internationalize rapidly differ in their views on new venture strategy from those who do not? To address this gap in the literature, we use non-linear structural equation modeling (SEM) to examine how the planned internationalization levels affect differences in founders’ attitudes toward the importance of four basic dimensions of venture strategy (i.e., price, differentiation, niche, and innovation). We find support for a non-linear relationship between planned

internationalization and strategy which has important implications for internationalization theory in that it helps explain how BGs may plan to overcome the challenges of high-level internationalization. In the sections that follow, we provide the theoretical framework for our hypothesis, followed by a discussion of our research methodology and results, before concluding by discussing the contributions of our study.

Theoretical Background and Development

Johanson and Vahlne's (1977) Uppsala gradualist process model emerged from early research on internationalization that attempted to find meaning in firms' internationalization patterns. The Uppsala model suggests companies start to internationalize in similar markets with less psychic distance and subsequently move further away (Bose, 2016). Psychic distance refers to the sum of factors (such as language, education, culture, etc.) that may prevent the flow of information from and to the market (Johanson & Vahlne, 1977). Companies begin by using low-commitment modes, such as agents, and then move to modes that suggest a stronger commitment, such as wholly-owned subsidiaries.

Explanations for stage or gradual internationalization have their origins in the belief that internationalizing firms need to overcome the liability of foreignness (LOF) (Hymer, 1976), later framed as the liability of outsidership (Johanson & Vahlne, 2009; Vahlne & Johanson, 2020). That is, foreign entrants must overcome the general advantages of local competitors with respect to local market knowledge (e.g., knowledge of the local economy, language, law, and politics) (Hymer, 1976). To be successful in the foreign market, the foreign entrant needs assets that exceed the liability of foreignness barriers. Although some of these barriers are less controllable than others (e.g., foreign exchange risk), many liabilities can be decreased by increased information and learning about local market conditions (Pedersen & Pedersen, 2002).

Starting in the early 1990s, mainstream gradualist models were challenged by documented cases of firms that exhibited early and rapid internationalization (B. Oviatt & McDougall, 1994; Zahra et al., 2000). More in-depth research on BGs found that some of the main drivers of this rapid internationalization process are knowledge, international networking (B. M. Oviatt & McDougall, 2005), and the development of transport and communication technologies (Knight & Cavusgil, 2004). A firm with a greater level of pre-existing foreign market knowledge (i.e., acquired because of the founder's prior international experience) may have a greater learning capability to gather further foreign knowledge (B. M. Oviatt & McDougall, 2005). In addition, an international network may help entrepreneurs in spotting opportunities, establishing international relationships, and gaining access to information (Kalinic & Forza, 2012). More recent research also found that global niche positioning is also a distinguishing factor (Cannone & Ughetto, 2014).

Planned Internationalization Level and New Venture Strategy

We draw on two streams of research in our effort to predict how founders may differ in their views of strategy. The first focuses on primary and secondary strategy levels and the second comes from the more network focused versions of the Uppsala model. Much of the existing research on internationalization and strategy examines the relationship in a largely descriptive, ex-post approach. The most common approach (e.g., McDougall & Oviatt, 1996) connects different strategies to performance. In this research stream, we find both consistent and inconsistent results. Innovation, for example, is consistently shown to be a common emphasis of BGs (Hennart et al., 2021; Johanson & Vahlne, 2009; Presutti et al., 2020). In contrast, while some studies identify niche strategies as a logical choice (e.g., Hennart et al., 2021; Zuchella et al., 2007), others disconfirm this prediction and finding (e.g. Gerschewski et al., 2015).

Born globals are ventures that pursue international markets "from inception and later...seek to derive significant competitive advantage" presumably through adjustments to their strategy (Danik & Kowalik, 2013, p. 10; Tanev, 2012). Further, entrepreneurs that target international markets tend to have higher degrees of openness and agility (Mostafiz et al., 2023). Although, not all Born Global entrepreneurs may follow the same exact sequence of steps, their strategy formulation has been conceptualized in Born Global literature as consistent with Mintzberg et al.'s (1998) entrepreneurial school which views strategy formulation as an emergent and visionary process. Together, these literatures support consideration for how intentions to pursue international market segmentations influence the strategic positioning perspectives of Born Global entrepreneurs.

To better predict how planned internationalization level may affect founder views of business strategy, we first need to understand that the core role of strategy is to align a business unit with its general and task environments (Snow & Miles, 1983). It is also important to recognize the different levels of strategy. Bourgeois III (1980), for example, differentiates between domain definition strategies and domain navigation strategies. Domain definition, or primary, strategies are defined as "the organization's choice of domain or change of domain that occurs when, for example, a firm diversifies into or exits from particular products or markets (p. 27). Domain navigation or secondary strategies are "competitive decisions made within a particular product-market (industry) or task environment (p. 27).

When reviewing the internationalization literature from the Bourgeois III (1980) perspective, it is evident that many of the identified strategies discussed are commonly at the primary level (e.g., niche, differentiation, innovation, etc.) whereas the focus of the theory is at the secondary level (e.g., overcoming local market knowledge deficiencies). If strategy is measured at the secondary level, we would expect increasing levels of planned internationalization to result in increasing differences in the secondary strategies employed by international companies compared to domestic businesses. The relationship between planned interna-

tionalization level and primary strategy, however, is not so straightforward.

Although a firm may pursue different primary strategies in different countries, this is more likely when it is following what Porter (1986) refers to as a multi-domestic approach. In this approach, operations in one country are largely independent of operations in another country and, as such, a portfolio strategy is recommended. In contrast, when a firm's operations across countries are not independent, a global strategy is pursued that eschews the portfolio approach, as it may undermine their efforts to achieve competitive advantage (Ghoshal, 1987; Porter, 1986). Following Porter's logic, we should not expect increasing levels of planned internationalization to produce greater differences in primary level strategy views. That is, moving from domestic to multi-domestic may produce differences but moving from multi-domestic to global should decrease differences.

In a 2009 update to the Uppsala model, Johanson and Vahlne explicitly recognize and more greatly emphasize the importance of networks compared to geographic locations to explain the apparent decrease in the importance of psychic distance. In doing so, the authors redefine concepts of foreignness and outsidership with respect to the network and not necessarily to a home country. For example, a firm that sells to very similar customers (e.g., physics laboratories in major universities around the world that use very similar equipment in a very similar way) would likely not deal with being seen as an outsider even though it would be crossing physical borders (Gabrielsson et al., 2008). In essence, firms that internationalize rapidly may simply be focused on a common target market that is simply found in different countries.

Based on the existing literature and, we put forth the following hypothesis regarding potential differences between founder views of primary-level strategies in domestic verses born global firms:

Differences in primary-level strategies between domestic-focused firms and firms that plan to internationalize at a high level (i.e., BGs) will follow a non-linear (inverted-U) pattern where significant differences are only evident at lower levels of planned internationalization.

Research Methods

Sample

Our sample comes from the University of Michigan sponsored Panel Study of Entrepreneurial Dynamics dataset (PSED II). The PSED II is a longitudinal survey of 1,214 nascent entrepreneurs involved in starting a new business within the last 12 months. The PSED dataset is especially valuable to this research as it represents founder views before they have acted. After removing respondents due to missing data, our final sample consisted of 1,103 subjects. The sample is considered representative of the U.S. population of entrepreneurs (see Gras & Lumpkin, 2012).

Measures

Strategy Dimensions. Section F of the PSED II survey focuses on nascent entrepreneurs' attitudes toward competition. Respondents are asked to rate their level of agreement (i.e., strongly agree (1) - strongly disagree (5), or not relevant (6)) as it applies to ten different foci related to effective competition (Gras & Lumpkin, 2012). The strategic foci included are based on an extensive evaluation of previous studies. The ten foci are: lower prices (AF1); quality of products or services (AF2); serving those missed by others (AF3); being first to market with a new product (AF4); doing a better job of marketing and promotion (AF5); a superior location and customer convenience (AF6); more contemporary, attractive products (AF7); technical and scientific expertise (AF8); developing new or advanced product or process technology for creating goods and services (AF9); and development of intellectual property (AF10).

Following the work of Porter (1986), Miller (1987), and Roth and Morrison (1992), we divided the ten strategic foci in the PSED II into four dimensions: complex innovation, marketing differentiation, scope (i.e. niche/focused), and costs. Miller (1987) argued that these dimensions capture the essence of most business units' competitive postures. An exploratory factor analysis largely confirmed the predicted dimensions with new products (AF3), technical expertise (AF8), hi-tech (AF9), and intellectual property (AF10) loading on one factor. Although the remaining six foci loaded on another single dimension, we separated low price (AF1) and serving those missed by others (i.e., niche markets) (AF3) to be consistent with the literature. Three of the remaining four items were used to form a differentiation factor that includes one item for promotion (AF5), one for location (AF6), and one for product (AF7).

Planned Internationalization Level (BG). We based our proxy question for planned internationalization level on the percent of expected sales from international customers. Coded as AS10 in the PSED II, the question asks: "Within the first two to three years of operation, what percentage of your customers do you expect to be (are) international (0-100%) – that is, they normally reside outside the US?" To avoid problems associated with a continuous variable that includes the number zero, we transformed the 0-100 scale to a continuous 1-5 scale. Thus, an expectation of zero international sales is now a 1 while 100% of sales from international sources is a 5.

Control variables. Several studies of BGs have found differences by customer type (B2B vs. B2C) (e.g., Gerschewski et al., 2015). Customer type has also been identified as an important factor in a firm's task environment (Dill, 1958). Our measure of customer type is represented by the variable B2B. The B2B variable is based on question AS11 in the PSED II. The original question inquires about the percent of customers who would be from non-business and non-government sources (B2C). It was reverse coded for the purpose of interpretation so that higher numbers represent a higher emphasis on B2B customers. Similar to the measure of PIL, we rescaled the variable using a 1-5 scale.

Competitor density is another variable related to venture strategy choice. More specifically, in less competitive markets, firms choose non-price differentiation strategies that typically support higher margins. With denser competition, differentiation becomes more difficult (and firms begin to downplay the value of other attributes so that the consumer is more likely to choose based mostly on price (Carpenter & Sanders, 2009; Sharp, 1991). The competitor density variable was drawn from the survey question (AS2) “Right now, are there many, few, or no other businesses offering the same products or services to your potential customers.” The three response options were coded as follows: “No other” as one, ‘Few’ as two, and “Many” as three.

In addition to customer type and competitor density, we included controls for several firm and founder demographics based on prior research (e.g., Milevoj et al., 2021), that examined possible drivers of planned internationalization. To control for firm size, we constructed a two-item variable based on two measures of expected revenue at 12 months (AT2) and at the end of the fifth year (AT3). Based on previous research on born global and global mindsets (e.g., Kyvik, 2018) we included measures related to education (AH6_1), experience, and age to control for differences in founder demographics. The experience variable included three measures related to years of work in the industry (AH11_1), the number of businesses started as owner or part owner (AH12_1), and the number of years with managerial responsibilities (AH21_1).

Data Analysis and Results

A partial least squares (PLS) approach to structural equation modeling (SEM) was used for testing our hypothesis and exploring the role of the control variables. The primary reason we used this approach is we needed a SEM package that allowed for the testing of non-linear relationships. WarpPLS is a PLS based software package that offers all of the benefits of SEM (e.g., the simultaneous testing of multiple relationships, the use of latent variables, etc.) and is designed specifically to test for U-type and S-type relationships. The package first tries to fit the data to an S (warp3) or U-type curve (warp2). If that does not exist, the algorithm defaults to a linear relationship (Kock, 2019). In addition to its ability to identify non-linear relationships, WarpPLS, like other PLS-SEM packages, works well with complex models with multiple indicators, constructs, and relationships (Hair et al., 2012). Furthermore, PLS-SEM does not require the data to satisfy the assumptions of covariance-based SEM such as multivariate normality (Haenlein & Kaplan, 2004).

Although PLS-SEM is commonly used in entrepreneurship research (Manley et al., 2020), some have criticized its use because the original algorithm used composite rather than actual scores. To avoid these concerns, we used a factor-based algorithm (REG1) introduced in WarpPLS 5.0 (see Kock & Sexton, 2017). With respect to resampling, we specified the Stable3 method. Kock (2018) demonstrated through a Monte Carlo experiment that the Stable3 method yields compatible and often more precise estimates of the actual standard errors than bootstrapping.

Measurement Model

Following recommendations by Hair et al. (2012), we performed tests for construct validity and reliability as well as convergent and discriminant validity. As shown in [Table 1](#), all indicator loadings and composite reliability values are greater than .70 (Bagozzi & Yi, 2012) and all loadings are significant ($p < 0.001$). The average variance extracted (AVE) for two of the three latent variables were at or exceeded the 0.5 threshold (Bagozzi & Yi, 1988; Chin, 1998).

To establish discriminant validity, we computed the AVE-SV comparison (Fornell & Larcker, 1981) for each construct. In [Table 1](#), the diagonal values represent the square roots of AVE values, which are greater than all the off-diagonal correlation values, meaning each latent variable shares greater variance with its indicators than with other latent variables (Fornell & Larcker, 1981). The results show strong evidence that our measures exhibit reliability and convergent and discriminant validity.

Testing the Structural Model

Having established confidence in our measurement model, we examined the main effects of planned internationalization level and the control variables. The results of the structural model are shown in [Table 2](#). Model 1 includes the four main strategy dependent variables (i.e., low price, niche, differentiation, and innovation). Model 2 disaggregates the differentiation variable into promotion, location, and product.

In Model 1, the planned internationalization level and the included controls explain 6%, 2%, 10%, and 14% of the variance of Low Price, Niche, Differentiation, and Innovation, respectively. Model 2 explains an equal amount of variance for Low Price, Niche, and Innovation to Model 1. The R^2 values for Promotion, Location, and Product were 3%, 7%, and 5%, respectively.

With respect to the relationship between planned internationalization level and strategy, planned internationalization level had a significant effect on Differentiation ($p < 0.03$) and Innovation ($p < 0.001$) but not on Low Price or Niche. Furthermore, as evident in Figure I, the nature of the effect of planned internationalization level on Differentiation and Innovation are shown as non-linear, inverted “U” relationships. Graphs of the relationships between planned internationalization level (BG level for short) and the disaggregated components of the Differentiation and Innovation variables, shown in Figure II, also suggest inverted-U relationships except for Contemporary/Attractive products. Path coefficients and significance levels are included below each of the strategy variable names. Note that no graph is included for the BGL → Technical Expertise variable as the relationship was not significant.

Control variables. The results suggest a strong negative relationship between Experience/Education and Low Price. That is, founders with increased levels of education and experience valued a low-price strategy less. Although it approached statistical significance ($p < 0.058$), Competitor Density was not found to be a main driver of Low Price but did have a significantly negative effect on Niche, Differen-

Table 1. Means, Intercorrelations, and Reliability Measures

Construct	Item	PSED II Item	M	SD	Loading	p-value	CR	AVE	1.	2.	3.	4.
1. Low Price	Low prices	AF1	3.36	1.45		< 0.001						
2. Niche	Serving those missed by others.	AF3	4.10	1.21		< 0.001			0.140			
3. Differentiation	Marketing and promoting.	AF5	4.10	1.11	0.830	< 0.001	0.748	0.500	0.342	0.314	0.706	
	Superior location.	AF6	3.24	1.52	0.826	< 0.001						
	Contemporary, attractive products.	AF7	3.32	1.51	0.845	< 0.001						
4. Innovation	Being first to market.	AF4	3.17	1.52	0.757	< 0.001	0.809	0.515	0.210	0.252	0.623	0.718
	Technical and scientific expertise.	AF8	3.38	1.52	0.865	< 0.001						
	Advanced product technology.	AF9	3.02	1.58	0.856	< 0.001						
	Development of intellectual property.	AF10	2.58	1.54	0.843	< 0.001						

Square roots of the AVE are shown in bold on the diagonal.

Table 2. Structural Model Results

Model 1					Model 2					
Path	Low Price	Niche	Differ.	Inno.	Low Price	Niche	Promo	Loc.	Cont. Prod.	Inno.
Planned int. level	0.021	-0.008	0.059 ^a	0.120 ^c	0.020	-0.010	0.086 ^b	0.055 ^a	0.056 ^a	0.123 ^c
<i>Control variables</i>										
Customer Type (B2B)	0.045	-0.078 ^b	-0.236 ^c	0.152 ^c	0.045	-0.075 ^b	-0.096 ^c	-0.163	-0.163 ^c	0.144
Comp. density	0.040	-0.065 ^a	-0.082 ^b	-0.228 ^c	0.042	-0.065 ^a	0.044	-0.092 ^c	-0.059 ^a	-0.221
Size	-0.019	-0.007	-0.037	0.111 ^c	-0.005	-0.00	0.078 ^b	-0.084 ^b	-0.046	0.110 ^c
Experience	-0.194 ^c	0.025	-0.082 ^b	0.022	-0.189 ^c	0.025	-0.015	-0.076 ^b	-0.021	0.012
Education	-0.102 ^c	-0.034	-0.041	-0.045	-0.106 ^c	-0.032	0.007	-0.017	-0.051 ^a	-0.049
Age	0.017	0.095 ^c	-0.019	-0.051 ^a	0.014	0.098 ^c	0.016	-0.042	-0.011	-0.053 ^a
R ²	0.06	0.02	0.10	0.14	0.06	0.02	0.03	0.07	0.05	0.14

^a $p < 0.05$, ^b $p < 0.01$, ^c $p < 0.001$

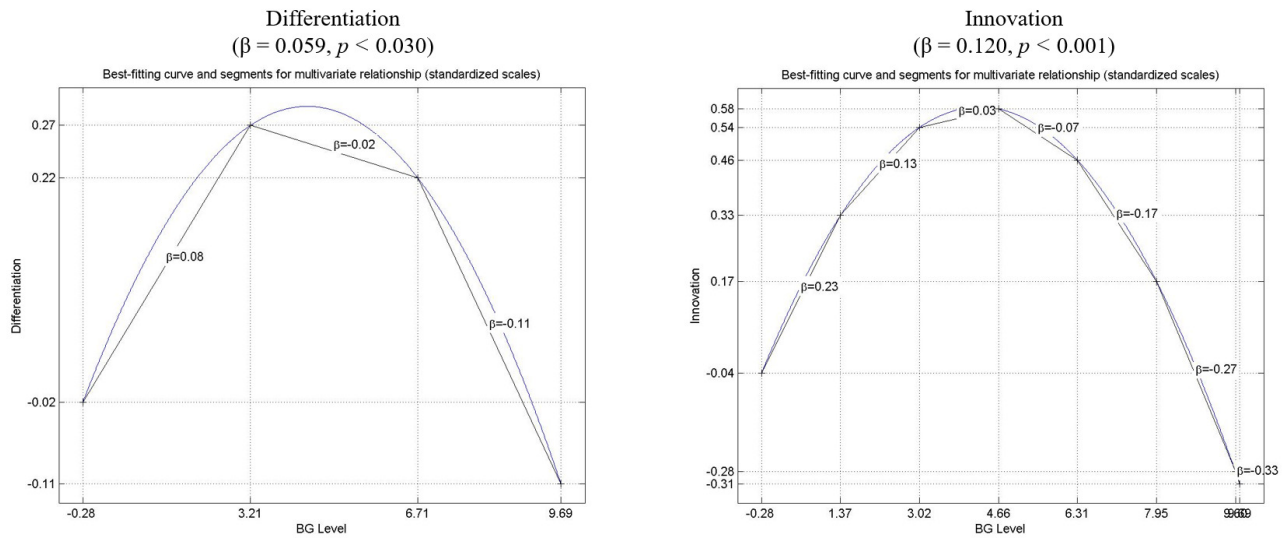


Figure 1. Effects of Planned Internationalization Level (BG) on Differentiation and Innovation

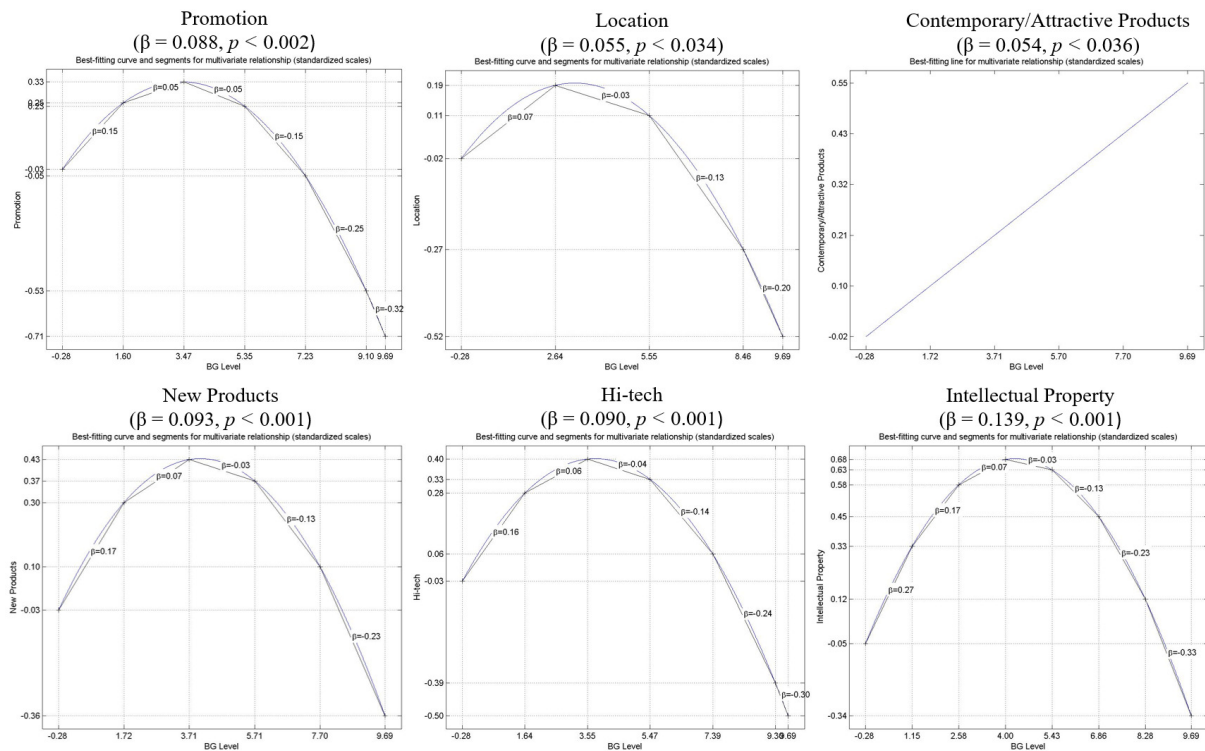


Figure 2. Effects of Planned Internationalization Level (BG) on Differentiation and Innovation Dimension Components

tiation, and Innovation. Age was positively related to Niche strategies.

Of all variables in the model, B2B focus appears to have the strongest impact on venture strategy. More specifically, increases in focus on B2B customers had a significantly negative effect on Niche ($\beta = -0.078, p < 0.004$) and Differentiation ($\beta = -0.236, p < 0.001$). Its effect on Innovation ($\beta = 0.152, p < 0.001$) was also highly significant but the relationship was positive (i.e., increasing level of B2B focus increased emphasis on innovation).

Discussion

The purpose of this study is to examine if and how planned internationalization level affects founder attitudes toward the importance of various strategy dimensions. Based on a review of theoretical and empirical research, we propose that differences in founder attitudes toward strategy may be noticeable at lower levels of planned internationalization but dissipate as the level rises. We find support for our hypothesis on two strategy dimensions: dif-

ferentiation and innovation. Furthermore, as shown in Figures I and II, six of the eight sub-components of the two dimensions also fit non-linear patterns.

Although the effect of planned internationalization level was significant, with respect to several strategy dependent variables, it is important to note that the strength of the relationship was not particularly robust relative to other demographic or environmental variables that were included in the model as controls. Of particular interest to this study and future research on the topic was the role of the customer type variable. More specifically, increasing levels of focus on B2B customers appears to have a much stronger influence on strategy emphasis than intended BG level. To explore this relationship, we performed a post hoc multi-group analysis using a dichotomous version of the customer type variable. Firms that indicated they expected more than 50% of their revenue to come from B2B customers were coded as 1. Firms that expected less than 50% of the revenue from B2B customers (i.e., B2C focus) were coded as 0. There were 409 respondents in the B2B group and 694 in the B2C group. The results did not show a significant moderating effect of customer type on the planned internationalization level Differentiation or planned internationalization level Innovation paths. However, customer type did moderate the planned internationalization level Low Price ($p < 0.003$) and planned internationalization level Niche ($p < 0.001$) paths. In both cases, the path coefficients went from negative to positive (Low Price_{B2C} $\beta = -0.117$, Low Price_{B2B} $\beta = 0.056$; Niche_{B2C} $\beta = -0.139$, Niche_{B2B} $\beta = 0.047$) with the changes being highly significant (Low Price, $p < 0.003$; Niche $p < 0.001$).

Theoretical Contributions

Although researchers from the gradualist or stage-approach to internationalization theory continue to cast doubt on the possibility of true BGs (e.g., Johanson & Vahlne, 2009), the reality is that research interest in firms that rapidly internationalize has grown tremendously (Dzikowski, 2018) since Oviatt and McDougall (1994). The finding of support for decreased differences in strategy as planned internationalization increases past the multi-domestic level may help explain how BGs plan to overcome the challenges associated with learning and adapting to new markets. The finding of a non-linear relationship between planned internationalization level and strategy views may also support the contention that founders with expansive internationalization plans define the market for their business as the global market rather than a series of domestic markets. This is an important finding for marketing and marketing strategy as it emphasizes the role of domain definition. Although Crick and Jones (2000) and Laanti et al. (2007) suggest that BG founders draw on their prior experience for knowledge and network access, this raises the question whether it is possible for a founder to attain the level of experience needed for high-level internationalization. If not, founders may simplify the decision by redefining their domain as global. At a minimum, our research suggests that internationalization theory may benefit from a deeper dive into the thought processes of founders, not

just their behaviors, with respect to how they plan to deal with challenges of internationalization.

Although prior research has hypothesized a similar relationship between strategy and internationalization level (e.g., Young, 1987), to date, extant literature provides limited empirical support. Our finding of a significant non-linear relationship may explain why this is so. That is, given the inverted-U pattern, statistical tests, such as linear regression, may have produced type-2 errors (i.e., falsely concluding that there is no relationship).

Another explanation for how founders plan to deal with the challenges of internationalization is grounded in the network perspective. According to the perspective, firms acquire access to resources controlled by other firms based on their position in the network (e.g., Chetty & Campbell-Hunt, 2004; Cieřlik et al., 2012). In essence, the network is a collection of relationships among the interconnected and the interdependent (Johanson & Mattson, 1988). Johanson and Vahlne (1977, 2009) suggest that a key challenge to overcoming the LOF is acquiring sufficient knowledge through learning about new markets and then incorporating that knowledge into competitive product offerings. Based on the resource-based view (Barney, 1991), firms may already possess the required knowledge and/or the capabilities (e.g., learning abilities) to acquire that knowledge quickly. In contrast, the network perspective would suggest that firms might be able to learn and acquire that same knowledge by trading assets and resources with other firms in their networks to aid rapid international growth. Such asset trading may be viewed as strategic agility which is one of the areas that a recent review of born global literature suggests is an important area for future research on born globals (Mostafiz et al., 2023).

Consistent with previous research (e.g., Kim et al., 2011), our study documents a positive and highly significant relationship between planned internationalization and innovation. However, unlike previous studies, our results show a non-linear relationship. As shown in Figure I, the importance of innovation initially rises with early increases in BGL but then drops to a level similar to that held by the founders of primarily domestic firms. In line with the network perspective, founders may plan to trade off their innovation assets for access to local market knowledge through the forming of partnerships. This knowledge could then be used to adapt the strategy in the local market. However, if at higher levels of planned internationalization, founders define their market as the global market, it makes sense that innovation would be no more important to the founder that intends to sell globally than one that intends to sell at the domestic level only.

It is also important to point out that our study focuses on differences in attitudes toward long-term strategy compared to short-term tactics. It is quite possible that founders intend to follow a similar strategy when planning for high levels of internationalization but deviate in their tactical decisions. For example, the fact that a founder consistently emphasizes differentiation does not mean that emphasis is placed on the same differentiation variable (e.g., promotion, location, product element) in each mar-

ket. Morrison (1990), for example, touched on this conclusion in saying that strategic change may be reflected in other dimensions of overall strategy. Consequently, it would be beneficial for future research to assess strategic and tactical views separately.

Managerial Implications

Although not the primary focus, our analysis suggests an important role for the customer type variable. This finding offers support for previous research on B2B vs. B2C BGs. For example, Sarkees (2011) documents stark differences between B2B and B2C firms regarding the effect of marketing emphasis. For B2B firms, their marketing emphasis mediated the technological opportunism–performance relationship with respect to revenues, profits, and firm value. In contrast, there was no significant mediating effect for B2C firms across the three performance measures.

Sarkees (2011) suggests that the differences are due to a fundamental difference in how B2B and B2C firms frame the relationship between marketing and sales. More specifically, B2B firms are thought to be more sales-driven with marketing acting more as sales support (Gummesson, 2002). In contrast, in B2C firms, activities, such as advertising, branding and marketing research, rather than sales teams, are typically at the forefront (Verhoef & Leeflang, 2009). This marketing emphasis in B2C firms is thought to allow firms to react quickly to market changes and be more inclined to take risks and seek out leading edge marketing techniques to engage wider audiences of customers (Sarkees, 2011). These differences in risk taking may explain the finding of our post hoc analysis that shows niche and low-price strategies are more important for B2B focused BGs. The practical implication of this finding is that born global B2B firms may be underperforming financially, as evidenced by their use of lower margin pricing and volume niche strategies. Such a cost focus for B2B born global firms is consistent with recent findings that B2B born globals use creative methods to overcome resource constraints (Tobiasen & Pettersen, 2023). Future research on this complex relationship should attempt to control for marketing emphasis.

The more a firm is born global, the more risk it is exposed to (Hull et al., 2020). Continuing with the focus on how managers perceive, and subsequently react to, risk exposures, the nonlinear relationship we find between planned internationalization and innovation also points towards a managerial implication. Specifically, although we find a positive relationship between planned internationalization and innovation, similar to current scholarly understanding, the decreasing focus on innovation at higher levels of planned internationalization suggests that managers shift their focus away from innovation as a source of advantage. Our finding, interpreted in conjunction with Freeman et al.'s (2006) finding which states that born globals strategically use alliances and networks when a task is too burdensome to accomplish on their own with their limited size and resources, suggests that managers are conceding that planning for a high level of internationalization exposes them to too much of the global market to protect an

innovation advantage anyway (Freeman et al., 2006). Protecting innovation advantages across global markets is a challenging task even for large, well-established firms, let alone younger and/or smaller born global firms. Research suggests that inexperienced born globals are cognizant of those disadvantages and think strategically about how to best manage innovation risks and position themselves as they are born global (Dereli, 2015; Freeman et al., 2006). At higher levels of planned internationalization, managers are choosing to shift their focus away from innovation as the basis of their advantage and may be better served trading their innovation assets to gain more local market knowledge.

Limitations and Future Research Directions

As with any empirical research, this study is not without limitations. Although the items used in the PSED II did reflect primary level strategies and our analysis established both convergent and discriminant validity, secondary data and proxy measures rarely capture the totality of a construct. Future studies that use primary data should focus on improved measures that better reflect movement and sales emphasis that address changes in internationalization theory which has evolved to focus on networks rather than geographic borders

A limitation that this study shares with other studies in the extant literature relates to analyzing data from a single country of founders (e.g., Cieřlik et al., 2012). The findings and implications discussed throughout should be understood within the boundary conditions of founders within larger countries that share similar features and internationalization practices as the United States.

Similar to the previous boundary conditions of these findings, we do not have data on the targets of born global firms' internationalization plans with regard to which countries they are targeting. This limitation of the study may be less of a concern at higher levels of planned internationalization with their more complex and broad risk exposures (Choquette et al., 2017). However, to the extent that born global firms that target a narrower set of internationalization target countries differ in their strategies, the findings and implications of the study may need to be interpreted differently. However, present scholarly understanding about uniqueness related to the strategic mindset of born globals targeting a narrow set of markets versus born globals pursuing higher and broader exposure is not well established. This area may be a good avenue for future research

In addition, as noted in our theory development, this study makes predictions for Born Globals that have an intent to go international and with that intent in mind adjust their strategy. As discussed, this is consistent with extant Born Global literature but certainly some Born Global entrepreneurs may not follow this strategy formulation sequence which bounds the applicability of our findings.

Finally, like most studies that use structural equation modeling, the usefulness of our findings may be limited by specification error. Although Roth and Morrison (1992) model complex innovation as a strategy choice, that may

not be the case. Caves (1982), for example, suggests that firms choose to expand internationally because the true value of an innovative asset cannot be recouped in the domestic market alone. In other words, planning for internationalization serves as the strategic solution for innovation rather than innovation being the strategic solution for planned internationalization. Future research would be wise to compare the fit and explanatory power of models

where innovation is a predictor rather than a consequence of planned internationalization.

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