SOCIAL CAPITAL AS RESOURCES AND CAPABILITIES IN SMALL FIRMS' INTERNATIONAL PERFORMANCE - EVIDENCE FROM UK SMEs IN ASEAN

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Abstract

This thesis contributes to the international business (IB) literature by examining different effects of three social capital dimensions on the internationalisation of SMEs in psychically distant markets from the resources and capabilities perspective. I propose a conceptual model that illustrates the behavioural process in which the entrepreneurial characteristics and resources embedded in social capital create a unique capabilities package to help a firm exploit emerging opportunities and enhance its international performance in foreign markets.

The study employed a mixed research methodology, starting with longitudinal case studies of four British SMEs which to Vietnam, followed by an online survey of 157 British SMEs in the process of internationalising to ASEAN (the Association of Southeast Asian Nations). The study introduced two new concepts: (1) organisational network social capital which includes internal resources allocated to export activities and external resources gained from weak ties; and (2) entrepreneurial social capital which comprises proactive managerial attitudes and foreign market experience that SMEs' top management team have accumulated in foreign markets. The study found that organisational social capital and managerial proactiveness enhance overseas market exploitative capabilities, whilst trust and strategic export intention mediate the relationship between exploitative capabilities and international performance. Market experience was found to have a moderating effect on the relationship between exploitative capabilities and trust.

The study contributes to the current social capital literature from theoretical, methodological and empirical perspectives: (1) it extends previous studies on internationalisation process of small firms by investigating the impact of resources and capabilities at both individual and organisational levels; (2) it disentangles different effects of each social capital dimension on dynamic capabilities and international performance in the post-entry stage; (3) it tests the evolution of commitment in different stages and highlights the trust-commitment mediation effect in the exploitative capabilities - performance link; (4) to the best of my knowledge it is the first study which applies longitudinal studies and an extended online survey in the context of the ASEAN trade bloc.

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List of Abbreviations

AGFI	Adjusted Goodness-of-Fit Index
AMOS	Analysis of Moment Structures
ASEAN	Association of Southeast Asian Nations
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
DF	Degrees of Freedom
EFA	Exploratory Factor Analysis
GFI	Goodness-of-Fit Index
INVs	International New Ventures
NFI	Normed Fit Index
NNFI	Non-Normed Fit Index
PNFI	Parsimony Normed Fit Index
RBV	Resource-based view
RMSEA	Root Mean Square Error of Approximation
SD	Standard Deviation
SEM	Structural Equation Modelling
SMEs	Small and Medium Enterprises
SRMR	Standardised Root Mean Residual
TLI	Tucker-Lewis Index

CHAPTER 1. INTRODUCTION

1.1. Research motivations

The study aims to examine the extent to which social capital influences the internationalisation process of small and medium-sized enterprises (SMEs) in psychically distant markets. My interest in this topic began during my work at the UK Department of Trade and British Chamber of Commerce in Vietnam. During that time, I helped many British SMEs export to Vietnam by conducting market research, identifying potential distributors and organising business matching events for British trade missions. Although they were all aware of the challenges and obstacles firms may face in Vietnam due to the cultural and institutional differences, they were all willing to spend money and time to explore the opportunities. My first study of the internationalisation of British SMEs in Vietnam started in 2013 when I worked on my MBA dissertation at the Nottingham Business school. The results indicated that managerial characteristics encourage SMEs to internationalise in markets which are geographically and culturally different to them in order to pursue foreign opportunities. To reduce uncertainty and knowledge barriers, they relied on their network relationships, particularly with government agencies and existing clients. When I started my PhD in 2015, I began to follow up on these firms to investigate how their businesses in Vietnam had progressed. However, although they identified opportunities in the initial stage, cultural differences and resources constraints still created impediments for them to continue exploiting these opportunities after market entry. None of them had achieved significant results after their initial market entry. After reviewing different streams of international business (IB) such as the Upsala model, network theories, born globals and social capital, I realised that there was a need to synthesise and refine the existing link between social capital and a firm’s international performance in order to better understand the underlying mechanisms through which social capital influences a firm’s ability to expploit foreign market opportunities and enhance performance.

Moreover, I chose the Association of Southeast Asian Nations (ASEAN) as the geographical context for this study due to its rapid development, which can offer huge business opportunities for UK SMEs. ASEAN was established in 1967 by the five biggest economies at that time: Indonesia, Malaysia, the Philippines, Singapore, and Thailand and later expanded to Brunei, Cambodia, Laos, Myanmar, and Vietnam (ASEAN 2020). 50 years since its establishment**,** ASEAN has become an important hub for global trade. With a combined GDP of $2.8 trillion, the overall ASEAN is the third fastest-growing major-economy in Asia Pacific region (following China and India) and the seven largest in the world (UNCTAD 2019; ASEAN 2020). Moreover, the attention of scholars to SMEs' internationalisation in emerging countries[1] is also still limited (Senik et al., 2011). Even though a few studies have discussed the export capabilities of UK SMEs, (Crick and Jones 2000; Love, Roper and Zhou 2016; Sinkovics, Kurt and Sinkovics 2018), to my knowledge no empirical research on the exports of UK SMEs has been conducted in the context of ASEAN market.

1.2. Theoretical approach and research problems

Research on a firm's internationalisation process has emerged in the last three decades and has attracted a large number of studies in the area. For SMEs, international markets are more challenging than for multinational enterprises (MNEs) due to their lack of resources and knowledge. Ruzzier, Hisrich and Antoncic (2006) classify internationalisation operations of SMEs into three categories: inward internationalisation, outward internationalisation and cooperative operations. Inward internationalisation refers to a firm's purchasing activities whilst outward internationalisation implies the process of seeking opportunities and selling products to foreign clients in overseas markets. Cooperative operations refer to the firm's development of alliances or cooperation with foreign firms. This thesis focuses on the outward internationalisation dimension of SMEs for two reasons. First, outward internationalisation can benefit a firm not only by improving its performance in growth and profitability but also by motivating its innovation process and creating better utilisation of its capabilities and capacity. Second, the knowledge and experience required for foreign operations are more sophisticated for inward or cooperating operations, due to market uncertainty and the intense competition in international markets. In the thesis, the term "outward internationalisation" will be used interchangeably with the term "export" and "internationalisation process". Due to their disadvantages in resources and capabilities, SMEs will enjoy more benefits from export-related activities rather

[1] *"Countries experiencing rapid economic growth with rising income and buying power" (Senik et al.,2011)*

than foreign direct investment (FDI) which requires more complex organisational and administrative structures (Carney et al. 2017).

The outward internationalisation process refers to the various stages or activities in which films are involved in international markets (Johansson and Vahne 1977). As highlighted by many studies in the IB literature, developing knowledge and experience of the foreign markets contributes significantly to the achievement of SMEs' export performance (Johansson and Vahne 1977; Eriksson et al. 1997; Autio et al. 2000; Chetty and Eriksson 2002; Blomstermo et al. 2004; Bendig et al. 2018). Johanson and Vahlne (1977) suggests that firms will increase their commitment in a new market only when they develop knowledge and experience about that market. Market experience will reduce managers' uncertainty and risk perception in that market, hence encouraging them to be more committed to the export markets. The model also indicates that firms should have the propensity to do business in geographically close markets before committing further to markets which have a greater psychic distance to them. Nevertheless, the Uppsala model has been criticised because it neglects the learning aspect of the firm and the decision makers. Most of the founders or business owners of SMEs tend to have prior knowledge and experience which means they can take on more intensive commitments rather than follow incremental steps (Forsgren 2002). Moreover, knowledge can also be shared, transferred and applied to other markets rather than staying in one market (Prange and Verdier 2010). The knowledge accumulated by entrepreneurs or managers during a firm's international expansion can be recombined into a firm's capabilities and later reapplied to multiple uncertain markets (Kogut and Zander 1992; Forsgren 2002; Weerawardena et al. 2007). Such application of existing knowledge can be referred to as an exploitation process, which is based on prior acquisition of knowledge and experience (March 1991). It explains why some firms can internationalise rapidly after inception or expand quickly into multiple markets at the same time by utilising previously consolidated knowledge (Forsgren 2002).

The network relationship theory (Johansson and Mattson 1988) addresses the gap in the Uppsala model by emphasising the importance of interpersonal and inter-organisational relationships in sharing and transferring knowledge. It posits that by building up relationships with business partners in other countries, such as government agencies, clients, distributors, suppliers and even competitors, firms can enter many markets simultaneously (Johansson and Mattson 1988). The higher the level of commitment and trust a firm puts into a market, the higher its position is in the social network will be (Johansson and Vahlne 2009). In that event, relationships can be considered part of a firm's resources as well as a facilitator to provide it with access to new knowledge and information. However, the network relationship model still has limitations in explaining how firms can recognise and exploit opportunities from the relationships (Chetty and Holm 2000). Therefore, both the Uppsala model and the network theory also fail to integrate the role of the decision makers, for instance how their experience and knowledge can contribute to a firms' internationalisation strategy (Forsgren 2002).

The theory of international new ventures and born-global attempts to explain the phenomenon of rapid internationalisation by emphasising the impact of entrepreneurial characteristics as well as by integrating other elements such as opportunity identification and exploitation (Oviatt and McDougall 1994; 1997; 2018; Coviello 2006; Coviello 2015). The entrepreneurship model offers a distinctive approach to understanding the patterns of international business as it is the only one to view internationalisation as an outcome of the entrepreneurial response to and pursuance of international opportunities (Zahra, Korri and Yu 2005). Nevertheless, little is known about the entrepreneurial decision-making process in evaluating and exploiting international market opportunities (Chandra 2017).

Recently, studies in the internationalisation of SMEs have displayed an increasing interest in social capital, as it addresses the limitations of previous internationalisation theories by considering the role of individual, network relationships and market experience in its concept (Carlos 2011; Lew, Sinkovics and Kuivalainen 2013; Lindstrand and Hånell 2017; Doornich 2018; Lai, Chen and Song 2019). While Grannovetter (1985) was among the first to emphasise the importance of social network in a firm's business and performance, Nahapiet and Ghoshal's (1998) study-initiated interest in building a link between social capital and other performance-related factors in international business, such as resources and capabilities. Nahapiet and Ghoshal (1998) argue that social capital comprises three dimensions. The structural dimension refers to network structures which includes a series of bridges between individuals or units as well as other properties within these linkages such as the number of ties, the density and closeness of the connections. The relational dimension measures the quality of relationships within the social network and the assets embedded within them such as trust and mutual respects. Finally, the third dimension- the cognitive social capital- measures how members share mutual understanding of values as well as acceptable norms and behaviours. Extensive literature on social capital and international business has built on this three-dimensional definition (Adler and Kwon 2002; Blyler and Coff 2003; Inkpen and Tsang 2005; Carlos 2011; Lew, Sinkovics and Kuivalainen 2013; Doornich 2018).

Empirical studies on SMEs internationalisation process indicate that social capital contributes to different aspects of their international performance. It provides access to new knowledge and foreign market opportunities (Griffith et al. 2004; Ellis and Pecotich 2001; Inkpen and Tsang 2005; Daud and Yusoff 2010; Carlos 2011; Li et al. 2014); creates new values or builds up new capabilities (Liao and Welsch 2005; Lew et al. 2013; Yan and Guan 2018); reduces SMEs' uncertainty and encourages them to commit to a higher mode of entry (Chetty and Agndal 2007; Prashantham 2010); and fosters the speed and performance of internationalisation (Han 2016; Langseth, O'Dwyer and Arpa 2016). Although social capital is widely recognised as a powerful tool to explain different aspects of a firm's strategic choice of location, market entry strategy and market penetration strategy, a debate continues on its conceptualisation whether social capital should be considered as resources or leading to capabilities. Social capital, on one hand, comprises external resources from various business networks and internal resources from the business owners/managers (Han 2006; Chrisholm 2009). On the other hand, it also acts as a lubricant to facilitate the building of capabilities (Anderson and Jack 2002; Adler and Kwon 2002). Hence, internationalisation with social capital is not simply the accumulation and development of a stockpile of resources, but also the enhancement and creation of new capabilities to exploit foreign business opportunities and improve international performance.

The ability to acquire and integrate new information will allow firms to allocate resources in order to capture opportunities instantly. As opportunities are the key to international growth and value, SMEs should make a series of decisions from processing information to evaluating the opportunity in order to plan the relevant activities for its exploitation of the opportunities and market development. At the post-market entry stage exploitative capabilities are regarded as important capabilities for SMEs, since they can utilise existing resources to enhance their performance (Match 1991; Lisboa, Skarmeas and Lages 2011). However, most studies tend to focus solely on knowledge acquisition and mostly ignore the process of how knowledge should be incorporated into managerial actions and how social capital becomes an impetus for organisational learning and capability development (Yli-Renko, Autio and Sapienza 2001; Carlos 2011). Although many scholars have discussed the relationship between social capital and the creation of dynamic capabilities (Blyler and Coff 2003; Yan and Guan 2018;), only a few studies have emphasised the link between social capital dimensions, entrepreneurial or managerial actions, and dynamic capabilities in the application of the internationalisation process of SMEs (Zahra, Sapienza and Davidsson 2006; Lu et al. 2010; Pinho and Prange 2016; Rodrigo-Alarcón et al. 2018).

In addition, the question of whether social capital dimensions and other associated resources should be studied either at the individual or organisational level remains a matter of debate. Some scholars argue that social capital comprises resources acquired from managerial relationships with other network actors who share the same cognitive values (Burt 1992; Nahapiet and Ghoshal 1998; Putnam 2001; Siisiainen 2003). This personalised knowledge derives from individual experience and connections which means it is hard to transfer across organisations (Polyani 1996). Nevertheless, other researchers argue that structural social capital refers to the network structure as a whole unit and should be analysed at a firm-level (Tsah and Ghoshal 1998; Rowley, Behrens and Krackhardt 2000). The questions on how social capital is created and how organisations can exploit the benefits of individual and external social capital remain underexplored (Anderson and Jack 2002; Anderson et al. 2007; Rothaermel and Hess 2007; Payne et al. 2011; Bendig et al. 2018; Doornich 2018). To this end, it is recommended that research in international business should analyse and integrate social capital at multiple dimensions and multiple levels to obtain better understanding of its overall effect on firm performance (Griffith and Harvey 2004) and the decision-making process (Bendig et al. 2018).

Finally, social capital can be costly to maintain and develop (Prasthantham and Dhanaraj 2010). The potential risk of closure and over-embeddedness arises in a network when the managers become a centrality of that network and develop such a strong link with other network actors that they can be bind to new sources of knowledge and opportunities (Burt 1992; Adler and Known 2002; Godesiabois et al. 2008). In addition, the internationalisation process involves a series of decisions, from market selection and market entry, to long term strategy and continuous investment. However, the majority of studies of the internationalisation process mainly focus on the SME market entry phase and the resources associated with this stage to help firms overcome uncertainty and resources constraints. Studies have also proven that SMEs do not follow a linear trajectory when expanding into new markets; they can expand quickly to a new market, then de-internationalise and re-internationalise at different stages of their internationalisation (Kuivalainen, Saarenketo and Puumalainen 2012). Although social capital may provide a firm with additional resources it needs for the market entry process, there are a number of factors in the subsequent stages which can demotivate their willingness to expand further in the market; for instance, the hostility of the host markets (Kiss and Danis 2008) and liability and network over-embeddedness (Chetty and Agndal 2007; Pillai et al. 2017). Therefore, more evidence and empirical research is needed to explore how SMEs reinforce their presence in the market and in what way the resources were exploited and used during this process. Recent studies on SMEs' internationalisation have called for more attention to the post-entry phase and SME's engagement with the overseas market, from the stage when they explore market opportunities up to the later phase when they possess relevant knowledge and fully exploit or reject the opportunities (Welch and Paavilainen-Mäntymäki 2014; Chandra 2017; Chen et al. 2017; Ibeh, Jones and Kuivalainen 2018; Gerschewski et al. 2018).

Hence, there is a need for a framework that captures the dynamics of social capital in the exploitation of opportunities during a firm's internationalisation process while still allowing for integration of the difference levels of analysis. I aim to address this gap by assessing how the interrelationships between social capital dimensions and entrepreneurial decision-making logics with dynamic capabilities impact a firm's international strategies and performance. In the thesis, I will offer a different perspective on how managers or small business owners respond to opportunities and how organisations enhance their international performance by observing their capitalisation and transformation of resources into capabilities.

1.3. Research context

It is vital to study SMEs' internationalisation process because of their contributions to the economy, particularly in job creation and export growth. There are around 6 million SMEs in the UK, accounting for 99.3% of all private sector companies (Great Britain 2020). Among these 5.94 million are small businesses with fewer than 49 employees, and 4.56 million are entrepreneurial firms registered with no employees. Hence, there is only a small share of small and medium firms (1.4 million) that have export capabilities and are seeking growth in international markets. UK SMEs employ 15.6 million people, accounting for 60% of private sector employment (Great Britain 2020). Their turnover in 2019 was £2.3 trillion, contributing 52% of UK private sector turnovers (Great Britain 2020). In terms of exports, the EU is currently the largest trading partner of the UK. The value of UK exports to the EU in 2019 was £294 billion, accounting for 43% of all UK exports (House of Commons Library 2019). In 2010, one in five UK SMEs exported to the EU and only one in 20 exported outside the country (Great Britain 2016). In the Brexit period, the government is encouraging British firms to export and trade more with emerging countries outside the EU.

The ASEAN market is important for UK firms for a number of reasons. First, Asia is the fastest growing trade bloc with GDP expected to exceed £2.93tn by 2022. With a population of 650 million and an annual average growth of 5%, the market is attractive to UK SMEs across different sectors (see Table 1.1). Even more impressive is the growth numbers of the region, reaching high double-digit growth in all segments since 2018 (Asean 2020). A report by Barclays Corporate Banking (2018) also specifies that Brand Britain is well perceived in new and emerging markets due to its reputation and trustworthiness. British products are well-known for their longevity, quality and innovative technology, with a large number of top brands across different sectors such as food and drink, education and industry. Undoubtedly, there are growth opportunities for British brands in emerging, high-growth and less traditional markets. The initiative of the ASEAN Economic Community (AEC) in reducing trade barriers is another incentive for UK firms to establish themselves in one of ten ASEAN markets and to expand into the neighbouring countries. The AEC was formed in 2015 with the aims to promote economic growth and regional stability among its members within global markets, including the European Union (EU). Trade barriers have been reduced and removed to encourage the free movement of resources (goods, services and capital) within the region. In spite of the differences in cultures, histories and languages, the ten members of ASEAN share the same aim on improving job opportunities and growth in order to enhance ASEAN competitiveness in the global market. If the implementation of the AEC is successful, it will offer more opportunities to create a harmonious regional market and stable infrastructure for development.

The AEC also signed regional free trade agreements (FTAs) with five big markets in Asia, including South Korea, China Japan, South Korea, Australia, New Zealand and India. However, apart from Singapore, none of the ASEAN member states has concluded FTAs with the US or EU. Firms which establish their presence or assign distributors in any of the member states can also enjoy the benefits of trading with other ASEAN members. The UK has established strong relationships with ASEAN as a whole and each state member   separately (Great Britain 2019; Great Britain 2020). The growth of UK good exports to ASEAN is increasing and much higher than the UK exports globally. The figure of UK services exports to ASEAN indicates that its export to this market has exceeded those to either mainland China or Japan which are regarded as larger economies than ASEAN. The total UK exports to Thailand, Singapore, Malaysia, Indonesia, Vietnam and Philippines (six largest economies in ASEAN) were three times higher than the its exports to Brazil, double the amount of its export to India and 50% higher than its export to Japan. The visit of the ex-Prime Minister David Cameron and the first trade mission of 31 businesses from every region of the UK to Southeast Asia in 2015 has shown the potential of the region.   During this visit they have signed trade deals worth over £750 million with 270 new jobs which indicates that future cooperations with the region can creare vast opportunities for growth and employments in the UK.

Brexit requires UK firms to change their attitude in order to draw closer to the opportunities offered by these psychically distant markets. UK exports currently account for 43% of the country’s GDP. With ASEAN being a potential major economy, it is important to explore the region with regards to the internationalisation of UK SMEs. However, although the ASEAN market is an important ground for UK SMEs to enjoy opportunities and growth, they may face difficulties due to differences in business environments (World Bank 2020; Elg, Ghauri and Tarnovskaya 2008; Kiss and Danis 2008). Therefore, it is important to recognise their export capabilities, for instance whether their current knowledge and resources are enough for exploiting the opportunities and entering the markets (Hilmersson and Jansson 2012a; 2012b).

In addition, selecing which market in ASEAN to enter is also important. Although many firms may regard ASEAN as a single market, it is an uneven economy and a diverse market. The variation and standard deviation in all the economic factors among ASEAN members are much larger than thoses among the EU member states (UNCTAD 2020). For example, the economic output of Indonesia accounts for nearly 40% of the region while being a member of the G20. Myanmar, on the contrary, has just rebuilt its institutions after many years of isolation. Singapore's GDP per capita is 50 times higher than that of Cambodia and Myanmar and 30 times higher than that of Lao. In the World Bank Doing Business 2020 report which measures the ease of doing business in 189 economies based on 41 indicators for 10 business-related regulations, for example regulations on paying taxes, getting electricity, obtaining credit (World Bank 2020), Singapore was ranked second, and can be considered as a mature economy in comparison with the other members of states (World Bank 2020). Other markets, such as Malaysia and Thailand, also ranked highly, being among the top 25 in the list. Markets such as Vietnam or Indonesia, with middle rankings socres (70 and 73 respectively), need to develop roadmaps to reduce administrative procedures and cut costs for businesses. In terms of the actualisation of the AEC, while some larger markets can progress towards deeper integration (Indonesia, Malaysia, Singapore, the Philippines, Brunei, and Thailand), they still face issue in liberalisation of services and removal of tariff barriers. This implies that although some may consider ASEAN as a whole market, UK SMEs should expect to face different institutional structures and regulations in each market. Moreover, ASEAN is also a diverse market in terms of language, culture, and religion. Indonesia has the largest Muslim population globally, being 90% Muslim, while Thailand has the largest percentage of Buddhists, with 95% of the population following Buddhist beliefs. On the other hand, the Philippines is home to largest Roman Catholic community outside of Latin America, accounting for 80% of the population. Therefore, firms should take into account local preferences and cultural sensitivities. A one-size-fits-all strategy may not work in such diverse markets.

Table 1-1. Overview of the ASEAN market in comparision with China and India (ASEAN, 2020)

<table>
<tr><th>Countries</th><th>Population (million)</th><th>GDP ($billion)</th><th>GDP per capital ($)</th><th>Total Trade ($billion)</th><th>FDI inflows ($ billions)</th><th rowspan="14">Market opportunities in ASEAN
• Approximately £3 trillion for the development of infrastructure between 2016-2030 in ASEAN
• Indonesia, Vietnam and the Philippines are three of the world’s top 10 most rapidly growing construction economies
• A large population of digital users of all digital activities such as social media, the internet, mobile social with an e-commerce market size of £49 to 65 billion (2018).
• The young population (below 35 years of age) accounts for 27% of ASEAN’s population. The size of the middle class will increase to 65% in 2030, almost tripple its size in 2010.
• The development of industry 4.0 (Thailand and Vietnam) and smart cities (Singapore)</th></tr>
<tr><td>Brunei</td><td>0.4</td><td>13.6</td><td>31,628</td><td>12.7</td><td>0.5</td></tr>
<tr><td>Cambodia</td><td>16.2</td><td>24.6</td><td>1,512</td><td>40.2</td><td>3.1</td></tr>
<tr><td>Indonesia</td><td>267</td><td>1,040</td><td>3,894</td><td>425</td><td>20</td></tr>
<tr><td>Laos</td><td>7.1</td><td>18.1</td><td>2,568</td><td>13.5</td><td>1.3</td></tr>
<tr><td>Malaysia</td><td>31.5</td><td>354</td><td>11,239</td><td>467.8</td><td>8.6</td></tr>
<tr><td>Myanmar</td><td>53.7</td><td>71.2</td><td>1,326</td><td>34.6</td><td>1.3</td></tr>
<tr><td>Philippines</td><td>107</td><td>331</td><td>3,103</td><td>216.8</td><td>9.8</td></tr>
<tr><td>Singapore</td><td>5.6</td><td>364</td><td>64,582</td><td>1,187.8</td><td>82</td></tr>
<tr><td>Thailand</td><td>69.4</td><td>505</td><td>7,274</td><td>621.4</td><td>13.3</td></tr>
<tr><td>Vietnam</td><td>95.6</td><td>245</td><td>2,564</td><td>504.1</td><td>15.5</td></tr>
<tr><td>ASEAN</td><td>653.5</td><td>2,966.5</td><td>4,539</td><td>3,524.1</td><td>155.4</td></tr>
<tr><td>China</td><td>1,390</td><td>13,600</td><td>9,771</td><td>5,199.1</td><td>203</td></tr>
<tr><td>India</td><td>1,350</td><td>2,730</td><td>2,106</td><td>1,180</td><td>42.1</td></tr>
</table>

1.4. Research objectives and research questions

The aim of this thesis is to contribute to the existing social capital and IB literature linked with entrepreneurship and capabilities studies. The theoretical underpinning of the study is based on the perspective that structural, relational and cognitive dimensions provide access to resources and foster the exploitation of opportunities. It observes the development of behaviours of SMEs and managers in reducing their uncertainty and ambiguity of foreign market institutions and successfully operating in a psychically distant regional bloc. The key research objective and questions were formualted to address the above-mentioned gaps in the context of UK SMEs exports to the ASEAN market.

Research objectives

1. To investigate which resources and capabilities are essential for exploiting opportunities and international performance in ASEAN*.*

2. To examine the influence of social capital on exploiting opportunities and international performance in ASEAN*.*

3. To observe several possible relationships between social capital, entrepreneurial characteristics and exploitative capabilities.

Research questions

What is the relationship between organisational and individual social capital (as resources) and exploitative capabilities?

What is the relationship between the function of social capital and exploitative capabilities?

What mediates or moderates the mechanism through which exploitative capabilities affect the international performance of the SMEs?

1.5. Research approach and structure of the thesis

The study contributes to both the theoretical and empirical research of social capital in the IB area. From a theoretical perspective, it extends the Uppsala model, the network approach and dynamic capabilities by examining the underlying mechanisms through which social capital influences exploitative capabilities and performance. It investigates different types and roles of each social capital dimension at two different stages of SMEs' internationalisation process. The study indicates how a combination of entrepreneurial and organisational resources influences firms' capabilities in exploiting foreign business opportunities which subsequently enhance its international performance at the post-entry stage. It also responds to recent calls for assessing social networks at multiple levels (Bendig et al. 2018; Kerr and Coviello 2020). Finally, the study advances the IB literature by identifying and re-defining important variables which have been received relatively less attention (proactiveness and strategic export intention) and re-combine them with the social capital dimensions to highlight the integrated resources and capabilities features of SMEs.

With regard to research methodology, the thesis follows a mixed method, drawing on four longitudinal case studies of UK SMEs in Vietnam and validating the qualitative data with a more extensive online survey. The longitudinal study provides insight into the internationalisation process of British SMEs to Vietnam, from their market exploration to the post-entry stage, and highlights any findings which may be inconsistent with the hypotheses derived from the literature review. The quantitative survey of 157 British SMEs exporting to ASEAN increases the accuracy and validity of the conceptual framework and qualitative findings.

The thesis is divided into seven main chapters. After the introduction to the study (Chapter 1), Chapter 2 discusses the role of resources in the IB literature as well as the conceptualisation of social capital dimensions from the resources and capabilities perspective. It also describes the formation of hypotheses and introduces proposed constructs in the conceptual framework. Chapter 3 provides an overview of the research strategy and research design. It also discusses the qualitative results and revises the proposed conceptual framework and hypotheses developed in Chapter 2 accordingly. In this chapter, details of the quantitative survey, such as its development and measurements, and the structural equation model (SEM) are given. Chapter 4 describes the quantitative data and verifies if the measurement model fits requirements of the SEM. Chapter 5 presents the results of the hypotheses while Chapter 6 discusses the key empirical findings. Finally, Chapter 7 discusses the theoretical contributions and implications of the research.

CHAPTER 2. LITERATURE REVIEW AND DEVELOPMENT OF CONCEPTUAL FRAMEWORK

This study aims to address the research gaps in the current internationalisation literature by investigating the impact of different types of resources on a firm's capabilities development and international performance. To achieve this goal, this chapter starts with a discussion of extisting internationalisation theories, in which the relationship between resources and small firms' internationalisation in different internationalisation theories and perspectives will be analysed (section 2.1 and 2.2.). The Chapter starts with the most popular theories in internationalisation of small firms, including the Uppsala model, network theories and the born-global (section 2.1). Although each theory has a distinctive approach to addressing the role of resources in the internationalisation process, knowledge and experience accumumcated from both external networks relationships and from managers are perceived as the most important resources in building exploitative capabilities. Section 2.2. discusses the role of developing export capabilities and how firms can utilise resources to explore and exploit international opportunities. Subsequently, the literature review will introduce the concept of social capital and discuss its links with other internationalisation theories in terms of resources and capabilities building (section 2.3). This section also discusses a variety of perspectives on social capital, from its conceptualisation to its level of analysis and fuction. Finally, gaps in the literature are also identified (section 2.4), which provide a foundation for the establishment of the conceptual framework and corresponding hypotheses (section 2.5).

2.1. The role of resources in SMEs' internationalisation process- from entrepreneurial experiential learning to network and entrepreneurship theories.

A resource refers to any tangible or intangible asset or input to production (Barney 1991). Small firms perceive foreign markets to be riskier and more challenging than domestic ones due to their lack of resources and knowledge. Therefore, resource barriers are in fact internal and entry barriers to a firm's international growth (Wernerfelt 1984; Young, Bell and Crick 1999; Chetty and Wilson 2003). Wernerfelt (1984) views the firm as a store of different types of resources, including financial, physical, human, technological and organisational ones, which businesses can use to achieve a competitive market position. Moreover, each firm is characterised by different set of profile and resources which clearly makes a distinction in their choice of internationalisation path (Brush, Fried and Manigart 2002). For example, Dhanaraj and Beamish (2003) argue that organisational resources, technological resources and entrepreneurial resources are the three most essential categories that can maximise a firm's exports. Organisational resources such as physical and financial capital are often determined by firm sizes. Entrepreneurial resources refer to the risk-taking, commitment and innovative attitudes of the top management team in charge of the firm's growth. Technological resources are indicated by the level of research and development (R&D) expenditure and unique technological know-how. Navarro et al. (2010) extended Dhanaraj and Beamish's (2003) study and recommended four types of resources: (1) firm scale resources, which refer to managerial and financial resources for export activities - the larger the firm is, the larger its scale of resources; (2) experiential resources associated with international experience which firms have accumulated in foreign markets; (3) structural resources, which refer to available resources from the export department (if there is one) or from top management in preparation for international activities; and (4) informational resources, which refer to resources associated with international market research which facilitate marketing activities. Brush, Fried and Manigart (2002) suggest that among five types of resources (social, organisational, financial, physical and human capital) the impact of human resources (the international experience of the owner) on performance is significantly stronger.

Studies in internationalisation argue that apart from financial capital, knowledge and experience are the greatest barriers in the market entry stage (Johanson and Vahlne 1977; Eriksson et al. 1997) as well as in the post-entry stage, when firms have to make necessary adaptations to new changes or requirements of the environment (Chen et al 2017). Therefore, overcoming these shortages will create a springboard for SMEs' success in international markets. Researchers argue that these sources of knowledge (especially tacit knowledge) can be obtained internally through human capital (Coleman 1998; Davidson and Honig 2003; Suseno and Pinnington 2018) or externally through the development of network relationships (Coviello and Munro 1997; Baum, Calabrese and Silverman 2000; Fletcher 2008; Ortiz, Donate and Guadamillas 2017). Hitt et al. (2006) suggest that firms can only achieve high inter nationalisation if this is accompanied by extensive human capital. On one hand, experience enables the managers to recognise and exploit the opportunities through network as well as enhance their understanding on how to manage and sustain relationships in new markets (Westhead, Wright and Ucbasaran 2001; Hitt et al. 2006). On the other hand, managers can formulate strategies, facilitate the process of the acquisition of knowledge and integrate their codified experience into an organisation's capabilities (Kogut and Zander 1992; Hitt et al. 2006; Zollo and Winter 2002; Bendig et al. 2018). Therefore, human and network capital can be either resources themselves or sources of other resources. Consequently, there is scope for studies to investigate the evolution of resources to understand the extent to which resources and capabilities can facilitate firms' identification and exploitation of opportunities, as well as enhancing their international performance (Newbert 2007). Research therefore should pay attention to the type of resources that are critical during a firm's internationalisation process; how those resources are absorbed and developed over time; and how the management team utilises them to exploit new opportunities once identified (Kuivalainen et al. 2010).

In the late 1970s, attention focused on the dynamic of SMEs' internal process, taking their knowledge and resource constraints into consideration (Korhonen, Luostarinen and Welch 1996). It is concerned with the consequences of a lack of knowledge, which is considered as the main barrier to SME internationalisation in new foreign markets (Johanson and Vahlne 1977, 1990; Reid 1983, Autio et al. 2000; Casillas, Barbero and Sapienza 2015). Representatives of these studies are the stage model (Johanson and Vahlne 1977, 1990), and later theory of network relationships (Johanson and Vahlne 1977; Johanson and Mattson 1988; Johannisson[a] 1988; Johanson and Vahlne 2009) and studies on born globals and INVs (Chetty and Campbell-Hunt 2004; Knight and Cavusgil 1996; 2004; 2015). To clarify the interrelationship between these types of resources, the following section will review the internationalisation literature to discuss the role and impact of experience and network on firms' internationalisation process and to identify the concept which can best represent firms' critical resources for internationalisation.

2.1.1. The Uppsala model- from gradual learning to incremental commitment

The initiatives of the stage model started with Nordic researchers, collectively referred to as the Uppsala school. These studies regard the knowledge, international experience and understanding of cultural distances of firms and decision makers as important factors to explain the firm's choice in market location and entry mode strategy. Since the introduction of the internationalisation process model (1977), the Uppsala model has received considerable attention from IB researchers (Andersen 1993; Rialp and Rialp 2001). The Uppsala model maps out the internationalisation patterns of the firms through the two concepts "incremental learning and "psychic distance". Regarding incremental learning, the Uppsala model predicts that in the internationalisation process resources and commitment go hand in hand: the more market knowledge that firms acquire, the more commitment they make to the market and in turn this commitment also increases the firms' experience and knowledge (Johanson and Vahlne 1975; 1977). The market commitment comprises two aspects: (1) the level of resources commitment, which refers to the size of the investment in foreign activities, such as human resources and international sales and marketing and (2) the degree of commitment, which refers to the optimal approach to utilise the best available resources and reduce costs. The model demonstrates firms' internationalisation in psychically distant markets in a series of four stages, no exporting, exporting, joint venture and foreign subsidiaries, each of which shows how firms develop knowledge and increase commitment to operations and organisational structure. This also lays a foundation of the psychic distance concept which indicates all the geographical, cultural and institutional factors which create barriers for the flow and exchange of information (Johanson and Vahlne 1975). At the start of the process, psychic distance is greater when a firm and its clients do not share the mutual experience or values and norms. The more experience they have about each other, the less the distance between them will be. Firms will crease their commitment to the relationship and market operations once the distance has been reduced.

The model is dynamic and prescriptive, in the sense that it considers rational decisions based on firms' incremental level of learning and commitment and the forms of operation that grow out of this learning process (Johanson and Vahlne

2009). It explains why knowledge and learning are important in encouraging the cross-border activities and reducing perceived risks when a firm begins to trade internationally. It also suggests that the decision on market selection and market entry mainly relies on the manager's perception of risks and uncertainty (Johanson and Vahlne 1977). Many studies use the model as a basic foundation for studying the exporting of small firms, assuming that export activities are more like a sequential process of continuous learning and incremental decisions (Leonidou and Katsikeas 1996). Other researchers on SMEs' internationalisation process also view each incremental step as an antecedent of firm innovation (Gankema, Snuit and van Dijken 1997; Leonidou and Katsikeas 1996).

However, Leonidou and Katsikeas (1996) and Andersen (1993) when reviewing several important models (Johanson and Vahlne 1977; Bilkey and Tesar 1977; Reid 1981) on a firm's internationalisation process also highlight that these stages are fixed and tend to follow incremental sequences in their demonstration of the learning process of small firms. Any differences tend to relate to the the terminologies and number of stages which can be varied between models, typically falling between three and six. Moreover, these models do not clearly explain the differences between the stages in terms of what resources have been used or the process of change between stages. Generally, all models assume that internationalisation process is a unilinear evolution in which firms increase their commitment incrementally at each stage (Johanson and Wiedershein 1975; 1977; Bilkey and Tesar 1977). Its explanatory power is more relevant to the prearranged stages that firms may have planned in the market, rather than the process of arriving there. Therefore, the Uppsala model has been criticised because it overemphasises the country-specific learning experience and lacks explanation of firms' rapid pace of internationalisation and its proactive approach in experiential learning (Andersen 1993; Knight and Cavusgil 1996; Chetty and Holm 2000; Forsgren 2002; Chetty and Campbell-Hunt 2004). In addition, the contingency approaches (Reid 1983; Turnbull 1987) also argue that small firms' internationalisation should be viewed as a response to opportunities, rather than a result of planned strategy or sequential exploration. Crick and Jones (2000) agree with this view, highlighting that the global trends in technology and networks encourage firms to enter a market, not because they perceive a low psychic distance of that market. As such, a more innovative approach should be used to explain how firms utilise resources and react to opportunities, rather than suggesting on how firms should behave in international markets (Fletcher 2008).

Moreover, Cavusgil and Zou (1994) also suggest that resource commitment has the biggest impact on firms' export performance. However, the literature on internationalisation has mainly focused on the direct influence of export commitment on export performance and neglects how export commitment can indirectly impact export or international performance via other determinants of international performance (Sinkovics, Kurt and Sinkovics 2018). Sinkovics, Kurt and Sinkovics (2018) recommend that further studies on the interactions among the export commitment and other independent determinants of export performance should be conducted in order to understand the direct and indirect impacts of export commitment on export performance.

2.1.2. Network relationships as resources

Network theory is another useful approach to analyse a firm's internationalisation from the process perspective. The network model was developed in the 1980s and suggested that a firm's internationalisation motives and its decisions on entry mode and market selection were driven by its networks and network partners (Johannisson[a] 1988; Johanson and Vahlne 1990, 2009; Coviello and Munro 1997, 2006; Blomstermo et al. 2004). A network refers to a dyadic relationship between two individuals or a collective group of families, business unit and alliances within the network (Johanson and Mattsson 1988; 1994; Anderson et al., 1994). The network approach suggests that most firms use various network relationships to facilitate their internationalisation activities (Johanson and Mattsson 1988). This view offers further understanding of a firm as an embedded factor within the international network (Johanson and Mattsson 1993; McAuley, 1999). Johanson and Vahlne (2009), when revisiting their original 1977 Uppsala model have also discussed the role of networks in building commitment and trust as well as the liability of outsidership in a firm's internationalisation process. They integrated the network research into the model based on two central tenets: insidership and outsidership. The new model suggests that networks are necessary for successful internationalisation due to the complexity of the markets and networks of relationships in which the firm is operating. Therefore, outsidership is the root of uncertainty rather than psychic distance. The revisited model highlights the role of trust and the creation and development of knowledge within network relationships, which are considered as preconditions for internationalisation. It also reflects two aspects of internationalisation: investment and penetration. Investing in knowledge creation and network position (the stage aspect) can influence commitment decisions and trust building (change aspects); in turn, penetrating the network relationships can enhance resource commitment, improve the firm's insidership position and integrate different national networks through trust building (Johanson and Valhne 1990; 2009). This is particularly true in industrial systems, in which specialised firms tend to depend on each other in manufacturing and distributing services and goods (Buckley and Casson 2009; Andersen, 1993). Network theory therefore has explanatory power in providing the context for studies in internationalisation (Sharma and Blomstermo 2003) instead of focusing only on building firms' internal resources and knowledge. Vissak, Francioni and Freeman (2020) also refer to network as non-experiencial knowledge which is useful for a firm's decision-making logic during their internationalisation process.

Network theory also sheds light on how the network actors and the embedded resources and coordinated activities within a network affect the internationalisation process of small firms (Borgatti and Foster 2003; Belso-Martínez 2006; Chetty and Holm 2000; Hohenthal, Johanson and Johanson 2014). It can provide a more comprehensive explanation of firms' internationalisation over time (Johanson and Valhne 1990; Coviello and Munro 1997). The focus of networks lies in not only in the linkages and interactions between individuals or organisations, but also in the embedded components such as the type of knowledge and information within the relationships and other properties, such as control and trust (Fletcher 1996). The properties embedded within the network therefore become an important determinant of SMEs' performance as they need to acquire knowledge from their external network relationships to gain access to new sources of information and opportunities (Blomstermo et al. 2000; Belso-Martínez 2006; Hohenthal, Johanson and Johanson 2014). Johanson and Valhne (1990), when reviewing their stage model, remarked on the role of trust and the creation and development of knowledge within network relationships, considering them to be preconditions for internationalisation. Through an accumulation of knowledge from institutional and business partners, firms can increase confidence in making decision on market entry stategy (Chen 2003; Coviello and Munro 1995; Johanson and Mattsson 1988).

In addition, network relationships do not only initiate and trigger a firm's export intention and market selection; they also take control of its market entry strategy and scope of development in that market (Jones and Coviello 2010; Stoian, Rialp and Dimitratos 2017). Connecting with others not only enables firms to overcome issues of small size and to reduce entry barriers, but it also reduces risk in operating in new markets (Johanson and Mattsson 1988; Sharma and Blomstermo 2003; Blomstermo et al. 2004). In each stage of internationalisation, firms can choose to develop their relationships differently depending on the degree of commitment they put into the market (Johanson and Vahlne 2006; Agndal and Chetty 2007). The higher the level of commitment and degree of internationalisation, the more proactively firms will behave in the foreign market. Zhou, Wu and Luo (2007) also argue that network relationship effects the relationship between internationalision orientations and performance outcomes, by the way they motivate firms to gain benefits from learning opportunities and enhance growth in sales and revenue in new markets. Other researchers share the same view, that the range and quality of a firm's social business relationships with other actors in domestic and international networks have a significant influence on firms' strategic behaviours related to their market selection and entry mode choice (Chetty and Holm 2000; Agndal and Chetty 2007); Hilmersson and Jansson 2012) to the speed of internationalisation (Johanson and Johanson, 1999; Oviatt and McDougall, 1995) and internationalisation performance (Coviello and Munro, 1997; Baum, Calabrese and Silverman 2000; Peng and Luo 2000). Ellis (2000) found that social relationships enable SMEs to acquire market knowledge, identify market opportunities and select appropriate market entry modes, while Agndal and Chetty (2007) suggest that direct business relationships have an impact on firm's strategic mode changes after it enters the market. Felzensztein et al. (2015) argue that the number of networks utilised will influence entrepreneurs to target more diverse markets and regions globally. It will also determine the level of participation of the firm in that market, and whether they will solely rely on exports or engage more in committed activities such as franchising/licencing/joint venture or setting up subsidiary offices (Prashantham 2010).

Although the network model is powerful in explaining small firms' rapid internationalisation, evidence from previous studies shows that it has limitations in explaining the drivers of change since it does not factor in the change elements of the partners involved in the process (Chetty and Holm 2000; Newbert 2007; Fletcher 2008). Researchers have attempted to map out how network relationships evolve and change during the firms' internationalisation cycle. Johanson and Matsson (1984) proposed a three-stage internationalisation process model in which firms will first expand into the market through networks, then penetrate it by increasing their commitment to resources and finally expanding their business in that foreign market. Johanson and Matsson then classify firms into four categories based on their internationalisation type: early starters, late starters, lonely internationals and internationals amongst others (Johanson and Matsson 1988). Fletcher (1996) also attempted to capture the evolution of networks from the beginning of counter trade transactions until six to ten years later. In addition, Jansson and Sandberg (2008) attempted to merge the stage model with the industrial network theory by developing a five/five stage model in order to capture the changes in a firm's relationships with its business partners. They argue that the patterns of the relationship development are similar to the incremental stages model and move together in the same direction. The more relationships firms can develop in the later stages after market entry, the more experience they will gain, and the higher the degree of internationalisation they will commit in that market. However, these studies only provide some snapshots of networks at different stages during a firm's internationalisation process. The changes which have occurred during these periods, such as resource transformation and activities, cannot be fully integrated into the model. Chetty and Holm (2000) and Newbert (2007) call for a clearer conceptualisation of the network model to demonstrate the cause and effect of relationships, for example how knowledge and resources are accumulated over time and how networks can become a trigger of internationalisation rather than being solely a tool to overcome a firm's resource barrier.

Moreover, Jones and Coviello (2010) also argue that relationships and the learning-based process can result in either incremental internationalisation or discontinuation of it. In the later stage, when firms have established their presence in the market, strategic management becomes more important, since it enables firms to shape their business model or business process for international growth. Paying too much attention to relationships may lead to a neglect of these elements, which will create harm to the firm's strategic intentions. Therefore, network theory has been criticised for lacking predictive power in investigating firms' international strategic behaviour. Evidence from studies on born-global firms (Knight and Cavusgil 1996) and INVs (Oviatt and McDougall 1997) suggest that firms may not follow incremental steps during their internationalisation process, and that the process-oriented and the network approach seem to neglect the influential role of the individuals, particularly entreprenuers. Network theory does not acknowledge the role of the decision makers in terms of their ability to identify and exploit international opportunities emerging from their network ties (Chetty and Holm 2000, Loanne and Bell 2006). The tacit knowledge is often concentrated in the owners/managers who influence a firm's internationalisation decisions through their social relationship with other network actors. Such long-term social relationships are critical for SMEs in innovative niche markets because they have to build new networks from scratch to support their internationalisation activities (Davidsson and Honig 2003; Hoang and Antoncic 2003). The literature on network relationships does not take into account the interactions across different levels; for instance, between individuals, firms and organisations (O'Donnell et al. 2001).

In summary most of the literature on network and internationalisation only focuses on which resources and development strategies used by firms. The evolution of the activities and resources associated with each stage of their operations or relationships development remains underexplored. Further research should investigate how external and internal resources are utilised, in which context and by whom, in order to understand firms' successful internationalisation (Reid 1983; Chetty and Holm 2000; Loanne and Bell 2006; Felzensztein et al. 2015). These arguments lead to further studies on entrepreneurs and social capital to understand the process of how firms create and become involved in networks as part of their steps to acquire knowledge and resources in international markets.

2.1.3. Decision makers characteristics as resources.

Literature on the determinants of SMEs' internationalisation process (Leonidou, Katsikeas and Piercy 1998; Reid 1981, 1983; Calıskan et al. 2006) suggest that human behaviour in businesses plays an important role that requires more empirical observation (Simon 1979). Representatives of this current stream are born globals (Knight and Cavusgil 1996); global start-ups (Oviatt and McDougall 1994); INVs (Oviatt and McDougall 1994; McDougall, Shane and Oviatt 1994); and instant exporters (McAuley 1999). Born globals or INVs are organisations that internationalise right from their inception by utilising resources (Oviatt and McDougall 1994). They seek to achieve competitive advantages and growth in sales in a number of foreign markets. The factors that contribute to their success include host market conditions (Bruton et al. 2005; Kiss and Danis 2008); technological development (Zahra, Ireland and Hitt 2000; Knight and Cavusgil 2004; Blomqvist et al. 2008); network relationships (Sharma and Blomstermo 2003; Coviello 2006); and the characteristics and capabilities of the management team or entrepreneurs (McDougall, Shane and Oviatt 1994; Kropp, Lindsay and Shoham 2008). Among those factors, entrepreneurs' characteristics and learning capabilities are regarded as the most important factors to understand SMEs' international behaviour (Anderson 2000). Because SMEs tend to be characterised by individualised leadership (Child and Hsieh 2014), the role of managers in forming and shaping the internationalisation strategy should be acknowledged, particularly in creating new knowledge and capabilities (Westhead, Wright and Ucbasaran 2001; Oviatt and McDougall 1994; Cavusgil and Knight 2015; Stoian 2017; Chen et al. 2017). A high degree of entrepreneurial orientation and the experience of the mangers and/or entrepreneurs allow them to deploy resources effectively and foster the internationalisation process (Knight and Cavusgil 2004; Cavusgil and Knight 2015). Therefore, the entrepreneurial drive of top management is regarded as key to the SME internationalisation process, since they are mainly responsible for a variety of decisions, from selecting the market and mode of entry, to forming international strategy and accumulating knowledge (Reid 1981; Leonidou, Katsikeas and Piercy 1998).

A variety of studies on entrepreneurship and the internationalisation process emphasise the importance of the founder's characteristics in firms' decision-making process; for instance, foreign language capability (Musteen, Francis and Datta 2010); age and education level (Cavusgil and Naor, 1987; Stoian and Rialp-Criado 2010); and international experience (Leonidou, Katsikeas and Piercy 1998). From the early work of Leonidou, Katsikeas and Piercy (1998) to studies by Zahra, Korri and Yu (2005) and Zhou, Barnes and Lu (2010) and the more recent research of Cavusgil and Knight (2015) and Chandra (2017), entrepreneurial orientation and managerial knowledge and experience have been regarded as the foundation for SMEs' rapid internationalisation process, from the initial market entry stage to the continuing expansion in the market. The entrepreneurial orientation, such as proactiveness, innovativeness, and risk-taking are crucial factors which determine the speed at which international activities are undertaken (Oviatt and McDougall 2005) and upgrate internationalisation capabilities (Zhou, Barnes and Lu 2010). Some researchers argue that knowledge, experience of the cultural constitutions and the networks of decision-makers are more important in the quest for international markets, since they will encourage entrepreneurs to find newer ways to utilise the most accessible resources (Shane and Venkataraman 2000; Chetty and Wilson 2003; Jones and Coviello 2005).

With regard to knowledge and experience, studies have proven that prior international experience of the business owners/managers can compensate for SMEs' lack of foreign market knowledge, in turn facilitate early internationalisation (Love, Roper and Zhou 2016; Zucchella, Palamara and Denicolai 2007). Their international experience accumulated though travelling and living overseas (Chetty and Campbell-Hunt 2004; Chenet al. 2017), combined with any language capability and access to networks, will enable managers to gain more knowledge of foreign cultures and the characteristics of the host market (Stoian, Rialp and Dimitratos 2017). This enables them to recognise opportunities (Andersson and Evers 2015) and speed up the internationalisation process (Oviatt and McDougall 2005; Loane and Bell 2006). Brunel et al. (2010), for example, conclude that when firms have less experiential learning in foreign markets, the previous international experience of the top management can have different effects on their international performance. The owners or managers with rich international experience will be more inclinded to international sales after starting up since their knowledge reduce their uncertainty and perception of psychic distance (Reuber and Fisher 1997). In comparision with managers without prior experience, these owners/managers will have greater awareness of business opportunities and proactively pursue them, thus internationalising early and accelerating post-entry internationalisation (De Clercq et al. 2012; Weerawardena et al. 2007).

Therefore, it is suggested that future research could study the bonds between entrepreneurship and organisations' export capabilities when they internationalise (Peng and Luo 2000; Honig 2001; Payne et al. 2011; Andersson and Evers 2015; Cavusgil and Knight 2015; Bendig et al. 2018).

2.2. The role of development of export capabilities in exploitation of international opportunities

2.2.1. International opportunity and dynamic capabilities

International opportunity is regarded as a chance for firms to establish initial connections and business exchange with new clients or suppliers in foreign markets (Ellis 2001; Glavas, Mathews and Bianchi 2017). All internationalisation models (stage models, networks and born globals and the theory of international new ventures) argue that opportunities are a crucial element for firms' growth and the creation of economic value (Chandra 2017). However, each model uses different ontological approaches to explain IB opportunities and decision-making logics in its exploration and exploitation of opportunities. The process model, or so-called stage models, as represented by the Uppsala model, highlights the learning process in which market experience will mitigate risk and uncertainty. Hence, opportunities in the process model will be evaluated after each stage when firms wish to increase their investment. This process will be looped from time to time in order to evaluate if the firms should take a risker approach or continue to follow a safe, incremental approach in order to be successful in the foreign markets. However, the process model does not explain the antecedents of a firm's behaviour in taking risks to explore and exploit opportunities. This view hence assumes that foreign market opportunities readily exist, and that firms only need to assess which location and mode of entry are the best for them in order to exploit such opportunities (Chandra 2017). The network model argues that firms can exploit the opportunities from their current relationships, however, it does not demonstrate time and change effects in evaluating opportunities at the different stages of the internationalisation process. Moreover, in order to succeed in interntional markets, firms must develop their own advantages such as R&D, innovative capability in product or operation processes, or substantial added value in services or branding, and managerial skills (Coviello and Munro 1997; Belso-Martínez 2006). These novel capabilities and resources can foster rapid internationalisation and the later development of international operations. The

INVs and born-global aruge that innovative ability of born-global firms in creating new knowledge and capabilities, combined with a high degree of entrepreneurial orientation and the experience of the mangers and/or entrepreneurs allow them to deploy resources effectively and foster the internationalisation process (Knight and Cavusgil 2004; Cavusgil and Knight 2015). However, the cost of acquiring new knowledge and experience can outweigh the benefits, especially for SMEs which lack the necessary resources and capabilities. Therefore, it is crucial to discuss the role of building export capabilities in the internationalisation process of small firms, particularly in the exploitation of international opportunities.

Dynamic capabilities are defined as “the organizational and strategic routines by which firms achieve new resource configurations” (Eisenhardt and Martin 2000, p.1107). Dynamic capabilities emphasise the importance of building new capabilities in order to identify and pursue opportunities (Weerawardena et al. 2007). The term ‘dynamic capabilities’ originally referred to firms’ capability to constantly renew resources relevant to their managerial and functional capabilities in order to response to the new requirements of the clients or the environment (Teece, Pisano and Shuen 1997; Eisenhardt and Martin 2000; Griffith and Harvey 2001; Døving and Gooderham 2008). International markets are more turbulent and unpredictable than domestic ones. In order to survive in such environments, firms are required to (1) constantly refine their resources (capability building) and (2) regularly absorb new knowledge from external sources (resource-picking) (Makadok 2001). The literature demonstrates an on-going discussion on the value of dynamic capabilities with regard to their ability to integrate and reconfigure resources during firms’ internationalisation process. Dynamic capabilities view firms’ internationalisation as a process in which firms build, integrate and reconfigure both internal and external competencies to respond to changing and turbulent environments (Teece, Pisano and Shuen 1997). Teece (2007), when revisiting his study on dynamic capability (1997), also emphasised the importance of developing a firm’s micro-foundation of dynamic capabilities, which refers to the configuration process by which firms adjust and recombine their existing resources and capabilities and develop new ones. He proposes that dynamic capabilities can be divided into three steps: (1) sensing, identifying and filtering opportunities; (2) seizing opportunities; and (3) sustaining competitiveness through reconfiguration and deployment of organisational resources (Teece 2007).

The ability to configure and reconfigure and to deploy and redeploy a firm's stockpile of resources can also relate to firms' combinative (Luo 2000) or integrative capability (Liao, Kickul and Ma 2009). Therefore, studies on dynamic capabilities also focus on integrative capability in order to obtain a better understanding of how firms use available resources to explore and exploit potential opportunities (Eisenhardt and Martin 2000).

In the literature on dynamic capabilities and internationalisation, the topic of exploratory and exploitative capabilities has recently been highlighted as an important antecedent mechanism for organisational learning due to its usefulness in explaining firms' international behaviours (March 1991; Lou 2000). Both these capabilities demonstrate the process by which a firm constantly reviews and accumulates resources to reinforce its position and to address dynamic markets (Eisenhardt and Martin 2000). In innovation and research development, the explorative capabilities refer to a firm's ability to search and pursue new knowledge in product and technological development (Zhou, Barnes and Lu 2010; Lisboa, Skarmeas and Lages 2011) or innovation (Rothaermel 2007; Lew, Sinkovics and Kuivalainen 2013). With regard to internationalisation, the discovery and exploration of opportunities are viewed as the gathering and interpreting of information and knowledge in order to identify market needs or gaps in development areas (Mainela, Puhakka and Servais 2014). Explorative capabilities, therefore, are more associated with the search for new knowledge and experimentation with new activities. As a result, explorative activities are costly and require more investment as firms may lack experience in these areas, thus leading to more risks and making it difficult to estimate the benefits. Their outcome may also take time to realise and their present effect is not clear (Yalcinkaya, Calantone and Griffith 2007). On the contrary, the exploitative capabilities refer to the process of the refinement and extension of existing product or technological skills (March 1991). In internationalisation process, overseas market-related exploitative capabilities refer to firms' ability to expand their knowledge of the market, as well as to define their relationship with existing partners (Lisboa, Skarmeas and Lages 2011). These exploitative capabilities are based on the deployment of existing experience and knowledge, as well as on firms' repetitive routines and established business models. The resources and capabilities established can facilitate and accelerate a firm's process of exploiting opportunities, as well as enhancing its incremental learning (Carlos 2011; Lisboa, Skarmeas and Lages 2011). Therefore, exploitative capabilities are involved with refinement and efficiency improvement, meaning the expected results can be immediate and foreseeable (Yalcinkaya, Calantone and Griffith 2007). Strong existing knowledge can hence offer firms more stable low risk conditions in the recognition and exploitation of new opportunities (Bendig et al. 2018). By combining, deploying and generating existing knowledge and routines firms, may have more opportunities to enhance their performance and also create new insights (March 1991).

Liao, Kickul and Ma (2009) also propose similar concepts, making a clear distinction between opportunity recognition and opportunity capitalisation. The former refers to a firm's external integrative capability, which is associated with the individual's capability to process and filter external information and knowledge in order to identify and import appropriate resources across organisational borders. The latter is associated with the capitalisation and exploitation of potential opportunities through the reconfiguration and redeployment of firms' storage of resources. The capability to capitalise on opportunities indicates a firm's ability to quickly identify the viability and practicality of these, to insure commitment and to prepare the necessary resources to capitalise and exploit the opportunity in a timely fashion. Hence, small firms may have the propensity to develop exploitative capabilities only for international markets, due to the immediate returns and lack of resources. As exploitative capabilities are built on existing experience (March 1991), the refinement of current resources and the learning of new knowledge can reduce unnecessary transaction costs and speed up the internationalisation process (Lisboa, Skarmeas and Lages 2011). Luo (2002) supports the view that the capability a firm needs to build for successful expansion generally relates to opportunity-capitalising or exploitative capabilities. His study on the expansion of multinational enterprises (MNEs) suggest that they should absorb critical capabilities from other firms, as well as allocating existing resources in order to build up new capabilities compatible with their own strengths and the requirements of the new environment. As noted by Prange and Verdier (2011), international capability building indeed involves exploitative activities in which firms build the necessary skills for developing their foreign operations.

Because dynamic exploitative capabilities are built on existing capabilities, this approach is more suitable for penetration strategy in existing markets or internationalisation strategies in a small number of new markets, thus reducing uncertainty and risks and increasing the chance of successful performance. Exploitative internationalisation is built on dynamic capabilities which are a result of learning and accumulating knowledge through path-dependent international experience. Particularly for ASEAN markets, which share the same trading arrangement and may become a single market in the future, firms can utilise the potential of exporting to one market in the region and expand to neighbouring countries (UNCTAD 2020). Hence, applying the overseas-exploitative capabilities concept as a function of social capital is best suited to the objective of this study by providing further understanding of the mechanisms which organise resources and facilitate SME performance in psychically distant markets.

Table 2-1. Exploration and exploitation capabilities

	Exploration	**Exploitation**
Process	"search, variation, risk taking, experimentation, play, flexibility, discovery, and innovation" (March, 1991, p. 71).	"refinement, choice, production, efficiency, selection, implementation, and execution," "(March, 1991, p. 85)
Returns on investment	Long-term, unpredictable	Immediate, foreseeable
Cost	Costly	Much less costly

2.2.2. Managerial orientation and characteristics as facilitators of dynamic capabilities

Previous studies have highlighted that individuals (CEOs, business owners, managers) gradually become the central driver of firms' development of capabilities because they influence the process by accumulating social capital resources (Danneels 2008, Zollo and Winter 2002; Bendig et al. 2018). Kogut and Zander (1992) argue that a firm can develop cumulative knowledge and recombine its current capabilities by building relationships with the individuals within it. They differentiate between information and know-how, arguing that not all coded knowledge (know-how) from individuals can be codified into organisational knowledge. Firms can gain access to market information such as prices, contact persons and capabilities from the network; however, it is the individuals who know how to negotiate and develop buying and selling tactics to facilitate cooperation. Teece (2007) argues that the ability to recognise opportunities requires specific capabilities and knowledge from individuals; for example, the ability to interpret and filter available information to understand customer needs or market responses. Top management must have the capability to analyse and synthesise the meaning of knowledge and information. However, Teece also suggests that this information should also be processed at the organisational level. The organisation will be at risk if it leaves the sensing of opportunities as weel as creative and learning activities to just a few individuals. It needs to engage in these activities in order to be fully prepared to capture any emerging opportunities in the market place. Fletcher (2008) and Rindova, Dalpiaz and Ravasi (2011) suggest that the process of discovering opportunities is developed through the interactions within social and cultural embeddedness, which should be operationalised at the individual level. Wu, Chen and Jiao (2016) also argue that opportunity-recognising capability is more correlated with managerial patterns, since individuals are those who have access to new knowledge and import and process this external information across the organisation (Teece 2007).

It has been proven that the background and experience of the managers such as their social network ties and their characteristics have significant impact on the firm's international strategy and performance (Bird 1989; Baron 2000; Cavusgil and Knight 2015). Studies on entrepreneurship and internationalisation have identified a number of attributes which contribute to individuals' recognition of opportunities, such as prior international experience and knowledge (Stoian, Rialp and Dimitratos 2017; Bendig et al. 2018); social networks (Ellis 2000; Autio et al. 2000; Ardichvili, Cardozo and Ray 2003); and entrepreneurial orientation (Lumpkin and Dess 1996; Wiklund and Shepherd 2003; Zhou, Wu and Luo 2007; Stoian, Rialp and Dimitratos 2017). Among these factors, entrepreneurial orientation makes a significant contribution to the dynamic capability building process by encouraging the firm to identify emerging opportunities, hence facilitating and accelerating firms' internationalisation process and insuring first mover advantage (Wiklund and Shepherd 2003; Keh, Nguyen and Ng 2007;

Kropp, Lindsay and Shoham 2008; Kreiser and David 2010; Zhou, Barnes and Lu 2010; Felzensztein et al. 2015; Jiang et al. 2018). Firms with a higher entrepreneurial orientation have a higher propensity to develop the capability to recognise and exploit such knowledge into their current knowledge bases for future international activities (Keh, Nguyen and Ng 2007; Kr
opp, Lindsay and Shoham 2008; Lisboa, Skarmeas and Lages 2011; Andersson and Evers 2015).

Zhou, Barnes and Lu (2010) also suggest that the entrepreneurial proclivity of top management is the foundation on which to upgrade the dynamic of social capital and enhance firms' internationalisation process. Entrepreneurial proclivity is defined as a set of proactive, risk-taking and innovative behaviours (Lumpkin and Des 1996; Zhou, Barnes and Lu 2010; Jiang et al. 2018). Proactive dimension of the entrepreneurial proclivity is theorised as the capability of the manager in taking initiatives to enhance market knowledge. In practical context it refers to the extent to which the managers take initiatives in visiting foreign markets to search for IB opportunities and develop international contacts (Lumpkin and Dess 1996). The innovative dimension of entrepreneurial proclivity refers to the ability of the managers in acquiring knowledge from different sources, finding innovative ways to exploit markets and being open to new international suppliers and customers (Zhou, Barnes and Lu 2010). The risk-taking dimension measures to what extent the managers manage and consider international opportunities, particularly when firms start internationalisation to unfamiliar and more challenging emerging (Oviatt and McDougall 2005).

These entrepreneurial characteristics enable small firms, particularly international new ventures, to identify and act on new market opportunities ahead of their competitors, which can lead to further upgrading of knowledge and network capability (Oviatt and McDougall 1994; Zahra Ireland and Hitt 2000; Zahra, Korri and Yu 2005; Zhou, Barnes and Lu 2010). As SMEs' decision to internationalise tends to rely on their founders or a very few managers, entrepreneurial orientation can be viewed as the driver of the formation of exploitative capabilities. In this process, the entrepreneurs, as the resource holders, evaluate the information and determine whether the value of a certain opportunity would increase the firm's current profits (Kirzner 1997, Shane and Venkataraman 2000). The proactive, innovative and risk-taking approach of top management contributes to firms' deployment of resources and their exploitation of opportunities, and in turn to firm performance (Zhou, Barnes and Lu 2010; Roxas and Chadee 2011; Jiang et al. 2018). This view suggests that entrepreneurial orientation and/or entrepreneurial proclivity), as a whole, is a key variable in a firm's organising capability, or part of its dynamic capabilities (Roxas and Chadee 2011).

Therefore, the role of entrepreneurial orientation and entrepreneurial proclivity is highlighted in the research on IB and entrepreneurial characteristics in terms of its ability to recognise and identify opportunities (Ardichvili, Cardozo and Ray 2003; Zahra, Korri and Yu 2005; Andersson and Evers 2015; Chandra 2017; Glavas, Mathews and Bianchi 2017). However, limited evidence has been found on the impact of proactiveness in the recognition and development of business opportunities on the subsequent post-entry of a firm's internationalisation (Zahra, Korri and Yu 2005; Kiss, Williams and Houghton 2013). Moreover, Foss and Klein (2008) indicate that entrepreneurial or managerial decisions on the allocation of resources should not be dissociated from the context of the firm, as managers need to make judgements on the availability of resources and on a firm's economic profitability if they pursue the opportunities. It has been identified that entrepreneurs or managers should have knowledge of a firm's capabilities and resources in their interpretation of unique opportunities. A lack of such knowledge may lead to misinformed perceptions or unfit decisions. Therefore, the decision to exploit opportunities should be considered as a decision based on a balance between subjective evaluation and a firm's specific resources.

2.3. Emergence of the social capital concept

Section 2.1. and 2.2 provided a review of the critical role of resources in internationalisation theories and highlighted the impact of capabilities in translating resources into competitive advantage across borders respectively. Regarding international activities, the significance of resources is more important due to the cost of acquiring information and knowledge (Tseng et al. 2007). Acquiring external resources is crucial for SMEs to accelerate their internationalisation. When considering the mechanisms that drive the knowledge-based process, these born globals and INVs have also established that entrepreneurs are the key actors that create new opportunities, accumulate knowledge and resources, develop a firm's capability and improve its competitiveness internationally. However, the human contributions cannot be analysed separately to other factors, as focusing only on human resources cannot fully explain small firms' dynamic internationalisation in the increased globalisation and trade across borders. In order to investigate the impact of different types of resources on internationalisation, Brush, Fried and Manigart (2002) compared resource profiles between internationalised and non-internationalised small firms, suggesting that the stocks of social and financial resources are more vital than human resources in helping firms implement their internationalisation strategy. Coviello and Munro (1997) suggest that the network relationships of management also have an impact on investment strategy at later stages. Oviatt and McDougall (1999) contend that other resource types such as social networks and contacts should be considered as predictors for the internationalisation process of small firms, rather than simply the human resources factor. Peng and Luo (2000) argue that translating the decision-makers' micro interpersonal network links into firms' resources can enhance firms' performance (2000). This implies that the owner's or founder's access to financial and social resources is relatively more favourable than human capital attributes. Moreover, to survive in a complex foreign market, firms need to develop their ability to integrate and synthesise internal and external resources. These capabilities provide the foundation for the evolution of the learning and upgrading of new capabilities for growth in international competitive environments. Buckley and Casson (2009) argue that when entrepreneurs recognise a business opportunity, they can assign a team to exploit it (knowledge internalisation) and coordinate the work of the firm through operational internalisation to achieve profit if their judgement is correct. The embedded capital is difficult to replicate, which makes it extremely important for a firm to achieve competitive advantage in international markets (Peng and Luo, 2000).

Therefore, the emergence of social contacts and networks has been widely recognised in the research on entrepreneurship and entrepreneurial performance. The entrepreneur's social capital is accumulated through networks which provide external sources of knowledge and information for market learning (Nahapiet and Ghoshal 1998; Anderson and Jack 2002; Kim and Aldrich 2005). These types of network relationships that managers or entrepreneurs have gained through their experience in international markets can influence their perceptions of risk and opportunities and their determination of international activities (O'Donnell et al. 2001; Lechner and Dowling 2003). Therefore, social capital can be used to represent "network capital" and other relational dimensions associated with the network which can be acquired through human interactions (Anderson and Jack 2002; Kim and Aldrich 2005). The social capital concept sheds light on the internationalisation literature by explaining how firms can utilise both internal and external resources in their rapid acceleration in foreign markets. Social capital can contribute to these theories by addressing the gaps in the Uppsala model, network theory, and research on born-global and international new ventures. The social capital concept, while agreeing with the core view of the stage model that firms internationalise based on their market-based knowledge and experience, still considers networks (international contacts) as important and valuable resources. Social capital allows a firm to combine and transform its external and internal resources from both individual and organisational sources into capabilities, while still facilitating the firm's knowledge exchange process in the network (Nahapiet and Ghoshal 1998). It hence provides further understanding of small firms' internationalisation mechanisms.

2.3.1. Conceptualisation of social capital

The concept of social capital is rooted in sociology, with reference to networks and the resources available through them (Portes 1998). Social capital is formed by formal and informal relationships which are generated through individual interactions in the network in order to make gains in the market (Granovetter 1985; Burt 1992; 2000). A number of studies have viewed social capital from a boarder perspective, regarding it as a resource that involves the linkages between individual or organisational relationships and comprises the characteristics of the social interactions associated with them, such as norms, trust and values (Tsai and Ghoshal, 1998; Nahapiet and Ghoshal 1998; Anderson and Jack 2002; Moran 2005). Therefore, social capital is more complex than other forms of capital due to its ability to combine and facilitate the knowledge and experience of various actors within its network (Han 2008). As social capital derives from human relationships, it allows access not only to knowledge, but also to other types of capital, such as human or financial capital (Coleman 1988). Knowledge embedded in social relationships can be acquired, converted, shared and transferred, thus allowing organisation to (1) gain access to information and opportunities; (2) reduce their outsider liability or transaction costs; and (3) achieve competitive advantage (Prashantham 2010; Carlos 2013; Lindstrand, Melén and Nordman 2011; Presutti, Boari and Fratocchi 2016; Suseno and Pinnington 2018).

For many years, scholars have attempted to develop a clear definition of social capital by analysing it from various aspects within the social context. Although the concept of social capital is associated with a firm's relationships (Inkpen and Tsang 2005; Pinho 2013), there has been a debate on its meaning and impacts during a firm's expansion. It has been asked whether social capital should be considered as an asset or a form of "physical capital" which generates income and money (Lin 1999) and whether it should be more like a process as a result of particular actions (Uphoff 2000). The definitions of social capital can be varied depending on (1) the level of the analysis (invididual or organisational level), the structure and types of relationships (bonding or bridging), or the sources of social capital (external or internal ties) (Adler and Kwon 2002).

Three main schools of thought have distinguished social capital based on its resource function. First, the structuralists' point of view (e.g., social network analysis) equalises social capital with a resource and considers it as the relationships that a person or an organisation develops with others (Bourdieu 1986; Siisiainen 2003). The structuralists argue that the crucial quality of social capital remains in its connections, hence it should be characterised as an individual's assets (Adler and Kwon 2002, Rutten, Westlund and Boekema 2010). This perspective views social capital as a source of personal ties which individuals can use in their development (Granovetter 1973; Burt 1997); Bourdieu (1986, p. 248) defines it as: *"the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition".* However, other researchers view social capital as a result of a network tie between two parties, either individuals or organisations (Inkpen and Tsang 2005), and that it can be converted into money (economic capital) (Bourdieu 1986). Therefore, structural social capital measures the nature of organisations' or entrepreneurs' social networks (Granovetter 1985; Nahapiet and Ghoshal 1998).

Second, interactionists emphasise that social capital is produced in social interactions and that it consists of various links within and between networks and groups (Coleman 1988; Siisiainen 2003). The interactionists' view suggests that social capital cannot be owned by any individual or organisation since it is an outcome of interactions. It promotes a normative environment in which trust and reciprocity facilitate the members to cooperate and support each other (Granovetter 1985; Coleman 1988; Nahapiet and Ghoshal 1998). Since social capital relies on the goodwill between members of a network to ensure effective flows of knowledge within it, any lack of trust means that the base for sharing complex and valuable ideas and information is missing. The level of mutual trust defines whether or not the interpersonal or interorganisational links are strong (Granovetter 1983).

Later the third view, the institutional view argues that cultural and intstitutional factors should be taken into account in the process of building and development of social capital (Bourdieu 1986; Nahapiet and Ghoshal 1998; Svendsen and Svendsen 2003; Rutten, Westlund and Boekema 2010). Institutional factors, such as legal processes, police administrative systems and local government, encourage economic progress by providing support in the form of language and information, therefore facilitating trust and enhancing entrepreneurial opportunities in a market economy. On the contrary, in a collective society, which appreciates high institutional objectives and network norms, the trust in the formal institutions is reduced; as a result, less information and knowledge can be shared within the networks. Svendsen and Svendesen (2003) conclude that a highly regulated and democratic system can contribute to the facilitation and building of social capital, whilst a government based on central power may reduce and destroy social capital. Therefore, it is important to consider both formal and informal institutional factors in a firm's exchange of resources since enhancing a two-way interaction can increase a firm's access to external knowledge (Liao and Welsch 2005).

In management and organisational research, Granovetter (1985; 1992) and Nahapihet and Ghosal (1998) also developed the most widely used concept of social capital. Nahapihet and Ghosal suggest that social capital of a firm is the sum of various resources embedded in relationships, including: the structural, relational and cognitive dimensions. Granovetter (1992) argues for the first two dimensions, suggesting that the structural dimension refers to the whole network of relations and the social interactions embedded within it, such as trustworthiness and trust, mutual respects and control. Nahapiet and Ghoshal (1998) added the cognitive dimension, which describes the shared values and common understanding of acceptable behaviours among parties within the network. From Nahapiet and Ghoshal's (1998, p.243) definition, social capital is considered as *"the sum of the actual and potential resources embedded within, available through, and derived from the networks possessed by an individual or social unit, and social capital thus comprises both the network and the assets that may be mobilized through that network".* This definition is similar to the network perspective, which suggests that the actors embedded within networks represent different types of relationships and stimulate firms' international behaviour. Therefore, studies on social capital and internationalisation widely use network constructs as predictors in order to understand the impact of networks on firms' international performance, in which network structure and network application are two types of social capital resources.

In summary, neither the structuralist nor the interactionist and institutional views present in Nahapiet and Ghoshal (1008) explains in detail the impact of social capital overtime. Social capital is different from other forms of capital since it can be considered as an asset which organisations and individuals can invest in the hope of future benfits or purposes or it can also be considered as a substitute for other resources such as human or financial capital (Adler and Kwon 2002). Moreover, as social capital comprises of different linkages, its location lies in its relations with other actors, not in the actors themselves. Thus, "no one player has exclusive ownership rights to social capital" (Burt 1992, p.58), which indicates social capital is costly to maintain over time. Therefore, it is crucial to understand the impact of resources embedded insocial capital as well as the development of social capital over time; for instance, which aspect of internationalisation is impacted by structural network dimensions, and how the quality of this relation evolves over time. Networks do not occur naturally, but as a result of the individual and firms' efforts to "produce and reproduce lasting useful relationships that can secure material or symbolic profits" (Bourdieu 1996, p.8). Many organisational studies have focused on the comprehensive characteristics of networks; for instance, the strength, richness and content of a relationship tie, suggesting that different network characteristics and the experience and knowledge accumulated from them may be associated with different levels of performance (Brass et al. 2004). Therefore, social capital is not limited to a network of relations which links a number of individuals and allows them to interact and exchange knowledge; instead, it is derived from specific social structures, becoming a glue to connect different individuals together and acting as a lubricant to make it easier for firms to access new knowledge and opportunities. Most researchers agree that the social capital embedded in network ties influences firms' strategic choices and performance; however, "how they matter and under what circumstances, to what extent, and in what ways" (Powell 1996, p.297) requires further investigation. To address these gaps, in the subsequent sections, I will clarify the role of social capital as resources and a facilitator of capabilities.

2.3.2. Social capital as resources embedded at both organisational and individual levels

Social capital, as described in section 2.3.1, is embedded within a variety of individual ties and other network characteristics within the environment (Granovetter 1985). It derives from individual interactions and is considered as "*a pool of goodwill residing in a social network"* (Anderson, Park and Jack 2007, p.3); therefore, it is hard to define what social capital consists of and whether it is classified as group or individual property (Anderson et al. 2007). Brass et al. (2004) argue that networks should be viewed as an intersection of individual relationships in a group which play a particular role in the organisation, rather than examining individual factors separately. Rothaermel et al. (2007) investigated the impact of networks on innovation capabilities at individual, firm and network levels. They argue that innovation should start with individual tacit knowledge derived from scientists. Intellectual human capital will then be shared across organisations via the research and development (R&D) process to leverage firms' R&D capability. Finally, firms may not have sufficient resources for individual tacit knowledge, so they may need to share or exchange these capabilities with their external networks in order to leverage the external resources or technology which can contribute to the success of their innovative output. Laursen, Masciarelli and Prencipe (2012), in their study of the impact of regional social capital on knowledge acquisition, argue that although their research concerns firms' innovation capability, social capital should focus on the individuals who take the main responsibilities for innovation outcomes by establishing trust and exchanging knowledge in the research and development process.

Another approach views social capital across levels (Payne et al. 2011). Organisations are also influenced by the experience and trust management of the key decision-makers, which will also contribute to the changes and outcomes of the inter-organisational network (Brass et al. 2004). Tsai and Ghoshal (1998) studied the impact of social capital on value creation by analysing the influence of the dyadic level construct (trust and social interaction) on firm-level constructs (product innovations). Similarly, Griffith and Harvey (2004) argue that social capital can be conceptualised at individual and firm levels in relationship marketing. The individual level of social capital represents a manager's internal (intra-organisational) or external (inter-organisational) relationships, whereas at the organisational level it is associated with the firm's global network and measured by its function as a facilitator, which enhances its performance in foreign markets. Oh, Labianca and Chung 2006 argue that social capital should be studied at the group level, at which individuals are embedded in the social structure of the sub-unit and organisational levels. They define group social capital as "*the set of resources made available to a group through group members' social relationships within the social structure of the group itself, as well as in the broader formal and informal structure of the organization"* (Oh, Labianca and Chung 2006, p.570).

Evidence from previous studies also illustrates that personal networks can naturally progress and transition into organisational and regional networks (Lechner and Dowling 2003). Such network convergences tend to be found in entrepreneurial firms or SMEs in which the top management are the sources of social capital (Johannisson 1998; Brass et al. 2004). Hite's (2003, 2005) studies provide an overview of the structural network and social capital in terms of their embeddedness. He argues that embedded network ties will evolve differently depending on the level of engagement and interaction within the relationships. As such, social networking is directly linked with the idea of entrepreneurship, in which the entrepreneurs are organisers and coordinators of resources (Hébert and Link 1989; Honig 2001; Granovetter 2000). Entrepreneurs should be responsible for judgemental and evaluative decisions on the choice of location, mode of entry, forms of operations and utilisation of goods and resources (Hébert and Link 1989). By combining organisational codified knowledge and personal tacit knowledge, firms can create more value in their creation of new products, their acquisition of new resources, or the exploitation of potential opportunities. The interaction between the individual, firm and network levels allows firms to combine the internal and external resources obtained and to transform them into valuable, rare and non-substitutable resources or innovative capability, which may lead to an innovative advantage at the firm level (Barney 1991; Rothaermel et al. 2007; Yan and Guan 2018).

Therefore, social capital research can be divided mainly in two areas: interpersonal level research, which focuses on individual actors, and interorganisational level research, which pays more attention to organisational actors such as firms, groups or teams representing the whole organisations (Carpenter, Li and Jiang 2012). Based on the literature review, I agree that there is potential for studying social capital at both levels (dual level), particularly when different dimensions of social capital derived from network relationships will have different impacts on outcomes (Payne et al. 2011). This thesis aims to further investigate how top managers can turn social capital into a firm asset and competitive advantage (Accquaah 2007) by considering social capital at both the organisational and individual levels. By investigating the distinction between these levels in terms of resources and impact, it will be possible to obtain better understanding of the effect of social capital on SMEs' internationalisation process. This is a response to the call from Payne et al. (2011); Carpenter, Li and Jiang (2012) and Tasselli et al. (2015), who suggest that future studies should examine the sources of resources and which type of resources reside within individual or collective groups.

2.3.3. Social capital function - Social capital as part of the dynamic capabilities

Although a considerable body of literature has discussed what social capital is, there is ambiguity in defining what it does. Anderson and Jack (2002) emphasise that social capital is not simply about the resources or social relations between individuals and groups, but that what happens within these linkages is more important. As network participants are "closely embedded in networks of interpersonal relations" (Granovetter 1985, p.504), their interactions and activities depend totally on the embeddedness which emerges from both personal ties and overall network ties (Granovetter 1985). Bridging and bonding concepts, which are associated with Granovetter's (1973) study of strong and weak ties, reflect this feature of social capital (Adler and Won, 2002). Bridging social capital derives from weak ties in which people are loosely connected and do not have frequent communication. Therefore, bridging highlights the importance of heterogonous vertical ties, which refer to "outward" community linkages. The ability of individuals to act as a link between other unrelated actors in their networks results in bridging capital. Because bridging is characterised by non-frequent communication and non-equal emotional closeness, it is necessary for individuals to explore other sources of information and possibilities (Patulny and Svendsen 2007). Bonding, on the contrary, emphasises the "inward" community linkages and homogeneous horizontal ties (Woolcock and Narayan 2000). The bonding view suggests that all individuals are connected to most or all others who share the same moral and values with them in their network. Therefore, bonding social capital is more associated with the strong intra-community ties in which people share the same minds, are emotionally close and maintain relationships through frequent communication (Granovetter 1973; Burt 1992). In such a closed structure, shared values such as norms and trustworthiness represent social capital, as they facilitate the interactions and knowledge sharing process between members (Adler and Known, 2002). Hence, bonding social capital encourages more knowledge sharing. It has been argued that the second dimension, relational embeddedness, is a result of strong ties. The quality of interactions also allows network members to perform risker and more complex tasks than in bridging social capital (Rutten, Westlund and Boekema 2010). For start-up businesses, frequent communication and a high level of mutual trust arising from bonding relationships will provide a basic foundation for such firms to settle in the market, rather than bridging connections (Granovetter 1973, 1983, 1993; Patulny and Svendsen 2007). Embeddedness, therefore, serves as an instrument which produces social capital as well as providing resources and benefits for its members (Walker, Kogut and Shan 1997; Moran 2005).

Although Granovetter (1985) and Nahapiet and Ghoshal (1998) support the embeddedness perspective as an alternative explanation of social networks, they also recognise the value and effect of social interactions within the networks on firm strategy (Rutten, Westlund and Boekema 2010) by confirming that social capital leads to intellectual capital (Nahapiet and Ghoshal 1998). Social capital, as part of dynamic capabilities, acts as a driver of further expansion processes and mobilisation of the resources embedded within networks (Blyer and Coff 2003; Prange and Verdier 2011). At the organisational level, firms can seize and capitalise on useful resources and information by using social capital to formulate and build up appropriate new capabilities, such as skills, knowledge and procedures (Lu et al. 2010; Wu, Chen and Jiao 2016). According to Anderson and Jack's (2002) study, social capital can perform different functions, acting either as a glue or lubricant. As a glue, it helps connect and bind individuals together; trust and trustworthiness will be stimulated by building social interactions within the structural and relational dimensions. Such a network encourages the development of network patterns and the normative value system within it (Burt 1992). As a lubricant, social capital facilitates social interactions and is represented by shared norms, values and trust. Coleman (1988) also argues that the outcome of the normative value system is regarded as a lubricant for human interaction. It is a set of norms which motivates co-operation and meeting the requirements of reciprocity. This process of co-ordination and co-operation involves the evolution of trust and a greater demand for share values to achieve a common goal (Putnam 2001).

Therefore, while social capital can be considered as a resource owned by individuals or units (Yli-Renko, Autio and Tontti 2002), it can also be viewed as a glue or a process to facilitate knowledge exchange and to create new capabilities (Anderson and Jack 2002). Firms then can confine their existing knowledge and reconfigure their current structures and routines to exploit emerging opportunities. The impact of social capital on SMEs' internationalisation process has been highlighted in the literature since it can explain why some firms internationalise quickly by taking advantage of other external resources. Studies on emerging markets also confirm that social networks increase the propensity for exports and the performance of SMEs (Li et al. 2014; Peng and Zhou 2005; Daud and Yusoff 2010; Roxas and Chadee 2011). Social capital has also been found to have an impact on the firm control mode (Chetty and Agnal 2007) or encourage firm to commit to a higher control mode (Prashantham 2010). Lindstrand, Melén and Nordman (2011) share the same view that SMEs can accumulate foreign market information and financial resources by using all the dimensions of social capital (Nahapiet and Ghosal 1998). Yli-Renko, Autio and Sapienza (2001) also argue that the amount of social capital embedded in the network decides the extent of the knowledge that firms can acquire and exploit in that relationship; as a result, firms can gain competitive advantage through distinctive innovation in products and technology.

Evidence from entrepreneurship studies also indicates that a high level of social capital can help entrepreneurs to gain access to critical information and potential clients (Liao and Welsch 2005). Due to the uncertainty and lack of knowledge in a new business environment, SMEs tend to be more reliant on the network relationships of the top management or its external network (Powell 1990). The utilisation of social capital, therefore, is left in the hands of top management, who will sense and analyse the information and respond to opportunities. Hence, social capital and human capital are the resources required for a successful new venture (Davidsson and Honig 2003; Kim and Aldrich 2005). Stam, Arzlanian and Elfring (2014) and McKeever, Anderson and Jack (2014) also suggest that entrepreneurship is a result of organising collective social interaction. The way entrepreneurs recognise and pursue opportunities is reflected in the social structures in which individual and organisational networks are embedded. Thus, the ability of the managers/business owners to proactively pursue knowledge, identify an innovative way to enter the market and take on well-calculated risks can be regarded as key in the deployment of resources and the exploitation of foreign opportunities (Roxas and Chadee 2011; Andersson and Evers 2015; Chandra 2017). Social capital, along with entrepreneurial orientation, can be considered as components of a firm's dynamic capabilities due to their ability to facilitate the knowledge-sharing process and to combine resources. This capability also encourages a firm to unify and configure its export knowledge and resources accumulated through complex interactions in social networks (Eisenhardt and Martin 2000; Teece et al. 1997; Luo 2000; Carlos 2011; Lisboa 2011). It can be concluded that social capital is a key factor in facilitating decision-makers' access to resources, while entrepreneurial behaviour promotes proactiveness in exploiting opportunities and enhancing the relationship commitment within the network.

2.3.4. Social Capital dynamic- The evolution of social capital in the post-entry stage

Section 2.3.3. discussed the relationship between social capital and exploitative capabilities from both the organisational and individual perspectives. Social capital can be considered as a critical resource in recognising and reinforcing the process of the exploitation of opportunities. However, regardless of the usefulness of the information, the entrepreneurial intention to exploit opportunities relies more on (1) how many available resources they possess or can gain access to, and (2) how accurate the information is and the learning process of making the right decision and whether the best combination of resources can be achieved (Shane and Venkataraman 2000; Zhou, Barnes and Lu 2010). Studies of entrepreneurship and internationalisation tend to emphasise the static aspect of entrepreneurs' decision-making process, rather than providing an understanding of firms' historical events during their expansion (Johanson and Mattsson 1988; Jones and Coviello 2005). Hohenthal, Johanson and Johanson (2014) also highlight the importance of the conceptualisation of the dynamic processes in networks in future empirical studies. Research in IB has highlighted the role of firms' ties and knowledge in the internationalisation process; however, it provides little empirical information about the continued process beyond the first step (Costa, Soares and de Sousa 2016). For SMEs, the internationalisation process is not only limited to selecting a market and market entry modes, but also involves a number of strategic decisions, such as decisions to change market or entry mode, ones on strategic collaboration and partner selection, or commitment decisions. These decisions are influenced by internal sources (entrepreneurship) and external factors (network relationships) (Costa, Soares and de Sousa 2016). Current research on IB tends to focus on SMEs' market selection and entry mode. Little evidence has been found of the other types of decision; for example, how SMEs can get update on new knowledge and opportunities and how they synthesise and convert the new sources of information and resources into capabilities in order to support their decision-making process in international markets (Prashantham 2010; Costa, Soares and de Sousa 2016).

A number of scholars have tried to factor the time pattern into the internationalisation process to understand explicit behaviour (Chandra 2017).

Researchers in network relationships have also attempted to explain the development of networks over time, in particular how changes in network relationship influence firms' commitment and the learning process (Adler and Kwon 2002; Pillai et al. 2017). Coviello (2015), in her study of early international firms, highlights the need for future studies to address how, when and why capabilities and strategies shift, configurate and develop through their life cycles. Fletcher (2008) also indicates that the network embeddedness approach should be used to explain a firms' life cycle of internationalisation, since their involvement in a market can also involve de-internationalisation periods. Studies on strategic intention and commitment also emphasise the impact of long-term commitment on firm capability (Cavusgil and Naor 1987; Graves and Thomas 2008; Leitner and Güldenberg 2010). Graves and Thomas (2008) argue that the internationalisation process of family-run SMEs is determined by three key factors: the level of commitment, the financial capital and the ability to utilise the available resources to develop necessary capabilities for internationalisation. Leitner and Güldenberg (2010) also confirm that SMEs that pursue a persistent chosen strategy can achieve higher profitability and growth in the long term. Nevertheless, they find little evidence of the strategic commitment to firm performance. International markets are turbulent; hence it is costly for SMEs to change their strategy in order to adapt to the environment.

Another consideration is the liability role of social capital. From the structural social capital perspective, the negative impact of structural ties lies in their structural holes (Burt 1992). Once a firm becomes reliant on business partners who are hard to replace or substitute, a lower level of knowledge will be obtained from the network (Chetty and Agndal 2007). This over-embeddedness (Uzzi 1997) reduces firms' incentives to boost the quality of exchanged information (Yli-Renko, Autio and Sapienza 2001). On the contrary, firms can access faster and more profitable knowledge from social networks rich in structural holes, which require a low level of trust and communication. Moreover, for SMEs characterised by their entrepreneurs or managers, these individuals are the key actors within the network, and may serve as brokers for knowledge and information exchange (Burt 1992; 2000). A central individual who owns network ties can expand their influence across the social network. The higher the level of control these individuals have of unique resources, the higher their bargaining power in terms of disseminating information and mobilising and reconfiguring resources in response to environmental vitality or emerging opportunities. Firms need unique resources to enhance their dynamic capability and capture opportunities, hence they may become overreliant on the individuals who occupy structural holes. In this case, such individuals become irreplaceable and costly due to the increase in personal attachment (Burt 1992; Walker, Kogut and Shan 1997).

Moreover, as only network members can access and use social capital, the uniqueness of the knowledge and experience exchanged between these actors will depend on members' commitment to the relationships and the networks (Chetty and Agndal 2007). Trust is the most important facet of the relational dimension and is critical in determining the willingness of other network actors to share and transfer knowledge (Inkpen and Tsang 2005). However, the bridges built by relationships and human bonds are quite fragile and need maintenance; they can be broken easily once mutuality between two parties collapses (Anderson and Jack 2002; Carlos 2013).

Therefore, social capital can either stimulate a firm's rapid internationalisation process or hinder its understanding of a new market. As shown in Table 2.1, evidence from previous studies indicates that different dimensions of social capital have a negative impact on firms' knowledge acquisition and performance. The effect of entrepreneurial orientation and social capital on key resources and capabilities at the post-entry stage, therefore, requires further investigation (Kontinen and Ojala 2011; Gerschewski and Xiao 2015; Ibeh, Jones and Kuivalainen 2018).

Table 2.2. Studies of the negative effects of social capital

Authors and year of publication	Context of research	Key themes	Major findings
Rowley, Behrens and Krackhardt (2000)	Secondary data from reports in the semiconductor and steel industry during the 1990 to 1996 period.	Impediments to performance.	Strong ties can effectively build up linkages between firms and enable trust-governance mechanisms, while negatively impacting on firms' performance in the semiconductor industry. Weak ties lead to positive performance.
Yli-Renko, Autio and Tontti (2002)	Mail survey and follow-up interviews with 134 Finnish firms.	Impediments to knowledge acquisition.	No relationship between internal social capital and foreign market knowledge (cognitive social capital).
Yli-Renko, Autio and Sapienza (2001)	Mail survey with 180 young technology firms in the UK.	Over-embeddedness.	Relationship quality (relational social capital) negatively impacts the knowledge acquisition process. High trust and close relationships lower the cost of knowledge exchange, but also reduce the amount of new information acquired.
Edelman et al. (2004)	Interviews with 16 individuals (managers, directors and project	Structural holes. Impediments to individual skills.	The impact of three dimensions of social capital on firm performance was investigated. Structural network holes may negatively influence the

	managers) in two UK firms		effectiveness of social capital. Cognitive and relational social capital creates barriers for individuals to disseminate knowledge and obstructs their problem-solving, innovative and creative skills.
Maurer and Ebers (2006)	Longitudinal case studies of six biotech firms.	Liability	Social capital and network density have negative effects on firms' motivation to change their external ties. Relational obligations and reciprocity, such as shared values and cognitive value, create relational lock-in and hinder firms' intention to change.
Chetty and Agndal (2007)	Interviews with 10 New Zealand and 10 Swedish small and medium-sized enterprises and analysis of 36 mode changes.	Liability	Firms may change their mode of entry when they realise that they have become overreliant on partners.
Godesiabois (2008)	Longitudinal data of the start-up venture capital (VC) of firms during the period 1980–2005.	Over-embeddedness. Impediments to performance.	A higher level of closure and embedded ties will result in firms' low performance because the enforcement of group norms will hinder their access to new options and ideas.

Presutti, Boari and Fratocchi (2007)	107 Italian hi-tech firms	Over-embeddedness. Impediments to knowledge creation and acquisition.	A high level of trust and cognitive dimension lead to the perception of low monitoring, hence reducing the amount of new knowledge. Therefore, relational and cognitive dimensions are negatively associated with knowledge acquisition.
Molina-Morales and Martínez-Fernández (2009)	Survey of 154 firms in Spain.	Over-embeddedness.	The higher the level of the social interactions, the lower the innovative capability. The effect of social interactions and trust on firm's value creation is seen as an inverted U-shape.
Lindstrand, Melén and Nordman (2011)	Longitudinal cross-case studies of 14 Swedish biotech SMEs.	Impediments to knowledge.	Structural social capital facilitates a firm's rapid internationalisation; however, it can also impede its understanding of foreign markets.
Laursen, Masciarelli and Prencipe (2012)	2000 Italian firms.	Over-embeddedness.	Social capital can have a negative impact on the identification of opportunities due to over-embeddedness.

Presutti, Boari and Fratocchi (2016)	101 high-tech firms in the US.	Impediments to performance.	Social capital does not help firms to increase performance in markets that involve high psychic distances.
Pillai et al. (2017)	Meta-analysis.	Learning and performance.	"High levels of SC can result in: (1) dilution of the dialectical process; (2) inhibition of individual (and collective) learning within organisations; (3) groupthink; (4) the postponement of structural adjustments; (5) the non-rational escalation of commitment to failing courses of action; and (6) the blurring of firms' boundaries." (Pillai et al. 2017, p.2).

2.4. Summary of the literature review and gaps of the literature

The literature review provided a review of the critical role of resources in internationalisation theories and introduced social capital as an emerging concept which contributes to the current network and entrepreneurship literature. Although learning and accumulation of knowledge remain as the core of the research on internationalisation, it seems that no internationalisation theory alone can explain the dynamics of SMEs' internationalisation. Entreprenuerial characteristics should be combined with other types of resources, such as international networks, to best explain small firms' international behaviour and their ability to leverage resources (Oviatt and McDougall 1999). Therefore, a firm's internationalisation process should be viewed as a path on which it dynamically acquires resources and capabilities through networks (Kuivalainen and Bell 2010) or from the top decision makers. Further studies should pay more attention to how firms accumulate experience and resources and develop entrepreneurial capabilities for international expansion over time (Johanson and Vahlne 1977; Cavusgil 1984; Oviatt and McDougall 1999; Loanne and Bell 2006). The faster firms acquire resources to turn into their capabilities, the better they can exploit international opportunities via networks.

Hence, it is important to recognise the role of social capital in the international network and entrepreneurship literature (Anderson et al. 2007). Using entrepreneur and social network relationship lenses to view internationalisation behaviour allows the conceptual model to be more flexible and have more explanatory power. Social capital can contribute to these theories by addressing the gaps in the Uppsala model, network theory, and research on born-global and international new ventures. Social capital is a collection of assets deriving from interactions and social linkages and comprises three dimensions. Social capital allows a firm to combine and transform its external and internal resources from both individual and organisational sources into capabilities, while still facilitating the firm's knowledge exchange process in the network. Therefore, social capital provides further understanding of small firms' internationalisation mechanisms.

The review also highlights the crucial need to assess social capital at the organisational and individual levels. At the individual level, the network relationship is mainly between focal individuals (entrepreneurs or managers) and other individuals, while at the firm level the organisational networks also involve the social networks among various firms or team groups (Carpenter, Li and Jiang 2012). It can be concluded that the way social capital is conceptualised and analysed very much depends on the focus of the study, whether it will be on the sources of social capital or analyses of the social capital substance and effects (Adler and Kwon 2002).

Moreover, the thesis attempts to explore the role of social capital as firms' exploitative capabilities. The review highlights the impact of capabilities in translating resources into competitive advantage across borders (Wu, Chen and Jiao 2016). Dynamic capabilities were differentiated based on previous studies by Teece (2007) and Wu, Chen and Jiao (2016). Such capabilities in international markets are involved more with opportunity-recognition and opportunity-capitalisation capabilities, in which firms have to sense, detect, identify, filter and exploit or calibrate potential opportunities (Teece 2007; Wu, Chen and Jiao 2016). To survive in a complex foreign market, firms need to develop their ability to integrate and synthesise internal and external resources. These capabilities provide the foundation for the evolution of the learning and upgrading of new capabilities for growth in international competitive environments. Initially, firms need to scan the market to identify opportunities, then review their internal stock of resources to match these with the potential opportunities. By performing this process, successful firms can allocate and utilise appropriate resources to align with market demand and generate the most profit. The capabilities required to accumulate such knowledge represent the qualities of dynamic capability.

Finally, it is important to understand in detail the impact of social capital over time. Existing IB literature focuses more on the early stage of internationalisation (Kontinen and Ojala 2011; Ibeh, Jones and Kuivalainen 2018; Gerschewski et al. 2018). However, many researchers agree that the role of the three social capital dimensions are unforeseeable in turbulent environments (Nahapiet and Ghoshal 1998). Since social capital is built on human relationships and can be destroyed or developed over time, it should be constantly maintained to avoid lock-in and liability issues. Little is known about the amount of social capital embedded in networks, nor the likelihood of members being willing to share information and resources with each other (Rutten, Westlund and Boekema 2010). Therefore, more attention to SMEs' continuous expansion in the post-entry stage are required, particularly the role of social capital in evolving resources and facilitating exploitative capabilities.

Therefore, the emergence of the social capital concept can address the weakness of previous internationalisation theories, as well as incorporating the strengths of these theories in their studies of firms' internationalisation. Social capital has been proven to be an effective mechanism to mobilise resources (knowledge and networks) for firms in the international market (Yli-Renko, Autio and Tontti 2002). Evidence from entrepreneurship studies indicates that a high level of social capital can help entrepreneurs to gain access to critical information and potential clients (Liao and Welsch 2005). Studies of internationalisation have also demonstrated that social capital has the potential to explain firm's internationalisation in terms of knowledge acquisition (Yli-Renko, Autio and Sapienza 2001; Inkpen and Tsang 2005); product innovation (Rothaermel and Hess 2007; Yan and Guan 2018); and capability upgrading and market performance (Acquaah 2007; Presutti, Boari and Fratocchi 2007; 2016; Pinho and Prange 2016). Employing social capital lenses to analyse the internationalisation behaviour of SMEs will allow the internationalisation model to be more flexible and have more explanatory power in two ways. First, it can explain how network relationships provide entrepreneurs or managers with access to information and opportunities. Second, it explains the process by which managers create, utilise and develop social capital to capture more opportunities and knowledge. Therefore, using the social capital concept enables us to achieve our objective of investigating how embedded social resources work in conjunction with each other from the beginning of export activities up to the later stages of internationalisation.

2.5. Development of the conceptual framework – Introduction of concepts and hypotheses

2.5.1. Social capital as organisational resources - The concept "Organisational export networking capital"

Firms' ability to exploit business opportunities relies on both their external and internal resources. At the organisational level, it is argued that organisational social capital should include external resources gained from structural network relationships, and internal resources which firms can allocate to export activities.

Grannovetter (1992) and Nahapiet and Ghoshal (1998) argue that structural social capital can include all network ties and the characteristics related to them, such as network density, connectivity and hierarchy. Hence, the relationship starts at the individual (micro-level) and can be built up and benefit the firm at the organisational level. In this regard, the structural aspect of social capital is defined by the network ties that SMEs have built up overtime with the partners who help them with their export activities. This is consistent with Navarro et al.'s (2010) definition of structural and firm-scale resources. Uzzi (1997) suggest that studies on social capital at the inter-organisational level have a tendency to use network structure to predict consequences such as firm behaviours and performance related to internationalisation (node level) or the interaction between alliances or joint ventures (dyadic level).

Networking capabilities are extremely important for exploiting emerging international opportunities arising from external networks, particularly as firms have to deal with psychic distance issues with limited resources and market knowledge (Ojala 2009; Ellis 2010). As suggested by Hohenthal, Johanson and Johanson (2014) and Holm, Eriksson and Johanson (1999), firms can leverage and disseminate resources by continuously developing interaction with other actors across network relationships. Fangetal (2007) suggests that market resources include firms' required competencies to perform in foreign markets. It is clear that network relationships are a good source of market resources to enhance firms' ability to exploit opportunities. This knowledge about customers and the market will later become routines and experience which can be embedded into firms and their networks (Eriksson et al. 1997; Blomstermo et al. 2004; Johanson and Mattsson 1988).

It is argued in the study that the concept of structural social capital is not limited to the ties with specific agents such as customers, partners or government agencies who help with exporting, but also firms' commitment and the efforts they are willing to make on the export market. Without this commitment, even if firms can recognise or identify opportunities, they are not able to exploit them. The availability of opportunities and the chances for firms to exploit these are defined by which networks the firms are in, and the type and quality of relationships between firms (Uzzi 1997). This implies that firms have to be proactive in order to search for and exploit network opportunities, as different types of networks offer different unique resources as well as challenges for small firms. Therefore, I argue for the concept of *Organisational export networking capital* which refers to the resources firm can utilise from their external networks, as well as the internal resources available for relationship investment and export activities. These internal resources refer to the previous social embeddedness firms have accumulated over time. The combination of network resources can enable firms to further pursue opportunities and experience greater growth in new markets. The relationships within ties can be direct (clients, customers, suppliers) or indirectly connections which has potential resources (Burt 1992). External resources enhance firms' competitiveness and capabilities during their expansion into foreign markets. By combining external and internal resources, organisations can be more prepared to exploit opportunities and become more mature over time (Buckley et al. 2016). Buckley et al. also suggest that researchers should thoroughly investigate the impact of the combination effect on the acceleration of firms' international growth. Organisational learning should be built and developed regularly to ensure that firms can always create new capabilities to meet changing market demands (Teece 2007). New knowledge should be constantly codified and input into firms' behaviour routines and processes (Gulati 1999; Carlos 2013; Kevill, Trehan and Easterby-Smith 2017). A combination of mixed resources and committed organisational learning is important for firms to grow and sustain themselves in foreign markets. The following sections (2.5.1.1 and 2.5.1.2) will introduce in detail the concept network weak ties and organisational resource commitment as well as the proposed hypotheses.

2.5.1.1. Organisational network weak ties

It has been proven that structural network ties play an important role in explaining execution-oriented tasks; therefore, it enhances firms' performance through the experience and knowledge that is embedded in the relationships (Tsai and Ghoshal 1998; Ortiz et al 2017; Krause, Handfield and Tyler 2007). Evidence from previous studies demonstrates that network ties reduce the liabilities of outsidership and uncertainty and stimulate innovative behaviour (Baum, Calabrese and Silverman 2000). Studies also suggest that the social interaction and structural network ties are closely associated with firms' capability to exploit knowledge and develop competitive advantage in new markets (Nahapiet and Ghosal 1998; Yli Renko et al. 2002). Particularly for small firms, international social capital can provide support for them in accumulating critical knowledge about new opportunities and initiating new business based on their established international networks of connections (Oviatt and McDougall 1997, Coviello and Munro 1997; Ojala 2009; Musteen, Francis and Datta 2010). Lew, Sinkovics and Kuivalainen (2013) found that in strategic alliances, the relationship between capability and performance becomes stronger when structural network ties have existed prior to the inception of the new alliance. The resources arising from networks will provide firms with the capabilities of assessing where to identify opportunities, how to exploit those that the network offers, and what resources are required in different settings during international expansion (Cavusgil and Zou 1994; Prashantham 2010; Lindstrand, Melén and Nordman 2011; Lindstrand and Hånell 2017). The cost of maintaining network links in order to benefit from information sharing is also much lower than the cost of researching information externally (Granovetter 1985).

With regard to the international context, in contrast to previous studies (Zimmer 1986; Burt 1992), which consider weak ties to be enablers of information and a critical component of the social structure, Jenssen and Koenig (2002) found that there was no significant difference between the impact of weak or strong ties on firms' access to and employment of resources such as information, finance and motivation. They found that weak ties enabled firms to access more information which may lead to a competitive advantage in international markets, whereas strong ties provided firms with access to motivation; however, the difference between these resources was relatively small (Jenssen and Koenig 2002). Granovetter (1985) and Jack (2005) argue that the benefits of strong ties lie in their trustworthiness, as well as the reliable and rich information they provide. In an entrepreneurial context, Jack (2005) suggest that strong ties can be perceived as a key to generating knowledge and resources. Kim and Aldrich (2005), on the contrary, suggest that the new information and resources that flow through weak ties are more valuable, and that entrepreneurs should cultivate and maintain indirect and weak ties rather than strong ones to avoid network closures and to strengthen the variety of their network relationships. Hence weak ties are perceived to provide more benefits than strong ones since they have dropped redundant information (Burt 1992).

In addition, it is important to consider the institutional context in which the entrepreneur or organisation is embedded (Burt 2000; Kiss and Danis 2008) in order to understand the importance of strong versus weak ties, or bridging and bonding, in firms' speed and performance in the internationalisation process. Kiss and Danis (2008) found that strong ties had a greater impact on firm performance in countries with low levels of institutional development; for example, an unestablished banking system, weak capital market and unstandardised regulations. On the other hand, firms can benefit more from utilising weak ties in countries with established institution, such as strong banking and capital systems and well-established law and regulations (Kostova 1997). Weak ties that are largely based on market-based relationships and effective institutions may not be viable in countries with insufficient institutional infrastructures (Stam, Arzlanian and Elfring 2014). Hence, strong ties and frequent contacts with friends and family are seen to be more effective in such countries, since they help entrepreneurs to reduce uncertainty and information asymmetries (Uzzi 1997). However, strong ties are costly to maintain and may become a liability, while weak ties are easier to maintain due to their low switching costs, enabling firms to be exposed to new knowledge and opportunities (Granovetter 1973; Johanson and Vahlne 2006). Consequently, the cost of switching or maintaining relationships and the benefits of developing professional relationships with businesses result in firms proceeding with the utilisation of weak ties in order to gain exposure to new knowledge and opportunities (Granovetter 1973; Johanson and Vahlne 2006). In the context of Asian markets, Peng and Zhou (2005) also confirm that strong ties may be more dominant in the early stages but may be transformed into weak ties later. Therefore, in a wider social context, the mechanisms underlying weak ties allow a person who does not necessarily have a personal or direct relationship with any nodes to still gain access to resources and knowledge.

Moreover, Suseno and Pinnington (2018) demonstrated that weak ties were more important for successful internationalisation, whilst strong ones would weaken when firms globalise. When small firms grow bigger and become more legitimate, they can gain access to weak ties, which require less emotional attachment and allow them more flexibility to search for resources and opportunities for their international growth (Hite and Hesterly 2001; Coviello 2006; Maurer and Ebers 2006; Stam, Arzlanian and Elfring 2014). Elfring and Hulsin (2007), in their study of the pattern of development of network ties among start-ups, argue that both strong ties and weak ties are equally important in the initial stage, when firms have to search for information and resources. They need weak ties to gain access to information, as they enhance their capability to identify opportunities. They also need strong ties to gain resources and, in a few cases, require a mixture of both to achieve legitimacy. In the growth phase, more weak ties can be added to enable firms to expand to new markets or access new clients; some irrelevant weak ties can be dropped, while other important ones can be developed into strong ties. Weak ties, therefore, are more important in fostering the acquisition of intellectual knowledge and resources, since they can introduce new ideas and information without restructuring or reconfiguring the current shared value system (Granovetter 1974; Davidsson and Honig 2003; Blyler and Coff 2003; Kiss and Danis, 2008). For example, in upstream internationalisation, if one of the mangers exits the buyer firm to take up a position on the supplier side, this tie remains an import source of resources. Although the tie was configured, it can serve both the person who has moved and the organisation.

In this section, I focus on business-related weak ties at the organisational level (Coleman 1988; Lavie 2007; Nahapiet and Ghoshal 1998). My study argues that firms can utilise their available knowledge and weak ties in their home market, as well as in previous markets that they have exported to, in order to internationalise to markets that are not psychically close to them. Such knowledge can be applied even in countries with low levels of institutional development. Weak ties are defined based on previous studies (Granovetter 1973; Burt 1992, Daud and Yusoff 2010; Roxas and Chadee 2011) and include interactions with external organisations such as customers, distributors and agents, government agencies, export partners and suppliers.

Therefore, I posit:
H1. In the internationalisation process weak ties is positively associated with exploitative capabilities

2.5.1.2. Organisational resources commitment for export

Studies of network theory and international new ventures emphasise the importance of commitment and involvement in networks. In internationalisation research, international commitment is one of the important factors which distinguishes the internationalisation process and performance between firms (Cavusgil and Zou 1994; Johanson and Martín 2015). Committing assets to the relationship can enhance a firm's export performance (Cavusgil and Zou 1994); facilitate internationalisation and its speed (Ibeh and Kasem 2011; Lee, Abosag and Kwak 2012); create value and reinforce the business relationship (Holm, Eriksson and Johanson 1999; Chetty and Eriksson 2002; Krause, Handfield and Tyler 2007); and strengthen a firm's position in employing global dynamic capabilities (Griffith and Harvey 2001). Navarro et al. (2010) argue that the conceptualisation of export commitment is divided into two main streams. The first views export commitment as the attitude of top management toward exports; for example, their willingness to devote tangible and intangible resources to export activities (Cavusgil and Nevin 1981). The second views export commitment as a manifested behaviour which is evident from the level of resources firms plan to allocate to international activities. Cavusgil and Nevin suggest that export commitment should consist of two dimensions: (1) current export commitment, which refers to all the resources, such as financial and human capital, that firms currently devote to foreign ventures in order to accomplish their export objectives (Cavusgil and Zou 1994), and (2) anticipated export commitment, which measures the willingness of managerial teams to invest resources in ongoing international activities (Cavusgil and Nevin 1981). In a similar vein, Machado, Nique and Bischoff (2018) confirm that resource availability and personal commitment as two functional aspects of firms' export commitment. They argue that a firm's allocation of resources for export activities is influenced by its achievement of export objectives and the availability of resources, while the factor that influences managerial commitment in foreign markets is international orientation behaviour.

In light of previous studies, I argue that export commitment should be measured at two levels, those of the firm and the individual. Although commitment is often viewed as a duty which results from the frequent interaction and engagement within personal relationships (Coleman 1988), it can also refer to a collective obligation in action (Wasko and Faraj 2005). Firms' export commitment can be regarded as resource commitment, which indicates the level of resources firms are ready to commit to export activities. The current export commitment should be measured at the organisational level, since it serves as an organisational mechanism which guides the firm in utilising the full potential of its available resources for the exploitation of opportunities. Existing resources can be tangible (financial ones) or intangible (e.g. public support statements or top management visits) (Vahlne and Johanson 2013). At the individual level, market commitment refers to top management's decisions on the level of resources and activities a firm should commit to foreign markets in order to realise new business opportunities (Johanson and Vahlne 1977, 2006; Chetty and Eriksson 2002; Navarro et al. 2010). Management's export orientation is viewed as their entrepreneurial strategic export intention, which refers to the positive belief and attitude of management towards exports. The entrepreneurial strategic export intention concept will be discussed in detail in section 2.5.2.2.

With regard to organisational resource commitment, Cavusgil and Zou (1994) suggest that resource commitment has the biggest impact on firms' export performance. However, the literature on internationalisation has mainly focused on the direct influence of export commitment on export performance and neglects how export commitment can indirectly impact export or international performance via other determinants of international performance (Sinkovics, Kurt and Sinkovics 2018). Sinkovics, Kurt and Sinkovics recommend that further studies on the interactions among the export commitment and other independent determinants of export performance should be conducted in order to understand the direct and indirect impacts of export commitment on export performance. It is therefore argued in this thesis that resource commitment should occur at the initial stage of exploiting opportunities, since it encourages firms to make a careful plan for market entry, arrange sufficient resources for the export activities, and reduce uncertainty (Cavusgil and Zou 1994). Chetty and Eriksson (2002) share the same view, that a high level of commitment enables firms to enhance their knowledge of foreign customers, who they can use as a bridgehead to extend relationships in their expansion to other markets. Firms that express a clear intention and commitment to establish themselves in the market will be more willing to learn, adapt and align themselves to foreign norms and business practices, thus maximising their exploitation of opportunities (Wood et al. 2011). Moreover, possession and deployment of capabilities do not guarantee a firm either a sustainable competitive position or high economic returns in international markets. Without resource commitment and strategic intention, firms cannot achieve these goals in a timely fashion (Kevill, Trehan and Easterby-Smith 2017). Formal planning and resource commitment will subsequently lower firms' uncertainty in new markets and enable them to implement their strategy effectively (Cavusgil and Zou 1994). Over time, firms with clear strategic export commitment will develop higher sales than serendipitous born-global firms, which may recognise opportunities quickly, but lack long-term commitment and learning ability to fully exploit them after the market entry stage (Oviatt and McDougall 1994).

Therefore, the export commitment of small firms plays a vital role in their internationalisation process, since it encourages them to take a more proactive approach to international relationships, thus accumulating crucial knowledge to exploit emerging business opportunities. It is therefore proposed that:

H2. Resource commitment to exports is positively associated with exploitative capabilities.

2.5.2. Social capital as leading to capabilities- The entrepreneurial social capital concept

In light of the literature, this study argues for a new concept of "entrepreneurial social capital", which is a combination of entrepreneurial proactiveness (Zhou, Barnes and Lu 2010) and the experiential knowledge of top management accumulated in social interactions with the actors (Lindstrand and Hånell 2017). Entrepreneurial proactiveness reflects a firm's intentional decisions to confront new challenges in new market environments, as well as their commitment to exploit the potential opportunities these markets offer (Autio et al. 2000; Knight and Cavusgil 2004). Li et al. (2014) argue that firms with high entrepreneurial orientation are able to attract and leverage external resources in social networks to capitalise on potential opportunities. This proactive behavior when combined with foreign market experience and knowledge allows them to have a strong understanding of the network members and the core share values within the collective, such as norms, language, codes, shared practices and visions (Nahapiet and Ghoshal 1998; Wasko and Faraj, 2005; Yan and Guan 2018). Therefore, entrepreneurs' experiential knowledge, combined with entrepreneurial proactiveness, will allow firms to utilise better resources from weak ties, as well as enhancing their commitment. SMEs with high levels of entrepreneurial social capital will be more open and easily develop new network relationships, acquire new knowledge and experience, and integrate this into the firm's knowledge base, hence achieving higher export performance (Lumpkin and Dess 1996; Zahra, Korri and Yu 2005; Zhou, Barnes and Lu 2010).

2.5.2.1. Entrepreneurial proactiveness

As highlighted in section 2.3.3, research on small firms' internationalisation emphasises the role of entrepreneurial proclivity in the process of the identification, exploitation and capitalisation of opportunity (Covin and Slevin 1991; Lumpkin and Dess 1996; Sharma and Blomstermo 2003; Keh, Nguyen and Ng 2007; Zhou, Barnes and Lu 2010; Andersson and Evers 2015; Cavusgil and Knight 2015; Jiang et al. 2018). Literature on internationalisation and entrepreneurship views entrepreneurial capital as a valuable asset and a source of competitive advantage, which fosters small firms' expansion in foreign markets (Leonidou, Katsikeas and Piercy 1998). Wiklund and Shepherd (2003) indicate that the entrepreneurial orientation which represents the managerial decision-making style will encourage firms to proactively and innovatively take risks to pursue and exploit opportunities. Entrepreneurial proclivity, when combined with firm resources, will help firms avoid underutilising resources and enhance their impact on firms' performance.

Among the three dimensions (proactiveness, innovativeness and propensity for risk-taking), proactiveness is perceived as the most useful construct for explaining the opportunity-seeking and opportunity-exploiting behaviour of decision-makers (Sharma and Blomstermo 2003; Zhou, Barnes and Lu 2010; Hite 2003, 2005). The proactive dimension of entrepreneurial proclivity is theorised as the capability of entrepreneurs to take initiatives in order to enhance market knowledge. It was originally conceptualised as an entrepreneurial mindset that takes initiatives by introducing new products or services in anticipation of future demands and by shaping the environment (Lumpkin and Dess 1996). In the practical context, this refers to the extent to which managers take initiatives in attending trade shows and visiting international markets, seeking international contacts, and exploring IB opportunities (Lumpkin and Dess 1996; Zhou, Barnes and Lu 2010). Opposite to proactiveness is reactive motivation, which refers to entrepreneurs' cautious actions toward external opportunities due to their perception of high risk and increasing uncertainties surrounding internationalisation. Evidence from born-global firms has proven that ones led by passive entrepreneurs are likely to be reactive to opportunities and take different approaches in internationalisation than those led by entrepreneurs with a strong mindset who seek to grow sales internationally from the firms' inception (Knight and Cavusgil 1996; Sharma and Blomstermo 2003; Cavusgil and Knight 2015).

Proactive behaviour does not only involve opportunity identification, but also opportunity exploitation. Proactive internationalisation, therefore, demonstrates the aggressive desire and interest of an entrepreneur or a manager to exploit unique internal capabilities or to pursue potential market opportunities (Zahra, Sapienza and Davidsson 2006). A proactive mindset is key to a firm's international strategy when making decisions on new business ideas or new export ventures. Jaffe and Pasternak's (1994) study of the export intention of non-exporting manufacturing SMEs indicated that a firm's decision to export was a result of managerial proactiveness, indicating recognition of the benefits of exporting to potential markets and being ready to take action. The network perspective views entrepreneurial orientation as a strategic attitude which motives SMEs to proactively take actions in environmental scanning and opportunity seeking (Kreiser et al. 2013). Hence, proactive behaviour is associated with a wide range of activities, such as identifying and evaluating international opportunities, assessing the firm's strengths and weaknesses, and the availability of resources to exploit opportunities (Bird 1989; Kropp, Lindsay and Shoham 2005). Proactiveness also measures the extent of managers' anticipation and their reaction to market demands, which allow firms to capitalise on the emerging opportunities in the network and to achieve first-mover advantage over competitors (Lumpkin and Dess 1996). Kiss et al. (2008), in their study of firms' post-entry internationalisation, also found that entrepreneurial proactive behaviour was positively associated with the number of markets entered. This finding suggests that managers or entrepreneurs with an opportunity-seeking mindset perceive international markets as opportunities.

The second component of entrepreneurial proclivity is innovativeness, which implies a firm's ability to create novel ideas and processes that lead to new products or technological improvement (Lumpkin and Dess 1996). Innovativeness is regarded as an important component of dynamic capabilities and helps firms achieve a competitive position in the market (Knight and Cavusgil 2004; Liao, Kickul and Ma 2009). Entrepreneurs or start-up firms cannot be successful in hyper-competitive markets without this element. With regard to internationalisation, innovativeness refers to how the top management find unique ways to search for export markets and their willingness to work with new business partners (Zhou, Barnes and Lu 2010). This capability requires managers or entrepreneurs to be open-minded and to constantly refresh their ways of thinking and learning so that they can commit to product innovation and market development strategies (Knight and Cavusgil 2004). However, studies on SMEs and internationalisation associate innovativeness with technology and product-market aspects rather than innovative approaches to the market since innovative marketing capabilities do not provide additional benefits for firms' expansion (Bortoluzzi et al. 2018). Bortoluzzi et al. (2018) argue that innovative marketing strategy can attract the attention of new clients at the initial stage; however, such efforts will decrease and diminish quickly after the initial trigger without the support of product quality and relationship management.

The third dimension, risk-taking, refers to the entrepreneurial commitment to large amounts of resources in spite of the high cost of failure and environmental uncertainty. For SMEs, this is riskier since they may not have enough resource to grow their domestic market. However, Di Gregorio (2005) posits that managers or entrepreneurs should deal with country risks as part of their pursuit of opportunities, rather than avoiding them. Hence, acknowledgement of risks is a major barrier to international activities (Di Gregorio 2005). Moreover, scholars argue that proactive entrepreneurs are less likely to perceive risks than entrepreneurs with reactive internationalisation motivations (McDougall, Shane and Oviatt 1994). Proactiveness encourages entrepreneurs to engage more in cross-border activities and undertake more aggressive actions during the internationalisation process. Without entrepreneurial motivation, an existing opportunity may not become an opportunity for the firm (Shane, Locke and Collins 2000).

Therefore, although most studies use entrepreneurial proclivity as a single factor (Zhou, Barnes and Lu 2010), it is important to analyse each entrepreneurial trait, since they may predict the behaviour of managers and SMEs in different ways (Kreiser et al. 2003). With regard to SME performance, Kreiser et al. (2013) argue that the undertaking of innovative and risk-taking behaviours is not worthwhile for SMEs since the cost can outweigh the benefits. In order to generate profitability in performance, a moderate-to-high level of innovativeness is required, which may create more resource challenges for SMEs. Risk-taking activities have also been found to be negatively associated with SMEs' performance. Even though firms may be ready to tolerate uncertain and risky situations, the results may not be as beneficial as they would expect. Moreover, risk-taking propensity and innovativeness are regarded as indicators which affect an entrepreneurial decision to venture or start a new business, rather than predictors of SMEs' motivation and subsequent success (Frese, Van Gelderen and Ombach 2000). Stewart Jr et al. (1999), when comparing the differences between entrepreneurs, small business owners and managers in terms of their entrepreneurial proclivity, highlight that entrepreneurs score higher than small business owners and managers in terms of their motivation for achievement, risk-taking and innovation. Carland et al. (1994) also differentiate between entrepreneurial and small business firms, arguing that their entities are different in terms of their innovative characteristics. As a result, risk-taking attitude, along with innovation and creativity, is more associated with entrepreneurs and entrepreneurial ventures rather than with small business owners or managers. Therefore, due to the limitations of innovativeness and risk-taking variables in explaining SMEs' behaviour in the post-entry stage, and its focus on entrepreneurs rather than SME owners and managers, this thesis only concentrates on the proactive dimension of top management during SMEs' post-internationalisation process.

With regard to proactiveness, Spence and Crick (2009) argue that the internationalisation of small firms is a result of entrepreneurs proactively seeking out new potential resources and markets in their networks. Zhou, Barnes and Lu (2010) suggest that the entrepreneurial proclivity of the top management is the foundation for upgrading the dynamic of social capital by taking action on new market opportunities ahead of competitors, which can lead to further upgrading of knowledge and network capability (Zahra, Korri and Yu 2005). Firms that proactively pursue new opportunities that arise in their networks are likely to enjoy better growth and higher chances of survival in global markets than those that do not. Previous studies propose that proactivity in acquiring resources through networks influences firms' exploitative capabilities, hence leading to success in new markets (Acquaah 2007; Zhou, Barnes and Lu 2010; Lisboa, Skarmeas and Lages 2011). The premise of exploitative capabilities is that entrepreneurial proactiveness will encourage firms to actively search for opportunities and utilise the appropriate available resources in their networks to enhance their international activities. Given the theoretical link between entrepreneurial proactiveness and exploitative capabilities, I argue that proactiveness will be associated with the initial stage of the market-entry when firms start entering a market and hypothesise that:

H3: in the internationalisation process the higher the level of entrepreneurial proactiveness, the more exploitative capabilities the firm achieves in foreign markets.

2.5.2.2. Social capital as resources at individual level - foreign market knowledge

Knowledge and learning play an important part in the internationalisation process, in which firms' accumulated experience and knowledge reduce perceived uncertainty about markets and to lead to further commitment (Johanson and Vahlne 1977). Various studies on the RBV, the knowledge-based view, network theory and international new ventures emphasise the impact of knowledge on firms' international activities (Ericksson et al. 1997; Autio et al. 2000; Hadley and Wilson 2003; Blomstermo et al. 2004; Gassmann and Keupp 2007; Fletcher et al. 2013; Casillas, Barbero and Sapienza 2015). Knowledge can be generated objectively and formally through books or print or accumulated from personal experience and intuition (Sandberg 2014). Firms can acquire experiencial knowledge internally from the direct experience of the top management team, or externally from their network resources (Blomstermo et al. 2004). Experiential knowledge, therefore, is regarded as the most useful in a firm's internationalisation process and can only be obtained either from the top management team or through the networks (Ellis, 2000; Johanson and Vahlne 2006; Hohenthal, Johanson and Johanson 2014).

A number of conceptualisations have been made of experiential knowledge. Eriksson et al. (1997) divided it into three types: (1) business knowledge about customers, such as the business context and other information about customers, competitors and market information; (2) institutional knowledge, which refers to the institutional structure of countries, such as their institutions, norms, culture, values and languages; and (3) internationalisation knowledge, such as the firm's prior experience of doing business in foreign markets. Experiential knowledge, therefore, can also be regarded as foreign market knowledge and refers to the individual accumulation of information and experience of the foreign environment (Autio et al. 2000). Other researchers argue that foreign market knowledge should involve (1) general information about how to conduct business in international markets (international general knowledge); (2) specific knowledge about foreign institutions and business practices (institutional knowledge); and (3) specific business knowledge about clients and competitors (customer-specific knowledge) (Autio et al. 2000; Hohenthal, Johanson and Johanson 2014; Sandberg 2014). Sandberg (2014) argues for the concept of market-specific knowledge, which comprises institutional knowledge and business network knowledge. The former includes information about the macro-environmental institutions in the host country, such as political factors, local government, laws, culture, and norms (Eriksson et al. 1997). Market-specific knowledge should be explored and accumulated in the local market, hence making it harder to transfer between different environments (Johanson and Vahlne 2006). Zahra, Korri and Yu (2005) suggest that studies should not focus on the cognition of the managers or entrepreneurs which is characterised by their cultural, institutional, political, and technological environments, but also extend to the institutional setting of the markets which they are targetting to enter.

The cognitive dimension of social capital is based on social shared mechanisms such as language, shared values, norms and narratives which result in voluntary coordination and cooperation as well as a high level of reciprocity within the social network relationship (Nahapiet and Ghoshal 1998; Presutti, Boari and Fratocchi 2016). Normative institutions refer to the expected shared values and norms of individuals or organisations, which indicate the most appropriate way to work in a collective, while regulatory institutions refer to the government laws and regulations in that market (Bruton et al., 2005). In a collective in which all members have a high level of understanding of language and shared values, this can lead to the new intellectual capital of the network or collective (Nahapiet and Ghoshal 1998). In turn, individuals who have a high capability to understand the behavioural norms and values, as well as the ability to use knowledge to facilitate the communication exchange, can improve their position or stability within the network (Nahapiet and Ghoshal 1998; Wasko and Faraj 2005; Yan and Guan 2018). In the IB literature, cognitive social capital has received less attention than structural or relational social capital (Lee and Jones 2015). Presutti, Boari and Fratocchi (2016), however, establish that all the dimensions of social capital have a positive impact on firms' sales in overseas markets, even though these host markets are not geographically close to their home market. On the contrary, the impact of the three dimensions of social capital on firms' sales in countries with low levels of geographic distance is limited. Therefore, it is important to study cognitive social capital along with the structural and relational dimensions to obtain a better overview of the evolution of small firms' internationalisation expansion in distant markets.

The cognitive dimension is associated with the individual rather than the organisational level. It refers to individuals' resources, which include the experience, knowledge and skills they accumulate over time (Nahapiet and Ghoshal 1998; Baron 2000b; Chiu, Hsu and Wang 2006). Cognitive capability evolves over time, along with the level of engagement and the interactions of individuals with others in the relationships (Nahapiet and Ghoshal 1998). Individuals can develop their cognitive capital when they increase their interactions with people who share the same practices (Wasko and Faraj 2005); values and norms are best understood through hands-on experience or narratives which provide the insight into stories of each member within the social networks. Developing cognitive social capital enables entrepreneurs to gain better understanding of the rules of the game. They can ensure that firms comply with the social norms and shared values in order to do business legitimately. Understanding the language also enables managers to interpret the environment and the context of conversations, thus reducing the amount of time needed to establish relationships with potential clients (Oviatt and McDougall 1995). The higher the cognitive social capital of the managers, the greater the credibility and trustworthiness of their reputation perceived by the local customers, which in turn enables a smooth transaction and enhances performance (Fischer and Reuber 2007).

With respect to international markets, since shared values and norms are different in each country, firms or top management with less international experience may lack the necessary knowledge to understand the normative and regulatory institutions in order to know how to do business in an appropriate way (Wasko and Faraj 2005; Kiss and Danis 2008). As suggested by the Uppsala model, geographic and psychic proximity between a firm and its foreign partners encourages face-to-face interactions and learning, hence making it easier for firms to exchange knowledge and exploit opportunities (Johanson and Vahlne 1977; Molina-Morales and Martínez- Fernández 2009). Firms with little experience of a foreign market may prefer to internationalise to one that is psychically closer to them (Johanson and Vahlne 1977). In our study of British SMEs in ASEAN, these firms should expect a significant psychic distance in terms of institutional development, language and cultures. Evidence has shown that knowledge sharing will be more frequent and stable if the entrepreneurs share the same cognitive capital as their network members, such as a common language (Musteen, Francis and Datta 2010) or normative behaviours (Acquaah 2007; Nahapiet and Ghoshal 1998).

I therefore, propose that cognitive social capital can be measured by the managerial experiential knowledge of the host markets. This cognitive capital can only be accumulated through personal experience and direct engagement in the firm's internationalisation process, or from the network partners (Costa, Soares and de Sousa 2016). Since exploitative capabilities can only rely on the existence of a knowledge base, top management with a high level of experiential knowledge and international network relationships can reinforce the results of exploitative capabilities and influence international performance over the long term (Wasko and Faraj 2005). Therefore, cognitive social capital is regarded as having a positive impact on overseas-exploitative capabilities and motiving entrepreneurs' engagement in the knowledge exchange process (Wasko and Faraj 2005; Nahapiet and Ghoshal 1998). Eriksson (1997) and Chetty and Eriksson (2002) argue that experiential knowledge, which includes business knowledge and institutional knowledge, enables firm to achieve superior capabilities. Kiss (2008) also suggests that entrepreneurial orientation, such as proactiveness and the reliance of managers on weak ties, is facilitated by the cognition of individuals. Hadley and Wilson (2003) indicate that international knowledge will encourage firms to conduct international operations in more diverse markets. Therefore, being exposed to different cultures will facilitate SMEs' capability to exploit multiple opportunities in different market and enhance their market diversity. These capabilities derive from tacit knowledge, which is costly and difficult for competitors to imitate. Accumulating such stocks of knowledge can facilitate a firm's understanding and ability to make decisions on how and when to further commit its incremental resources in foreign markets.

In light of the analysis, I propose that the existing experience and knowledge of the top management as internal-cognitive social capital will influence its exploitative capabilities.

H4: In the internationalisation process the entrepreneurial market experience is positively associated with the exploitative capabilities.

2.5.3. Social capital as capabilities

2.5.3.1. Overseas-market exploitative capabilities and international performance

Previous evidence has demonstrated that social capital can strengthen firms' capability and that social networks also support a specific type of capability depending on the type of international activities and the firm's expansion progress (Lew, Sinkovics and Kuivalainen 2013). On the basis of March's (1991) notions of ''exploitation'' and ''exploration'', as well as on the review of the literature on opportunity-capitalising (section 2.4), which highlights that firms are engaged more in exploitation building capability during the internationalisation process, in this thesis Lisboa, Skarmeas and Lages's (2011) definition of market-based exploitative capabilities is followed. This relates to how firms create and organise structures more effectively in order to maintain and reinforce their necessary relationships with the relevant partners in foreign markets. This is in line with the call for more studies of the entrepreneurial process of evaluation and exploitation of opportunities (Chandra 2017). Lisboa, Skarmeas and Lages's (2011) definition of overseas-exploitative capabilities also reflects two necessary conditions for a firm to upgrade its exploitative capabilities: network and knowledge upgrading capabilities. Only by acquiring knowledge and utilising new networks can small firms maximise their acquisition of the rights to future beneficial outcomes.

According to Griffith and Harvey's (2004) suggestion, business networks will allow firms to develop global dynamic capabilities and boost their performance in international markets. In different environmental contexts, SMEs may be required to build different capabilities; as a result, firms need to leverage their network relationships to gain access to external sources of information and opportunities (Grabher 1993). Blyler and Coff (2003) suggest that social capital is useful for the process of acquiring diverse resources from external social ties, while personal ties can serve as a driving force to facilitate the process, since most of the connections tend to rely on individual relationships (Davidsson and Honig 2003). Blyler and Coff (2003) also found that social capital is strongly associated with firm performance in turbulent and volatile environments, as it can establish a firm's credibility and trustworthiness in the market. Moreover, the development of social networks also encourages firms to combine and mobilise resources, hence they can become more flexible in managing their assets and accessing new resources and knowledge when appropriate. In turn, these capabilities will later affect firm performance.

Therefore I propose that the resources embedded in existing social networks will facilitate the development of firms' exploitative capabilities which later will have an impact on international performance. By processing a constant flow of diverse knowledge and information from various sources such as organisational weak ties and top management team (Blyler and Coff 2003), firms can reinforce their knowledge and exploitative capabilities during the later stages of the post-entry process, therefore increasing survival chances and achieving more stable and successful performances in foreign markets (Eriksson et al. 2000; Prange and Verdier 2011). The following sections will explore the mechanisms of this relationship by examining the embedded factors in relational network.

2.5.3.2. Trust and strategic export intention mediate the relationship between overseas-exploitative capabilities and international performance

Trust and leadership have become interesting units of analysis as mediators (Gerschewski and Xiao, 2015). It is evident that actors within the network exchange knowledge and experience based on the relationships. Commitment and trust have been considered as the foundation of the relationship marketing and key mediating variables that contribute to successful international performance (Morgan and Hunt 1994; Sarkar, Cavusgil and Evirgen 1997; Hashim et al. 2015). Since the interpersonal and inter-organisational exchanges are relationship-based, building commitment and trust as key mediating variables can allow researchers to understand the dynamics of interaction between different partners (Morgan and Hunt 1994). Morgan and Hunt suggest that successful relationship marketing needs both trust and intention as a warranty for the firm's efforts and "desire to maintain a valued relationship" (Moorman, Zaltman and Deshpande 1992, p.316). Hashim et al. (2015) also support this view, suggesting that commitment and trust are useful in mediating the relationship between user satisfaction and the intention for continuous knowledge sharing. The presence of both trust and commitment is a key factor for successful long-term relationships, therefore encouraging co-operative behaviours which contribute to successful relational exchange, and better efficiency and productivity in performance (Morgan and Hunt 1994; Garbarino and Johnson 1999). In international relationships, Chetty and Eriksson (2002) argue that market commitment is represented by the mutual commitment of the supplier and client to realising business opportunities. The extent to which firms commit in their relationship depends on what they believe is the level of the other firm's commitment (Anderson and Weitz 1992; Holm, Eriksson and Johanson 1999). The more commitment each firm puts into the relationship, the greater their mutual dependence; as a result, the supplier can use clients as a bridgehead to gain access to other relationships and opportunities.

When revisiting their Uppsala model Johanson and Vahlne (2006) also introduce the concept of relationship commitment, arguing that the mutual commitment of two firms in a future business can create knowledge and develop new opportunities. The process of the exploitation of opportunities requires efforts from the companies to partake in frequent interactions, developing strong relationships and mutual commitment to doing business, so that they can develop opportunities which others cannot see. In this way, the relationship can also be used as a bridge to new knowledge and opportunities. When this relationship become more stable and profitable, the parties do not need to invest as much as they did before and can divert their attention to firms within the local context. Johanson and Vahlne (2006) also argue that the meaning of relationships and commitment is similar to the social capital concept of Nahapiet and Ghoshal (1998), since both concepts refer to an explicit willingness to maintain and develop relationships in order to increase cooperative behaviour. Moreover, increasing commitment and adopting a high market entry mode also encourage trust and learning (McKnight, Cummings and Chervany 1998). Hence, developing relationships with network ties and resource commitment is part of the process of encouraging firms' exploitative capabilities and shaping their behaviour within the network. Since government agencies, customers/distributors and export partners are vital links for exporters, firms' commitment to relationships and resources demonstrates their willingness to do business in that market.

2.5.3.3. Trust as a mediator in the relationship between exploitative capabilities and performance

Trust - an individual or organisational asset?

Trust is regarded as a crucial and determining factor in many interorganisational cooperation studies (Thorgren, Wincent and Eriksson 2011) as managing collaboration in the international context require more efforts than supervising domestic ones (Blomqvist et al. 2008). Trust helps facilitate knowledge exchange and learning through interactions and know-how transfer between actors and collaborators within the network (Kale, Singh and Perlmutter 2000). In strategic alliances, trust creates the basis for a successful alliance and reduces negotiating costs (Zaheer, McEvily and Perrone 1998). In a collaborative international network, a high level of trust contributes to the transfer of resources between firms and increases the transfer of tacit knowledge (Madhok 1995). Firms can enhance their exploratory capabilities via trust building activities as trust enables them to generate new innovation streams and integrate external resouces into their existing capacity (Tsai and Ghoshal 1998; Yan and Guan 2018). Therefore, trust can balance a firm's acquisition of new resources and capabilities with their current assets, while continuing to facilitate learning through network interactions. Moreover, trust also enhances the partners' confidence in doing business together and reduces any concerns that their co-operating partner will behave opportunistically (Kale, Singh and Perlmutter 2000). A high level of trust can reduce the needs for monitoring contracts, since it can build up interests and facilitate the tolerance of firms in managing conflict and expectations (Zaheer, McEvily and Perrone 1998). These activities set up the foundation for maintaining the stability of networks.

Scholars argue that relational social capital should be measured by trust at the individual level (Kale, Singh and Perlmutter 2000; Zhang 2018). Relational social capital represents the strength of the relationship and ties within a network, so can be viewed as the individual's capability to access resources and know-how via network membership (Bourdieu 1986; Adler and Kwon 2002). As such, the foundation of relational social capital is the trust that is built among individual members of the social network in which firms are doing business with each other (Lew, Sinkovics and Kuivalainen 2013). Moreover, Kale, Singh and Perlmutter (2000) suggest that relational social capital can be regarded as mutual trust embedded at the individual level. This refers to the increasing interactions and openness between partners in sharing information and know-how with each other, thus enhancing transparency and reducing opportunistic behaviours (Gulati 1995; Zaheer, McEvily and Perrone 1998; Kale, Singh and Perlmutter 2000). The dyacdic interactions between individual memers allow the tacit knowledge to be transferred quickly across organisations and create a greater environment for exchanging knowledge.

However, Zaheer, McEvily and Perrone (1998) suggest that trust should be integrated across levels and the mechanisms through which trust at the individual level affects organisational-level outcomes. They define interpersonal trust as that between individuals in two organisations, while inter-organisational trust refers to the trust "placed in the partner organisation by the members of a focal organisation" (Zaheer, McEvily and Perrone 1998, p.142). Researchers also argue that interpersonal trust can be translated into organisational trust, although the process can be very challenging (Zaheer, McEvily and Perrone 1998; Zhang 2018).

This view regards trust as a form of relational capital which contributes to the transfer of resources and tacit knowledge between firms in networks (Blomqvist et al. 2008).

To fully understand the relationship patterns of the interoganisational trust researchers should also observe its structural and social components (Madhok 1995; Tsai and Choshal 1998). The structural factor is characterised by complementarity, which refers to the mutual network or situations in which the resources are being exchanged and creating value for individuals or firms (Madhok 1995; Walker, Kogut and Shan 1997; Nahapiet and Ghoshal 1998). As such, trust as a form of social capital between network partners plays a critical role in bringing complementary resources within an individual firm's boundaries. Individual spanners can come and go, while their role definitions remain stable. Once a firm repeatedly deepens its ties with other organisations, it will create more stable cooperation (Gulati 1995; Zaheer, McEvily and Perrone 1998). Over time, firms can insitutionalise the individual informal commitments into its organisational structures, thus influencing the collective trust orientation of partners.

The second component, social trust, refers to the quality of relationships between the network actors (Madhok 1995). Social capital, as indicated earlier in the conceptualisation section 2.3, is related to organisational networks and is facilitated by managerial cognitive experience. A firm's behaviour influences the level of confidence that each individual or firm has in each other. A firm's trust in its partners can be described by its perception of its partner's competence and goodwill, and the capability of the partner to commit and keep promises. In a dyadic relationship, trust is characterised by trustworthiness, which determines the extent to which a trustor perceives a trustee' capabilities through their reputation and behaviour in the social networks (Nahapiet and Ghoshal 1998; Zhang 2018). Hite (2003, 2005) also categorises trust into goodwill, personal competency trust and social trust. Personal relationships are related to goodwill trust, such as personal knowledge. Dyadic economic interaction is associated with personal competency trust and refers to the personal knowledge and trust in each other's capabilities. This definition resembles the trust and trustworthiness concepts which suggest trust is initiated at individual level and develops into organisational trustworthiness through interaction and social trust.

For organisations to create and sustain reputation in transaction relationships they need to demonstrate their behavioural trustworthiness. Since trust is built on voluntary exchange, managing it and trustworthiness requires a significant effort from both partners, especially if they are different in size (Thorgren, Wincent and Eriksson 2011). Thorgren, Wincent and Eriksson also argue that small firms in international markets may be disadvantaged due to their size and limited resources. Larger partners may have a low perception of their capability and trustworthiness and may not be willing to show commitment to exchanges. Zaheer et al.'s (1998) study also found that that even though the individuals in organisations may not trust each other, the institutionalised structures embedded in high inter-organisational trust can compensate for a low level of interpersonal trust. Boundary spanners may leave the organisation, but their role and the processes created during the trust-building activities still persist and create a stable and enduring environment for new interpersonal trust to develop. From this point of view, inter-organisational trust can be defined as the extent to which a firm holds its collective trust orientation toward its partners, rather than stating that firms trust each other (Zaheer, McEvily and Perrone 1998).

Trust mediates the relationship between exploitative capabilities and organisational performance.

In summary, it can be concluded that trust existing between individuals facilitates learning and knowledge exchange through individual interactions, which later can be expanded to bilateral social exchanges between organisations. Moreover, because the international activities of SMEs are mainly conducted by the owners or top decision makers, there is no clear distinction between interpersonal and inter-organisational trust, as they are interconnected and developed along with each other in relational exchanges. In this study, the focus will be on the development of mutual trust to measure how trust-building can enhance exploitative capabilities and international performance. At the initial exporting stage, firms have not yet gained knowledge and familiarity of each other, they may not be able to establish trust. In this stage establishing mutual trust is essential for effectively exploiting opportunities and desired performance. Although in this study trust is measured at the individual level, it also represents SMEs' efforts to build relationships with local businesses in foreign markets. In addition, relationships in international markets are greatly influenced by psychic distance (Presutti, Boari and Fratocchi 2016) which includes all the cultural and other business differences that create barriers and increase firms' uncertainty about doing business in foreign markets (Johanson and Vahlne 1977; O'Grady and Lane 1996). Blomqvist et al. (2005) argue that doing business in foreign markers requires firms to invest more in managing trust and contacts, since differences in national cultures may have a negative impact on trust between partners. Firms that can achieve a high level of mutual trust and reliability can reduce psychic distance and increase its confidence in investing in foreign markets.

Trust can increase the stability of networks but reduces expansion due to its liability characteristics (Yan and Guan 2018). Chetty and Agndal (2007) argue that social capital has a liability role, which refers to the poor performance of firms despite their having devoted a large amount of time and investment on relationships. Trust development also leads to a high level of dependency, which results in over-embeddedness or interlocking ties. To develop and maintain relationships requires an extensive amount of time and resources. Investing in a high level of relational social capital may result in directing a company's resources from other opportunities in other markets (Lai, Chen and Song 2019). If the risks and costs exceed the benefits, social capital may turn into a liability rather than an asset (Chetty and Agndal 2007). Interlocking ties are also developed based on this concept, which refer to a firm being trapped in relationships and blocked from new information (Lai et al. 2019). Zhang (2018) developed two separate yet linked continua of trust and distrust. The dynamics of trust and distrust manifest in the rates at which trust increases and distrust decreases is in line with the development of inter-organisational collaboration. Firms or individuals are more encouraged to work or do business with thoise that they have had previous interactions or transactions with (Granovetter 1985; Coleman 1988). Therefore, the interactions should be maintained and supported long enough to ensure that both parties are satisfied with the relationship and create a "band of tolerance", which is crucial in uncertainty situations (Wilkins and Ouchi 1983).

To conclude, mutual trust will enhance information and knowledge exchange (Uzzi 1997; Kale, Singh and Perlmutter 2000; Liu et al. 2010); reduce potential conflicts and opportunistic behaviour (Zaheer, McEvily and Perrone 1998; Kale, Singh and

Perlmutter 2000;); increase performance and successful collaboration (Aulakh, Kotabe and Sahay 1996; Blomqvist et al. 2008; Sarkar, Cavusgil and Evirgen 1997); and increase positive expectations and commitment in inter-firm relationships (Morgan and Hunt 1994; Zhang 2018). Baum, Calabrese and Silverman also suggest that exploitative capabilities are positively associated with relational social capital in three ways: first, good relationships from network ties will enhance the willingness of the network actors to exchange information and resources, which will then help refine existing knowledge rapidly (Moran 2005). Second, in a vulnerable and uncertain environment, trust increases the reliance of the actors on each other in sharing and using resources and reduces opportunistic behaviour (Tsai and Ghoshal 1998). Finally, a higher level of relational social capital can reduce search costs and may result in a higher chance of success in transferring knowledge (Zaheer, McEvily and Perrone 2018). I therefore propose that

H5: *In the internationalisation process, trust mediates the relationship between exploitative capabilities and firms' international performance.*

To test the mediation effect, subsequent hypotheses were also developed to illustrate the link between exploitative capabilities and trust, and between trust and performance:

H5a: In the post-entry phase, exploitative capabilities are associated with trust.
H5b: In the post-entry phase, the higher the level of trust firms build up with local partners, the greater their international performance.

2.5.3.4. Strategic export intention as a mediator in the relationship between exploitative capabilities and performance

Strategic export intention reflects entrepreneurial characteristics and perceptions in terms of the undertaking of risk assessment and strategic actions for the firm's continuing expansion. Hence, entrepreneurial intention has been widely used in the export literature as it indicates the extent to which managers engage in IB and the amount of effort they are willing to commit to a firm's expansion in foreign markets. The concept of "entrepreneurial intention" was originally described as "*a state of mind directing a person's attention (and therefore experience and* *action) toward a specific object (goal) or a path in order to achieve something (means)… Entrepreneurial intentions are aimed at either creating a new venture or creating new values in existing ventures*." (Bird 1988, pp.442-443). Therefore, entrepreneurial intention can be regarded as an individual commitment towards the creation of a new business, or added value which has a significant impact on organisational planning and commitment (Bird 1988, 1989).

Two streams of research have emerged from studies of entrepreneurial intention aimed at predicting the behaviour of entrepreneurial and small firms. The first is the theory of "entrepreneurial event" (Shapero and Sokol 1982), which argues that entrepreneurial intention is formed by two perceptions: perceived feasibility and perceived desirability. Perceived feasibility refers to an individual's attraction towards a specific behaviour, whilst perceived desirability measures the entrepreneurial perception of their capability to achieve this behaviour. Therefore, individuals will decide to perform an action when they perceive that the activity is more desirable or feasible than other options. Their export intentions are also characterised by motivational factors; for example, the individual desire for more recognition and the effort in realising export plans (Krueger and Carsrud 1993). The second stream, the theory of "planned behaviour" (Ajzen 1991) adds the third perception of social norms and argues that entrepreneurial intention is not only determined by perceived feasibility and desirability, but also by entrepreneurial subjective norms. Hence, planned behaviour is also determined by the entrepreneurial network and cultural environment. Social capital is therefore very important in this respect, since the number of networks and the type of social network the entrepreneurs are embedded in will influence their firms' strategic export behaviour. This is consistent with previous studies which have found that certain types of network relationships encourage entrepreneurs to search, recognise and exploit international opportunities (Johanson and Vahlne 2006; Evald, Klyver and Christensen 2011). Evald, Klyver and Christensen (2011) argue that a network of entrepreneurs encourages individuals to develop export intentions. Those who do not have such a network may be more hesitant in taking risks or proactively looking for new opportunities. Felzensztein et al. (2015) also found that a diverse network and high entrepreneurial intention can result in the geographical market diversification of small firms.

Despite being one of fundamental issues in the internationalisation literature, the role of internationalisation strategy in small firms' internationalisation process has been overlooked and understudied (Crespo, Simões and Fontes 2020). Entrepreneurial intention is critical in shaping small firms' strategy and enhancing export performance, since managerial perceptions can impact resource allocation and the internationalisation behaviour of small firms. Previous studies confirm that the individual strategic intention can be positively associated with firm performance (Krueger and Carsrud 1993; Liñán and Santos 2007). The higher the manager's export intention, the higher the chance of a firm improving its performance. Rialp-Criado, Galván-Sánchez and Suárez-Ortega (2010) suggest that there is a need to integrate different perspectives to identify the linkage between the managerial strategic perspective and strategy-making process of born-globals during their international development. In a similar vein, Coviello (2015) also argues that future studies should pay more attention to entrepreneurs' strategic intention and investigate its role as a separate construct from other strategic actions. Therefore, it is argued in this study that strategic export intention is in fact a rational decision which occurs in the later phase of export, rather than at the founding stage.

Wood et al. (2011) highlight the mediation role of strategic intention in the relationship between managerial knowledge and international sales. They argue that the experience and knowledge of top management or founders can trigger a firm's desire to undertake early internationalisation, and that managerial strategic intention and commitment to internationalisation can result in high international sales intensity. Learning and taking advantage of existing resources enable firms to overcome the first challenges of internationalisation; however, it is strategic intention that moves a firm a step closer to success in foreign markets. Sraha, Raman and Crick (2017), for example, when studying the export behaviour of 116 SMEs in Ghana, suggested that export commitment significantly mediates the relationship between international experience and export performance. They argue that managers with a high level of international experience are likely to be more committed to exporting, which in turn influences its performance.

Jaffe and Pasternak's (1994) study of the export intention of non-exporting manufacturing SMEs indicates that export intention is a result of organisational readiness and managerial proactive characteristics. In other words, managers' strategic intention is the result of a motivation and evaluation process. Existing knowledge and experience from the network and the proactiveness of decision makers can fuel firms' exploitative capabilities, which then lead to managers' decision to formulate and implement the strategic to remain in the market. Managers have to justify the strengths and weaknesses of the organisation to determine if the firm is ready to fully exploit the opportunities and perform well in the market. Therefore, entrepreneurial intention is also an indicator of the entrepreneurial perception of a firm's capability, and their personal attitude toward initiative-taking. As such, strategic export intention reflects the readiness and willingness of managers or entrepreneurs to commit to new business (Van Gelderen, Kautonen and Fink 2015).

In summary, I posit that
H6: in the internationalisation process, export intention mediates the effect of exploitative capabilities on international performance.

Also to test the mediation effect, hypotheses were developed to illustrate the link between exploitative capabilities and export intention, and between export intention and performance:

H6a: In the post-entry phase, exploitative capabilities are associated with export intention.
H6b: In the post-entry phase, the higher the confidence a firm has in its export intention, the better its international performance.

2.5.4. Conceptual framework

To capture the dynamic and evolvement of social capital over time, firms' internationalisation process was mapped as a two-stage model built on previous studies on the development of the network and entrepreneurial processes (Larson 1992; Jones and Coviello 2005; Jansson and Sandberg 2008; Chandra 2017). This study focuses more on the exploitative process in the post-entry stage, as well as incorporates both organisational and entrepreneurial resources and decision-making into the model. The first stage is the market exploitation phase, which is associated with the utilisation of resources and exploitation of opportunities. In this phase, firms start to utilise all the resources from their networks and top management make use of the available opportunities and gain recognition in the market. The second stage is more involved with performance enhancement and the establishment of a firm’s presence in the market. This stage is also regarded as the market development phase, in which firms increase commitment and build up trust to enhance their performance in foreign markets.

Figure 2-1 shows the relationships between organisational social capital, individual social capital, exploitative capabilities, relational social capital and international performance. According to previous studies, entrepreneurial characteristics such as proactiveness and prior knowledge, together with social network ties, are considered as antecedents of entrepreneurial development and the exploitation of business opportunities (Ardichvili, Cardozo and Ray 2003). The model suggests that organisational social capital (network ties and resource commitment) and individual social capital (proactiveness and market specific experience) are antecedents of exploitative capabilities, based on the view that these network ties and personal experience are unique and potential sources of capability. It is also proposed that resource commitment is more important at the beginning of the exploitation process. The degree of commitment and the ability to commit to the exploitation of opportunities are key determinants of SMEs’ internationalisation process (Graves and Thomas 2008). Firms need to review and analyse their internal and external resources to allocate and match their appropriate resources with the opportunities. Exploitative capabilities then enable firms to develop trust and trustworthiness in the local market. These capabilities should be studied at the operationalisation level. Hence, formal and informal information and relationships can be fully analysed in order for organisations and the mangers or entrepreneurs to make the best decision on how to maximise their resources and allocate sufficient ones to the exploitative activities (March 1991; Oh, Labianca and Chung 2006; Lisboa, Skarmeas and Lages 2011).

In the second stage, exploitative capabilities fuel firms’ strategic intention and trust to encourage them to gain better understanding of local partners and to commit more in the market. Persistent strategic intention, along with trust-building, is crucial in helping firms establish their presence in the market and enhance their performance. Leitner and Güldenberg (2010) conclude that persistent commitment over a period of time is considered as a pre-condition for firms to achieve competitive advantage over their competitors that change their strategy over time. In effect, a high level of trust and commitment are likely to result in better international performance. Therefore, trust and commitment can be regarded as the mediators of the relationship between exploitative capabilities and firm performance.

It is therefore argued in this thesis that resource commitment should occur at the initial stage of exploiting opportunities, since it encourages firms to make a careful plan for market entry, arrange sufficient resources for the export activities, and reduce uncertainty (Cavusgil and Zou 1994). Chetty and Eriksson (2002) share the same view, that a high level of commitment enables firms to enhance their knowledge of foreign customers, who they can use as a bridgehead to extend relationships in their expansion to other markets. Firms that express a clear intention and commitment to establish themselves in the market will be more willing to learn, adapt and align themselves to foreign norms and business practices, thus maximising their exploitation of opportunities (Wood et al. 2011). Moreover, possession and deployment of capabilities do not guarantee a firm either a sustainable competitive position or high economic returns in international markets. Without resource commitment and strategic intention, firms cannot achieve these goals in a timely fashion (Kevill, Trehan and Easterby-Smith 2017).

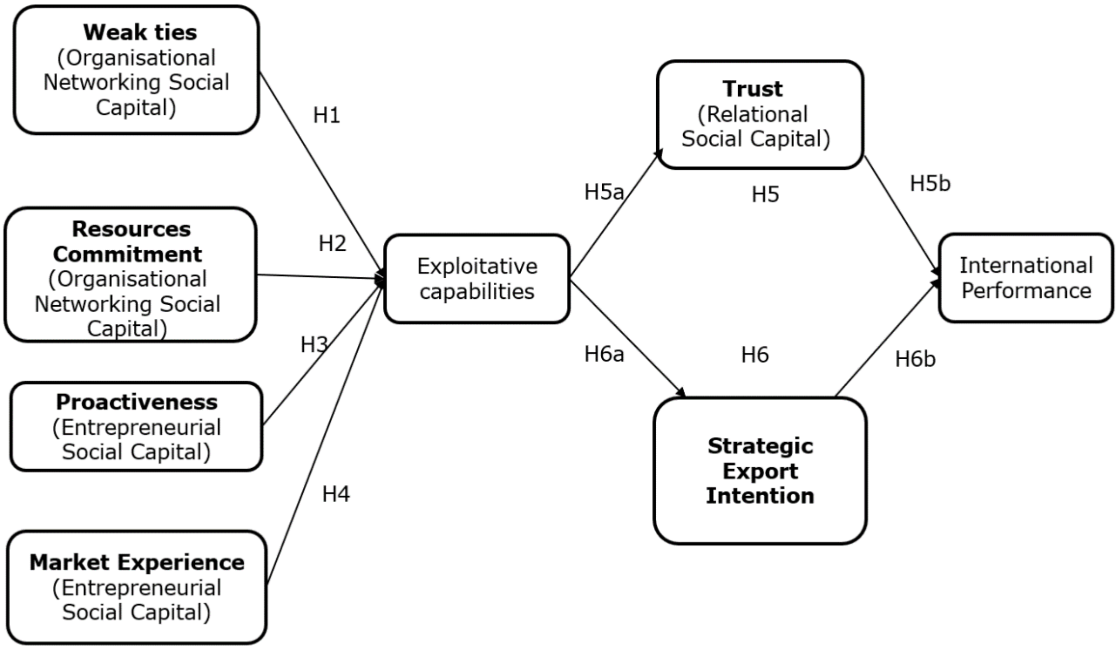

Figure 2-1. Proposed conceptual framework

CHAPTER 3. METHODOLOGY - REVISION OF THE CONCEPTUAL FRAMEWORK AND SURVEY DEVELOPMENT WITH EXPLORATORY DATA

3.1. Research design

This chapter provides an outline of research philosophy and the methodological considerations for the study. The first section provides an overview of different research paradigms and the appropriateness of the deductive and inductive methodologies. The justification for the chosen research philosophy and methodological approach will also be explained in this section. The following section describes the research design of the study, including discussion of the applications, and the validity and reliability of the qualitative and quantitative methods employed. Details of the data collection process, including sample selection and size, and a brief explanation of the analytical tools will also be provided.

3.1.1. Research paradigm

Researchers' choice of paradigm will define their philosophical orientation, such as how they conduct the research (epistemology) and their view of the reality and development of knowledge (ontology) (Duberley, Johnson and Cassell 2012). In management research, there is debate on which position and approach researchers should take when investigating a phenomenon. The positivist approach suggests that researchers should adopt the philosophical stance of the natural scientist, which means that researched phenomena should be observed directly without any subjective interference (Saunders et al. 2011). Researchers should act as objective observers and be independent from the subject of research. Interpretivists, on the other hand, hold the view that humans should be the centre of knowledge and that they construct the world through their interaction with the environment. Particularly important in this approach is that researchers inductively form their understanding of the phenomena by investigating the development of behaviours and experience; how these have developed, and are sustained and shared with others (Prasad 2017*)*. The third paradigm, realism, can be more useful for researchers to discover the real world, as they can be scientific whilst still recognising the role and value of subjectivity (Bryman and Bell 2007; Fisher 2007). Although realist researchers acknowledge the value of interpretivism, which focuses on human interactions with the social world, they also criticise this method for not taking into account the whole picture of the underlying social structures which may influence social actions and the relationships between the actors within them (Granovetter 1985). In addition, from a realist perspective, positivist researchers only treat observable events and variables in isolation and do not consider the role of context and interactions between mechanisms (Olsen 2002; McEvoy and Richards 2006). The realist researcher views the external world as a combined structure of various interrelated objects and constantly asks the question "why" to find causal relationships in the economic system in which the social actors are interacting interdependently (Sobh and Perry 2006). The use of critical realism in business and management research has been supported by many researchers, particularly its applications in investigating and developing theories of business process relationships (Ryan et al. 2012), entrepreneurial social capital (Lee and Jones 2015) and the context of emerging networked economies (Ehret 2013).

This research aims to investigate how social capital, managerial characteristics and dynamic capabilities co-evolve overtime in the context of emerging economies. The study was developed from the researcher's master's dissertation, in which she examined the role of managers' characteristics in SMEs' market selection and market entry, using case studies of four British firms exporting to Vietnam. Initially, this thesis follows an interpretivist perspective since it deals with the real experiences of entrepreneurs and decision-makers. Because different entrepreneurs may hold different views on the social network and the risks and challenges associated with it in new markets, the way they respond to network ties will also depend on their perceptions, characteristics and experience of international markets. However, all entrepreneurs are individual actors in a network; their behaviours and actions may be shaped by the structure of the network in which they are interacting. Therefore, the emphasis of this research is on explaining and understanding the pattern of SMEs' internationalisation process, as well as identifying the possible general behaviour of SMEs in international markets. Codified variables which were developed in Chapter 2 to represent the firm's individual and organisational social capital and the firm's performance were compared with the findings collected at different points in the qualitative research. Later, the variables were tested statistically in the follow-up quantitative research to identify the correlations between the two processes. This approach implies that the study should bring together two different methods to investigate both the individual and generic patterns of the entrepreneurial and SME behaviour during the internationalisation process. To achieve the aims of understanding the nature of the competitiveness and dynamics of SMEs in international markets, this research is grounded on critical realist epistemological assumptions. The study views the reality as a dependent actor formed by the perceptions and interactions of the social actors within it rather than being an isolated actor. In the study, the internationalisation of the British SMEs is taking place in a specific context (the ASEAN market) and is affected by different types of external barriers and challenges which are independent from the firms. The realist perspective enables the researcher to build a bridge from the natural to the social sciences, and to focus on objectivity, while still recognising the importance of perception and interpretation, and their impact on the research process and representation of different viewpoints. Objective data can provide better understanding of the patterns of the network structures in which social capital exists, while subjective data will enable the researcher to understand the meaning and the intentions within the network. Hence, the changing nature of the business relationships and networks can be further investigated (Ryan et al. 2012) and higher levels of generalisation can be achieved (Ehret 2013).

3.1.2. Theory building approach and research strategy

Researchers have identified three common approaches to developing theory: the inductive, deductive and abductive (Bryman 2008; Saunders et al. 2011). The inductive approach starts with observations and data collection in order to explore a phenomenon and then builds a theory based on the outcome of the observations. In order to have different views of the phenomenon, qualitative data are preferred and only a small sample of objects is used. A less structured research design will provide a more in-depth view of the context. On the contrary, in the deductive approach the research starts with a theory which is developed from existing knowledge and literature. To confirm or reject the theory the researcher will then develop hypotheses and test them empirically with quantitative data. This approach is dominant in the natural sciences due to its ability to explain causal relationships between variables and concepts, as well as its requirement of a highly structured methodology and generalisation capability. The researcher also needs to operationalise the concepts in order to ensure that the facts and data can be measurede quantitatively. To allow for generalisation, the samples need to be selected carefully and be sufficiently large for the analysis. These characteristics ensure high reliability and validity in a deductive research process. Finally, the abductive approach is a combination of the deductive and inductive by allowing the researcher to move back and forth between theory and data. In this approach the researcher will first collect data to explore a phenomenon, and then identify themes and develop or modify a new theory (in a form of a conceptual framework), which will be subsequently tested through additional data collection. This interactive feature between theory and empirical study is found more in action or case study research.

The research strategy refers to the overall approach of the research, while the tactics provide more detail of the data collection and analysis (Saunders et al. 2011). There are two ways of collecting data in a research study, namely by using a qualitative or quantitative approach. Inductive research tends to be associated with qualitative data which highlights the importance of understanding meanings, opinions and behaviours. The researcher will investigate and examine a number of small datasets to clarify theoretical concepts or to reach tentative hypotheses and theories (Saunders et al. 2011). Deductive research, on the contrary generally involves quantitative research which emphasises the role of experiment and testing by measuring variables to verify theories and hypotheses (Easterby-Smith, Thorpe and Jackson 2012). Hypotheses and/or propositions need to be formed prior to the data collection (Saunders et al. 2011; Easterby-Smith, Thorpe and Jackson 2012). Quantitative research requires all the terms to be evaluable and explainable by statistical data. In this method, large datasets are required to test the hypothesis and ensure the validity of the study. The role of researchers is also different in qualitative and quantitative studies. In quantitative research, they play an objective role, while in qualitative approach they are encouraged to adopt the role of both participant and observer.

This study aims to (1) identify the key patterns of individual and organisational social capital and how these patterns influence the firm's internationalisation behaviour, particularly in exploitation of opportunities; and (2) understand the associated relationships between these patterns and the mechanism in which SMEs utilise and develop their exploitative capabilities to successfully perform in international market. The first objective requires rich qualitative data that explains the development patterns and decision-making processes of SMEs when they internationalise and develop network relationships. The second involves a high level of quantification of the data to provide an overview of the antecedents of exploitative capabilities and internationalisation performance of SMEs in ASEAN markets. To achieve the research objectives, the study adopts a mixed method, in which qualitative and quantitative approaches are used to capture a complete picture of SMEs' internationalisation process. Mixed methods prove to be best suited to this thesis for a number of reasons. First, they provide a variety of value-added elements to the research process, particularly in IB and cross-cultural contexts; (Hurmerinta-Peltomäkic and Nummela 2006). Second, they offer the possibilities of triangulation and combination of various data forms in the research procedures, meaning the researcher can expand either the depth or breadth of the study, thus neutralising the disadvantages of using each method alone and improving the validity of the study (Greene, Caracelli and Graham 1989; Creswell 1999, 2003). As discussed in the previous section, critical realism also acts as a bridge between the qualitative and quantitative, allowing researchers to legitimately discuss contextual relationships in the findings, while facilitating the theory building and generalisation process.

The study starts with the literature review and in parralle conducts exploratory observations of the four cases of British SMEs operating in Vietnam. The aims of this stage are to (1) identify which factors affect firms' decision and ability to exploit opportunities in psychically distant markets and (2) the impact of each factor on firms' performance after the market entry. Once the key factors were identified, theory and the internationalisation models constructed from the literature will be revised and subsequently tested in the later stage. This method allowed the researcher to gain in-depth data, while still offering opportunities for generalisation. Qualitative data can identify important and useful patterns and pointers for forming the instruments and hypotheses used in the quantitative research study, while statistical data can generalise the patterns of the qualitative data. Moreover, with regards to the social capital aspects, the combination of both "soft" and "hard" data will better reflect the qualitative and quantitative dimensions of a social network (Coviello 2005); provide an insightful evaluation of the topic (Creswell 2003); and enhance the depth and breadth of the study (Greene, Caracelli and Graham 1989). Social phenomena and their embedded networks are complex, so the use of multiple methods can help to form a better understanding of these complexities.

Based on the previous argument about theory development, the abductive theory approach and mixed-methods were decided to be the appropriate research strategy for this study. As suggested by Creswell et al. (2003) (see table 3.1), I followed exploratory design and abductive reasoning, starting with qualitative empirical observations from the cases studies to help form hypotheses and propositions which will be tested using the quantitative method. The following section will describe the two phases of the study and the research methods used to collect and analyse the data in each phase.

Table 3-1. Mixed research methods approach (Creswell et al. 2003).

Design type	**Process**
Triangulation	Collect quantitative and qualitative data at the same time and then merge the data for analysis purpose
Embedded	Embed one type of data within a larger one. Data collection process can be either quantitative-qualitative data or qualitative-quantitative data

Explanatory	Collect quantitative data and then qualitative data in order to make a connection between two types of data
Exploratory	Collect qualitative data first and then quantitative data and connect two types of data.

3.1.3. Validity and reliability in the mixed methods approach

When evaluating the credibility and quality of a research method and design, four main criteria are applied: reliability, replicability, generalisability and validity. First, research reliability is concerned with the consistency of the study; e.g., if the measure will yield the same results in different contexts/occasions (the deductive approach) and if different researchers will make similar observations in different contexts/environments (the inductive approach) (Easterby-Smith et al. 1991). Second, replicability indicates whether the findings and results are clear and sufficient for the future researchers to replicate or repeat the study *(*Brown 2015*)*. The replicability of the study can be improved if the research procedures can be clearly explained and reported; e.g., information on the data collection (who the participants were and how they were selected for the study), and the data collection and analytical process (how the study was conducted and how the variables were defined and analysed). Generalisability (or external validity) measures if the research findings are generalisable and can be apply applied to other research settings (Brown 2015). In other words, it is concerned with the degree to which the results of the sample in the study are meaningful and represent the population studied. The final criterion, the validity of research, refers to whether "the findings are really about what they appear to be about" (Saunders et al. 2011). In other words, it asks if "a specific measure of a concept really measures that concept" (Bryman and Bell 2003, p.77).

With regards to this study, validity and reliability can be enhanced in a sequential mixed research method. In the first phase of the study, qualitative data were collected from the four case studies using the semi-structured interview technique, which provides a rich source of text data. These data were then coded into different themes guided by the research questions in order to identify the potential variables and constructs. Case studies were suited to this stage as they can provide in-depth and holistic views of a particular phenomenon (Yin 1994). They can also be used for exploratory and explanatory research. In the second phase, the variables and constructs identified from the themes were tested using a closeended web-based survey. Cross-sectional surveys are useful for testing the hypotheses derived from the conceptual model. Online surveys are also cost effective and easier to manage and monitor (Ghauri 2004). Hence, by adopting a sequential mixed method design, consistency, replicability and generalisability will be increased, since the samples can represent the population and the measurements of the concept(s) can be verified. Moreover, the statistical findings from the second phase could compliment and add more value to the empirical grounded hypotheses from the first phase. The verification or rejection of the hypotheses also allows for triangulation in the first phase, which means that the overall research quality will be enhanced (Bryman 2004; Gioia and Thomas 1996).

3.1.4. Research ethics

Before commencing the data collection, the researcher received ethical approval from the University's College Research Ethics Committee. With regards to the case studies, the participants were informed about the research project in detail, including the aim and objectives of the project, the research instruments and the confidentiality of the research. The consent form clearly explained that participation was voluntary and that participants had the right to withdraw from the project.

In terms of the online survey, these were distributed via email, providing respondents with access to an online questionnaire, thus providing the advantage of reaching a geographically dispersed sample, and allowing respondents to complete the survey in their own time (Saunders et al. 2011). The web-based survey had an introductory section which indicated the aims and the benefits of the research, clearly explained to the participants their voluntary participation and their rights to withdraw from the project, and guaranteed respondents' anonymity and confidentiality.

The consent form was obtained virtually. If the participants were happy to participate in the project, they would sign by ticking on the YES box and proceed to answering the questions. They also had the right to withdraw from the project after completing the survey without giving any reasons. At the end of the survey they were asked if they wanted to give their personal information, since this would be used to identify their responses if they wanted to withdraw from the survey.

The link sent to the participants was also anonymous in order to protect their data. They only needed to inform the researcher within 28 days of the submission deadline.

The collected data were also be treated confidentially. The names and details of the firms and managers were coded in the form of pseudonyms. All the electronic data, including the recordings and survey answers, were protected by passwords, which were changed every three months. Only the researcher and the supervisory team had access to the data. At the end of the project, all the data related to the participants will be destroyed.

One risk with online/internet research is that researchers cannot control the authenticity of the identity of the participants. To avoid duplication, the researcher highlighted in the introduction to the survey that they only needed to complete the survey once. Moreover, the researcher used the university survey software Qualtrics for which NTU holds the license, rather than a third-party product, to ensure the confidentiality of the collected data. The researcher also kept the respondents' information (names, addresses, emails) in one file and the data in a second one, and then used an arbitrary code number to link the two.

3.2. Phase 1- Qualitative study- Preliminary findings

This exploratory study aims to explore the impact of social capital on firms' internationalisation process over time. The main objectives are to gauge the appropriateness of the hypothesised conceptual framework and to gain insight into the empirical context. The multiple longitudinal case studies method was employed, based mostly on in-depth semi-structured interviews. This approach was suitable for this study for a number of reasons. First, case studies have the power to be descriptive, exploratory and explanatory at the same time, hence allowing in-depth investigation into complex, non-linear phenomena which cannot be fully understood by cross-sectional quantitative data (Eisenhardt 1989; Maxwell and Mittapalli 2010; Yin 2009; Welch, Plakoyiannaki and Paavilainen-Mäntymäki 2014). Therefore, case studies were suited to the first stage of this thesis, in which the aim is to explore and investigate the impact of firms' resources and capabilities on SMEs' expansion process to new psychically distant markets such as ASEAN. Second, a longitudinal study allows for the detection of developments and changes in social capital at both the individual and organisational level, based on the sequences of firms' activities in the market. It is possible to observe and monitor firms' involvement in their IB activities from their market entry stage to the establishment stage, and to determine the types of social capital resources in each stage. Finally, this approach is well suited to the abductive approach (Yin 2009; Bryman and Bell 2003; Creswell 2003). The benefits of the abductive reasoning are that it enables the researcher to move flexibly between the inductive and deductive approach, hence compensating for the paradigmatic limitations of a specific research method (Greene et al., 1989). With regard to this study, it begins with the hypotheses and key constructs, then uses exploratory research to reinfornce the relationships and identify new factors (if any) which are statistically tested later with a quantitative method (Yin 2009; Bryman and Bell 2003; Creswell 2003). The researcher can learn how the firms and the decision markers absorb and process external and internal knowledge to build up their capabilities over time and develop appropriate questions and measures for the next stage.

Below are the research questions used during the three rounds of the interviews.

Round 1

(1) To what extent do network relationships have an impact on firms' decisions to pursue international opportunities in Vietnam?

(2) To what extent does psychic distance have an impact on firms' decisions on market entry mode in Vietnam?

Round 2

(1) To what extent do relationships and trust have an impact on firms' performance in Vietnam?

Round 3

(1) To what extent does market knowledge generate in Vietnam impact firms' continuous commitment and further their expansion in the market?

3.2.1. Data Collection- Samples and interview technique

The interview process comprised three stages (see Table 3.2). Altogether, 12 interviews were conducted from 2013-2017. The first round of interview was conducted for my master's dissertation (Luong 2013) and a paper (Luong Buu and Zhang 2014) on four British SMEs' exports to Vietnam.

The samples were small British firms who had started exporting to Vietnam and agreed to participate in my master's dissertation. All the firms met the following selection criteria: (1) they met the EU's definition of SMEs; (2) they operated in business to business markets; (3) they were active exporters in international markets; and (4) they had an interest in the Vietnamese market and had started establishing their presence there. A personalised email was sent, and phone call made to the ten firms to explain the project and to establish the willingness for and a convenient time for a face-to-face interview. Finally, four managers from four firms agreed to participate in the study. The samples were selected on the basis of purposive sampling and on Eisenhardt's (1989) recommendation that between four and ten cases should be sufficient to generate theory. In the multiple case approach, replication logic can be applied to compare cases and form triangulation, which increases the validity of the research (Yin 1994, 1998; Eisenhardt 1989).

The main business lines of the four samples were in the manufacturing (two firms) and service (two firms) industries. This was ideal for the context of our empirical study and enabled the collection of rich data. Casillas (2015) suggests that the type of industry influences the firm's internationalisation development due to the variance in growth rates and availability of knowledge. Therefore, this choice of sample enabled the findings to be extended for the subsequent quantitative research (Seawright and Gerring 2008).

The interview was designed around the main research questions, with various probes included to obtain more details of the firm's IB and its behaviours. The subsequent second and third round follow-up interviews were conducted every two years from 2015 to 2019. Observing the case firms over six years allowed the researcher to closely monitor the changes in their behaviour and their growth phases (Kazanjian and Drazin 1989). All the interviews were conducted with the firms' owners and managing directors to ensure that the interviewees had a high degree of knowledge and information about the firm's internationalisation process. This is inline with Ghauri's (2004) suggestion that the chosen informants in case study research should be the key decision makers who make decision on firms' internationalisation strategy. In addition to the primary data which were collected through semi-structured interviews with the business owners/managers, relevant documents and data from other sources, for example financial data and news releases from the time of the first interview up to the present, and company brochures and websites, were utilised to provide further support for the analysis, hence enhancing the validity and reliability of the study (Creswell 2003).

To address validity and reliability issues, I followed Eisenhardt's (1989) and Yin's (2009) suggestion. The same research protocol for each firm was applied; for example, only one set of interview guidelines was used, and all the interviews were conducted by the author (Ayres, Kavanaugh and Knafl 2003; Eisenhardt 1989; Yin 1994; Eisenhardt and Graebner 2007). Each interview lasted between 30 and 90 minuties and was recorded for a transcription purpose.

Table 3.2. Details of three interviews

Interview phase	Date	Interview question topics
1st round	June-August 2013	The impact of psychic distance (geographical distance, institutional distance, e.g. political, economic, legal and educational systems, accepted business practices and ethics, cultural distance in general and language distance in particular) on the firm's decision on mode of entry.
2nd round	June-August 2015	In the second round, the research aimed to explore how social capital influenced the firms' business performance in Vietnam. The questions explore which factors affect their strategy in Vietnam and how they have adapted their strategy to overcome market challenges.
3rd round	November 2017-January 2018	These were short follow-up interviews which lasted between 20-30 minutes as all the directors were very busy at the end of the firms' financial year. I asked them to update their business in Vietnam as well as other aspects and roles of social capital and their impact on their operations in the market.

3.2.2. Analytic procedures

The analysis procedures included data coding, and within-case, thematic and cross-case analysis (Eisenhardt 1989; Creswell 2003). The interview data were analysed using thematic analysis (Saunders et al. 2011), with the transcription written in the form of a detailed case-study. Data from the interviews were manually coded into different themes and analysed using pattern-matching techniques. These allow researchers to identify similar and different patterns between firms' internationalisation process, from that they can determine the relationship between the themes and formulate the conceptual framework (Saunders et al. 2011). Consistent with Stoian, Rialp and Dimitratos' (2017) and Rindova, Dalpiaz and Ravasi's (2011) studies, after all the interview transcripts had been coded manually, each case was analysed separately to develop a general overview of them and specifically of market entry into Vietnam (see Table 3.3.). The characteristics of each case in terms of its export activities and the capabilities of the decision-makers were then analysed and grouped into four different themes. Under each theme the findings were analysed and compared against each other and presented them narratives. At the end of each theme, the data were presented narratively and linked with the conceptual development, the current literature and empirical evidence in order to develop the hypotheses. This method of building a firmly established framework is also recommended by Eisenhardt (1989).

3.2.3. Qualitative results

Below is a brief summary of the four cases, including information on the participant, the firm's background and its international experience.

Firm A

First interview- July 2013

Since 2010, after receiving several inquiries from Vietnam the director started to have interest in searching for more opportunities in this region. He planned to visit Vietnam during his trip to meet the firm's current distributors in Malaysia and contacted UK Trade and Investment help identify some potential distributors and to arrange business meetings during the visit. While there, he made a contact with an engineering expert in Ho Chi Minh City and kept in touch with her for future assistance. After attending a trade show in Vietnam in September 2012, he decided to establish a sale office in Ho Chi Minh City and employed this expert as the firm's representative officer.

After only three of establishment, their export sales in Vietnam ranked nineth amongst all their export markets. Thanks to this success he planned to build up a manufacturing factory in Vietnam which could be developed into a regional manufacturing hub for the Southeast Asian market.

Second Interview- June 2015

The second interview conducted in 2015 revealed many changes in the firm’s resources and business strategy in Vietnam. It decided to close the representative office in May 2015 only after three years of its launch. The first reason was that the representative resigned from the position. Second, the business they gained from the Vietnamese office was slowing down. Moreover, although the company appreciated the work that she had developed for the business as their Asian representative, for example building new relationships in Vietnam and in other neighbouring countries (Malaysia and Singapore), they were quite concerned about her ability to work independently and her language skills. Since the turnover did not justify them maintaining the office, they preferred to develop the business directly from the UK office, which employed two new business development managers to look after the Southeast Asia and Middle East markets.

Third interview- Jan 2018

The market in Asia had been slowing down in the previous two years; however, the company was expanding to other regions and they had just brought in two additional business managers to the sales team. The director explained that they would continue to invest in the ASEAN markets, but also try to explore new business opportunities in North and South America.

<u>Firm B</u>

First Interview- July 2013

The founder director first knew about business opportunities in Vietnam in 2010 during a business matching event in the UK. He then used UKTI services to conduct market research and arrange several meetings with potential contacts in the oil and gas industry. During his visit to the market in 2010 he was accompanied by a translator who was introduced to him by a friend. Alhough he recognised that the market potential was relatively small, he was still interested in the possibility. After the market visit he decided to work with the translator and employed her as his agent and representative in Vietnam. In addition to the oil and gas business, he also showed interest in other business opportunities such as exporting camp modules from Vietnam to Australia or exporting seafood from Vietnam to the UK>

Second interview- July 2015

There had not been many changes in his business in Vietnam during the intervening two years. Through the network of his staff in Vietnam, the company bought a 50% share in a new pharmacy chain in Ho Chi Minh City in 2014. They hoped that in the future they would be able to develop the business and provide medical supplies to the oil and gas industry.

Third interview- November 2017

The business in Vietnam had again remained the same during the two years. The director preferred to use the Singaporean and Vietnamese markets mainly as hubs to process financial and administration documents. He paid the agent in Vietnam a flat fee for her to assist the Singaporean office and to keep an eye on market opportunities. He still owned 25% of the pharmacy store, while the remaining share was owned by the agent and her family. The pharmacy was making low profit; however, since it was not a big investment, and he still had other markets to focus on, he was happy to keep the business as it was.

Firm C

First interview- July 2013

The director was formerly an international sales manager for a British firm that develops 3D data pictures for oil and gas firms. Since his firm already had several contracts in the region (Malaysia and Singapore), he started to seek opportunities in Vietnam. He commissioned a market report from UKTI to help him evaluate the market and identify potential contacts. However, after his first visit to Vietnam in August 2012, he could not persuade his firm to invest more resources in developing relationships with local firms. Therefore, he decided to leave the company and move to Vietnam to undertake his own research and seek new opportunities. His son was based in Vietnam, owning a consulting office in Ho Chi

Minh City. Through his son's network, he met and developed relationships with many Vietnamese entrepreneurs. During this period, he also met his Vietnamese girlfriend, who later became his business partner there. After spending six months on market reserach, in July 2013, he and his girlfriend established a joint-venture business which provided consultancy services in franchising.

Second interview- July 2015

In the follow-up interview two years later, he admitted that it was too early to start a franchise business in Vietnam. In addition, he realised that the franchise model that top companies employed in Vietnam was not a "real franchise", since companies came to Vietnam and grew by opening stores, not by franchises. Therefore, he changed his strategy by finding a niche market to break into. He was looking for opportunities to distribute a wide range of beauty and healthcare products in Vietnam

Third interview- December 2017

The manager abandoned the healthcare business due to the difficulty in finding the right partner and the lack of market interest. He started a new consultancy company which assisted Vietnamese to study or emigrate to New Zealand, thanks to his dual citizenship. They also provided consultancy services for several clients in the agriculture sector and were involved in several investment projects.

Firm D

First Interview- July 203

The director went to Vietnam in 2007 immediately after founding a healthcare consultancy firm. He was invited to provide consultancy and management services for two hospital projects in northern Vietnam. The work included defining, designing and building as well as pre- and post-opening hospital management services. However, due to financial problems, the projects were cancelled. Through his network, he met a Vietnamese entrepreneur who was also interested in building an international hospital in central Vietnam. They were in the process of negotiating and seeking investment and finance for the project.

Second interview- July 2015

Due to recently arisen business opportunities in Thailand and the Philippines, he decided to put the project in Vietnam on hold and changed his focus to these neighbouring countries. He was in the process of negotiating with healthcare business partners and the investors in setting up private international hospitals in Thailand and the Philippines.

Third interview- November 2017

Due to changes in the Philippine political system and the failure of his project with the partner in Thailand, Director D decided to shift his focus back to the Vietnamese market in late 2017. He was still in a good relationship with his partner and started to ask for support from the British Chamber of Commerce in Vietnam to identify financial support from institutional firms.

Table 3.3. Case summary (Luong Buu and Zhang 2014)

Firm	A	B	C	D
Participant Information				
Position	Director	Founder /Director	Founder	Founder /Director
Years of experience	Over 20 years	Over 40 years	Over 35 years	Over 30 years
Company background				
Business sector	Electricity	Oil and Gas	Consultancy business	Healthcare
Business	Power switchgear	Catering services	Trade services	Healthcare consultancy services
Location	East Midlands	Scotland	West Midlands	Greater London
Year of establishment	1956	1990	1983	2007
Turnover (2012)	£ 2.2 million	£23 million	-	-
Firm growth (%)	5-7	5	-	5

Firm size (No of Employees)	10-50	10-50	<10	<10
Firm's international experience				
Export/turnover (%)	46,2	95	100	100
Export markets	Middle East, Asia, South Africa and part of Europe	Europe, Asia, Africa and America	Asia (Brunei, Australia, Malaysia)	Emerging countries
No of Years of exporting	Over 30 years	Over 20 years	3 years	6 years
Internationalisation Strategy in Vietnam				
Reason for market selection	Market potential	Market potential	Market potential	Network-market potential
Year of entry	2012	2010	2012	2009
Market entry mode	Sales subsidiaries	Agent	Joint venture	Project turnkey/ investment
Post-market entry strategy	Export directly	Partner	Joint venture	Project turnkey/ investment

The study findings are presented based on the sequence of the firm's internationalisation in Vietnam, from the market entry stage when they first explored market opportunities, up to the post-entry phase when they had entered and established themselves in the market. The focus of the interviews was on four themes: network relationships, the firm's commitment, entrepreneurial characteristics and trust building. The propositions derived from each theme are presented at the conclusion of the theme and will be integrated with the previous proposed hypotheses to form a coherent conceptual model.

3.2.4. Findings

3.2.4.1. Finding 1.

In the initial market entry stage network relationships and entrepreneurial proactiveness are the key factors that lead to the firm's market entry decision

Network relationship plays a crucial role in the internationalisation process of SMEs. They provide firms with access to the international relationship network, from which they can accumulate crucial knowledge to exploit new business opportunities. The findings provide support for the view that building network relationships is essential for SMEs to recognise the opportunities and reach more customers (Oviatt and McDougall 2005; Kontinen and Ojala 2011; Hohenthal el al. 2014). As indicated by all the directors, their international strategy was to follow their existing clients or partners with whom they had already had a business relationship. Their intention to react to international opportunities in Vietnam was encouraged by knowledge and information which was available and shared through the firm's structural network, such as external triggers (UKTI, friends and previous customers). Cases A, B, C and D all obtained information and entered the market with the help of UK Trade and Investment (UKTI). As stated by Director B, he strongly believed that firms should seek external support to obtain more knowledge about local markets:

"*We had quite a lot of experiences in different countries….When I first considered my company working in Vietnam's oil and gas industry I realised that it was neither simple nor straightforward to achieve this objective. Having looked at the market from the outside I decided to ask UKTI for a market survey to be carried out*".

Director D already had a contact in the market but also approached UKTI and the Chamber of Commerce for further support, as networks are the most crucial sources of knowledge. *"A network relationship is not useful… it is essential, absolutely essential..."*

Therefore, the saturation of the domestic market and opportunities arising during their market visits to other countries motivated the firms' decisions to enter the Vietnamese market. The findings confirm the results of previous studies in the network and structural social capital field, that network ties play an important role in the recognition and exploitation of opportunities (Covillo and Munro 1995; Oh,

Labianca and Chung 2006; Suseno and Pinnington 2018). They also support Ibeh and Kasem's (2011) study, which found that firms tended to respond to international opportunities based on previous business contacts or through existing relationships. On this basis, we posit the following proposition:
Proposition 1. In the internationalisation process, the higher the level of network relationships, the greater the number of opportunities the firm will be able to exploit in foreign markets.
We also found an important link between the entrepreneurial proactiveness of the top management and the firm's exploitative capabilities. The proactive dimension of entrepreneurial characteristics refers to the ability of managers to take initiatives to enhance market knowledge. For instance, in case C the director spent six months in Vietnam exploring market opportunities. Similarly, Director A took the initiative to visit the market and attended tradeshow to seeks international contacts. In addition, all of the firms acquired a high-mode of entry in Vietnam in order to capture opportunities. Firm A, for example, established a representative office after only the third visit to the market. Firms C and D also entered the market through joint ventures, which require a higher commitment than exporting through intermediaries. This characteristic of the top management team is considered as the foundation to upgrade the dynamic of social capital and enhance a firm's internationalisation process (Zhou, Barnes and Lu 2010).

As explained by Director A: *"That is always my approach. Go there, visit, create relationships and it will start happening…Try to make sure to take your opportunity quickly and positively. That gets you the opportunity. Cause if it takes you long, it's gone".*

It is clear that the orientation of the managers is a key determinant in deciding whether the firm can move forward to advanced stages of internationalisation, which evidently impacts on their international performance and growth (Oviatt and McDougall 1995; Autio et al. 2000; Machado, Nique and Bischoff 2018). The findings reinforce the view that entrepreneurial proactiveness is an antecedent of internationalisation (Lumpkin and Dess 1996; Zhou et al. 2010). Entrepreneurs take fundamental responsibilities for recognising and exploiting opportunities (Zarah et al. 2005), and for directing the way and speed a firm should follow its internationalisation process (Leonidou, Katsikeas and Piercy 1998).

Therefore, we propose:

Proposition 2. In the internationalisation process, entrepreneurial proactiveness is positively associated with the firm's exploitative capabilities.

3.2.4.2. Finding 2.

Trust and commitment have significant impact on firms' continued expansion in the markets.

In the second stage, when the firm has expanded into the market, all the respondents agreed that building relationships with foreign partners was essential for SMEs to achieve successful sales in Vietnam. This is in line with previous authors, that in international network relationships reliable cooperation between collaborating partners is characterised by a high level of trust (Inkpen and Tsang 2005). Trust in cross-border partnerships can facilitate the SMEs to recognise opportunities (Hohenthal el al. 2014), accelerate their experiential learning (Prashantham 2010), increase exporting competitiveness and achieve important competitive advantages (Pinho and Prange 2016).

Director C stated that: *"It takes a long time for them to trust you. When they trust you, then you can develop long-term business… Vietnamese find it very difficult to trust anybody. There is always a question of trust in the background…You really have to have a very good Vietnamese partner who has to become your friend…Vietnamese they want to do business with their friends or family, because they trust their friends and family, so it is difficult to break in. But I think you really have to commit in my opinion, you have to commit three years. And if you commit three years, at the end of that it should come out a business".*

Director A also explained that: *"If the Vietnamese trust somebody, they explicitly trust that person...If you can create that level of trust, it become very loyal. The relationships therefore are more likely long-term relationships in Vietnam… It does take time and sometimes you have to accept that the time is 8 months, 2 years. It is a long time to get the result you want to achieve".*

However, some studies highlight that trust and market performance are not significantly directly related, and that the relationship quality dimension has a negative impact on firms' process of knowledge acquisition (Yli-Renko, Autio and Sapienza 2001). A high level of cognitive social capital may increase heterogeneous information and knowledge, as a result creating over-embeddedness. Limited exposure to homogeneous knowledge and contacts may reduce a firm's ability to identify new knowledge and ideas. Therefore, a high level of bonding and trust may also cause over-embeddedness and create a dependency-oriented culture; as a result, this restricts firms' ability to identify new opportunities and reduces their performance (Chetty and Agndal 2007). Moreover, obtaining certain benefits from networks can be very costly, particularly in distant markets which do not share the same culture as firms' home market. Therefore, we propose the following:

Proposition 3. In the internationalisation process, the network quality (trust) mediates the effect of exploitative capabilities on international performance.

In addition, once opportunities are identified, turning them into a successful business requires more resources and commitment. Interestingly, we observed that even though the market has not performed up to expectations, these firms are still looking for opportunities by exploring new contacts and maintaining relationships with their current partners in the market. Our evidence clearly highlights the importance of entrepreneurial commitment in nurturing relationships and continuing to explore markets some time afterthe market-entry stage (Casulgil and Knights 1994; Zhou 2007; Gabrielsson and Gabrielsson 2013). These findings support the quotes from the directors, which suggest that trust and commitment are vital if firms want to be successful in the market. Greater commitment seems to result in a better performance and the establishment of the firm's presence in overseas markets.

As stated by Director B: *"…basically I like the Far East and I enjoy the Far East as the market. It is a challenging market, but again, it is one where you can succeed when you trade the right products, and it can be either in country services or import or export.... I did not claim to be an entrepreneur, but I just enjoyed business I'd like to keep going until I achieve success…".*

Director C also added that: *"You cannot just go out in Vietnam expecting a business. I have been travelling in and out on business for 18 months. And it has been taking me 18 months to get into a stage where we start doing something. And that is probably quite quick. I spent 50% of my time in Vietnam, and I think you are going to expect to spend that…"*

Moreover, international experience when combined with commitment will result in better export performance. Sraha, Raman and Crick (2017) suggest that decisions on strategic commitment depend on the level of knowledge of the managers or founders of the barriers and opportunities in new markets (Cavusgil and Zou 1994). International experience can influence managers' perception and their choice of preferences (Stoian and Riahlp-Criado 2010; Stoian, Rialp and Dimitratos 2017). Silverman, Sengupta and Castaldi (2004) also highlight that international experience impacts the majority of managers in terms of their decision making in market commitment and giving priority to their international business. Managerial export market knowledge is therefore a crucial competence, which influences attitudes towards export markets and commitment. International experience will enhance a firm's export commitment and in turn improve its export performance.

Therefore, I propose that
Proposition 4. In the post-market entry process, export commitment mediates the effect of exploitative capabilities on international performance.

3.2.4.3. Finding 3.
Developing the cognitive factor is very important for firms in the post-market entry stage.

Exporting or internationalisation processes involve embeddedness in a country-specific context, which involves different rules of the game and cognitive structures such as social norms and culture (Johanson and Vahlne 1977; Kiss 2008). All the founders agreed that cultural differences, particularly language, are the greatest barrier when doing business in overseas markets. They said that during their market visits any language support services provided by interpreters or local staff would allow them to understand better their partners and customers, which could lead to healthy long-term relationships.

As Director A said: "*We have a lot more contacts in Vietnam now before she joined us… often our customers are small companies which are more difficult to find than those that are listed…they are not on magazines and certainly not with English. So trying to search for that type of companies in Vietnam for us is really difficult"*

Director D also shared the same view: *"Because they are government and they do not speak English, they are not reaching out to foreign companies and foreign companies would not be able to find them. I found the name of the company, but I could not get through to them because they just did not speak any English and I did not speak any Vietnamese. So hopeless. I would never have found them if I had not had my partner with me……*

Director B agreed, saying that *"In Vietnam there are few English speakers and one therefore relies upon a good translator who understands the local culture. It is a trait of Vietnamese that they do not wish to say NO to you and dress their answer up with uncertainties. An experienced translator reads through that and gives an honest bottom line after each meeting"*

This was confirmed by Director C ""*we are accustomed to meeting another business person and in one to three meetings deciding if we have a business future together or not. In Vietnam you may have to have met 15 to 20 times before you form a bond, this may also include a lot of heavy drinking sessions which is an essential part of getting to know each other. Business in the West is conducted more and more via email, video conferencing and Skype. In Vietnam most business is still done on a face to face basis."…"Without the local partner involvement it will prove very difficult to get things done and a foreigner could easily break a law or governmental requirement without realising it."*

The findings support the view from previous studies (Obben and Magagula 2003; Musteen, Francis and Datta 2010; Stoian and Rialp-Criado 2010) that firms can foster their internationalisation to markets that share the same language. Obben and Magagula (2003) argue that proficiency in language is associated with an

SME's level of export propensity and determines whether it can become an exporter. This also suggests that the role of local partners is important in building bridges between two firms (Madsen and Moen 2017). It also implies that managers or owners with a high cognitive capability can process and incorporate new information and knowledge for their social interactions within networks. As the exploitation process requires the refinement of current routines and knowledge, it requires dynamic interaction between top management and other partners to enhance their understanding and develop trustworthiness. The experience a firm gains when collaborating with other firms during its exploitation of the opportunities will lead to a higher value in their relationship (Anand and Khanna 2000), which can reduce the cost of further expansion and increase profitability in their international performance (Holm 1999, 2000).

Navarro et al. (2010) also demonstrate that cognitive experience can input positive knowledge into firms' operations and strategic behaviours related to internationalisation and exporting. These managerial characteristics put systems into place and enable firms to achieve high export performance. Sarkar, Cavusgil and Evirgen (1997) also argue that the building of trust requires cognitive behaviour. A high level of cognitive social capital in which individuals share the same common goals and reciprocity allows for a smooth transaction and reduces the need for formal monitoring (Sarkar, Cavusgil and Evirgen 1997). Moreover, Gooderham, Zhang and Jordahl (2015) suggest that high cultural intelligence is one of the desired managerial capabilities for developing and maintaining the quality of social trust. Therefore, experiential knowledge of foreign markets does not only allow SMEs to exploit opportunities, but also stimulates their relational social capital and accelerates firms' internationalisation progress and performance (Erickson et al. 1997; Chetty and Eriksson 2002).

In summary, experiential knowledge of foreign markets will enable managers to be more export oriented and committed to their firms' relationships, which in turn will improve firms' performance in international markets. Therefore, I posit that:

Proposition 5. In the internationalisation process, entrepreneurial cognitive experience mediates the relationship between exploitative capabilities, trust and commitment.

In the second round of the interviews, the language issue was again highlighted when the directors shared their experience of operating in the market. For instance, Company A has employed Vietnamese staff to help them communicate with the local clients; however, they still encounter problems with language during management of their Vietnamese office. "*We found that when she joined us her English wasn't fantastic, verbally. So she worked very hard on improving it. But in the last year she seemed to go backward… She seemed to be uncomfortable and lost control on her ability to communicate…We started to get confused on what was happening… Let us just talk directly with the customers and we had some sort better communication because she not got that whole process of one answer being changed very slightly from one to another." (Director A)*

"We still taking to customers in Vietnam 5 or 6 years after we first met them. Us being a company we continue to revisit the area and have an impact on people. I don't think it is something which you achieve at the level of trust by turning at once, having a good conversation and then expecting everything to go very well from there (Director C)

Hence, the cognitive aspect has been found to negatively impact firms' internationalisation process, particularly in the operation phase. Reliance on partners to overcome language distance can create a liability relationship for the company (Firm A). Kiss (2008) argues that cognitive institutions influences entrepreneurial orientation and determines the extent to which managers rely on their weak ties during the internationalisation process. As suggested by previous studies, weak ties can be turned into strong ones in the later stages of internationalisation, when firms enhance their learning and develop close bonds with other actors in the social network (Nahapiet and Ghoshal 1998; Moran 2005; Hite 2005). Lindstrand, Melén and Nordman (2011), in interviews with Norwegian companies internationalising to Russia, concluded that structural social capital is only relevant when managers can gain access to the market. As Russian firms prefer to do business with strong ties, building trust and developing mutual principles of reciprocity can create bonding with them and facilitate relationships. Therefore, managers need to adjust their perceptions and develop their cognitive learning about market institutions so that they can conform with a new institutional context. Ellis (2000), in a study of firms' internationalisation strategy in East Asia, also confirms that when firms can use social capital to identify international opportunities, they may still encounter more constraints in terms of linguistic and cultural distance. Although the differences in culture and language could be reduced when firms develop relationships in the market or appoint a local partner, companies or managers can still encounter language problems during their operations in Vietnam. Zou and Stan (1998) therefore argue that knowledge of foreign languages and understanding of the values and culture of foreign markets are key managerial capabilities which contribute to a firm's export success. Having such capabilities can reinforce the behaviour and attitude of top management towards increasing the resources allocated to export activities (Navarro et al. 2010). Other researchers agree with this view that the international experience of managers has an effect on a firm's persistence in commitment to international activities (Knight and Cavusgil, 2004; Zahra, Korri and Yu 2005; Machado, Nique and Bischoff 2018). Managers who have been exposed to international operations or have been educated abroad are likely to commit more to international activities. A high level of collaborative partnerships should be the result of firms' building of mutual understanding and expectation.

Therefore, I posit that
Proposition 6. In the post-entry phase the entrepreneurial cognitive experience moderates the relationship between exploitative capabilities and trust.

Moreover, the findings from the interviews also indicate that the cognitive experience of the managers also moderates the relationship between exploitative capabilities and the level of a firm's commitment. Seven years after these firms first entered the market, only half of them have generated results in terms of market performance (see Table 3.3). Even though the returns on investment do not match their expectations, they are continuing to commit to the market.

Director A stated that
"Asia would be the area that I would not put our time and service to get quick return because we experience it takes longer to get orders from Asia than it does from the Middle East or from Europe. That would be a normal practice we expect... We do not expect the result from Asia as quickly from other regions. The sector

we are in is also a slow technology sector so there is a reluctant to invest because people want to make sure it is a right investment itself. Our customers seem to be a cautious group of customers where in Europe and Middle East they are quite optimistic… "And business that we had from the Vietnamese office has been ok, but not too good as we would like, so we made the decision to close the rep office but still intend to do the business directly with Vietnam".

Director B agreed with this view:
"When you are working multi-nationally, you only have a certain resource...you own so much management time for your team to be able to make decision. If you look at ten different countries and two of them, you can see it will be profitable to enter the markets, you will spend your time. When you find one which is fairly difficult, then you do not give it a high priority...It is very easy to shut up and say we are not going to do that anymore, but it is not really my way.... A lot of work has been done, but I have no rush to do that because I have plenty other things at the moment. Vietnam is one of the countries I do follow and look at... It is very easily shut up Singapore and VN, but I do believe that is a spare market place, and far more vibrant and active than EU. I would not invest one or two million pounds in Vietnam because I am pretty well certain that things can change so quickly, and I will never see it again, that would put me off a bit. But fairly low level of investment, that is not so bad

Director C also shared the same view:
"We see that both of our healthcare business has been big potential for Vietnam that would be the first market in Southeast Asia (SEA). I think the way forward is looking at SEA as a whole market place. Look at Vietnam as a potentially base of manufacturer and export from. Take a long time to get things done".

Cavusgil and Nevin (1981) highlight the role of managers' personal aspirations in proceeding with their commitment to international activities. They argue that since management should ensure that export goals are consistent and relevant for successful internationalisation, they should maintain their level of proactiveness and willingness to commit resources. This argument is reinforced by Madsen and Moen (2017), who argue that export performance is associated with managerial subjective perception and assessment. Managerial decisions on firms' future export activities should be verified and supported by other factors, such as the availability of opportunities and resources, as well as their perception and market experience. In all four cases, even though the market opportunities in Vietnam were not promising after market entry, the entrepreneurs/business owners still wanted to continue doing business and to commit to the market.

Therefore, the foreign market knowledge accumulated during expansion in Vietnam has helped them reduce uncertainty, so that they can make feasible decisions in evaluating and influencing emerging opportunities, as well as determining their level of commitment. As Johanson and Vahlne (1977) suggest, increasing managers' knowledge of the institutional context and business knowledge can result in better exploitation of opportunities and higher commitment (Johanson and Vahlne, 1977). Brass et al. (2004) suggest that some potential moderators of network effects include individual characteristics (personality) and or organisational characteristics (resources and capabilities). Although psychically distant factors such cultural and social norms can create more challenges and increase transaction costs for SMEs to build up relationships with buyers, reinforcing the trust-commitment mechanism can reduce such costs in intermediary relationships. Suseno and Pinnington (2018) found that the client-specific knowledge can only be developed from bonding relationships which are facilitated by shared norms and values (Granovetter 1973, 1983). As Eriksson et al. (1997, p.17) suggest, a firm should develop its own "*structures and routines that are compatible with its internal resources and competence, and that can guide the search for experiential knowledge about foreign markets and institutions*".

Therefore, I posit that:

Proposition 7. In the post-entry phase entrepreneurial cognitive experience moderates the relationship between exploitative capabilities and commitment.

3.2.5. Conclusion and implications for the survey research

The conceptual framework proposed in chapter 2 has to some extent been confirmed. The primary objective of this phase was to identify the key patterns and explore the effects of social capital on firms' exploitative capabilities and international performance over time. The exploratory findings served the objectives well, in that they indicated the role of the social capital variables and which factors would be utilised in the internationalisation process. The findings provide a clearer view of the impact of each factor at each stage of the SMEs' internationalisation process. The results indicate that network relationships and managerial proactiveness serve as an important premise for firms' decision to enter a market and facilitate its exploitative capabilities. Weak ties are served as the foundation for firms to acquire foreign market knowledge, which later leads to mutual trust building. In the post-entry stage, a firm's commitment and trust are the impetus to enhance its performance in ASEAN markets.

Finally, the hypotheses and propositions derived from the qualitative findings were merged and incorporated into the final model as per the Figure 3-1. and were further tested in the subsequent quantitative survey. Entrepreneurial experience was moved to the second stage due to its significant impact on firms' in-market operations in order to test its mediation effect on the exploitative capabilities-performance path. Moreover, the new propositions (Proposition 5,6 and 7) also higlight the role of the cognitive experience as a moderator and a mediator. From the methodological perspective, this change is supported by the literature (Muller, Judd and Yzerbyt 2005; Edwards and Lambert 2007) who suggest that moderation effects can be incorporated into a mediated model to examine how the moderation effects can be transmitted through the same mediator vairable. From the theoretical points of view, the findings show that a firm's cognitive social capital is a result of its acquisition and exploitation of knowledge from network ties (Lindstrand, Melén and Nordman 2001) and that cognitive capital forms a foundation for the development of trust, which represents stronger relational ties (Partanen et al. 2008). Although firms can learn about opportunities through social relationships, they must acquire knowledge from the local market to fulfil the needs of clients and accelerate their internationalisation (Doornich 2018). However, sustaining exporter-intermediary relationships requires a high level of resources and involves high transaction costs, which can only be reduced by reinforcement of the trust and commitment mechanisms (Pinho 2013). Higher cognitive knowledge can have an impact on the firms' level of trust and commitment, which subsequently affects their international growth and performance (Prange and Verdier 2011; Pinho 2013; Doornich 2018). Therefore, the benefits of cognitive social capital will be maximised in the later stages of the exploitation of opportunities.

Figure 3-1 presents the final conceptual framework. The Table 3.2 provides a summary of all hypotheses and propositions as well as how they were merged into the final hypotheses.

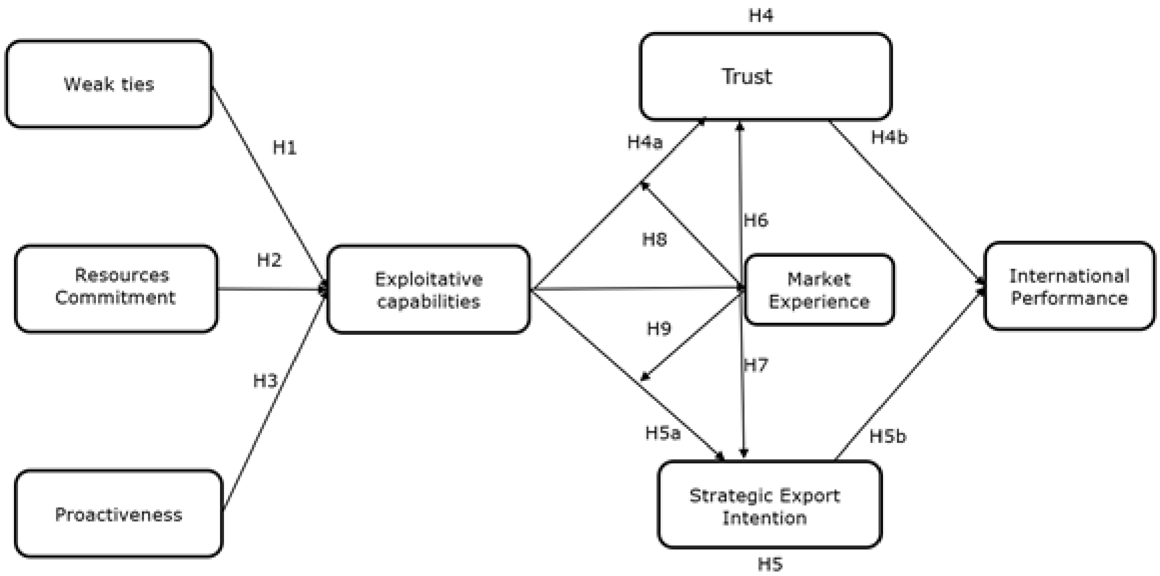

Figure 3.1. Final conceptual framework

Table 0-4. Summary of the hypotheses

Hypotheses devired from literature review	Propositions from qualitative research	Final hypotheses
H1: In the internationalisation process network weak ties is positively associated with exploitative capabilities	**Proposition 1.** In the internationalisation process, the higher the level of network relationships, the greater the number of opportunities the firm will be able to exploit in foreign markets.	**H1:** In the internationalisation process, the higher the level of a firm's international relationship network, the higher the exploitative capabilities achieved by it in foreign markets.
H2: Resource commitment to exports is positively associated with exploitative capabilities.		**H2:** In the internationalisation process, the higher the level of a firm's resource commitment to exports, the higher the level of exploitative capabilities the firm will achieve in foreign markets.
H3: in the internationalisation process the higher the level of entrepreneurial proactiveness, the more exploitative capabilities the firm achieves in foreign markets.	**Proposition 2.** In the internationalisation process, entrepreneurial proactiveness is positively associated with the firm's exploitative capabilities.	**H3:** In the internationalisation process, the higher the level of entrepreneurial proactiveness, the greater the exploitative capabilities achieved by a firm in foreign markets.
H5: In the internationalisation process, trust mediates the relationship between exploitative capabilities and firms' international performance. H5a: In the post-entry phase, exploitative capabilities are associated with trust. H5b: In the post-entry phase, the higher the level of trust firms build up with local partners, the greater their international performance.	**Proposition 3.** In the internationalisation process, the network quality (trust) mediates the effect of exploitative capabilities on international performance.	**H4:** In the post-entry phase, trust mediates the relationship between exploitative capabilities and firms' international performance. **H4a:** In the post-entry phase, exploitative capabilities are associated with trust. **H4b:** In the post-entry phase, the higher the level of trust firms build up with local partners, the better their international performance.

H6: in the internationalisation process, export intention mediates the effect of exploitative capabilities on international performance. H6a: In the post-entry phase, exploitative capabilities are associated with export intention. H6b: In the post-entry phase, the higher the confidence a firm has in its export intention, the better its international performance.	**Proposition 4.** In the post-market entry process, export commitment mediates the effect of exploitative capabilities on international performance.	**H5:** In the post-entry phase, export intention mediates the effect of exploitative capabilities on international performance. **H5a:** In the post-entry phase, exploitative capabilities are associated with export intention. H5b: In the post-entry phase, the greater the confidence a firm has in its export intention, the better its international performance.
H4: In the internationalisation process the entrepreneurial market experience is positively associated with the exploitative capabilities.	**Proposition 5.** In the internationalisation process, entrepreneurial cognitive experience mediates the relationship between exploitative capabilities, trust and commitment.	**H6:** in the post-entry phase, entrepreneurial market experience mediates the relationship between exploitative capabilities and firms' trust building.
		H7: in the post-entry phase, entrepreneurial market experience mediates the relationship between exploitative capabilities and strategic export intention.
	Proposition 6. In the post-entry phase the entrepreneurial cognitive experience moderates the relationship between exploitative capabilities and trust	**H8:** In the post-entry phase, entrepreneurial market experience moderates the relationship between exploitative capabilities and firms' trust building.
	Proposition 7. In the post-entry phase entrepreneurial cognitive experience moderates the relationship between	**H9:** In the post-entry phase, entrepreneurial market experience moderates the relationship between

	exploitative capabilities and commitment.	exploitative capabilities and firms' strategic export intention.

3.3. Phase 2. Questionnaire/online survey design

3.3.1. Survey Development and Measures

3.3.1.1. Survey development

A questionnaire-based survey was conducted with the aim to test the hypotheses generated from the synthesis of the literature in Chapter 2 and the findings from the case studies in Chapter 3. The interviews in the first phase provided insight into the current issues around SMEs' internationalisation in ASEAN. The survey was developed based on the interviews together with the literature review of the fields of social capital, dynamic capabilities and entrepreneurship. Consistent with the proposed hypotheses and the aforementioned qualitative findings, in the first stage I treated exploitative capabilities as a link which absorbs internal and external resources. In the post-entry stage, I regarded trust, strategic export intention as the bridge which mediates the relationship between exploitative capabilities and firms' international performance. The entrepreneurial cognitive experience has both mediating and moderating effects on the relationship between exploitative and trust and strategic export intention. The survey questions were adopted from several sources which all used multi-item measures. This triangulation approach allowed me to confirm the relevance of the selected constructs to the theory, as well as to the specific context of the study. Two researchers and two company representatives were asked to provide feedback if they did not understand the instructions and the survey items. The survey was then tested on a sample of 120 British SMEs in the United Kingdom to determine if the questions could be improved in order to reduce respondent errors (Chang and Eden 2010). Among 120 links, 100 links were successfully delivered to the recipients. 25 responses were received, however, only 20 responses were usuable which means that the response rate was 20%. A number of questions were revised to provide more clarity in the phrasing and more brevity; for example, amending "the commitment" item in the construct RES to "resource commitment"; correcting typos, and revising the presentation of the survey to ensure it requires less than 12 minutes to complete. Full details of the survey are presented in Appendix 2.

3.2.1.2. Measures-Independent variables

Resource commitment was measured by a four item five-point Likert scale (Cavusgil and Zou 1994). This construct aimed to measure the extent of commitment that the firm had towards export development. The four items were:

- The amount of resources available for export development in ASEAN.
- Extent of careful planning for new export venture
- Extent of management commitment to the export venture
- Extent of resource commitment to the venture

International relationship network: The general international relationship network was measured by a five item seven-point Likert scale. This construct aimed to measure the extent to which export firms manage relationships with other partners who help them with exporting activities (Roxas and Chadee 2011). The five items were

- The relationships with government agencies relevant to their exporting activities
- The reliable relationships with financial institution necessary for their exporting activities
- The reliable relationships with trade and business associations to gather information and support for their exporting activities
- The reliable relationships with other shipping and forwarding companies that we engaged with their exporting activities
- The reliable business relationships with other private companies that are directly involved in their exporting activities.

Entrepreneurial proactiveness: Entrepreneurial proactiveness is one of the three dimensions of entrepreneurial orientation which are widely used in the literature. This variable was measured by the scale proposed by Zhou, Barnes and Lu (2010), which comprises a comprehensive measure of five items on a seven-point Likert scales, ranging from 1" strongly disagree" to 7 "strongly agree". The items were:

- Our top managers have regularly attended local/foreign trade fairs
- Our top managers have usually spent some time abroad to visit.
- Our top management actively seeks contact with suppliers or clients in international markets.

- Our top management regularly monitors the trend of export markets.
- Our top management actively explores business opportunities

3.2.1.3. Measures-Mediating and moderating variables

Capabilities to exploit international opportunities: The exploitative capabilities measure assesses the extent to which a firm was involved in activities which enable it to exploit opportunities during its internationalisation processes in ASEAN in the previous three years. Exploitative learning was measured using a six item five-point Likert scale, adapted from previous research by Lisboa, Skarmeas and Lages (2011). The respondents were asked to rate their capability with regards to interaction with clients and understanding of the local markets, based on the following items:

- The firm enhanced the capture of important market information about existing markets
- The firm reinforced contacts in current export markets
- The firm reinforced the monitoring of competitive products in current export markets
- The firm enhanced understanding of existing overseas customer requirements
- The firm reinforced relationships with current overseas customers
- The firm reinforced overseas distributor relationships

Manager's foreign market knowledge: The experiential knowledge of the decision makers was measured via a four-item five-point Likert scale. This construct measured their understanding of the host country's market, government, political system, legal environment, and culture (Lindstrand and Hånell 2017; Morgan[a], Vorhies [b*]and Schlegelmilch[c] 2006; Sandberg 2014). The respondents were asked to rate their knowledge/experience of ASEAN in terms of:

- Export market(s) information
- Knowledge about the government and political system in this/these export markets
- Knowledge of legal environment in this/these export markets
- Knowledge of culture in this/these export markets

Trust (Network Quality) was measured using six items and Likert-like scales adapted from Kale, Singh and Perlmutter (2000) and Prashantham (2010). The items listed below were measured on a seven-point Likert scale ranging from 1 "strongly disagree" to 7 "strongly agree".

- The extent to which the firms have extensive relationships with the business partners
- The firms actively utilize these relationships in our business
- These relationships are characterized by close interactions
- These relationships are characterized by mutual trust
- These relationships are characterized by high reciprocity
- These relationships have 'opened new doors' for us

Strategic Export Intention

The firms were asked to choose the number best describing their strategic export intentions in ASEAN. The item was measured on a seven-point Likert scale ranging from 1 **=** No chance to 7= Certain) (Casillas et al., 2015)

- How likely is it that the company will become a regular exporter to ASEAN next year?

3.2.1.4. Measures-Dependent variables:

International performance: Regarding the international performance construct, the study relied on subjective measures of performance. This approach was justified as (1) objective export market effectiveness performance data are typically not available and some firms may not be willing or unable to provide financial details (Morgan[a], Vorhies [b*]and Schlegelmilch[c] 2006; Musteen, Francis and Datta 2010); (2) evidence in IB studies indicates that subjective assessments and international performance are strongly correlated (Geringer and Hebert 1991; Ketokivi and Schroeder 2004; Madsen and Moen 2018); and (3) performance in the different market environments in ASEAN varies and subjective measures can control for such variations (Lisboa, Skarmeas and Lages 2011). Therefore, using top management's satisfaction with export performance can reflect the expectations of the organisation (Ketokivi and Schroeder 2004). Moreover, because the samples are from different industries and sectors, using subjective measures can reduce bias and allow comparison between the respondents (Sinkovics, Kurt and Sinkovics 2018).

The respondents were requested to indicate on a five-point scale (1 = very dissatisfied, 5 = very satisfied) how satisfied they were with performance in terms of (1) the realisation of goals and objectives, (2) profits, and (3) sales (Musteen, Francis and Datta 2010).

3.2.1.5. Measures- Control variables

Firm age: Firm age was operationalised as the year of establishment (Yli-Renko, Autio and Sapienza 2001). Studies have found that the time of founding has a significant impact on firm innovativeness and international performance (Peng and Luo 2000; Zhou, Wu and Luo 2007; Wagner 2014; Pickernell et al. 2016). The sample was then split into four categories: < 4 years old, 4–9 years old, 10–19 years old and > 20 years old (Pickernell et al. 2016).

Firm size:

Firm size is considered to be a common determinant of SMEs' international performance and has been found to be positively related to international performance (Peng and Luo 2000). Medium-sized or larger firms tend to have more resources; therefore, they can respond quickly to changes and opportunities in the market, hence enhancing their profitability (Blažková and Dvouletý 2019). In this research, firm size was controlled in terms of the number of full-time employees (Reid 1982). The sample was categorised as micro (0-10 employees), small (10-49 employees) or medium (50-250 employees).

Degree of internationalisation.

Export experience is regarded as one of the key determinants of export and/or international performance, as experienced exporters may perceive less uncertainty and barriers in their international activities, so therefore tend to have a higher propensity to internationalisation (Forsgren 2002; Leonidou, Katsikeas and Piercy 1998). A high export share of business also encourages SMEs to be more committed to international and export activities (Machado, Nique and Bischoff 2018). In the IB literature, export experience is also referred to as a firm's degree of internationalisation or export intensity, measured as the percentage of sales from foreign markets (Reuber and Fischer 1997; Majocchi, Bacchiocchi and Mayrhofer 2005; Sandberg 2014). Such data can be obtained through the survey and then systematically verified from company websites or from the government reports. In this study, I asked the managers to report the percentage of exports in their total sales (Sandberg 2014).

Ownership:

The decision-making process in SMEs tend to be left in the hands of the owners or managers (Child and Hiesh 2014). As the impact of individual business owners on firms' decision-making process is negatively associated with the increasing size of small businesses (Frese, Van Gelderen and Ombach 2000), the strategic intention or vision of the owner and manager may have different impact on a firm's propensity for internationalisation (Child and Hsieh 2014). Peng and Luo (2000) argue that firms with considerable experience in foreign markets might let relatively inexperienced managers manage their overseas operations. This can result in firms' different choices of market and internationalisation strategy. Therefore, in this study ownership was controlled by a dummy variable, coded 1 for owners and 0 for managers.

Industry: The requirements for export products may differ between markets due to different regulations or government restrictions. Moreover, the availability of international knowledge and network relationships can also vary by sector or industry (Autio et al. 2000; Majocchi, Bacchiocchi and Mayrhofer 2005; Casillas, Barbero and Sapienza 2015). I therefore also control the sector of the economy (represented by 0 and 1 dummy variables). The sample was categorised into service and manufacturing firms.

Risk-taking and innovativeness: These traits are part of the entrepreneurial proclivity construct which can drive the internationalisation process (Bilkey and Tesar 1977; Zhou, Barnes and Lu 2010). Many studies have demonstrated that decisions to internationalise can be based on risk-avoidance and innovativeness (Johanson and Vahlne 1977; 1990); therefore, I included self-reported measures of innovativeness and risk-talking as control variables in the model. Innovativeness was measured by a five-item seven-point Likert scale, while risk-taking was measured by a four-item seven-point Likert scale. The items are listed below.

Risk taking:

- Our top management focuses more on opportunities than risks abroad.
- When confronted with decisions about exporting or other international operations, our top management is always tolerant to potential risks
- Our top managers have shared vision towards the risks of foreign markets.
- Our top management values risk-taking opportunities

Innovativeness:

- Our top management always encourages new product ideas for international markets.
- Our top management is very receptive to innovative ways of exploiting international market opportunities.
- Our top management believes the opportunity of international markets is greater than that of the domestic market.
- Our top management continuously searches for new export markets.
- Our top management is willing to consider new suppliers/clients abroad

3.2.2. Quantitative data analysis - Structural equation model

This section explains the choice of Structural Equation Modelling (SEM) and AMOS as the main statistical method and software for the research. It also explains how to report the statistics, and which fit indexes can be used for reporting the SEM results.

3.2.2.1. Structural equation model

SEM refers to a multivariate data analysis technique in which various types of models can be tested to delineate and establish relationships between latent variables and constructs (Schumacker and Lomax 2004). The advantage of SEM is that it offers a combination of various statistical techniques; for instance, analysis of causal relationships and covariance structure, testing of linear and simultaneous equation modelling as well as analysing path and confirmatory factor modelling (Hair et al. 2006; Tabachnick, Fidell and Ullman 2007). SEM has been developed and widely used in economic, management and social science research to test theories or verify hypothesised theoretical models.

SEM was considered to be the most appropriate analytical method for this thesis for the following reasons. First, the research explores complex causal relationships between social capital and networking exploitative capabilities and firms' international performance. However, basic statistical methods only allow a limited number of variables. A single measure or variable cannot reflect the overall underlying construct or represent sophisticated concepts or phenomena. SEM can help overcome this disadvantage since it permits use of several observed indicators to measure a single latent variable (Schumacker and Lomax 2004). Moreover, SEM does not treat measurement error and statistical data analysis separately, but includes both latent and observed variables, as well as error term measurement, when measuring hypothetical constructs. Hence, the issue of the reliability and validity of the observed variables can be addressed in the measurement models, thus enhancing the rigour of the analysis.

Second, as a multivariance analytic method, SEM allows researchers to analyse a series of continuous regressions, as well as to compare alternative models (Hair et al. 2006). Specifically, in this thesis SEM enables the establishment of direct and indirect relationships between the dependent constructs (exogenous latent variables on the social capital side) and the mediator (endogenous latent variables on networking exploitative capabilities) with the independent constructs on the international performance side. Therefore, researchers can use SEM to answer different interrelated research questions by comparing alternative models and generating various explanations in a single comprehensive analysis (Gerbing and Anderson 1988; Hair et al. 2006). If the sample dataset does not support the theoretical model, then the original model needs to be re-modified and re-tested. Subsequently, SEM helps us better understand sophisticated relationships between constructs and advance our understanding of complex phenomena.

3.3.2.2. SEM types

Among different methodological approaches to SEM, covariance-based SEM (CB-SEM) (Schumacker and Lomax 2004) and variance-based partial least squares (PLS-SEM) (Hair, Ringle and Sarstedt 2013, Wong 2013) are the most widely used. The differences between these two methods are based on their underlying philosophy and other attributes of SEM, such as estimation objectives and data normality (Hair, Ringle and Sarstedt 2011).

If the research emphasises theory-testing and is confirmation-oriented, the maximum likelihood estimation technique and confirmatory analysis in CB-SEM can help confirm the established hypothesised models or relationships, as well as minimising the difference between the model-implied covariance matrix and the sample covariance matrix (Hair et al. 2006; Henseler Ringle and Sinkovics 2009; Hair, Ringle and Sarstedt 2013). On the contrary, if the research is not based on a strong theory and needs to predict or build a theory/model, PLS-SEM is more appropriate. This aims to explain the variance of all the endogenous target constructs in the model and maximise their explained variance, such as the R^2 value (Henseler, Ringle and Sinkovics 2009; Hair, Ringle and Sarstedt 2013). Therefore, it cannot provide a strong relationship between latent variables but can delineate an acceptable measurement model.

Second, a dataset which fulfils CB-SEM requirements should have a large sample size of at least several hundred observations with minimal missing values and be normally distributed (Hair, Ringle and Sarstedt 2011; Shah and Goldstein 2006). Violating these requirements will lead to biased parameter estimates, andinflated goodness of fit indices, and underestimation of standard errors. In practice, finding a dataset that meets these conditions is very difficult.

In contrast, the PLS technique can be applied to a small sample size and non-normal data distribution (Hair, Ringle and Sarstedt 2011). Studies suggest that in order to determine a robust path for modelling estimation in PLS-SEM, the minimum sample size should be either (1) ten times the number of indicators of the scale that are influenced by the largest number of independent variables or (2) ten times the largest number of structural paths towards a particular construct (Barclay, Higgins and Thompson 1995; Henseler Ringle and Sinkovics 2009). Therefore, if the dataset cannot meet such a requirement, PLS-SEM is preferable. Nevertheless, studies demonstrate that such rules may lead to over- or under-estimation of sample size requirements. In fact, Goodhue, Lewis and Thompson (2006, p.9) argue that PLS-SEM with bootstrapping does not offer any more advantage in terms of statistical power in comparision with CBSEM with small sample sizes. They argue that ‘‘without statistical significance, accuracy contributes no scientific knowledge” (Goodhue, Lewis and Thompson 2006, p.9) and that “the ten times rule of thumb for the minimum sample size in PLS-SEM can be misleading”. Hence, a small sample size will not be significantly important if it meets the requirements for other attributes, such as normality of data distribution (Loehlin 2003; Hoyle 1995; Kline 2011); parameter loadings (Guadagnoli and Velicer 1988; Dilalla 2000); or factor determinacy scores (the variance effects) (Dilalla 2000).

This study employed the CB-SEM approach since it aims to contribute to the theory testing as well as to analyse the relationships between the latent variables. In terms of software, several software packages are recommended for CB-SEM analysis, including Lisrell, AMOS, M-plus, EQS, and SAS, to name a few. However, the Analysis of Moment Structures (AMOS) is the most widely used since it is integrated within IBM-SPSS and researchers do not have to purchase the AMOS software separately if they already have SPSS (Kline 1998, Awang, Afthanorhan and Asri 2015). Moreover, AMOS also offers a number of benefits, such as user-friendly graphical analysis for CB-SEM and the ability to manipulate efficient equation modes and save estimation results (Byrne 2010; Hair, Ringle and Sarstedt 2011). The following sections will discuss how the issues of sample size and non-normality were solved to enable precise model estimation during the analysis. It will also explain all the relevant considerations in justifying a good fit model.

3.3.3. SEM model assessment criteria

3.3.3.1. Model identification

Model identification determines whether the parameters in the sample are qualified and consistent with the data so that the model is suitable for further analysis (Kline 2011). Once the model is identified, the next step is to assess the model fit indices to examine if the model fits the data (Marsch et al. 1998).

3.3.3.2. Absolute fit indices

Absolute fit indices indicate how well the hypothesised model fits the data based on the chi-square value and the Root Mean Square error of approximation (RMSEA).

3.3.3.3. Chi-Square

The Chi-Square model is a traditional measure to assess the "magnitude of discrepancy between the sample and fitted covariances matrices" (Hu and Bentler 1999, p.2). In other words, it compares the difference in the covariance matrix between the empirical sample and the model. The three chi-square-related tests widely used in SEM analysis are the chi-square discrepancy test (CMIN test), chi-square minimum discrepancy function (CMINDF), and Root Mean Square (RMR).

3.3.3.4. Chi-square discrepancy test

The CMIN test is used to test the null hypothesis whether there is any significant difference between the sample data and the predicted model. A good model fit will have a low chi-square value and an insignificant result, with a p value>0.05 (Barrett 2007).

Wheaton et al. (1977) also suggest that the CMINDF can be used to minimise the sensitivity of the chi-square test to the sample size. The relative/normed chi-square test is calculated by the chi-square dividing the degrees of freedom ($\chi 2/df$). The value of $\chi 2/df$ is recommended to be less than 2 (Kline 2011; Byrne 2010) or 3 (Wheaton et al. 1997) for a good model fit.

3.3.3.5. Root mean square error of approximation

The RMSEA is one of the most crucial informative fit indices, measuring the average or mean of the covariance residuals (Byrne 2013). It informs how well the model fits with the population's covariance matrix and with the current chosen estimated parameters (Byrne 2000). A low value of RMSEA indicates a good model fit. Researchers suggest that ideally RMSEA should be less than 0.05, but 0.08 is also acceptable (Hu and Bentler 1999)

- Root mean square residual (RMR) and standardised root mean square residual (SRMR)

RMR and the SRMR are the square root of the difference between the residuals of the sample covariance matrix and the hypothesised covariance model (Byrne 2010). The range of RMR is based on the scales of each indicator; therefore, if the survey consists of varied levels of Likert scales, it will be more difficult to interpret. Nevertheless, Tabachnik and Fidell (2007) argue that a small RMR indicates a good model fit.

The standardised RMR (SRMR) thus overcome this issue and makes the interpretation easier and more meaningful. SRMR has a value range from 0 to 1, with lower than 0.05 indicating a well-fitting model (Byrne 2010; Diamantopoulos and Siguaw 2000); nevertheless, a value of 0.08 is said to be acceptable (Hu and Bentler 1999). A large sample size with a high number of parameters can generate a lower SRMR (Diamantopoulos and Siguaw 2000).

3.3.3.6. GFI (goodness of fit index) and AGFI (adjusted goodness of fit index)

GFI can be used as an alternative to the chi-square test. It calculates the proportion of variance in a covariance sample matrix while AGFI aims to adjust the GFI for the complexity of the model (Kline 2011). The range of both indices is between 0-1, with 1 indicating a perfect model fit (Kline 2011). Typically, 0.90 is the cut-off value; however, in datasets with small sample sizes and low factor loadings, a higher cut-off of 0.95 can be expected (Byrne 2010; Hair et al. 2006). Due to the sensitivity of the index, this criterion has been less used in recent years as a standalone index, but is often reported in covariance structure analyses (Sharma et al 2005).

3.3.3.7. Incremental fit indices

NFI (normed fit index) and TLI (Tucker Lewis index)

The NFI refers to the percentage of the improvement in the overall fit of the model compared to a null model by comparing the $\chi2$ value of the model to the $\chi2$ of the null model (Marsh HW et al. 1988; Kline 2011). For instance, an NFI of .90 indicates the model improves the fit by 90% relative to the null model.

The TLI, or NNFI (non-normed fit index), can be used to support the NFI statistics for assessing smaller samples and simpler models. However, for small sample sizes, the value of NNFI can contrast to other statistics and point towards a poor fit model (Tabachnick, Fidell and Ullman 2007).

The TLI and NFI are similar and depend on the sample size. The value of both indices ranges between 0 and 1, with 0.90 and above indicating an acceptable fit, and 0.95 and above indicating a good model fit (Kline 2011). Due to its sensitivity to sample size, for datasets with fewer than 200 responses, a higher cut-off figure of 0.95 is more appropriate (Hu and Bentler 1999; Byrne 2010).

3.3.3.8. Comparative fit index (CFI)

The Comparative Fit Index (CFI: Bentler 1990), first introduced by Bentler (1990), is a revised version of the NFI. This index compares the target or hypothesized model with the null or independence model (Byrne 2010). The ratio between the discrepancy of the proposed model and the discrepancy of the independence model indicates the degree of improvement of the observed model in comparison with the null model (Tabachnick, Fidell and Ullman 2007). This index can perform well for a small sample size (Tabachnick, Fidell and Ullman 2007).

This index value also ranges from 0 to 1, with a recommended cut-off value of 0.90 for an adequate model fit (Bentler 1990). A CFI value of ≥ 0.95 is considered to be a good fit. Nowadays, this index is widely reported in SEM programmes due to its insensitivity to sample size (Fan, Thompson and Wang 1999).

3.3.3.9. Parsimony fit indices (PRATIO)

PGFI (parsimony-adjusted goodness-of-fit index) and parsimony adjustment to CFI (PCFI).

Typically, a parsimony issue occurs when a less rigorous theoretical model is able to produce better fit indices (Mulaik et al. 1989); in particular, the estimation process of a complex SEM model relies greatly on the sample data. Therefore, the parsimony goodness-of-fit index (PGFI) and the parsimonious normed fit index (PNFI) were developed to overcome this problem by measuring the model’s complexity. Both the PGFI and PNFI relatively adjust the loss of degrees of freedom based on the GFI and NFI criterion. Due to their penalty for model complexity, Mulaik et al. (1989) recommend that a value within the .05 region is acceptable for these indices, which is much lower than other goodness of fit indices. Byrne (2013) suggest a cut-off value of 0.05 for a model fit.

3.3.3.10. IFI (incremental fit index)

The IFI also addresses the issues of parsimony and sample size which are commonly found in the NFI indices (Byrne 2013). The cut-off value of IFI is 0.90 (Hu and Bentler 1999), and a value of ≥0.95 indicates a good model fit (Hair et al. 2006; Byrne 2010; Schreiber et al. 2006).

3.3.3.11. Reporting the fit indices

Table 3.2. summarises the model assessment indices as well as their respective cut-off values in SEM analysis. It is suggested that the degrees of freedom and p value, chi-square statistic, the SRMR, the CFI, the RMSEA and its associated confidence interval, and one parsimony fit index such as the PNFI should be included in the report (Kline 2011; Boomsma, Hoyle and Panter 2012). A model might be satisfactory with RMSEA $\leq$.07, SRMR$\leq$.07, NNFI$\geq$.92, and CFI$\geq$.93 (Bagozzi and Yi, 2012). These indices are recommended over others due to their higher insensitivity to sample size, model misspecification and parameter estimates (Hooper, Coughlan and Mullen 2008). This study follows Byrne's (2010) and Awang, Afthanorhan and Asri's (2015) recommendations for a model fit, with RMSEA <=0.08, SRMR <= 0.08, CFI>0.9, TLI (NNFI)>0.9 and chi-square/df<2.

3.3.3.12. Bootstrapping

Bootstrapping is a resampling method which draws a large number of samples (typically between 1,000 and 5,000) from the original dataset and computes the desired statistic estimates for the sampling distribution (Byrne 2010; Hair et al. 2006; Bollen and Stine 1992). Many methodologists have highly recommended the bootstrapping test for testing mediation hypotheses together with the causal relationship approach, since the resampling procedure can directly test the mediation effect, as well as providing higher statistical power (Williams and MacKinnon, 2008). In SEM, normal distribution is an essential requirement for the samples; however, many empirical studies have failed to meet this condition, largely due to their sample size. Therefore, this test is very helpful in assessing the mediation effect for slightly non-normal datasets (Preacher, Rucker and Hayes 2007). In the bootstrapping test, the sample data are predicted to represent precisely the population distribution of the parent sample (Guan 2003; Preacher, Rucker and Hayes 2007).

3.4. Conclusion

This chapter has outlined the research process, which entails the choice of research orientation, research approach and methods. In this study, an abductive orientation is adopted in accordance with the research aim and the mixed methodology. The study started with exploratory case studies, followed by an online survey. This design was formulated with the aim of enhancing the limitations of the pure qualitative and quantitative research. The longitudinal aspects of the case studies allowed the researcher to develop the theory, while the statistical data allowed greater generalisation to the theory and population.

Table 0-5. Good fit indices (Adapted from Byrne 2010; Bentler 1992; Hu and Bentler 1999; Awang, Afthanorhan and Asri 2015)

Model fit		Cut off value
Absolute fit	$\chi 2$ –chi-square	A smaller value is preferred Low $\chi 2$ relative to degrees of freedom with an insignificant *p* value ($p > 0.05$)
	Significance probability	≥ 0.05
	RMSEA	≤0.08
	CMIN/DF	≤2.00
	GFI	≥0.90 or ≥0.95 or ≥0.80
	AGFI	≥0.90 or ≥0.80
	RMR	Good models have small RMR (Tabachnik and Fidell, 2007)
	SRMR-	Less than 0.08 (Hu and Bentler, 1999)
Incremental fit	NFI	≥0.95
	RFI	≥0.95
	TLI	≥0.95 or ≥0.90
	CFI	≥0.95 or ≥0.90
Parsimonious fit	PGFI	≥0.50
	PNFI	>0.50
	PCFI	>0.50
	IFI	≥0.95 or ≥0.90

CHAPTER 4. DATA PREPARATION AND MEASUREMENT MODEL

To assess the model in the SEM analysis, I followed the two-step logic approach of Anderson and Gerbing (1988). First, Chapter 4 provides detail of the sample characteristics and the analysis of the measurement model. The individual latent construct was analysed to establish the adequacy of the measurement model. The relationships between the indicators were assessed in terms of sample size and data normality, with the focus on outlier data and multicollinearity (Boomsma and Hoyle 2012). All the reliability and validity information relating to the items and the composite variable, including their response formats and measurement level, were reported. The confirmatory factor analysis (CFA) procedure was used for this step to establish the unidimensionality, validity and reliability of the items (Schreiber et al. 2006). In this step, to ensure the unidimensionlity of the constructs, items with factor loadings of less than 0.6 were deleted or constrained (Zainudin 2014). In Chapter 5 the structural model was then evaluated to specify the significance of a specific path. Fit indices were used to determine the acceptability of the model.

4.1. Data preparation

4.1.1. Sample

The sample was composed of 157 British SMEs who either intended to export or were already exporting to ASEAN markets. The sampling frame of the SMEs was developed by adding list of firms exhibiting at the tradeshows in Southeast Asia Markets and lists of member firms of British Associations in various sectors, such as oil and gas, healthcare, aerospace, engineering, and food and drink. All firms needed to (1) meet the EU SME definition[2] and (2) have the intention to export to ASEAN or had already done so. The response rate was 12%, which is desirable for this type of research. These rates are favourable in comparision with similar studies in the area (Peng and Luo 2000; Yli-Renko, Autio and Sapienza 2001; Presutti, Boan and Fratocchi 2007; Prashantham 2010; Lew, Sinkovics and Kuivalainen 2013; Sinkovics, Kurt and Sinkovics 2018).

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[2] *The category of micro, small and medium-sized enterprises (**SMEs**) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euros, and/or an annual balance sheet total not exceeding 43 million euros.*

4.1.2. Data collection process

The data collection process comprised three waves. In the pilot study, a pilot survey was sent to 120 British SMEs from my database generated from my previous employment with the Department of International Trade (DIT) and British Chamber of Commerce (BCC). 20 survey links were complete and usuable for the analysis.

In the second wave, 955 British SMEs were identified who might be eligible for the survey. A link to the online survey was sent to the CEO or export manager from via email and LinkedIn messages. 363 emails were not delivered since the person had left the company. Three weeks after the first email, follow-up emails were sent to non-respondents. In total, 103 responses were received in this stage. In the final wave of data collection, another list of 747 companies was identified for online invitations, from which 141 email invitations bounced back. This time 42 responses from 42 SMEs were collected. In total, the survey yielded 165 responses from 1298 British SMEs, yielding a response rate of 12.7%, however, only 157 responses were usuable, corresponding to a 12% response rate. The main reasons for managers not participating were (1) their firms did not export to the ASEAN market; (2) they had left the firm; (3) the firm's policy did not allow them to respond; or (4) they were too busy or had no interest in the survey. The following table (Table 4-1) gives details of the number of responses in the two waves.

Table 4-1. Data collection waves

	Number of companies identified	Non-delivered links	Number of companies receiving the link	Responded
Pilot study-first^{t} wave	120	20	100	20
Second wave	955	363	592	103
Third wave	747	141	606	42
Total	1822	524	1298	165

4.1.3. Missing data and sample size

Missing data is a common issue when using questionnaires or surveys are employed to collect quantitative data. The extent to which a response to a question relates to its value and the values of other questions decides whether the data could be missing completely at random (MCAR), missing at random (MAR) and not missing at random (De Leeuw, Hox and Huisman 2003; Allison 2009). MCAR occurs when the missingness of a response does not relate to the value of its question and other responses, while MAR refers to the situation when the missingness is associated with the observed data value but not the question. If the missingness is related to the question, the data is considered not missing at random.

In this study, a total of 165 responses were received; however, only 158 were completed. The missing value test shows no clear patterns between the variables and missing values (see Appendix 3). The result of the Little's MCR test (chi-square=1193.3; df=1247, p=0.86>0.01) is not significant with the null-hypothesis. Therefore most of the missing data are at random.

Furthermore, one observation was excluded because although it had no missing data, the respondent indicated that he did not understand clearly some questions and was not sure if the responses reflected current performance. Finally, to avoid errors of missing data and to meet the requirement of bootstrapping (Byrne 2010; Hair et al. 2006), only 157 complete responses remained for later analysis. Therefore, the final response rate was around 12%.

4.1.4. Sample characteristics

A multi-sector sample of British SMEs exporters in two main industries, trade and services (45.9%) and manufacturing (54.1%), was employed. In terms of size, 19.1% of the sample were micro-firms (fewer than 10 employees); 32.5% were small firms (10-49 employees); and 48.4% medium-sized firms (50-249 employees). The average age of the firms included in the sample was approximately 37 years. Only 7% of the firms had been exporting for less than 3 years, with the remainder (93%) having been exporting for more than 3 years. In terms of export intensity (the percentage of firms' sales accounting for export activity), 15.9% of the sample reported that they had less than 10% export revenue, 24.8% reported that exports constituted 10-49% of their revenue, and 59.2% confirmed that exports comprised more than 50% of their revenue.

Regarding firm age, initially in the survey the variable was divided into four categories: < 4 years old, 4–9 years old, 10–19 years old and > 20 years old (Pickernell et al. 2016). However, given the small number of firms with less than 20 years old can successfully export to emerging markets like ASEAN, the sample was then later split into two categories: < 20 years old and > 20 years old (Wagner 2014). This classification supports studies of Autio, Sapienza, and Almeida (2000) and Wagner (2014) that although born-globals and INVs can head for foreign markets early, it would take them years to achieve first sales in a foreign market and then continue exporting to other international markets.

Regarding their export activities in ASEAN, the majority of the firms (80.9%) were already active in the region. 19.1 % of them had either (1) appointed agents or distributors but had not generated sales from the region, or (2) had undertaken some market research or market visits and intended to export directly. Refer to Table 4.3 for details of the characteristics of the respondents.

The key respondents were the senior leaders in charge of exports and internationalisation strategy (Table 4.2). 50.3% were the company owners, while 49.7% were key decision makers and held important positions in the firm, such as export manager, business development director or managing director. The average time that the managers had been involved in IB was 18.6 years, of which 20.4% had less than 10 years' international experience, 41.4% had between 10 and 20 years, and 38.2% had more than 20 years of doing business overseas. The informants' profile information enabled me to verify the representativeness of the collected data in terms of the respondents' position to understand the firms' internationalisation strategies, exploitative capabilities and international performance.

Table *4-2. Respondent characteristics*

		Number of respondents	Percentage
Industries	Trade and services industries	72	45.9%
	Manufacturing industries	85	54.1%
		Total 157	
Firm size (Number of employees)	Micro (< 10)	30	19.1%
	Small (10-49)	51	32.5%
	Medium (50-249)	76	48.4%
		Total 157	
Firm age	Young firms (<20 years old)	58	37%
	Old firms (> 20 years old)	99	63%
		Total 157	
Ownership	Owner	78	49.7%
	Managers	79	50.3%
		Total 157	
Export Status in ASEAN	Already exported to ASEAN	127	80.9%
	Not yet exported to ASEAN but conducted market research/market visits or appointed agents/distributors	30	19.1%
		Total 157	

4.1.5. Non-response bias- Sample bias test

Levene's approach has been proven to be powerful and robust in validating the homogeneity of variances (Lim and Loh 1996). To examine non-response bias, Levene's test was adopted to assess the equality of variances. The test compares the first 25% early respondents (35 cases) and the final 25% late respondents (35 cases representing non-respondents) to examine the existence of any non-response error (Armstrong and Overton 1977; Gastwirth, Gel and Mao 2009; Collier and Bienstoc 2007). As shown in Appendix 4, the significance is greater than 0.05, which means that the variances are equal and that there are no significant differences between early and late respondents. Therefore, the survey was not impacted by non-response bias error.

4.1.6. Common method bias/variance (CMB/CMV)

Common method variance (CMV) refers to ""variance that is attributable to the measurement method rather than to the constructs the measures represent" (Podsakoff et al. 2003, p.879). CMV can become an issue of internal inconsistency if the research collects self-report surveys at the same time from the same participants, meaning variables can be correlated because they come from one common source (MacKenzie and Podsakoff 2012). For example, the survey should avoid asking the managers to assess their own capabilities and their firms' international performance in the same survey because they may provide consistent reponses to other questions that may not be relevant.

To minimise the CMV effects, I followed a number of steps suggested by Chang and Eden (2010). First, the key measures were identified from different sources of information to ensure that the construction of the dependent variables was not from the same sources as the independent variable (see Chapter 5 for details of the scale/items). Second, I also complicated the models by using different response formats and scale endpoints for both the predictor and criterion variables, rather than using a standard survey design (Chang and Eden, 2010). Finally, a post hoc Harman 1-factor analysis and common latent factor were used to verify again if the variance in the data could be mainly attributed to a single factor (50% being the cut-off value).

In the Harman 1-factor test, confirmatory factor analysis of 45 items of nine constructs in the model was used. The total variance was 36.8% (below 50%), which means no common factor loaded on the measures, hence there was no significant bias in the data set (see Appendix 5).

In AMOS, a latent factor was added into the CFA model and connected to all the observed items in the model. The study later conducted a common latent factor (CLF) test and compared the model fit and standardised regression weights of all the items for models with and without CLF (see Appendix 6). The results show that the model with the CLF had an adequate fit with the data (CMIN= 803.431, df=473, $\chi2$/df = 1.699, CFI = 0.928, TLI = 0.92, and RMSEA = 0.067), and that the fit of this model was not much better than the fit of the model without the CLF ($\chi2$difference =-0.04, df = 26, $p < 0.001$). Moreover, the differences in the regression weights were found to be very small (<0.200), which confirmed that CMV was not a major issue in our data (Cohen 1992). The standardised regression weight of the model was no different to the standardised model without the common latent factor. This suggests that common method bias was not an issue and did not affect the study results.

4.1.7. Non-normality testing

Violations of multivariate normality can lead to inflation of the chi-square test values and unnecessary rejection of a plausible candidate model (Byrne 2010). To estimate the normal distribution of the observed data, I used the maximum likelihood estimator (MLE) and bootstrapping procedure. MLE is the standard estimation approach in most SEM programs and makes the assumption that the variables included in the analysis exhibit multivariate normality. Using bootstrapping and maximum likelihood estimation can correct the standard errors of individual parameters in the model, thus reducing the bias impact that multivariate non-normality may have on the computed chi-square value (Byrne 2001). The model tested is shown in Figure 4-1.

4.1.7.1. Skewness and Kurtosis value

Skewness measures the lack of symmetry in the dataset (Hair et al. 2002). A positively skewed distribution would have the same data distribution on the left and right of the central point. Kurtosis measures the extreminities of the data by observing the flatness or peakedness of the data distribution (Hair, Ringle and Sarstedt 2013). In other words, it identifies if the data are heavy-tailed or light-tailed relatively to a normal distribution.

In SEM, the skewness and kurtosis values, as well as multivariance kurtosis, were used to determine the presence of non-normality or outliners (Byrne 2010). An outliner is a datapoint that differs significantly from other observations in the population (Osborne and Overbay 2004; Pallant 2013). Outliners can arise from human error (e.g. errors in data collection or entry recording) or from sampling error. They can also result from intentional or motivated misreporting from participants (Ben-Gal 2005). As noted by Kline (2011), it is easy to reject the null hypothesis (of consistency with the normal distribution) when using large-sample procedures such as SEM. As such, researchers might adopt a more descriptive approach to assessing normality. The literature suggests that in a normality test an alpha of .05 and a c.r. between-1.96 <=cr<=1.96 indicate that the sample is normally distribute d (Kline 2011; Bryne 2010). Moreover, the absolute value of skewness of 1.0 or lower and a kurtosis value lower than 7 also indicate that the data is normally distributed. In an SEM model, kurtosis values ranging from 8 to 20 and skewness values greater than 3 (in absolute value) would indicate more "extreme" levels of kurtosis and skewness (Bryne 2010; Kline 2011).

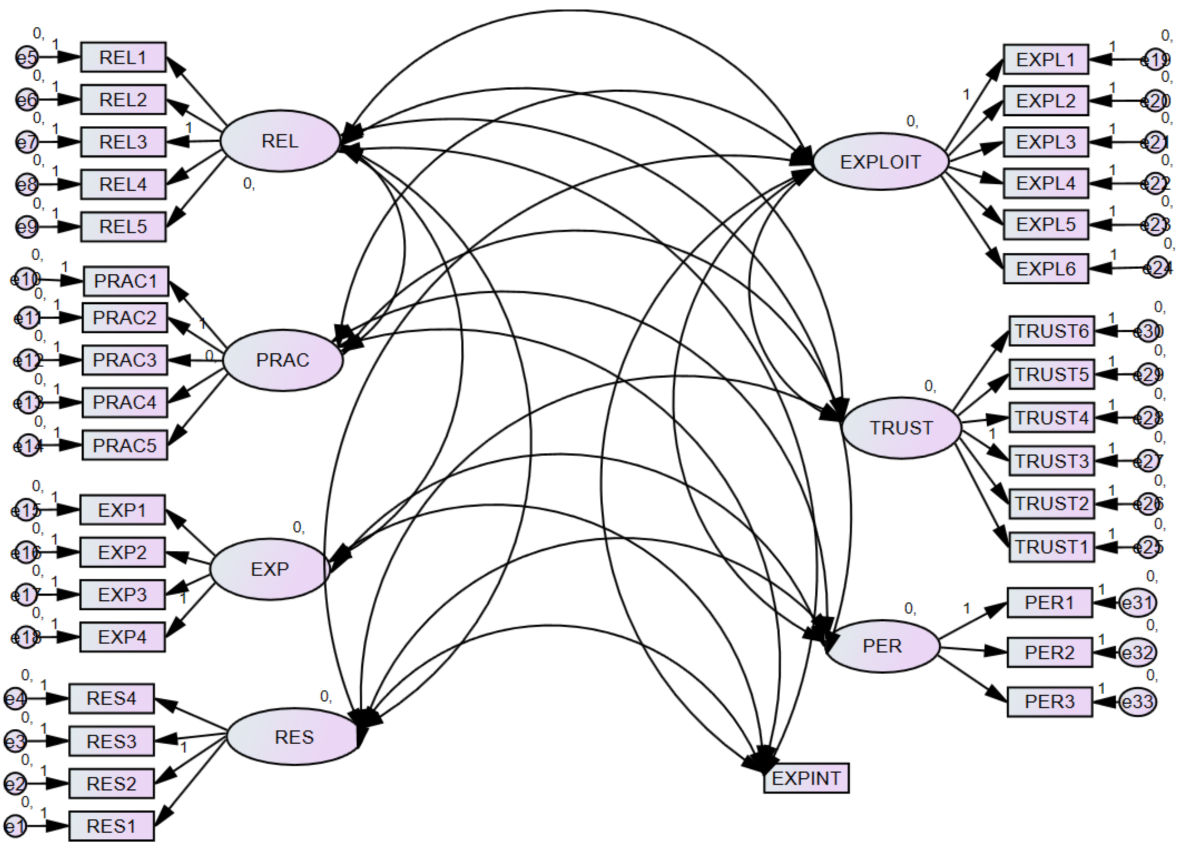

Figure 4-1. Measurement model- Non-normality testing

Based on this analysis, the EXPINT variable and PRAC2,3,5, which measures entrepreneurial proactiveness, have an absolute value larger than 1, with the c.r. outside the expected value. Regarding kurtosis, only PRAC1 has a very high value (8.059). In the SEM context, kurtosis is more relevant than skewness (Byrne, 2010) due to its impact on variances and covariances (skewness has a greater impact on means). Therefore, only this item shows an extreme level of kurtosis and skew.

Multivariate kurtosis (provided at the bottom of the Table 4.3) was also utilised to assess whether the data departed substantially from multivariate normality. Byrne (2010) suggests that multivariate kurtosis values of > 5 can be treated as indicative of departure from multivariate normality. In this test, c.r. is 20.847, which indicates that the variables do significantly depart from multivariate normality because of the PRAC1 item. A Mahalabonis distance test identified which cases represented multivariate outliners in the sample.

Table 4-3. Skewness and Kurtosis value- Assessment of normality

Variable	min	max	skew	c.r.	kurtosis	c.r.
PRAC1	1.000	19.000	.817	4.177	8.059	20.612
EXPL6	1.000	5.000	-.013	-.067	-1.313	-3.359
EXP1	1.000	7.000	-.226	-1.155	-.949	-2.427
EXP2	1.000	7.000	-.154	-.785	-.960	-2.456
EXP3	1.000	7.000	-.009	-.045	-.925	-2.365
EXP4	1.000	7.000	-.611	-3.128	-.067	-.170
PER3	1.000	5.000	-.185	-.946	-.751	-1.922
PER2	1.000	5.000	-.266	-1.359	-.345	-.882
PER1	1.000	5.000	-.219	-1.120	-.308	-.789
EXPL5	1.000	5.000	-.443	-2.267	-.852	-2.179
EXPL4	1.000	5.000	-.226	-1.156	-.824	-2.107
EXPL3	1.000	5.000	.047	.241	-.941	-2.407
EXPL2	1.000	5.000	-.216	-1.105	-.764	-1.955
EXPL1	1.000	5.000	.184	.943	-.833	-2.130
PRAC5	1.000	7.000	-1.766	-9.031	3.720	9.514
PRAC4	1.000	7.000	-.896	-4.581	.248	.635
PRAC3	1.000	7.000	-2.006	-10.260	4.054	10.369
PRAC2	1.000	7.000	-1.878	-9.606	3.493	8.935
REL5	1.000	7.000	-.681	-3.482	-.440	-1.125
REL4	1.000	7.000	-.804	-4.112	-.361	-.924

Variable	min	max	skew	c.r.	kurtosis	c.r.
PRAC1	1.000	19.000	.817	4.177	8.059	20.612
REL1	1.000	7.000	-.496	-2.535	-.621	-1.589
REL2	1.000	7.000	-.223	-1.140	-.920	-2.354
REL3	1.000	7.000	-.602	-3.079	-.563	-1.439
TRUST6	1.000	7.000	-.638	-3.263	-.784	-2.004
TRUST5	1.000	7.000	-.470	-2.402	-.706	-1.806
TRUST4	1.000	7.000	-.902	-4.612	-.233	-.595
TRUST1	1.000	7.000	-.676	-3.457	-.731	-1.869
TRUST2	1.000	7.000	-.620	-3.170	-.779	-1.991
TRUST3	1.000	7.000	-.560	-2.864	-.936	-2.394
RES1	1.000	5.000	.174	.890	-.559	-1.429
RES4	1.000	5.000	-.123	-.631	-.882	-2.256
RES3	1.000	5.000	-.392	-2.007	-.629	-1.609
RES2	1.000	5.000	-.059	-.300	-.879	-2.249
Multivariate					**155.305**	**20.244**

4.1.7.2. Outliner- Mahalanobis distance test.

Multivariate outliners were detected by using the Mahalanobis distance measure. This test measures how distant observations of all the variables in the analysis are from the centroid (e.g. the multivariate mean) (Kline 2011). Kline (2011, p. 54) suggests that the Mahalanobis d-squared is "distributed as a central chi-square statistic with degrees of freedom equal to the number of variables". Therefore, cases are multivariate outliners when their Mahalanobis d-squared value departs substantially from the others in the dataset. However, Hair et al. (2006) suggest that although deletion of outliners can improve multivariate analysis, it may also reduce the generalisability of the model. Moreover, a few outliners in a large dataset is not a serious issue for the analysis (Kline 2011).

The Appendix 4 presents the Mahalanobis d-squared values, along with the associated p-values, in descending rank order. The p1 column contains p-values which indicate that observations with probabilities of less than 0.001 are potentially outliners (Stoimenova, Mateev and Dobreva 2006; Kline 2005). The p2 column contains p-values that are used to test the likelihood of "the ordered values of N being as far or further away from the centroid". From the Appendix 7, the five highest Mahalanobis d-squared values with $p<0.001$ are from cases 101, 156, 69, 54 and 22, which indicate that only five cases can be considered as multivariate outliners. As suggested by Hair et al. (2006), deletion of outliner is unnecessary, and no further treatment of the data is required in this study.

4.2. Reliability, validity, and unidimensionality of the measurement model

Reliability refers to the trustworthiness of the instruments, while validity refers to their contribution to latent constructs (Hair et al. 2006). In SEM, confirmatory factor analysis (CFA) is recommended to test the reliability, validity and unidimensionality of the model. CFA enables one to verify the relationship and structure between observed indicators and related latent variables in a measurement model (Pallant 2013; Hair et al. 2006), thus confirming whether the theoretical measurement model is adequate for the sample data or not (Byrne 2010; Hair et al. 2006). Validating the measurement model through CFA allowed this study to assess if the observed variables were good indicators of the latent variables (De Carvalho and Chima 2014). It is suggested that each set of observed variables should be tested with separate confirmatory factor models (Byrne 2010; Schumacker and Lomax, 2004). "*The possibility of extraneous correlation between indicators can be ruled out if the fit of the model specifying uncorrelated error terms is as good as the model with correlated error specified*" (De Carvalho and Chima 2014, p.8).

4.2.1. Internal Consistency Reliability

Cronbach's alpha coefficient is widely used in reliability testing to investigate interrelations between the observed variable and the loadings of all items on their corresponding construct (Cronbach 1951). An alpha coefficient value of 0.7 or higher indicates an acceptable level of internal consistency (Pallant 2013). However, in SEM models, Hair et al. (2006) suggest using construct reliability, or a composite reliability (CR) test, instead of the traditional alpha. Construct reliability is measured by comparing the squared sum of standardised factor loadings for each construct with the sum of the error variance terms for a construct. It aims to investigate the extent to which predictor variables measure an assigned latent construct. A composite reliability of 0.7 or higher is needed to ensure internal consistency (Bagozzi 1981; Wong 2013).

In CFA, a factor loading of observed variables greater than 0.7 ensures a model fit; a cut-off value of 0.6 can also be acceptable on the condition that convergent and discriminant validity are confirmed (Hair et al. 2006). On the other hand, MacCallum et al. (2001) and Awang, Afthanorhan and Asri (2015) argue that for a dataset with small sample sizes, all items in a factor model should have communalities of over 0.60, or an average communality of 0.7. Tabachnick, Fidell and Ullman (2007) also suggest that 0.55 indicates a good factor loading.

4.2.2. Convergent and Discriminant validity

Convergent validity and discriminant validity tests help investigate the extent to which indicators explain the constructs based on the factor loading significance test (Byrne 2010). Convergent validity determines if the multiple indicators are highly correlated and if they can potentially explain the underlying constructs (Cunningham, Preacher and Banaji 2001; Bagozzi, Yi and Phillips 1991). The establishment of convergent validity is measured by average variance extracted (AVE), which measures the overall sum of the variance in the indicators representing the latent constructs (Bagozzi, Yi and Phillips 1991). The higher the value of the variance, the greater the representativeness of the indicators to the latent construct. The cut-off value of convergent validity is 50% (Bagozzi, Yi and Phillips 1991).

Discriminant validity measures the distinction between different variables or indicators; in other words, it verifies that the indicators do not correlate to each other (Bagozzi 1981). The validity of the indicators and constructs can only be confirmed on the condition that discriminant validity is established (Fornell and Larcker 1981). Discriminant validity is only achieved when AVE is larger than the interconstruct correlation and the squared correlations between the latent variable and all other variables, represented by maximum shared variance (MSV) and the average share variance values (ASV) (Fornell and Larcker 1981).

4.2.3. Internal consistency, Convergent and Discriminant validity results

Table 4.4 shows the factor loadings of 42 indicators on eight constructs. All the factor loadings are higher than 0.6 apart from PRAC1 (0.587), although this is still higher than the recommended acceptable cut-off value of 0.55 (Tabachnick, Fidell and Ullman 2007). Another CFA was run with the item PRAC1 dropped, but the results show no significant difference in terms of the factor loadings, and CR and AVE values (Tables 4.6 and 4.7). All the dependent and independent constructs have an alpha coefficient and CR value ranging from 0.8 to 0.9, representing a desirable level of composite reliability. Therefore, all the items were retained for further analysis. The AVE values shown in Tables 4.8 and 4.11 also confirm the convergent validity of all the latent constructs. Their values are higher than the recommended threshold of 0.5 (Bagozzi, Yi and Phillips 1991), which indicates more than 50% of the variance is explained by the latent variable. The evidence from Table 4.11 suggests that the AVE is higher than the MSV and ASV values in the model, meaning the scales in this research are reliable and valid.

Internal consistency tests were also conducted for the control variables separately (Table 4.5). With regard to risk-taking measurement, the scale has an acceptable convergent validity, but the AVE (AVE=0.49) failed to meet the expected value of 0.5. However, as recommended by Fornell and Larcker (1981), if the construct's composite reliability is higher than 0.6, the convergent validity of the construct is still adequate if it falls into the range of 0.4-0.49. Hence, the scale was retained for analysis. Regarding innovativeness measurement, the factor loadings on the INNO3 (0.451) were significantly lower than the other indicators and the expected threshold of 0.6, hence indicating a statistically poor fit. This item measured if top management believed that opportunities in international markets were greater than those in the domestic market. This might not be true in the case of SMEs, since many of them are relatively small and rely more on the domestic market before they can reach out to overseas ones. Therefore, INNO3 was removed and another CFA test was performed. This time, all the factor loadings and CR met the requirements of internal consistency and the value of the AVE significantly improved, from 0.473 to 0.541.

Table *4-4. CFA results of dependent and independent variables*

Constructs	Measurement items		Mean	SD	Standardised Factor Loading (lambda)		CR	α	AVE
					original	revised			
Resources	4. The amount of resources the firm has available for export development in ASEAN.	RES1	2.93	1.04	0.706	0.706	0.928	0.88	0.763
	5. Extent of careful planning for new export venture	RES2	3.02	1.21	0.882	0.881			
	6. Extent of management commitment to the export venture	RES3	3.46	1.17	0.888	0.888			
	7. Extent of resource commitment to the venture	RES4	3.12	1.21	0.923	0.923			
Network Relationships	8. The relationships with government agencies relevant to their exporting activities	REL1	4.34	1.71	0.781	0.782	0.86	0.85	0.553
	9. The reliable relationships with financial institution necessary for their exporting activities	REL2	4.08	1.74	0.812	0.813			
	10. The reliable relationships with trade and business associations to gather information and support for their exporting activities	REL3	4.49	1.73	0.773	0.773			
	11. The reliable relationships with other shipping and forwarding companies that we engaged with their exporting activities	REL4	4.76	1.85	0.654	0.654			
	12. The reliable business relationships with other private companies that are directly involved in their exporting activities	REL5	4.69	1.78	0.63	0.63			
Proactiveness	13. Our top managers have regularly attended local/foreign trade fairs	PRAC1	5.34	2.21	0.587	dropped	0.951	0.88	0.794
	14. Our top managers have usually spent some time abroad to visit.	PRAC2	6.07	1.34	0.768	0.749			

	15. Our top management actively seeks contact with suppliers or clients in international markets.	PRAC3	6.03	1.37	0.923	0.942			
	16. Our top management regularly monitors the trend of export markets.	PRAC4	5.27	1.54	0.694	0.682			
	17. Our top management actively explores business opportunities	PRAC5	6.13	1.12	0.801	0.8			
Experience	18. We have well-developed knowledge about the government in ASEAN	EXP1	3.95	1.57	0.962	0.962	0.939	0.93	0.799
	19. We have well-developed knowledge about the political system in ASEAN	EXP2	3.91	1.62	0.956	0.956			
	20. We have well-developed knowledge about the legal environment in ASEAN	EXP3	3.76	1.61	0.837	0.837			
	21. We have well-developed knowledge about the culture in ASEAN	EXP4	4.92	1.51	0.758	0.758			
Trust	22. The extent to which the firms have extensive relationships with the business partners	Trust1	4.82	1.93	0.933	0.933	0.967	0.97	0.832
	23. The firms actively utilize these relationships in our business	Trust2	4.76	1.96	0.937	0.937			
	24. These relationships are characterized by close interactions	Trust3	4.75	1.97	0.954	0.954			
	25. These relationships are characterized by mutual trust	Trust4	5.1	1.86	0.909	0.909			
	26. These relationships are characterized by high reciprocity	Trust5	4.54	1.79	0.83	0.83			
	27. These relationships have “opened new doors” for us	Trust6	4.76	1.93	0.86	0.86			
Exploitative Capabilities	28. The firm enhanced the capture of important market information about existing markets	EXPL1	2.85	1.2	0.77	0.77	0.927	0.922	0.68
	29. The firm reinforced contacts in current export markets	EXPL2	3.26	1.19	0.863	0.863			

	30. The firm reinforced the monitoring of competitive products in current export markets	EXPL3	2.85	1.24	0.853	0.853			
	31. The firm enhanced understanding of existing overseas customer requirements	EXPL4	3.24	1.17	0.889	0.89			
	32. The firm reinforced relationships with current overseas customers	EXPL5	3.5	1.25	0.855	0.856			
	33. The firm reinforced overseas distributor relationships	EXPL6	3	1.43	0.703	0.703			
Performance	34. The firm's satisfaction with the realisation of goals and objectives	PER1	3.24	0.96	0.9	0.9	0.935	0.927	0.827
	35. The firm's satisfaction with profits	PER2	3.18	1.02	0.861	0.861			
	36. The firm's satisfaction with sales growth	PER3	3.11	1.07	0.948	0.948			

Notes: α = Cronbach's alpha; CR = composite reliability, N= 157, Model fit χ2=1625.171, df=684; x2/df=2.376; CFI 0.912, TLI 0.903, RMSEA 0.69, SRMR=0.0712

Table *4-5. CFA results of control variables*

Constructs	Measurement items		Mean	SD	Standardised Factor Loading (lambda)	Construct reliability	α	AVE
Risk-Taking	☐ Our top management focuses more on opportunities than risks abroad.	RISK1	5.3	1.43	0.692	0.791	0.78	0.49
	☐ When confronted with decisions about exporting or other international operations, our top management is always tolerant to potential risks	RISK2	5.24	1.27	0.682			
	☐ Our top managers have shared vision towards the risks of foreign markets.	RISK3	5.59	1.1	0.77			
	☐ Our top management values risk-taking opportunities	RISK4	4.87	1.55	0.643			
Innovativeness	☐ Our top management always encourages new product ideas for international markets.	INNO1	5.65	1.21	0.789 (after revision: 0.789)	0.81 (after revision 0.823)	0.796	0.473 (after revision: 0.541)
	☐ Our top management is very receptive to innovative ways of exploiting international market opportunities.	INNO2	5.86	1.15	0.841 (after revision: 0.853)			
	☐ Our top management believes the opportunity of international markets is greater than that of the domestic market.	INNO3	5.99	1.33	0.451 (after revision: removed)			
	☐ Our top management continuously searches for new export markets.	INNO4	5.74	1.22	0.660 (after revision: 0.646)			
	☐ Our top management is willing to consider new suppliers/clients abroad	INNO5	6.32	0.82	0.630 (after revision: 0.624)			

Table 4-6. Reliability and validity test with the PRAC1 item

	CR	AVE	MSV	ASV	Exp	RES	REL	PRAC	TRUST	EXPL	PER
EEXP	0.933	0.779	0.480	0.488	0.882						
RES	0.914	0.729	0.452	0.405	0.556	0.854					
REL	0.852	0.538	0.137	0.255	0.329	0.253	0.734				
PRAC	0.872	0.582	0.231	0.270	0.314	0.384	0.214	0.763			
TRUST	0.964	0.819	0.460	0.403	0.596	0.520	0.267	0.259	0.905		
EXPL	0.927	0.680	0.480	0.482	0.693	0.672	0.370	0.481	0.678	0.825	
PER	0.930	0.817	0.254	0.372	0.438	0.448	0.127	0.235	0.504	0.482	0.904

Notes: AVE = average variance extracted; MSV = maximum shared variance; (H) and ASV =average shared variance.

Model fit SRMR= 0.708; CMIN/DF 1,659; df 500; CMIN 829.429, CFI 0.930, TLI 0.921, RMSEA 0.65

Table *4-7. Reliability and validity test without the PRAC1 item*

	CR	AVE	MSV	ASV	Exp	RES	REL	PRAC	TRUST	EXPL	PER
Exp	0.933	0.779	0.480	0.486	0.882						
RES	0.914	0.729	0.450	0.405	0.556	0.854					
REL	0.852	0.539	0.137	0.254	0.329	0.253	0.734				
PRAC	0.874	0.638	0.227	0.266	0.306	0.386	0.205	0.799			
TRUST	0.964	0.819	0.460	0.403	0.596	0.520	0.267	0.253	0.905		
EXPL	0.927	0.681	0.480	0.481	0.693	0.671	0.370	0.476	0.678	0.825	
PER	0.930	0.817	0.254	0.372	0.438	0.448	0.127	0.234	0.504	0.482	0.904

Model fit: SRMR= 0.716; CMIN/DF 1,648; df 468; CMIN 771.147, CFI 0.934, TLI 0.926, RMSEA 0.64

4.2.4. Sample size issue

Various studies have established rules-of-thumb for determining the adequate sample size for CB-SEM. Originally, Nunnally (1967) recommended that researchers should have at least 10 cases per variable in order to perform SEM analysis. Although there was no supporting evidence for this suggestion, other researchers recommended a minimum sample size of 100 or 200 (Boomsma 1982, 1985) or that a minimum of five (Tanaka 1987) up to 10 or 20 observations per estimated parameter (Bentler and Chou 1987) would be sufficient for CB-SEM. Moreover, some studies have also suggested that even though a large dataset is much better for CB-SEM analysis, a sample size larger than 100 is a good starting point for path modelling estimation (Hoyle 1995; Awang et al. 2015) and that maximum likelihood (ML) is applicable for a small dataset of between 100-200 samples (Dilalla 2000). If the dataset is larger than 200, the results would be more meaningful (Hooper, Coughlan and Mullen 2008). Hair et al. (2011) also suggest that if the dataset meets normal assumption conditions, researchers should prioritise CB-SEM for the analysis due to its initiation as a parametric test; this will be addressed later in this chapter.

In CB-SEM analysis, missing data at random is found to have less influence on the sample size requirements than non-normality (Wolf et al. 2013). However, researchers still need to take it into account when determining sample size requirements. Hair et al. (2006) argue that a response rate of less than 10% can be accepted, but that responses with 15% or more missing data should be deleted. However, due to errors which occur with small sample sizes in CB-SEM analysis, the minimum sample size should increase to 35% if 5%-10% of data per indicator is missing, and up to 60% with 20% missing data per indicator (Wolf et al. 2013).

A few suggestions have been made for a small sample size in SEM. The most recommended consideration is to adjust the number of indicators and parameter estimates. Studies have shown that the stronger the model effects, the fewer the observations required. This finding indicates that the higher the number of manifest variables used to measure the latent factors and the loadings for the indicators, the smaller the sample size can be (Dilalla 2000). A study by Guadagnoli and Velicer (1988) suggests that if all factors are sufficiently loaded with at least 0.8 parameters, the sample size will not be determined by the total number of variables and can go as low as 50. Muthén and Muthén (2002) listed several levels of sample size required in the simplest confirmatory factor analysis model (see Table 4.8). As noted in Tables 4.8 and 4.9, a normal distributed model with no missing data requires 150 samples for a power of 0.81. If there are missing data in the model, a sample size of 175 is needed for the same power. Datasets that have lower power effects and complicated missing data need more samples for a precise estimation.

Table *4-8. Sample size requirement for missing data (adapted from Muthén and Muthén 2002)*

Power	Missing data	Normality	Sample size requirement
0.81	No	No	150
0.81	Yes	No	175
0.80	No	No	265
0.80	Yes	No	315

Table *4-9. Hair et al. (2006: 112). Factor loadings for practical significance*

Factor Loading	Sample Size needed for significance
0.30	350
0.35	250
0.40	200
0.45	150
0.50	120
0.55	100
0.60	85
0.65	70
0.70	60
0.75	50

Based on the results of the internal consistency (Table 4.4), the high factor loadings of all the variables in the thesis indicate that a sample size of 157 complete responses is sufficient for the analysis (Hair et al. 2006).

CHAPTER 5. STRUCTURAL EQUATION MODEL

In this chapter I used the full structural model (Figure 5.1) to specify the relationships between the latent (unobserved) constructs and measured variables. (Schumacker and Lomax, 2004; Byrne 2010). The chapter starts with the evaluation of the overall fit of the hypothesised model and the path model, followed by assessment of the direct and mediating relationship. The effects of the control variables will also be presented.

In this study, the proposed structural model consists of seven latent constructs, of which four are exogenous (Resources-RES, Relations-REL, Entrepreneurial proactiveness- PRAC and Entrepreneurial market experience- EXP) and three endogenous (Exploitative capabilities- EXPLOIT, Trust- Trust, Performance- PER). Figure 5.2 presents the hypothesised model, while Figure 5.1 shows the complete structural model, indicating in detail the relationships between the constructs.

Prior to testing the causal relationships in the full structural equation model (Figure 5.1), a review of the overall model fit of the hypothesised model was conducted. As discussed in Chapter 3, the overall fit of the model was assessed based on the suggestions of Byrne (2010), Kline (2011) and Awang, Afthanorhan and Asri (2015): RMSEA≤.08, SRMR≤.08, NNFI≥.90, and CFI≥.90. The fit indices of both models indicate that the hypothesised structural model has an acceptable fit, with SRMR=0.78, CMIN/DF=1.668, RMSEA= 0.065, CFI= 0.926, TLI= 0.92.

In the model, resources (RES), relationship network (REL) and proactiveness (PRAC) (predictor variables) explain 56.6% of the exploitative capabilities (EXPL) (R^2=0.566). The predictor variables, exploitative capabilities (EXPL) and foreign market experience (EXP) explain 48.6% of the trust (Trust) variance (R^2=0.486) and 31.1 % percent of the variance in strategic export intention (EXPINT) (R^2 = 0.311). Regarding the experience variable (EXP) variance, the predictor variables and exploitative capabilities (EXPL) account for 50.2% of the variance (R2=0.502). Finally, 36.3% of the variance in performance (PER) (R^2 = 0.3462) was explained by these predictor and mediating variables.

5.1. Hypotheses -Path Model Testing

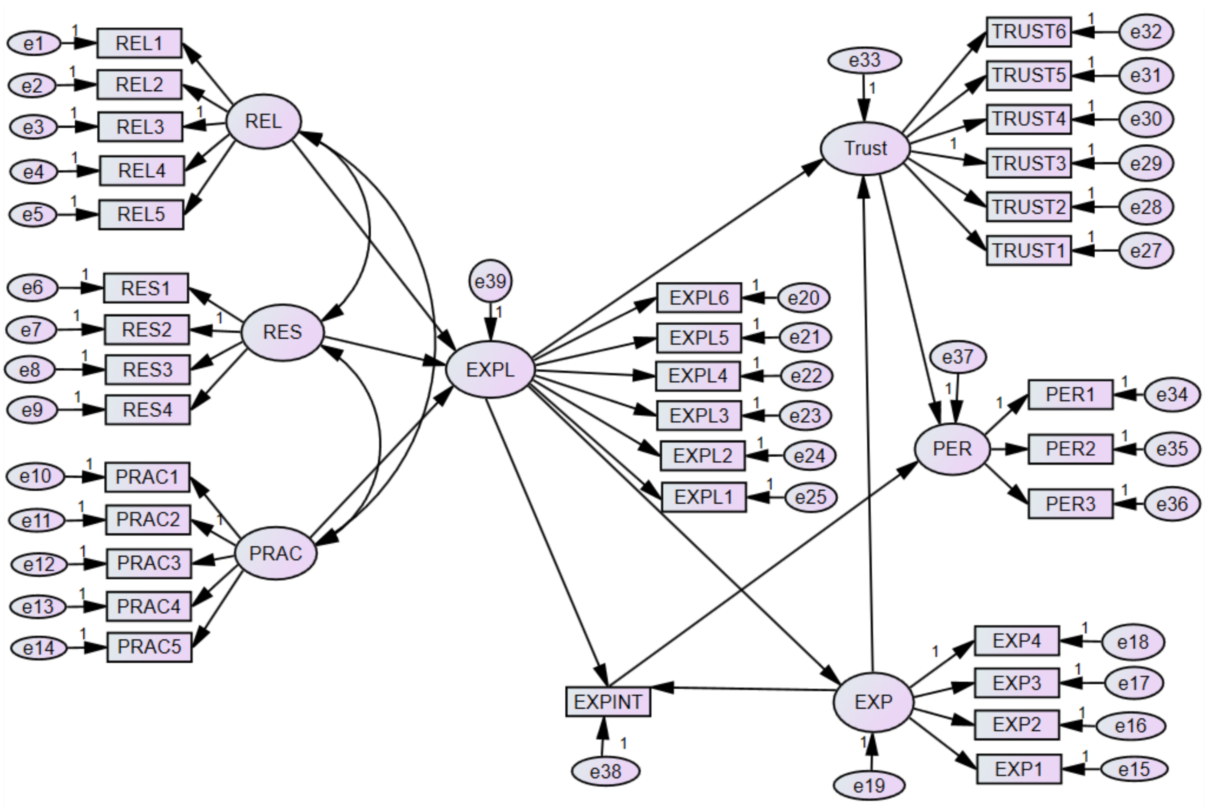

Figure 5-1. Complete SEM model

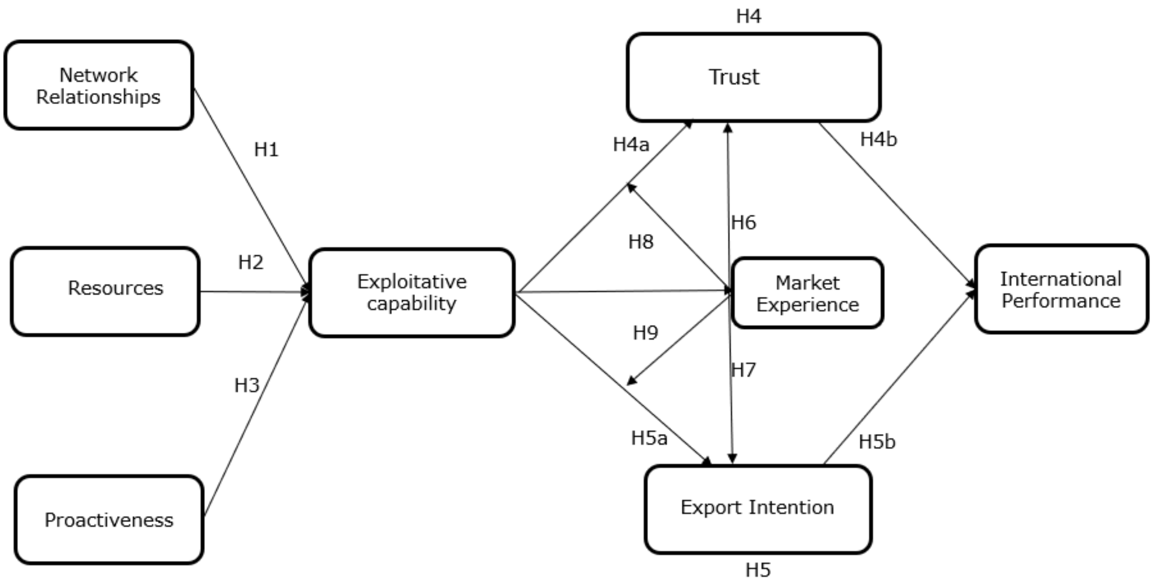

Figure 5-2. Hypothesised model

Table 5-1 presents the results of the testing of the hypothesised direct relationships (from H1 to H5b). The table also includes the standardised path coefficients, *t*-values, and the corresponding significant levels between the dependent variables (DV) and independent variables (IV).

Table 5-1. Results of the path model testing

H	**DV**	**IV**	**Unstandardised coefficient**	**Standardised coefficient**	***t*-values**	***Support***
1	EXPL	REL	0.13	0.19	2.77** (p=0.006)	Supported
2	EXPL	RES	0.49	0.56	6.98***	Supported
3	EXPL	PRAC	0.2	0.22	3.16 ** (p=0.002)	Supported
4a	TRUST	EXPL	1.08	0.7	5.45***	Supported
4b	PER	TRUST	0.18	0.35	4.53***	Supported
5a	EXPINT	EXPL	1.11	0.53	5.44***	Supported
5b	PER	EXPINT	0.18	0.36	4.84***	Supported

N observation = 157; Model fit: X2 (CMIN/df) = 1.666, NNFI (TLI) =0.92, CFI=0.927, RMSEA=0.065; SRMR=0.78

*p<0.05; **p<0.01; ***p<0.001

H1 and H2: Weak ties and resources (firm's structural capital) and exploitative capabilities

H1: In the internationalisation process, the greater the extent of a firm's international relationship network, the greater the exploitative capabilities it will achieve in foreign markets.

H2: In the internationalisation process, the higher the level of a firm's resource commitment to exports, the greater the exploitative capabilities it will achieve in foreign markets.

Hypotheses 1 and 2 investigate the relationship between a firm's weak ties and the availability of resources with regard to exploitative capabilities. It was hypothesised that a firm's weak ties and resources are positively associated with international dynamic capabilities. The results demonstrate positive and significant paths from resource commitment to the firm's exploitative capabilities ($\beta=0.56$, $p<=0.001$), as well as from relations to exploitative capabilities ($\beta=0.19$, $p=0.006$). Therefore, H1 and H2 are supported.

H3: Entrepreneurial proactiveness (cognitive social capital) and exploitative capabilities

H3: In the internationalisation process, the higher the level of entrepreneurial proactiveness, the greater the exploitative capabilities a firm will achieve in foreign markets.

Hypothesis 3 tests the relationship between entrepreneurial proactiveness and a firm's exploitative capabilities. The results demonstrate positive and significant paths from entrepreneurs' proactiveness to the firm's exploitative capabilities ($\beta=0.22$, $p=0.002<0.01$), meaning H3 is supported.

H4a and H4b: Relationship between exploitative capabilities and trust, and trust and performance

H4a: In the post-entry phase, exploitative capabilities are closely associated with trust building.

H4b: In the post-entry phase, the higher the level of trust firms build up with local partners, the better their international performance.

Hypotheses 4a and 4b test the relationship between exploitative capabilities and trust (TRUST), and the effect of trust on international performance in the post-entry stage. The results demonstrate positive and significant paths from firms' exploitative capabilities to trust ($\beta=0.7$, $p<0.001$) and from trust to international performance ($\beta=0.35$, $p<0.001$).

H5a and H5b: Relationship between exploitative capabilities and export intention, and trust and performance

H5a: In the post-entry phase, exploitative capabilities are closely associated with export intention.
H5b: In the post-entry phase, the higher the confidence the firm has in its export intention, the better its international performance will be.

Hypotheses 5a and 5b test the relationship between exploitative capabilities and firms' export intention (EXPINT) and the effect of the firms' strategic export intention on their international performance in the post-entry stage. The results demonstrate positive and significant paths from exploitative capabilities to export intention ($\beta=0.53$, $p<0.001$), and from strategic export intention to international performance ($\beta=0.36$, $p<0.001$). Hence, H5a and H5b are both supported.

5.2. Hypothesis testing: Mediating relationships

5.2.1. Nested model approaches

The aim of nested models is to compare a larger model with a full complete model, with a smaller one nested within it. Two models are considered to be nested if they have the same terms, and one has at least one extra term than the other.

Following Cagli's (1984) suggestion, to test the mediation effect of exploitative capabilities, trust and export intention on the endogenous variables, four partial mediated models and one direct effect model were set up. The baseline model was a full mediation model without direct paths from exploitative capabilities (the predictor) to performance (the outcome) (Cagli, 1984). The baseline model was compared with four other partial mediation models in which the direct paths from the predictor to each mediator, and from the mediator to the dependent variable, were added to the baseline model, whilst the others were set to 0

The first partial mediated model allows for both direct and indirect effects (mediated through trust and EXPINT) from exploitative capabilities to firms' international performance. The second demonstrates the mediation effects of trust on the relationship between exploitative capabilities and performance, while the path from exploitative capabilities to export intention, and from export intention to performance, were set to 0. Model three, on the other hand, shows direct paths from exploitative capabilities to export intention, and from export intention to performance, with the other path set to 0. Model 4 is a non-mediation model, with all the direct paths from exploitative capabilities to the mediators (trust and export intention), and from mediators (trust and export intention) to performance, set to 0. Finally, the full direct effects model only shows a direct path from the predictors (relations, resources and proactiveness) to trust, export intention and performance, while the paths from exploitative capabilities to the mediators (trust and export intention) and from the mediators (trust and export intention) to performance were constrained to 0.

These models were compared based on sequential chi-square tests and goodness-of-fit. This approach to testing the mediation effect is consistent with previous studies that have used SEM to examine mediation hypotheses (Lu et al. 2010; Sandberg 2014; Yen and Gwinner 2003).

The fit indices of the baseline model (Table 1) indicate an acceptable fit (X2/df 1.666; TLI 0.92; CFI 0.926, SRMR 0.078, RMSEA 0.065). Although model 1 shows a slightly better fit, an insignificant change in the chi-square difference between the baseline model and model 1 would suggest that adding a direct path from exploitative capabilities to performance is not essential. Similarly, models 2,3,4 and 5 indicate a poor fit (see Table 5.1) and the chi-square difference between model 2 and the baseline model is significant (x2/df=0.043), which suggests that removing the direct path from exploitative capabilities to the mediators will not improve the model fit. Therefore, the full mediation model was retained for further analysis.

Table 5-2. Goodness-of-fit indices for the mediation models

	X2	**Df**	**Chi Square X2/df**	**Chi Square difference and significant of Chi Square difference**	**RMSEA**	**CFI**	**TLI**	**SRMR**
Baseline Model	857.9	515	1.666		0.065	0.926	0.92	0.0779
Model 1	856.211	514	1.666	0.1689 (p=0.2)	0.064	0.927	0.92	0.0761
Model 2	895.02	516	1.735	37.12***	0.069	0.919	0.912	0.1076
Model 3	902.261	516	1.749	44.361***	0.069	0.918	0.91	0.895
Model 4	941.438	518	1.817	83.538***	0.072	0.91	0.902	0.114
Model 5	986.900	511	1.931	129***	0.077	0.898	0.888	0.169

*p<0.05, ** p<0.01, ***p<0.001
Baseline model: full mediation (no direct paths from predictors to outcome)
Model 1: partial mediation model 1(baseline model plus direct paths from exploitative capabilities to performance only)
Model 2: partial mediation model 2 (Model 1 and the paths from exploitative capabilities to trust and from trust to performance were set to 0)
Model 3: partial mediation model 3 (Model 1 and the paths from exploitative capabilities to export intention and from export intention to performance were set to 0)
Model 4: non-mediation model (the paths from exploitative capabilities to trust and export intention and from trust and export intention to performance were set to 0)
Model 5: full direct effects model (direct effects from the predictors to trust and export intention and performance. The paths from exploitative capabilities to trust and export intention as well as from trust and export intention to performance were constrained to zero)

5.2.2. Mediation testing

The SEM model in this thesis is regarded as a multiple mediation model since trust, export intention and entrepreneurial experience act as parallel mediators. Researchers suggest that using more than one method to assess the mediating effects will increase the robustness of the mediation test (MacKinnon et al. 2002; Woody 2011; Perera 2013). In this thesis I used regression weights and bootstrapped standard errors to assess the mediator role of three variables: exploitative capabilities and trust and export intention. Since the AMOS systems only provide the bootstrap estimates, standardise estimates and confidence bound for total indirect (Kline 2011), a combination of bootstrap technique with the causal relationship testing will provide a complete picture of the mediating effects.

5.2.2.1. Causal relationship testing

The full mediation model 2 was used to test the mediation effect role of the three above-mentioned mediators in the relationship between exploitative capabilities and firm performance. The path from exploitative capabilities to firm performance was freely estimated. Once the hypotheses have been confirmed, the model and parameters may be revised, and bootstrapping will then be allowed for investigation of the indirect effects within the mediation models (see table 5.3).

H4 suggests that in the internationalisation process trust building mediates the effect of a firm’s exploitative capabilities on its international performance. As shown in Table 5.1, the standardised path coefficients from exploitative capabilities to trust and from trust to international performance are significant ($\beta=0.53$, $p<0.001$ and $\beta=0.26$, $p=0.007<0.01$ respectively) while the path from exploitative capabilities to performance is not significant ($\beta=0.14$, $p=0.21$). Therefore, trust fully mediates the relationship between exploitative capabilities tand international performance, so H4 is supported.

H5 suggests that in the internationalisation process export intention mediates the effect of exploitative capabilities on international performance. The results in Table 5.1 show significant relationships between exploitative capabilities and export intention, and between export intention and performance ($\beta=0.6$, $p<0.001$ and $\beta=0.34$, $p<0.001$ respectively), while the path from resources to trust is not significant ($\beta=0.14$, $p=0.21$). Therefore, export intention fully mediates the relationship between a firm's exploitative capabilities and its international performance, meaning H5 is supported.

Table 5-3. Direct and indirect effects

Hypothesis	*Paths*	*Standardised Coefficient*	*p value*	*Result*
H4	*EXPL -> TRUST*	*0.53****	****	*Fully mediated*
	TRUST -> PER	*0.26***	*0.007*	
	EXPL -> PER	*0.14*	*0.21*	
H5	*EXPL -> EXPINT*	*0.6****	****	*Fully Mediated*
	EXPINT -> PER	*0.318****	****	
	EXPL -> PER	*0.141*	*0.21*	
H6	*EXPL -> EXP*	0.7***	****	*Partial Mediation*
	EXP-> TRUST	0.23*	0.012	
	EXPL ->TRUST	*0.53****	****	
H7	*EXPL -> EXP*	0.7***	****	*No mediation effect*
	EXP -> EXPINT	-0.52	0.607	
	EXPL-> EXPINT	*0.6****	****	

Model fit: SRMR=0.078, CMIN/DF=1.668, RMSEA= 0.065, CFI= 0.93, TLI= 0.92
*Standardised path coefficients *p<0.05; **p<0.01; ***p<0.001*

H6 tested the mediating effect of firms' entrepreneurial experience (cognitive social capital) on the relationship between firms' exploitative capabilities and trust. The empirical findings show positive and significant paths from exploitative capabilities to entrepreneurial experience (β=0.7, p<0.001) and from the entrepreneurial experience to trust (β=0.23, p=0.012<0.05). The path from exploitative capabilities to trust is also positively significant (β=*0.53*, p<0.001), so H6 is partially supported.

H7 tested the mediating effect of firms' entrepreneurial experience on a firm's exploitative capabilities and export intention respectively. The results demonstrate a positive and significant path from exploitative capabilities to entrepreneurial experience ($\beta=0.7$, $p<0.001$); however, the path from entrepreneurial experience to strategic export commitment is negative and not significant ($\beta=-0.52$, $p=0.607$). Thereore, it can be concluded that the mediation effect is not confirmed and that H7 is rejected.

5.2.2.2. Bootstrapped standard errors results

A test with boot-strapped standard errors and 95% confidence intervals for the population values of the direct and total indirect effects based on 1000 resamples was conducted. Bootstrapping methods allow researchers to check for random-effects and draw inferences from the sample population, thus obtain more robust parameter estimations and accurate p-values of the coefficients (Awang, Afthanorhan and Asri 2015). The indirect effect from exploitative capabilities to performance via trust (I10), export intention (I11) was calculated using AMOS user-defined-estimand. The results of this test are presented in Table 5.4. No post-hoc modifications were made because the hypothesised model fits the data well. In this test, the indirect effect is considered to be significant if there is no zero between the lower range and upper ranges of the 95% confidence internal estimates (Woody, 2011).

H4 and H5: As shown in Table 5.6, the results confirm that trust and export intention have a mediating effect on the path from a firm's exploitative capabilities to its international performance. The indirect effects of exploitative capabilities on the firm's performance via trust ($\beta=0.129$ SE=0.06, $p=0.005$, 95%CI =0. 034 to 0.277) and export intention ($\beta=0.175$ SE=0.059, $p=0.001$, 95%CI =0.084 to 0.315) are both significant. Therefore, trust and export intention both mediate the relationship between exploitative capabilities and firm performance. It can be concluded that the relationships between exploitative capabilities and firms' international performance are mediated via two routes: (1) trust, and (2) export intention.

H6: As shown in Table 5.6, the results confirm that market experience has
a mediating effect on the relationship between a firm's exploitative capabilities and trust. The indirect effects of exploitative capabilities on trust via market experience are significant ($\beta=0.13$ SE=0.13, $p=0.035 < 0.05$, 95%CI =0.031 to 0.552).

H7: As shown in Table 5.6, the results confirm that market experience has no mediating effect on the relationship between a firm's exploitative capabilities and its export intention. The indirect effects of exploitative capabilities on trust via the market experience are insignificant (β=-0.068, SE=0.166, p=0.632, 95%CI =-0.395 to 0.279).

Table 5-4. Bootstrapping results of indirect effect

Hypotheses		**Indirect Effect**	**P values**	**Standard Error**	**BC 95% CI**		**Mediating Effect**
					Lower	Upper	
H4	EXPL → TRUST → PER	0.129	0.005	0.06	0.034	0.277	Supported
H5	EXPL → EXPINT → PER	0.175	0.001	0.059	0.084	0.315	Supported
H6	EXPL → TRUST	0.323	0.035	0.13	0.031	0.552	Partially supported
H7	EXPL → EXPINT	-0.068	0.632	0.166	-0.395	0.279	Not Supported

Model fit (SRMR=0.076, CMIN/DF=1.666, RMSEA= 0.065, CFI= 0.927, TLI= 0.92)

Standardised path coefficients *p<0.05; **p<0.01; ***p<0.001

5.2.2.3. Moderating effects

Moderation effects occur when the changes in the value of a moderator variable influence the relationship between an independent variable and a dependent one (Dawson 2004). I proposed that the cognitive experience of managers and/or entrepreneurs moderates the relationship between exploitative capabilities and a firm's trust-commitment. The moderation effect is tested using a simple single moderation analysis to identify if the effect is positive or negative (Cheah 2020). The initial hypotheses H8 and H9 developed in Chapter 3 were used as a guideline. As Memon (2019) argues, this simple moderation test is suitable for a model that is supported with a theory.

H8: In the post-entry phase, entrepreneurial market experience moderates the relationship between exploitative capabilities and firms' trust building.
H9: In the post-entry phase, entrepreneurial market experience moderates the relationship between exploitative capabilities and firms' strategic export intention.

All the indicators of each variable: the moderator (experience), the independent variable (exploitative capabilities), the independent variables (trust, strategic export intention and performance) were loaded onto a single factor (Figure 5.3). Therefore, in the model all the variables were directly observed, and rectangles were used instead of the normal ellipses. An interaction term between exploitative capabilities and experience was created, which was used as an independent variable. The regression and interaction effects were tested on the full dataset. The test was run in AMOS and based on Hayes' process model.

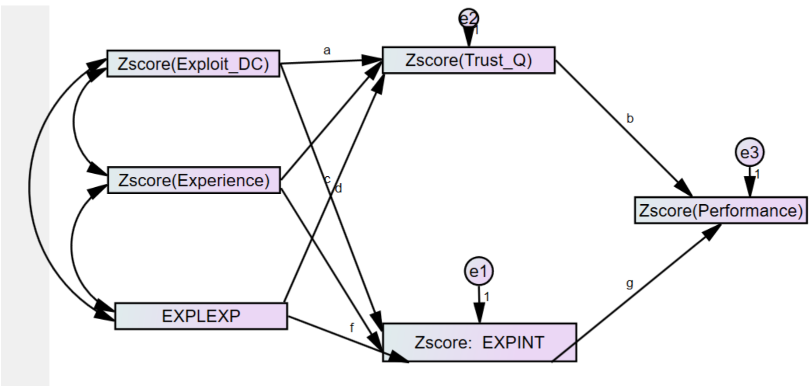

Figure 5-3. Model with moderating effect

Table 5-5. Results of the moderating effect

Hypothesis	Moderator Variable	Path with/without moderator	Standard Coefficient	T Value	P
H8	EXPL x Exp -> Trust	Exploit_DC → Trust	.075	6.167	***
		Experience → Trust	.076	3.289	0.001
		Trust_Q → Performance	.071	-1.250	***
		EXPLEXP → Trust	.056	5.558	0.006
H9	EXPL x EXP-> export intention	ZExploit_DC → ZEXPINT	.089	.352	***
		ZExperience → ZEXPINT	.090	-2.724	0.725
		ZEXPINT → ZPerformance	.071	4.633	***
		EXPLEXP → ZEXPINT	.066	4.866	0.211

Model fit (SRMR=0.0385, CMIN/DF=1.467, RMSEA= 0.055, CFI= 0.993, TLI= 0.978)

Standardised path coefficients *p<0.05; **p<0.01; ***p<0.001

The results indicate that the model does not have a good fit (SRMR=0.0385, CMIN/DF=1.467, RMSEA= 0.055, CFI= 0.993, TLI= 0.978). In terms of the moderating effect, it is shown that cognitive experience moderates the relationship between exploitative capabilities and trust building. The interaction coefficient for entrepreneurial knowledge and exploitative capabilities on trust is significant (β = -0.159 p=0.006<0.01). The relationship is negative, which means that managers' knowledge of the norms and language of the market dampens the positive relationship between exploitative capabilities and trust-building. Exploitative capabilities have a stronger effect on trust-building when managers have less experience of the market. Figure 5.4 plots the interaction, which suggests that the relationship between capability and trust will be higher when managers have a low level of experience ((B = 0.681, p=0.002<0.01). On the contrary, the relationship between exploitative capabilities and performance will be lower when they have a high level of cognitive experience of the market (B = 0.245, p=0.022<0.5).

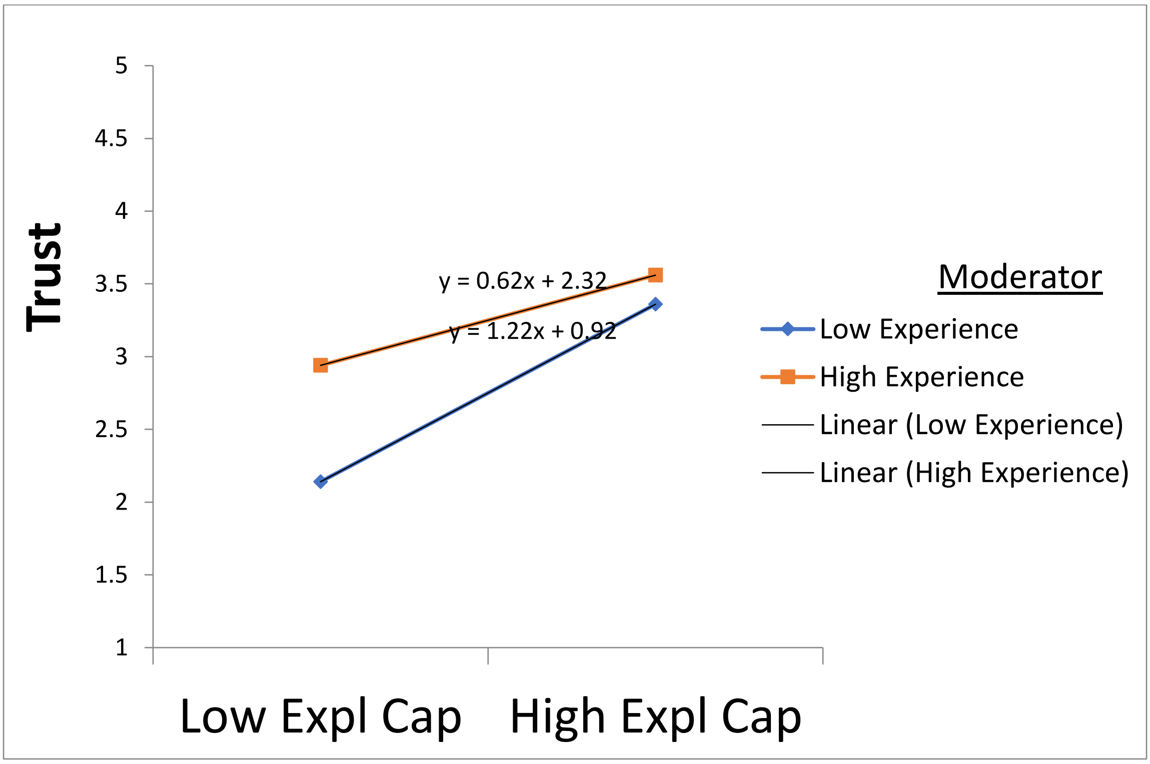

Figure 5-4. Interaction effect of the moderator

However, the interaction coefficient for entrepreneurial knowledge and exploitative capabilities on export intention is insignificant (β = -0.87, p=0.211), as is the path from experience to export intention (β = 0.32, p=0.125). This indicates that there is no moderation effect of managers' cognitive experience on firms' strategic export intention.

These insignificant paths were removed, and the test for the revised model (Figure 5-5) was conducted again to verify the fit-indices. The revised model has a CFI of 0.993, TLI of 0.978, RMSEA of 0.055, SRMR of 0.0385 and CMIN/DF of 1.467, which meet the recommended levels. Only H8 was confirmed in the moderation test, while H9 was not supported by the empirical findings.

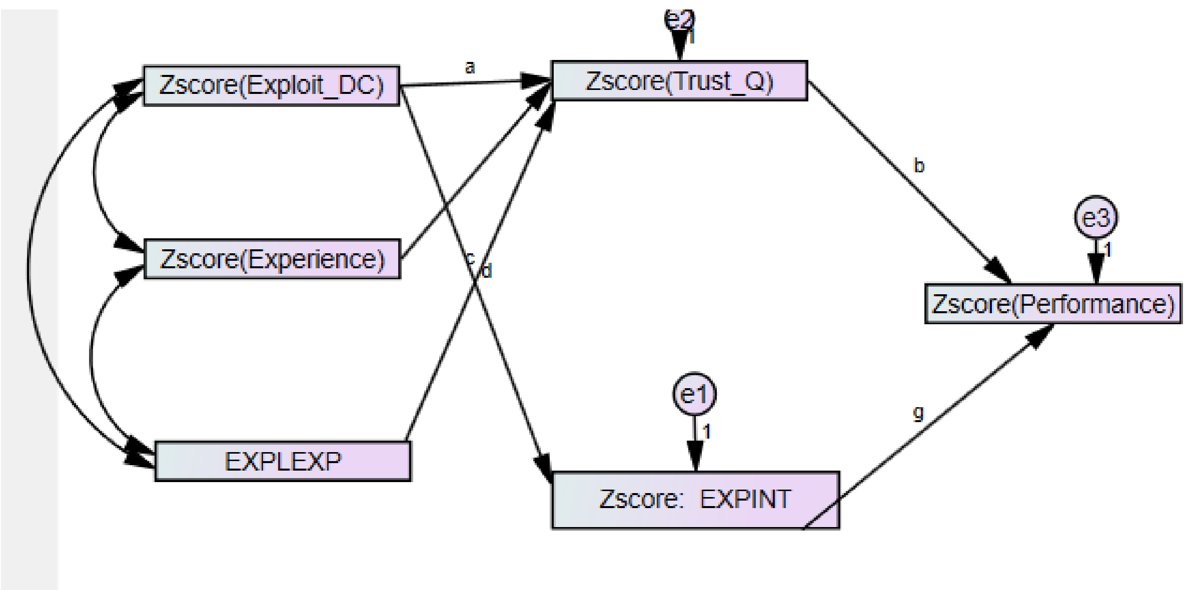

Figure 5-5. Moderating effect model- after revision

5.3. Control variables

The evaluation of the control variables was conducted by evaluating the differences in the path coefficients and path relationships between the sub-groups. The test of the control variables was conducted with the final SEM model, which was revised based on the findings of the moderation effect and the hypothesis testing. The test indicated the model was a good fit (SRMR=0.0778, CMIN/DF=1.663, RMSEA= 0.065, CFI= 0.927, TLI= 0.921).

5.3.1. Firm age

Previous studies suggest that age has a significant positive relationship with firm performance and the internationalisation process (Casillas 2015; Zhou, Wu and Luo 2007). In this study, aggregate models were used to assess this role. The samples were divided into two groups: age group 1 (58 young firms operating for less than 20 years) and age group 2 (99 older firms with more than 20 years old) (Wagner 2014). The results from Table 5.5 show that the effect of firm age on the relationship between trust to international performance is significantly different between firms in the two groups. The path from market experience to trust in Group 1 is insignificant (β=0.202, p=0.214), whilst in group 2 there is a positive effect of trust on international performance (β=0.266, p=0.12). This indicates that the effect of market experience on trust is stronger for old firms than younger ones. Old firms tend to have more market experience of operating in foreign markets, so it is easier for them to build up trust in new markets.

Table 5-6. Effects of age on different firm groups

	Age Group 1 (< 20 years)				**Age Group 2 (>20 years)**				**Difference**
	Unstandardised estimate	*SE*	*t-values*	*P*	*Unstandardised estimate*	*SE*	*t-values*	*P*	
RES -> EXPL	.487	.568	6.969	***	.487	.566	6.969	***	No difference
PRAC -> EXPL	.201	.209	3.142	.002	.201	.231	3.142	.002	No difference
REL -> EXPL	.111	.151	2.386	.017	.111	.168	2.386	.017	No difference
EXPL -> EXP	.732	.731	4.778	***	.939	.675	6.078	***	No difference
EXPL -> TRUST	1.049	.511	3.022	.003	1.073	.530	4.670	***	No difference
EXPL -> EXPINT	1.133	.525	4.179	***	.987	.607	6.259	***	No difference
EXP -> TRUST	**.414**	**.202**	**1.243**	**.214**	**.388**	**.266**	**2.520**	**.012**	**Different**
TRUST -> PER	.229	.467	4.538	***	.115	.267	2.543	.011	No difference
EXPINT -> PER	.219	.469	4.689	***	.163	.304	2.942	.003	No difference

**p<0.05; **p<0.01; ***p<0.001*

5.3.2. Firm size

Firm size has also been proven to be an important control variable, particularly in studies of SMEs and internationalisation, since large firms tend to have more access to resources (Bonaccorsi 1992; Sandberg 2014) and tend to invest more resources in exporting (Chetty and Campbell-Hunt 2004). Luo and Peng (1999) found a positive association between firm size and international performance. Pope (2002) also highlighted that there was a significant difference between small and large firms in their motivation to export and their risk perception. The study used an aggregated model to assess if firm size had any significant impact on firms' internationalisation process. Based on the recommendations of the Federation of Small Business (FSB 2019), in this study firms with fewer than 50 employees (micro and small firms) were considered to be Group 1 (81 firms) and 76 medium-sized firms with 50-249 employees in Group 2.

The results shown in Table 5.7 suggest a significant difference in the effect of firm size on the link between network relationships and exploitative capabilities in the two groups. The path from weak ties to exploitative capabilities is significant for small firms (β=0.206, p=0.021<0.05), whilst for Group 2 ones, no significant relationship was found in this path (β=0.125, p=0.23). These results are consistent with previous findings that micro and small firms are likely to rely more on their current supporting networks to exploit the opportunities due to their lack of resources (Gulati 1999; Coviello 2006; Prashantham 2010; Senik et al. 2011). Therefore, micro and small firms benefit more from the relationships with export supporting partners than medium-sized ones when exploiting new IB capabilities.

The path from market experience to trust in Group 1 is insignificant (β=0.205, p=0.234), whilst in group 2 there is a positive effect of trust on international performance (β=0.292, p=0.09). This indicates that the effect of market experience on trust is stronger for medium-sized firms than for micro and small ones with fewer than 50 employees. This finding is consistent with the previous results in section 5.3.1. Small firms tend to have less market experience in operating in foreign markets than medium-sized ones, so it is more difficult for them to build up trust in new markets.

Table 5-7. Effects of size on different firm groups

	Micro and Small firm (< 50 employees)				**Medium firms (50-249 employees)**				**Difference**
	Unstandardised Estimate	SE	t-values	P	Unstandardised Estimate	SE	t-values	P	
RES -> EXPL	.515	.595	5.862	***	.429	.499	4.013	***	No difference
PRAC -> EXPL	.185	.222	2.465	.014	.270	.269	2.219	.026	No difference
REL -> EXPL	**.152**	**.206**	**2.305**	**.021**	**.079**	**.125**	**1.201**	**.23**	**Different**
EXPL -> EXP	.876	.710	7.552	***	.876	.682	7.552	***	No difference
EXPL -> TRUST	1.114	.595	5.558	***	1.114	.483	5.558	***	No difference
EXPL -> EXPINT	1.018	.505	7.296	***	1.018	.652	7.296	***	No difference
EXP -> TRUST	**.205**	**.136**	**1.189**	**.234**	**.524**	**.292**	**2.613**	**.009**	**Different**
TRUST -> PER	.155	.327	4.423	***	.155	.356	4.423	***	No difference
EXPINT -> PER	.178	.405	4.645	***	.178	.277	4.645	***	Significantly different

**p<0.05; **p<0.01; ***p<0.001*

5.3.3. Industry

Industry is also an important control variable, since different industries may have different growth rates and the availability of international experience and access to resources can vary across sectors (Kale, Singh and Perlmutter 2000; Majocchi, Bacchiocchi and Mayrhofer 2005; Casillas 2015). A comparison between the 72 firms in the trade and services industry (Group 1) and the 85 in the manufacturing industry (Group 2) found that the type of industry has a positive impact on the relationship between weak ties and exploitative capabilities. The results are statistically significant in the path from network relationships to exploitative capabilities in Group 1 ($\beta=0.254$, $p=0.009<0.05$), while in Group 2 they are insignificant ($\beta=0.125$, $p=0.167$). This indicates that firms in the trade and services industry utilise relationships in their social network to exploit opportunities better than manufacturing firms.

Table 5-8. Different effects between the trade and services industry and the manufacturing industry

	Trade & Services				**Manufacturing**				**Difference**
	Unstandardised estimate	**SE**	**t-values**	**P**	Unstandardised estimate	**SE**	**t-values**	**P**	
RES -> EXPL	.499	.543	4.863	***	.457	.575	5.405	***	No difference
PRAC -> EXPL	.235	.225	2.163	.031	.196	.254	2.708	.007	No difference
REL -> EXPL	**.176**	**.254**	**2.620**	**.009**	**.084**	**.125**	**1.380**	**.167**	**Different**
EXPL -> EXP	.886	.668	7.584	***	.886	.725	7.584	***	No difference
EXPL-> TRUST	1.028	.490	5.387	***	1.028	.527	5.387	***	No difference
EXPL -> EXPINT	1.013	.522	6.913	***	1.013	.569	6.913	***	No difference
EXP -> TRUST	.417	.263	2.337	.019	.432	.271	2.478	.013	No difference
TRUST -> PER	.173	.384	4.879	***	.173	.359	4.879	***	No difference
EXPINT -> PER	.174	.357	4.613	***	.174	.329	4.613	***	No difference

**p<0.05; **p<0.01; ***p<0.001*

5.3.4. Degree of internationalization- Export percentage

Researchers believe that previous international experience has a positive impact on firms' international expansion (Reuber and Fischer 1997; Majocchi, Bacchiocchi and Mayrhofer 2005; Barkema and Drogendijk 2007; Sandberg 2014; Hollender, Zapkau and Schwens 2017). In this study international experience was measured by the level of firms' internationalisation, in particular exports as a percentage of total sales. Group 1 refers to early or inexperienced exporters with less than 50% of revenue from exports (64 firms) while Group 2 consists of 93 experienced exporters with more than 50% of revenue from exports. A comparison of the path coefficients shows an absolute difference between the coefficient from network relationship to exploitative capabilities and from proactiveness to exploitative capabilities for the two groups (see Table 5.9).

The statistic difference in the path from proactiveness to exploitative capabilities between Group 1 (β=0.233, p=0.037 <0.005) and Group 2 (β=0.101, p=0.29) indicates that young exporters are more proactive in identifying opportunities and exploiting them than experienced exporters.

However, the significant coefficients from network relations to exploitative capabilities in Group 2 (β=0.202, p=0.005<0.01) indicate that experienced exporters seem to utilise weak ties better to exploit opportunities, probably due to their experience in exporting and taking advantage of resources in the network. The path from network relations to exploitative capabilities in Group 1 is insignificant (β=0.170, p=0.1), suggesting that young exporters may not have access to diverse weak ties, which reduces their knowledge and capabilities in exploiting new opportunities.

Table 5-9. Different effects between early and experienced exporters

	Early/inexperienced exporters (<50% export sales)				**Experienced exporters (>50% export sales)**				**Difference**
	Unstandardised estimate	SE	t-values	P	Unstandardised estimate	SE	Tvalues	P	
RES -> EXPL	.453	.573	4.419	***	.498	.537	5.393	***	No difference
PRAC -> EXPL	**.167**	**.233**	**2.081**	**.037**	**.128**	**.101**	**1.058**	**.290**	**Different**
REL -> EXPL	**.112**	**.170**	**1.644**	**.100**	**.202**	**.291**	**2.782**	**.005**	**Different**
EXPL -> EXP	.891	.664	7.701	***	.891	.735	7.701	***	No difference
EXPL -> TRUST	1.107	.496	5.314	***	1.107	.555	5.314	***	No difference
EXPL-> EXPINT	.945	.452	6.524	***	.945	.555	6.524	***	No difference
EXP -> TRUST	.443	.266	2.218	.027	.288	.175	1.562	.118	No difference
TRUST -> PER	.161	.341	4.687	***	.161	.373	4.687	***	No difference
EXPINT -> PER	.168	.333	4.421	***	.168	.333	4.421	***	No difference

**p<0.05; **p<0.01; ***p<0.001*

5.3.5. Ownership

Ownership is also regarded as an important control variable in internationalisation research, since different ownership control may result in different choice-making approaches (Peng and Luo 2000). Firms with relative experience in international markets may let young managers run the business rather than the owners (Peng and Luo, 2000). An aggregate model was used to assess if the level of control had any significant impact on firms' internationalisation process. A comparison of the path coefficients between Group 1 (78 firm owners) and Group 2 (79 employed managers) shows an absolute difference in the paths from weak ties and proactiveness to exploitative capabilities (see Table 5.10).

In Group 1, ownership has a significant impact on the path from proactiveness to exploitative capabilities ($\beta=0.294$, $p=0.006<0.01$), whereas in Group 2 (managers) there is no significant impact ($\beta=0.130$, $p=0.193$). These results indicate that company owners may be more proactive in identifying opportunities and exploiting them than employed managers. However, for company owners weak ties do not have a significant impact on their capability to exploit opportunities ($\beta=0.113$, $p=0.2771$), whilst for the managers these relationships play an important role in their exploitative capabilities ($\beta=0.263$, $p=0.004<0.01$). This implies that managers tend to rely on professional networks, whilst company owners may have their own established networks and utilise their international experience to exploit international opportunities.

Table 5-10. Different effects between thhe owner and manager group

	Owners (Group1)				**Managers (Group2)**				**Difference**
	Unstandardised estimate	**SE**	**t-values**	**P**	**Unstandardised estimate**	**SE**	**t-values**	**P**	
RES -> EXPL	.488	.549	5.221	***	.514	.601	4.980	***	No difference
PRAC -> EXPL	**.289**	**.294**	**2.745**	**.006**	**.106**	**.130**	**1.302**	**.193**	**Different**
REL -> EXPL	**.083**	**.113**	**1.101**	**.271**	**.180**	**.263**	**2.841**	**.004**	**Different**
EXPL -> EXP	.874	.750	7.683	***	.874	.657	7.683	***	No difference
EXPL -> TRUST	1.438	.705	8.813	***	1.438	.694	8.813	***	No difference
EXPL-> EXPINT	1.109	.577	5.625	***	1.109	.628	5.625	***	No difference
EXP -> TRUST	-.242	-.146	-1.125	.261	.050	.038	.333	.739	No difference
TRUST -> PER	.158	.324	4.635	***	.158	.373	4.635	***	No difference
EXPINT -> PER	.190	.369	5.066	***	.190	.384	5.066	***	No difference

**p<0.05; **p<0.01; ***p<0.001*

5.3.6. Risk-taking and innovativeness

The literature suggests that innovativeness and risk-taking are important factors in firms' international performance (Bilkey and Tesar 1977; Johanson and Vahlne 1977, 1990). Innovativeness can drive a firm's internationalisation process, while most of the decision-making process is based on risk avoidance. However, in this study, innovativeness and risk-taking were not found to have a significant relationship with firms' international performance, trust, export intention or cognitive experience and exploitative capabilities. It can be concluded that when entering these emerging markets, firms make more cautious decisions and tend to follow traditional exporting strategies to lower risk.

Table 5-11. Effects of risk-taking on the dependent variables

Control variable effect	**Untandardised coefficient**	**Standardised coefficient**	**t-value**	**Relation -ship**	**Model fit**
Risk-Taking -> Performance	-0.017	-0.018 (p=0.822)	-0.225	None	χ2/df=1.599
Risk-Taking -> Trust	-0.093	-0.045 (p=0. 538)	-0.615	None	CFI=0.922
Risk-Taking -> Strategic Export Intention	0.129	0.069 (p=.408)	0.828	None	TLI=0.915
Risk-Taking -> Market Experience	0.056	0.046 (p=.548)	0.600	None	RMSEA=0.062
Risk-Taking -> Exploitative capabilities	0.040	0.040 (p=.654)	0.449	None	SRMR = 0.078

**p<0.05; **p<0.01; ***p<0.001*

Table 5-12. Effects of innovativeness on the dependent variables

Control variable effect	**Unstandardised coefficient**	**Standardised coefficient**	**t-value**	**Relation-ship**	**Model fit**
Innovativeness -> Performance	0.325	0.153 (p=0.17)	1.373	None	χ2/df=1.631
Innovativeness -> Trust	-0.253	-0.057 (p=585)	-0.546	None	CFI=0.842
Innovativeness -> Strategic Export Intention	0.473	0.1 (p=0.392)	0.855	None	TLI=0.829
Innovativeness -> Entrepreneurial Experience	-0.222	- 0.08(p-0.458)	- 0.742	None	RMSEA=0.064
Innovativeness -> Exploitative capabilities	0.280	0.121 (p=0.312)	1.010	None	SRMR = 0.0778

**p<0.05; **p<0.01; ***p<0.001*

5.4. Summary

In this section, I have discussed the structural equation modelling results and revised the conceptual model based on the findings. The hypotheses were tested using path analysis and bootstrapping. The findings demonstrate that two aspects of organisational export networking capital (weak ties and resource commitment) are positively associated with firms' exploitative capabilities. This also indicates that entrepreneurial proactiveness encourages firms' exploitative capabilities. In the second stage of the market entry phase, the findings suggest that trust and strategic intention act as mechanisms that mediate the relationship between exploitative capabilities and firm performance in the market. Nevertheless, cognitive experience has no mediation effect between exploitative capabilities and firms' international performance. Figure 5-6 and Table 5.13 summarises the results of the hypothess testing.

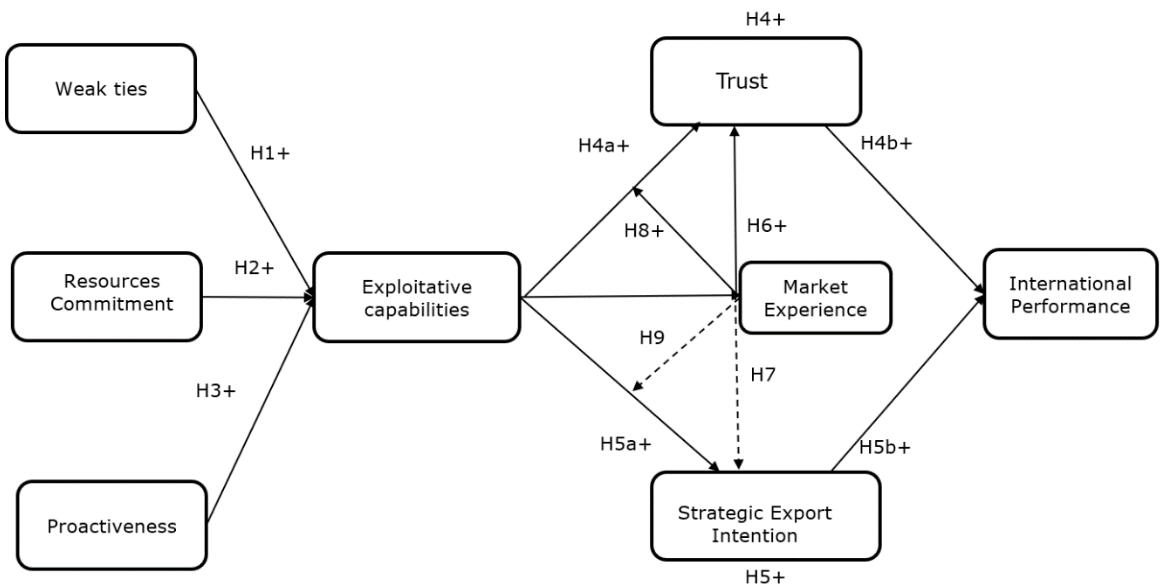

Figure 5-6. Revised conceptual framework

Table 5-13. Summary of the results

Hypothesis		Relationship	Findings
H1	REL -> EXPL: the higher the level of a firm's international relationship network, the greater the exploitative capabilitiesit will achieve in foreign markets.	Direct	Supported
H2	RES -> EXPL: the higher the level of a firm's resource commitment to exports, the greater the exploitative capabilities it will achieve in foreign markets.	Direct	Supported
H3	PRAC -> EXPL: the higher the level of entrepreneurial proactiveness, the greater the exploitative capabilities a firm will achieve in foreign markets.	Direct	Supported
H4	EXPL -> TRUST ->PER: in the internationalisation process, trust mediates the relationship between exploitative capabilities and firms' international performance.	Mediation	Supported
H4a	EXPL -> TRUST: in the post-entry phase, exploitative capabilities are positively associated with trust.	Direct	Supported
H4b	TRUST -> PER: in the post-entry phase, the higher the level of trust firms build up with local partners, the better their international performance will be.	Direct	Supported
H5	EXPL -> EXPINT ->PER: in the internationalisation process, strategic export intention mediates the effect of exploitative capabilities on international performance.	Mediation	Supported
H5a	EXPL -> EXPINT: in the post-entry phase, exploitative capabilities are positively associated with strategic export intention.	Direct	Supported
H5b	EXPINT -> PER: in the post-entry phase, the higher the confidence a firm has in its strategic export intention, the better its international performance will be.	Direct	Supported

H6	EXPL -> EXP -> TRUST: in the post-entry phase, entrepreneurial market experience mediates the relationship between exploitative capabilities and a firm's trust building.	Mediation	Partial mediation
H7	EXPL -> EXP-> EXPINT: in the internationalisation process, entrepreneurial market experience mediates the relationship between exploitative capabilities and strategic export intention.	Mediation	Not Supported
H8	EXPL x EXP -> Trust: in the internationalisation process, entrepreneurial market experience moderates the relationship between exploitative capabilities and firms' trust building.	Moderation	Supported
H9	EXPL x EXP -> EXPINT: in the internationalisation process, entrepreneurial market experience moderates the relationship between exploitative capabilities and firms' strategic export intention.	Moderation	Not Supported

CHAPTER 6- Discussion and Theoretical Contributions

Chapters 3,4 and 5 presented the empirical results and analysis of the qualitative and quantitative data. The benefits of the mixed method approach were clearly demonstrated: the qualitative data supported the proposed hypotheses and the development of the survey scales, while the quantitative data, the primary source, were also supported by the qualitative results. In this chapter, I will present a summary of the key findings and discuss the results in light of the research objectives, research questions and the proposed conceptual framework. The chapter will also connect and consider the empirical results in relation to previous studies in order to highlight its contributions to the current literature. Each sub-section will discuss findings related to one research question and the relevant hypotheses. The implications of the findings will also be presented. The below table presents an overview of the relationships between constructs.

Table 6-1. Overview of the relationship between constructs

Dependent variables	**Predictors**	**Mediators**	**Moderator**
Exploitative capabilities	• Resources • Experience • Proactiveness		
Trust	• Exploitative capabilities		Market Experience
Strategic export Intention	• Exploitative capabilities		
Experience	• Exploitative capabilities		
Performance	• Exploitative capabilities	• Trust • Strategic export Intention	

The primary purpose of the study was to respond to the call for better understanding of the process and mechanism in which social capital influences firms' capability and performance-related outcomes at multiple levels and in multiple stages during a firm's internationalisation process (Payne et al. 2011; Brass et al. 2014; Chen et al. 2017; Gerschewski et al. 2018). The discussion will also consider more closely the conceptualisation of social capital at organisational and individual levels, as well as its impact on exploitative capabilities and firms' international performance. In the first stage, the conceptual framework examines how weak ties, resources and entrepreneurial proactiveness foster the exploitation of opportunities. In the second stage, the model aims to investigate the mechanisms underlying the linkages between exploitative capabilities and firms' international performance through multi-mediator path analysis. The model also investigates the mediating role of trust and strategic export intention in exploitative capabilities and performance linkage. It also establishes the moderating effect of cognitive experience on the relationship between exploitative capabilities and trust.

At the organisational level, I explore how weak ties and resources contribute to organisational exploitative capabilities. At the individual level, the model relates entrepreneurial proactiveness on the firms' capability in the initial stage, as well as the moderating role of their cognitive experience in the relationship between exploitative capabilities and their performance in the subsequent stage. Trust and commitment are viewed as a joint cross-level decision rather than at the individual level.

6.1. Organisational export networking capital

The first research question aimed to clarify the impact of each social capital dimension on the successful exploitation of international opportunities. As proposed in the literature review chapter, organisational structural capital in this study refers to firms' relationships with the partners who assist them in their export activities and the availability of resources they set aside for international activities. The study reveals that the professional relationships firms develop during their internationalisation process enable them to develop their exploitative capabilities. It also confirms that having a clear plan to commit a certain level of resources to international export activities allows firms to better exploit the new opportunities in new foreign markets.

6.1.1. Weak ties

The findings of the thesis reveal that weak ties complement firms' resource stocks and provide more opportunities for them in international markets than strong ties. The analysis of the empirical data indicates that in order to export to psychically distant markets such as ones in ASEAN, firms should rely on their current relationships with the government agencies, financial institutions, trade and business associations, forwarding companies and private companies involved in their exporting activities (Peng and Zhou 2005; Prashantham 2010; Roxas and Chadee 2011). According to the literature, ties with other firms and with governmental organisations are two of the most important ties that firms should focus on, particularly in emerging economies (Peng and Zhou 2005; Li et al. 2014). Relationships with private companies allow firms to gain related information about market demands and requirements, while ties with government and financial institutions in both the home and host markets can help firms reduce market challenges and address other administrative barriers to exporting. These weak ties enable firms to minimise their size disadvantages and leverage skills and resources, hence meaning they can be less dependent on following up on domestic clients when they internationalise. The tighter the network relationship and the longer it lasts, the greater the number of windows of opportunity that will open up for sharing.

This finding contrasts with previous findings of Kiss and Danis (2008) and Stam, Arzlanian and Elfring (2014), that weak ties do not have a strong impact in countries that have low levels of institutional development. These studies argue that when starting a new business firms from countries with high levels of such development may have a preference for developing a social network of weak ties, whilst those from countries with lower levels of institutional development may prefer being part of a strong network ties in order to exchange knowledge and information (Peng and Luo 2000; Peng and Zhou 2005; Li et al., 2014). Firms tend to rely more on strong ties in such environments, particularly in the early phases of internationalisation; however, as the institution become more mature in the later phases, weak ties can offer more benefits due to their low c ost of maintenance (Peng and Zhou 2005). The richer the weak ties are, the more opportunities there will be for knowledge sharing. By being responsive to the international networks, firms can better prepare themselves to act on network resources when new opportunities arise in the networks. This also enables firms to strengthen their position in global markets by learning about the competitors, market demands, requirements for standards and quality, and local customers' habits (Elg, Ghauri and Tarnovskaya 2008). Their employment of external resources or new ideas within or outside their network will later have an impact on small firms' strategic intention in the selection of foreign markets and entry mode choice, as well as market and product development.

The findings support the study of Suseno and Pinnington (2018) that weak ties were more important for successful internationalisation. When small firms grow bigger and become more legitimate, they can gain access to weak ties, which require less emotional attachment and allow them more flexibility to search for resources and opportunities for their international growth (Hite and Hesterly 2001; Coviello 2006; Maurer and Ebers 2006; Stam, Arzlanian and Elfring 2014). Weak ties, therefore, are more important in fostering the acquisition of intellectual knowledge and resources, since they can introduce new ideas and information without restructuring or reconfiguring the current shared value system (Granovetter 1974; Davidsson and Honig 2003; Blyler and Coff 2003; Kiss and Danis, 2008). For example, in upstream internationalisation, if one of the mangers exits the buyer firm to take up a position on the supplier side, this tie remains an import source of resources. Although the tie was configured, it can serve both the person who has moved and the organisation.

A closer look at the control variables (Table 6.2) shows that there is a significant difference between small and medium-sized firms in terms of the impact of structural capital on their capability to exploit international opportunities. The findings indicate that small firms rely more on their current weak ties to gain resources and knowledge for their international business. This is consistent with previous findings, that weak ties can reduce the export barriers for SMEs which lack resources and suffer from the liability of being small (Chetty and Holm 2000; Chetty and Wilson 2003; Johanson and Vahlne 2009). Larger firms will have more resources to invest in building relationships directly with business partners, as well as for acquiring resources and information in the local markets (Eriksson et al. 1997; Blažková and Dvouletý 2019); therefore, they may be less dependent on weak ties to obtain resources and information. Hadley and Wilson (2003) also indicate that firm size has an influence on its ability to accumulate important knowledge or resources.

Table 6-2. Impact of control variables on the path from relation to exploitative capabilities

REL to EXPL			
Small Firms (<50)	Significant (p=0.021)	**Medium firms (>50)**	Insignificant (P=0.23)
Trade & services	Significant (p=0.009)	**Manufacturing**	Insignificant (P=0.167)
Experience Exporters (>50% export turnover)	Significant (p=0.005)	**Early exporters (<50% export turnover)**	Insignificant (p=0.100)
Managers (Group2)	Significant (p= 0.004)	**Owners (Group1)**	Insignificant (p=0. 271)

Regarding the type of industry, the results suggest that firms in trade and services are able to better utilise their weak ties to exploit opportunities than manufacturing firms. This is in line with previous findings, which suggest that opportunities are determined by the context of the industry (Porter 1980). Stam, Arzlanian and Elfring (2014) also argue that the link between social capital and performance totally depends on the industry and institutional contexts in which firms are operating. For instance, they found that structural weak ties may benefit firms operating in high-tech industries more than those in low-tech industries, as the former need to respond quickly to rapid changes in technological and market requirements. However, the findings contrast with the study of Raymond et al. (2004), who suggest that manufacturing SMEs focus more on networking activities with business partners in international markets, while services entrepreneurs tend to focus more on innovation to leverage the internationalisation process. This study supports that of Haase and Franco (2011), who argue that service firms rely more on external consulting to scan the information in the environment, whereas manufacturing firms rely more on fairs and exhibitions to obtain information on the market. Suseno and Pinnington (2018) also suggest that weak ties are more prevalent in the internationalisation of professional services. Human skills and knowhow are more important for services firms; therefore, it is easier for them to develop different strategic capabilities with limited resources than manufacturing firms during the internationalisation process (Raymond et al. 2014). Hence, the cost of developing relationships for manufacturing firms may be much higher than for service firms. This indicates that manufacturing firms may face more resource barriers in developing weak ties, which will later affect their capabilities to recognise and grasp opportunities. Another explanation for this is that the market demand for trade and services is particularly high in emerging markets due to their recent development (UNCTAF 2019), and that UK firms are more experienced in exporting goods and professional services (ONS 2018).

Interestingly, the results indicate that early exporters may not utilise networks ties as effectively as experienced exporters. As indicated by Chandra, Paul and Chavan (2020), young SMEs should build relationship networks and support from business ties which have successfully exported to distant markets. Imitation of previously successful strategies will enable young firms to achieve their international goals more quickly. Experienced exporters should know how and where they could obtain information, which fosters the process of exploiting capabilities. This supports the view of previous research that the international experience of a firm is positively associated with its export performance (Love, Roper and Zhou 2016), since the experience accumulated through exposure to foreign markets enables SMEs to reduce resource constraints and export barriers (Leonidou and Katsikeas 1996; Majocchi, Bacchiocchi and Mayrhofer 2005; Bruneel, Yli-Renko and Clarysse 2010). Therefore, past international experience is a key determinant for SMEs to gain success in foreign markets.

Finally, when comparing managers to business owners in terms of their impact on the path from weak ties to exploitative capabilities, the results indicate that managers tend to rely more on weak ties in identifying resources and opportunities, whereas for business owners weak ties do not offer similar benefits. It can be argued that with their previous experience, business owners may have accumulated more strong ties and rely on these relationships in their internationalisation in distant markets. Aldrich and Elam (1997) also suggest that when business owners have to seek assistance, the majority of them go to friends or those they have had business relationship with. Casillas, Barbero and Sapienza

(2015) also argue that managers with international experience may be more willing to exploit export opportunities. Owners, particularly expatriates with a rich level of international knowledge and experience, may have experienced negative outcomes, thus discouraging firms from further engaging in or increasing their commitment to exports.

6.1.2. Resource commitment

The path from resource commitment to exploitative capabilities is positively significant, which implies that firms need to allocate their resources effectively, such as managerial skills, finance and human capital, to opportunity-exploitative activities. This finding indicates that resource allocation is crucial in sustaining relationships with the foreign partners and developing exploitative capabilities, as it demonstrates a firm's willingness and commitment to the market. Besides generating external knowledge and resources accumulated from network weak ties, firms need to develop an appropriate strategic direction in order to balance the information and knowledge provided by network partners with its ability to exploit current resources and expertise. Hence, resource commitment can be considered as one of fundamental issues in internationalisation stratefy in which firms need to make decision on the scope and scale of resources they would like to commit to new markets (Hilmersson 2014; Głodowska, Pera and Wach 2019).

To achieve long-term competitive advantage in global markets firms should maximise the utilisation of resources. Such complex risk-taking decisions require the entrepreneurial skills and the firms/ capabilities in analysing and synthesising information. The findings are also in line with other empirical studies which suggest that export commitment can reduce SMEs' perceived risk and export barriers (Chetty and Agndal 2007; Sinkovics, Kurt and Sinkovics 2018; Bianchi et al. 2018) and that it determines the extent to which resource-led strategy can be successfully implemented (Navarro et al. 2010). Exporters who are committed to international opportunities need to learn to how to allocate sufficient resources to reduce export barriers and resolve resource constraint issues. As Griffin and Harvey (2001) suggest, investing in relationships is a catalyst for a firm to employ global dynamic capabilities, which in this case are overseas-market exploitative capabilities. Although SMEs may lack resources, export commitment can provide them with strategic guidance so that managers and firms can allocate their limited resources efficiently to international activities, such as exploiting opportunities and trust-building relationships (Navarro et al. 2010). The findings are also inline with previous findings that weak ties are more important in providing firms access to markets. Because weak ties are less expensive to maintain and require less commitment, firms can recognise and exploit opportunities more quickly, even when they have limited resources, thus enhancing their speed of entry into a foreign market (Oviatt and McDougall 2005).

6.2. Entrepreneurial social capital

6.2.1. Proactiveness

Another goal of the research was to identify which types of resource at the individual level can provide SMEs with competitive advantage over their market competitors. The findings indicate that business owners and managers should proactively draw on and combine complementary resources, since entrepreneurial proactiveness facilitates the process of opportunity exploitation and evaluation. Proactiveness in this study measures how often top managers attend international trade fairs, how much time they spend in overseas markets, and whether they actively seek contacts with international clients and monitor trends in export markets to actively explore business opportunities (Lumpkin and Des 1996; Zhou, Barnes and Lu 2010).

The results are in accordance with previous research, in that proactiveness enhances a firm's ability to acquire external resources from networks (Jiang et al. 2018), thus becoming a catalyst for the development of overseas market-related exploitative capabilities (Lisboa, Skarmeas and Lages 2011). A high level of proactiveness also enables individuals to be alert to existing business opportunities in the network and be more inclined to pursue them and maintain their efforts until they achieve their intended goals (Brandstätter 2011; Jiang et al. 2018). Hence, a proactive personality is an important characteristic for top management in small businesses. Managers have to self-start by scanning, recognising, evaluating and responding to the right opportunities that they need exploit in order to gain an advantage over their competitors. Particularly in an unstable and volatile environment, entrepreneurial proactiveness can help firms achieve a higher level of performance (Kreiser and David 2010).

An examination of the control variables suggests that there are two factors that influence the relationship between entrepreneurial proactiveness and a firm's exploitative capabilities: the degree of internationalisation, and ownership (see Table 6.3)

Table 6-3. Impact of control variables on the path from proactiveness to exploitative capabilities

PRAC to EXPL			
Early Exporters (<50% export turnover)	Significant (p=0.037)	**Experienced exporters (>50% export turnover)**	Insignificant (p=0.29)
Owners (Group1)	Significant (p= 0.006)	**Managers**	Insignificant (p=0. 193)

The results indicate that early exporters who are proactive can better exploit opportunities, while in the case of experienced ones (over 50% export turnover) proactiveness does not yield any significant results. This view contrasts with Chandra, Styles and Wilkinson's (2009) study, which suggested that inexperienced firms enter new markets after discovering opportunities, rather than deliberately searching for them. It also contrasts with other studies which suggest that export experience has a positive relationship with export performance, since it can reduce managers' uncertainty and perception of risk (Johanson and Vahlne 1977; Majocchi, Bacchiocchi and Mayrhofer 2005; Hollender, Zapkau and Schwens 2017; Chen et al. 2017). Previous studies also indicate that the degree of internationalisation or the export experience of managers significantly influence their capability to utilise information or make decisions when exposed to threats and opportunities in foreign markets (Cavusgil and Zou 1994). However, my findings indicate that firms with less export experience have more motivation for achievement and are readier to take action than experienced exporters. On the contrary, experienced exporters are more cautious in undertaking exploitative activities and may follow an incremental process of evaluation and development of opportunities. This is consistent with the view that born-globals and international new ventures can expand into foreign markets rapidly and are more aggressive immediately after their inception thanks to their unique organisational resources and knowledge (Oviatt and McDougall

1994; McDougall, Shane and Oviatt 1994; Coviello 2006). As SMEs are characterised by their leaders (Child and Hsieh 2014), they can utilise the experience of top management to overcome their lack of knowledge. Another explanation for this phenomenon is that managers with lower levels of experience and knowledge can be more open to new opportunities and more willing to take risks than those with high levels of international experience and knowledge, who may follow the paths of previous exporters that have proven to be successful in that market (Nordman and Melén 2008). This is consistent with my previous finding that experienced exporters seem to utilise their relationships better in enhancing their exploitative capabilities.

An examination of the ownership variable also shows that small business owners tend to be more proactive in exploiting emerging opportunities in international markets than managers. My findings support the view that the mechanism underpinning small firms' international exploitation process is entrepreneurs' proactive attitude towards new business opportunities (Dimitratos et al. 2010). This is not surprising, since managers of SMEs can be more reactive in responding to new information. As a result, their discovery of opportunities during their on-going international activities can be a consequence of environmental push rather than internal forces (Dana, Hamilton and Wick 2009). This could be due to their low level of experience, limitation of power and low need for achievement, which create impediments to their propensity to take risks and respond to opportunities (Stewart Jr et al. 1999; Nordman and Melén 2008). Previous empirical works demonstrate that in small companies the owner can have absolute power in making decisions on the company's strategic goals, whereas in larger firms their influence decreases, so the personal traits of the business owner are less important than the organisational entrepreneurship (Stewart Jr et al. 1999; Nordman and Melén 2008). Small business owners with absolute power, high motivation for achievement and "opportunity-seeking" characteristics will be more active in pursuing opportunities as soon as they have identified them. Therefore, small business owners and managers exploit opportunities differently, from planned strategy to responding to serendipitous opportunities due to their perception of risk (Stewart Jr et al. 1999; Nordman and Melén 2008).

Interestingly, the study found no impact of risk-taking and innovativeness on the mediators (trust-commitment), moderator (cognitive experience) or dependent variables (exploitative capabilities and performance). The results challenge previous empirical works which found that risk-taking and the innovative dimension were positively related to a firm's knowledge upgrading (Zhou, Barnes and Lu 2010) and international performance (Rauch and Frese 2007; Roxas and Chadee 2011). This implies that risk-taking and innovativeness are not very relevant to SMEs' post-entry stage in terms of performance and capability development, and that small firms are more inclined to undertake feasible activities in subsequent stages. As Kreiser et al. (2013) confirm in their study, innovativeness has a U-shaped relationship with SME performance. Innovation strategy requires a high level of resources, which can outweigh the benefits of the opportunities at the early stage of their international expansion. As suggested by Kreiser et al. (2013), increasing the level of innovativeness is not associated with SME performance in collectivist cultures such as ASEAN countries, although the benefits of innovative behaviour are more apparent in individualist ones. Perhaps due to network closure and the culture of doing business in the South East Asia market, firms do not require a high level of innovative approaches, and risk assessment may have been undertaken at the initial stage when firms started to enter the market. Risk-taking, on the other hand, has a U-shaped curvilinear relationship with firm performance. The lower the level of risk-taking SMEs exhibit, the higher the levels of performance they can achieve. This could be due to the fact that the majority of SMEs in this study tend to employ the export mode, hence building relationships is more important in driving sales and performance.
Firms can imitate and follow the footsteps of their network partners to reduce the risk and uncertainty arising during their internationalisation process, as risk-taking behaviours do not enhance performance.

6.2.2. Entrepreneurial cognitive experience

In terms of the mediating and moderating effects of the entrepreneurial cognitive experience on the link between exploitative capabilities and mutual trust (H6 and H8 respectively) and commitment (H7 and H9), the hypotheses only found support evidence for H6 and H8.

6.2.2.1. Relationship with Trust

The positive significant path from EXP to TRUST supports previous research in cognitive social capital which shows that the cognitive experience accumulated through exposure to foreign markets helps SMEs develop trust and trust worthiness, hence enhancing their performance (Nahapiet & Ghoshal 1998; Moran 2005; Hite 2005). The cognitive experience of external cultures (norms, shared values) as well as knowledge of the local legal, political and economic environments, enable the top management team to develop relationships with local partners, and as a result facilitating trust-building and firm performance in the long term (Blomstermo et al. 2004). The findings also support other studies on foreign market knowledge and international entrepreneurship which have shown that entrepreneurial experience and knowledge in a network setting are crucial to the degree of firms' internationalisation and performance, as they enable firms to identify and develop relationships in other networks (Lindstrand, Melén and Nordman 2011; Sandberg 2014; Hohenthal, Johanson and Johanson 2014; Doornich 2018). Doornich (2018) suggests that when building mutual trust and embedded relationships, if managers are willing to obtain foreign market knowledge such as institutional information, this will enhance their learning and establish institutional conformity.

The results also suggest that improving managers' language skills can impact the development of the exploiting of capabilities and performance, since it can increase their perceptions and awareness of the differences and similarities in foreign markets (Stoian, Rialp and Dimitratos 2011; Lautanen 2000). Previous studies, when exploring the reasons behind the rapid and intense internationalisation of new ventures, highlight the importance of the international experience characteristics of top management, such as working abroad or in international firms. These skills equip the managers with appropriate knowledge of the cultural differences and barriers when operating in foreign markets, hence they can be more confident in expanding into new international markets (Oviatt and McDougall 2005; Zucchella, Palamara and Denicolai 2007). Mäkelä (2007), in a study of 20 expatriate managers in the Nordic region, argues that managers with expatriate experience show a significant change in their thought and understanding of codes of conduct and language. It was also found that it was harder for managers who did not have such expatriate experience, even if they were normally aware of the cultural differences, to be fully understood by other assignment units in local operations.

The results also confirm that individual cognitive experience moderates the relationship between exploitative capabilities and trust development. However, this effect contrasts with my previous hypothesis, as cognitive experience weakens the relationship between exploitative capabilities and trust. The results suggest that low cognitive experience will enable firms to build up more trust with local partners, whereas a high level of foreign market-specific knowledge has a lower effect on trust building. It can be argued that building greater experience may discourage managers from building up trust or developing current relationships into strong ties. Building trust in cross-border partnerships takes time to accomplish, as firms need to learn how to enhance their share values and norms, such as knowledge of how their partners do business and how to interpret each other's acts correctly (Aulakh, Kotabe and Sahay 1996). Managers with a high understanding of culture and institutional contexts may prefer to maintain a professional relationship with weak ties, whereas managers-owners with a lower level of experience may want to turn weak ties into strong ones in order to generate knowledge and trust in these relationships. It can also be inferred that a high level of cognitive understanding reduces the liability and over-embeddedness of managers in the networks, which means they may want to reduce the cost of and commitment to managing and maintaining such relationships.

The results of the SMEs after being tested with the control variables also indicate that firm age influences the relationship between cognitive experience and trust. Young firms (less than 20 years old) may exhibit a low level of cognitive experience and trust building, whereas old firms (established for over 20 years) can facilitate trust building easily in foreign markets. This is consistent with the Uppsala model (Johanson and Vahlne 2003; Johanson and Vahlne 2009) and previous findings, that old firms will have more experience, which will reduce the export barriers and risk perception of the managers-owners and enhance the trust relationship (Baron 2000b).

6.2.2.2. Relationship with commitment

Managers with a high level of language competence can also be more open to export opportunities and commitment (Lautanen 2000; Johanson and Vahlne 2006). However, this study found no evidence of a relationship between cognitive international experience and entrepreneurial strategic export intention, nor its moderating effect on the relationship between exploitative capabilities and strategic export intention. The insignificant relationship between entrepreneurial cognitive experience and strategic export intention contradicts previous findings that managers or business owners who develop their understanding of the cultural values, shared norms and business practices of the host countries will be more committed to those markets (Johanson and Vahlne 1977; Lautanen 2000; Knight and Cavusgil, 2004; Zahra, Korri and Yu 2005; Sarkar, Cavusgil and Evirgen 1997; Sraha, Raman and Crick 2017; Machado, Nique and Bischoff 2018). The Uppsala stage model of the incremental internationalisation patterns of Swedish firms (Johanson and Vahlne 1977) indicates that firms will initially commit low investment into psychically close markets, progressing to higher commitment in them when they have accumulated sufficient knowledge through their operations. Other studies also suggest that foreign market knowledge enables firms to create and develop strategic plans to assess their capabilities and export opportunities in foreign markets (Eriksson et al. 1997; Blomstermo et al. 2004; Sraha, Raman and Crick 2017). Nevertheless, the results of this study support Kerr and Coviello Kerr and Coviello's (2020) study, which highlights that although social interactions can provide valuable opportunities, they may still not lead to any commitment from managers. Hence, the dynamics of cognitive social capital seem to occur in the development of commitment, which is consistent with my previous qualitative results. Perhaps when managers have developed high experiential learning they may be dissatisfied with the potential opportunities and discontinue their strategic export intention. On the other hand, it could simply be that full understanding of the market context allows them to undertake a full assessment of the opportunities and risks, which may discourage them from committing further to the foreign markets. My findings also imply that the experiential knowledge of these specific relationships is associated with individuals and is not easy to transfer or codify, hence reducing firms' confidence in resource commitment. Firms need to learn procedures and enhance their ability to develop experiential knowledge in order to increase their learning in specific relationships in international networks (Holm, Eriksson and Johanson 1999).

6.3. Trust- Strategic export intention as mediators

In this study, I also aim to examine the mediation effect of trust and strategic intention (firms' commitment) in the post-entry stage. The findings confirm that trust and strategic export intention have a full mediation effect between exploitative capabilities and firms' international performance, and that trust and commitment equally have the same direct effect on a firm's performance (see table 5.1).

Lew, Sinkovics and Kuivalainen (2013) highlight that a firm's ability to build trust with its partners in order to acquire resources can be regarded as a capability. Trust is regarded as a mechanism for managing conflict between partners and alliances in a collaborative relationship, hence a high level of trust can reduce opportunistic behaviour and guarantee long-term relationships (Blomqvist et al. 2008). Building trust may reduce the resources needed to maintain social capital over time, when firms move from building weak ties to building strong ones. As per Zaheer, Gözübüyük and Milanov's study (2010, p.65), the effectiveness of network resources varies depending on the types of network ties (strong or weak ties), their strength, and the quality of the exchanged information which is trust. Thus networks are powerful in that they control the amount of knowledge and resources, as well as the behaviour of the actors and relationship span, through boundary spanners and within the network (Coviello 1997; Baum, Calabrese and Silverman 2000; Blomstermo et al. 2005). Menzies, Orr and Paul (2020) also found that trust plays a more important role after the market entry stage. Extensive social interactions with export partners such as customers, suppliers or distributors are extremely important, as they need to be developed into mature, trusted interpersonal and interorganisational relationships.

In the meantime, overseas exploitative capabilities also encourage firms to further commit to the foreign market. It is important to establish routines and procedures which incorporate the movement of resources, knowledge and experiences for overseas-exploitative capabilities. Managers should formulate firms' strategic intention and export direction in advance so that they can determine how routines should be set up; for instance, which type of current organisational knowledge should be exploited to capture the opportunities, and what knowledge and resources they should obtain from outside to fulfil these tasks. Luo (2000) confirms that exploitative capabilities, when combined with strategic commitment, will increase the probability of success of firms in their international expansion.

The full mediating effect of the two constructs also implies an insignificant effect between exploitative capabilities and export performance. This implication demonstrates the dynamic of the interactions and relationships between network actors. Exploiting opportunities alone does not guarantee successful performance. Such exploitation of capabilities and improvement of export performance can only develop in the host market with the support of trust and the strategic export intention of the firm, in turn, these influence the performance outcomes. It can be argued that relational social capital and strategic entrepreneurial orientation are high-order capabilities which deepen a firm's capabilities to exploit opportunities, and in turn enhance their performance. This is consistent with previous studies (Morgan and Hunt 1994; Garbarino and Johnson 1999; Hashim and Tan 2015) which highlight the role of trust-commitment as the key mediator and contributor to a firm's performance. Trust and strategic export intention with their mediating effects on the relationship between exploitative capabilities and performance, will facilitate this process and help firms establish a foothold in the market.

CHAPTER 7. CONCLUSION, THEORETICAL CONTRIBUTION, PRACTICAL IMPLICATIONS AND RESEARCH LIMITATIONS

7.1. Conclusion

The last two decades have witnessed growing interest in investigating the underlying mechanism of how social capital influences a firm's capabilities and internationalisation progress. Although many studies have examined this process from both the theoretical and empirical perspective, limited studies are found to study three social capital dimensions and their evolvement over time. Therefore, it is necessary to analyse social capital in terms of multiple dimensions and at multiple level in order to obtain a full understanding of its contribution to a firm's export performance. The study has made divergent findings about which form of social capital relates to which stage of the internationalisation process, and what types of social capital contribute to exploitative capabilities and performance. Moreover, the review of the IB literature indicated that the roles of resources in international performance have received more attention from IB scholars than other performance-relevant consequences, such as capabilities, export behaviour or export strategy (İpek 2018). Therefore, there is a need to integrate export behaviour into both organisational and individual levels to deepen understanding of the consequences that are influenced by both a firm's resources and capabilities.

The mixed method study enabled me to investigate the phenomenon of dynamic social capital during the post-entry stage. The findings generated in the first round of the interviews during my MBA study indicated that network relationships and entrepreneurial characteristics are important factors encouraging UK SMEs to take risks and commit to psychically distant markets. The social capital literature review established the conceptual framework to understand the mechanism linking a firm's resources and its exploitative capabilities, as well as between exploitative capabilities and international performance. I also developed the concept of organisational and individual social capital (see Figure 2-1 and 5-6) to examine whether weak ties and resource commitment (organisational network social capital) and entrepreneurial proactiveness and foreign market knowledge (entrepreneurial social capital) affect exploitative capabilities. The conceptual framework also tested the mediating effect of trust and entrepreneurial strategic intention on the relationship between exploitative capabilities and international performance. The second and third rounds of the interviews explored further the factors which influence a firm's capability in exploiting opportunities and its post-market entry performance. The findings also contribute to the conceptual framework by regrouping cognitive experience into the second stage of opportunities exploitation and verifying its moderating effects on trust building and managers' strategic export intention. In the quantitative phase, data were collected from 157 British SMEs who had either exported to the ASEAN market or appointed agents/distributors. The mechanism linking exploitative capabilities and performance via trust and commitment is also demonstrated.

My study illustrates that organisational weak ties and resource commitment, combined with top management's proactiveness, positively affect a firm's capability in exploiting opportunities. The results clearly support our claims that weak ties are more important and credible for SMEs to gain access to information and knowledge in international markets, particularly distant ones. This finding therefore addresses the limitation of previous studies which have highlighted the importance of strong ties (Jenssen and Koenig 2002; Jack 2005; Lindstrand, Melén and Nordman 2011; Doornich 2018), as well as supporting studies on the strength of weak ties (Granovetter 1985; Grabher 1993; Yli-Renko, Autio and Sapienza 2001; Blyler and Coff 2003; Loane and Bell 2006; Presutti, Boari and Fratocchi 2007; Elfring and Hulsink 2007; Suseno and Pinnington 2018).

In an uncertain environment, more investment in developing new weak ties demands a high degree of commitment and the enthusiasm of managers in actively searching for international opportunities. Our results provide support for the importance of resource commitment, which indicates that firms can exploit better opportunities with proper investment. My findings indicate that firms with better export commitment can identify more opportunities and achieve higher performance in foreign markets (Johanson and Vahlne 2006; Ibeh and Kasem 2011; Sraha, Raman and Crick 2017; Bianchi et al. 2018; Machado, Nique and Bischoff 2018). This view supports the Uppsala model, which posits that resource commitment is necessary for internationalisation (Johanson and Vahlne 2006).

The findings also suggest that trust and strategic export intention assist a firm in making the best use of exploitative capabilities in order to gain achievements in international performance. Moreover, the results also extend previous findings, which suggest that trust is typically associated with bonding and strong ties (Blomqvist et al. 2008). It also indicates that how weak ties are utilised and developed is more important than maintaining frequent interactions without a specific goal. It supports studies by Elfring and Hulsink (2007) and Jack (2005) that firms can upgrade their weak ties into strong ones by building relationships via trust. The result agrees with Johanson and Vahlne (1977, 2009) and Chetty and Eriksson (2002), that exploitative capabilities are crucial for the building of trust and commitment, which will lead to successful internationalisation, and that trust and strategic intention are antecedents and key factors for firms to be successful in foreign markets. This finding can be attributed to the fact that exploitative capabilities affect firms' international performance only through trust building and strategic export intention. Overseas exploitative capabilities enhance firms' development of relationships in order to utilise opportunities better. Weak ties, when carefully nurtured, can allow firms to diversify their opportunities and resources in the networks.

In addition, the findings reinforce the view that internationalisation is a result of entrepreneurial motivation (Lumpkin and Dess 1996; Hills, Lumpkin and Singh 1997; Stewart Jr. et al. 1999; Keh, Nguyen and Ng 2007; Kreiser et al. 2013; Jiang et al. 2018). It also addresses the limitation of Zhou, Barnes and Lu's (2010) study, which found no significant relationship between proactiveness and firms' knowledge upgrading. The more proactive the owners/managers are, the better they will be able to acquire new information and knowledge in order to exploit new international opportunities. The stronger this trait is in entrepreneurs, the more likely it is that they will take action on identified opportunities, thus enhancing their firm's exploitative capabilities.

The partial mediating result of the effect of market experience on the relationship between exploitative capabilities on trust to some extent supports the incremental internationalisation pattern of the Uppsala model. As Johanson and Vahlne (1977, 2009) suggest, experiential knowledge influences mutual relationship commitment in the way that it enables firms to develop embedded relationships in the local market. Once these relationships are established, firms may make considerable investment to achieve their initial export objectives.

However, we did not find support for the notion that cognitive experience moderates strategic export intention. In addition, cognitive experience was found to have a non-linear moderating effect on the link between exploitative capabilities and trust. This result supports the view that cognitive social capital may have more negative impacts than benefits to long-term growth, particularly in psychic distanct market (Presutti, Boari and Fratocchi 2016). The results suggest that the nature of trust-building and strategic intention is highly dependent on the environmental context. This finding partially confirms Kiss and Danis' (2008) study, which suggests that the country institutional context can influence the type of control and contract governance among alliances. Once firms have accumulated sufficient learning experience, they may reconsider their previous learning behaviours and adjust or correct their current FDI decisions. For instance, firms can either choose to invest more in relationship-building in order to reduce contractual arrangements, or they could advance their specific knowledge of the market to reduce the costs of building relationships and trust. This requires further investigation in future studies. The ASEAN bloc comprises ten countries with diverse cultures and economies, hence experience in one market may not be able to be reapplied in other markets.

In summary, the SEM analysis shows that each dimension of social capital performs differently at each stage of SMEs' internationalisation process. It also illustrates how interorganisational relationships and personal development can be exploited to enable firms to exploit IB opportunities. The thesis therefore suggests that social capital can be a resource as well as a facilitator of overseas exploitative capabilities to combine the resources accumulated from external and internal sources. It asserts the view that both resource combination and the development of exploitative capabilities are important for enhancing firms' export performance. The conceptual framework allowed me to analyse social capital resources at the interpersonal and interorganisational levels, and the impact of each dimension on the international performance of SMEs. Social capital at the organisational and entrepreneurial levels can predict exploitative capabilities at different stages of the internationalisation process, which in turn can enhance performance by building trust and commitment. The study is insightful by providing understanding of how different dimensions of social capital impact opportunities exploitation and international performance. I have extended the theoretical foundation of social capital and IB literature by lending empirical and theoretical support to the social capital-capabilities building perspective.

7.2. Theoretical contributions

7.2.1. Social capital as resources and capabilities

The first contribution of this study is that it captures both the resource and capability functions of social capital during the internationalisation of SMEs. It extends the model of Nahapiet and Ghoshal (1998), Tsai and Ghoshal (1998) by re-evaluating the resources and the process of how the three dimensions of social capital influence the capabilities and a firm's performance. It also has implications for the Uppsala model, the network theory and entrepreneurship by highlighting the importance of both resources and capabilities in a modeul. It elaborates on the studies of Adler and Kwon (2002), Mauer and Ebers (2006), Presutti, Boari and Fratocchi (2007) and Doornich (2018), which suggest that the three dimensions of social capital have different impacts on the managerial learning process. Moreover, it also implies that founders or managers should proactively mobilise their firms' external and internal resources at the beginning market entry in order to capitalise on opportunities. Using weak ties enables firms to access more diverse and different types of knowledge and resources, including technical knowhow and client-specific information, thus opening new windows of opportunity and growth which may lead to their competitive advantage in international markets (Agndal and Chetty 2007; Hilmersson and Jansson 2012a; 2012b). In the subsequent stage, the exploitative capabilities influence firms' performance via trust building and strategic export intention. The findings improve the conceptualisation of social capital in previous studies by identifying the unique resources embedded in each dimension of social capital and examining the process in which social capital accumulates resources and facilitates learning over time on a larger scale (Nahapiet and Ghoshal 1998; Tsai and Ghoshal 1998; Yli-Renko, Autio and Tontti 2002; Blyler and Coff 2003). This dual level approach sheds light on the link between individual-level and organisational-level social capital and firm outcomes. Social capital can be regarded as a resource (Yli-Reko et al. 2000) and part of the dynamic capabilities (Blyler and Coff 2003).

7.2.2.1. Social capital as both experiential and non-experiential resources at individual and organisational level

In terms of resources, this study provides fresh insights into the constitution of social capital at both the individual and organisational levels.

With regard to the structural and relational dimension, the study extends the work of Nahapiet and Ghoshal (1998) by presenting the concept of organisational export social capital, which includes firms' social relationships with their current export partners and their resource commitment to foreign markets. Therefore, structural social capital refers not only to social relationships, such as local and foreign ties or external indirect and direct ties, but also comprises the resources available for developing new weak ties. My study indicates weak ties and resources commitment have a direct influence on a firm's development of exploitative capabilities. Such social relationship and resources can secure firms' advantages in exploiting opportunities and knowledge in foreign markets. These network relationships are non-experiencial knowledge which is useful for a firm's decision making logic during their internationalisation process (Vissak, Francioni and Freeman, 2020). The findings also reveal that small firms can overcome issues such as resource constraints and resource commitment under conditions of uncertainty by using network weak ties and committing resources in building the strength of weak ties. In internationalisation research, international commitment is one of the important factors which distinguishes the internationalisation process and performance between firms (Cavusgil and Zou 1994; Johanson and Martín 2015).

The findings also address the gap in the literature regarding the role of weak ties in such emerging markets (Stam, Arzlanian and Elfring 2014; Engelhard and Pesch 2018). Researchers emphasize the benefits of strong ties in building trustworthiness as well as providing reliable and rich information (Granovetter 1985; Jack 2005; Engelhard and Pesch 2018). Trust and trustworthiness, as suggested by the literature review, is associated with individuals and has been shown to have a positive impact on international performance. However, our results indicate that weak ties and trust embedded within them can serve as important mechanisms to facilitate the processing of information and knowledge, as well as the opportunities that may be over-embedded in strong ties. As a result, small firms in established markets can still enjoy the benefits of building relationships with business partners and bridge the structural holes in the social network.

The study also extends the concept "cognitive dimension" from Nahapiet and Ghosal's study (1998) by introducing the to entrepreneurial social capital concept. The entrepreneurial social capital indicates indicate the ability of managers to proactively search and develop their own cognitive understanding of the markets they are doing business with and their individual accumulation of experiencial knowledge of the institutional context in the host markets. Foreign market experience, combined with proactive characteristics, can enable the key decision makers to react to market opportunities, as well as being more confident in developing relationships with their new connections in the host markets

As highlighted in the literature, social capital and its impacts can be analysed at the individual level (Burt 1997; Doornich 2018); group and organisational level (Burt 2000; Oh, Labianca and Chung 2006) and interorganisational level (Knoke and Kuklinski 1991; Zaheer, McEvily and Perrone 1998). Previous studies on social capital largely focus on either the individual or the organisational level. Similar studies on how each dimension should be categorised, at which level and its influence on firms' decision-making process are limited. My study offers in-depth understanding of the impact of social capital by analysing each dimension at its associated level and supports the notion that social capital should be generated and analysed at both the organisational and individual levels (Griffin and Harvey 2004; Mauers and Ebers 2006; Bendig et al. 2018). Hence, this finding contrasts with other studies which claim that social capital should only be built and generated by that of individual members (Brass et al. 2004; Accquaah 2007).

7.2.2.2. Social capital as dynamic capabilities

Moreover, the study contributes to the social capital literature as well as other IB literature by examining social capital function as a dynamic capability at both the individual and organistional levels. The dynamic capabilities focus on firms' ability to explore and exploit resources, suggesting that opportunities are normally derived from the exchange of resources and the combination of existing and new ones (Mainela, Puhakka and Servais 2014; Bai and Johanson 2018).

At the individual level, this study highlights a center role of entrepreneurial characteristics and social capital as an enabler of dynamic capabilities which was unexplored in IB research (Hite 2005; Roxas and Chadee 2011; Andersson and Evers 2015). The first aspect of individual social capital as a dynamic capability is represented by entrepreneurial proactiveness. At the first stage, entrepreneurial proactiveness enables SMEs to mobilise and allocate resources in order to significantly improve their current exploitative capabilities. This study also demonstrates the evolution of the entrepreneurial orientation in the later stage when the business owners/managers are motivated to further their commitments in the market, thus enhance the international performance. Therefore, dynamic capabilities are represented by the proactive characteristics of the owners/managers in the first stage and their strategic export intention in the second stage of the market entry.

My study extends those of Hite (2003, 2005), Blyler and Coff (2003), Mauers and Ebers (2006) and Andersson and Evers (2015) by examining which entrepreneurial resources lead to opportunity exploitation and what mechanisms mediate the process of turning foreign opportunities into sales. The study also tests the model proposed by Andersson and Evers (2015) which proposes that dynamic managerial capabilities formed by managerial human capital, managerial cognition and managerial social capital influences a firm's international opportunity recognition which later leads to international growth. At the individual level, my empirical findings suggest that the proactiveness and commitment of the owners/managers in the first stage, combining with their strategic intention and cognitive knowledge in the second stage provide a firm continuous mobilisation and deployment of resources during its internationalisation process. As Jaffe and Pastenark (1994) and Van Gelderen, Kautonen and Fink (2015) suggested, strategic export intention indicates the readiness of the organisation and the proactiveness of the managers after evaluating the opportunities. Therefore, firms with greater entrepreneurial proactivity and entrepreneurial commitment can be more prone to exploit opportunities and perform well in the market.

At the organisational level, as noted in the section 2.5.3.1. the dynamic capabilities are represented by the overseas-exploitative capabilities. My findings reinforce the studies from Lisboa, Skarmeas and Lages (2011) and Pinho and Prange (2016) by clarifying the role exploitative dynamic capabilities in a firm's performance and its relationships with three dimensions of social capital. The dynamic capabilities of organisational social capital demonstrate from the point when organizational weak ties are integrated into the organizational capabilities which are further leveraged by interactions (trust) and knowledge sharing (cognitive experience) to enhance a firm's performance. This study also confirms the studies of March (1991) and Liao, Kickul and Ma (2009) that the firm's exploitative capabilities is an act of employing and committing both external and internal resources to proactively pursue and capitalise opportunities for a firm's growth and expansion into foreign markets. Moreover, the study also testifies the result of Mauers and Ebers (2006)'s longitudinal studies on the mechanisms of social capital in the start-up and development phases. Their study (Mauers and Ebers 2016) suggests that internal organisation and management of external relationships are both crucial antecedents to a firm's social capital and that relationship management can mediate the firm's social capital and its performance-related outcomes. The underlying mechanism behind the firm's determination and capability in combining of resources is similar to the deifion "network resource combination capability" (Tolstoy and Agndal 2010). They suggest that this capability refers to (1) the firm's capability to interact with the partner, (2) their ability to recognise and arrange complementarities between network resources and (3) their proactiveness in coordinating resources to a specific goal. My findings indicate that the nature of the overseas-exploitative capabilities is determined by the distinctive entrepreneurial proactiveness combining with a firm's commitment to transfer and synthesis of external and internal capital. In the subsequent stage the firm can deepen their organisational exploitative capabilities by utilising the market knowledge of the owners/managers and through trust-building activities. To this regard, the "network resource combination capability" is demonstrated through out the evolution of social capital in this model.

Therefore, what is important is how firms use the network and information, rather than the actual characteristics or types of network. The study clarifies the evolution of firms' accumulation of network resources in different institutional environments. By incorporating the function of social capital as dynamic capabilities, the thesis can capture the dynamic of social capital as well as obtain a better understanding on which social capital dimension facilitates the SMEs' exploitation of opportunities and accelerates internationalisation.

7.2.2. Social capital dynamic- the liability role of social capital

My study also has an implication for studies of Lindstrand, Melén and Nordman (2011) and Laursen, Masciarelli and Prencipe (2012) by assessing the dynamic of social capital. The findings demonstrate that the resources and experience on social network may have different effect at different stages of market entry. It highlights that weak ties and resources commitment are more effective in the initial stage when firms want to exploit the relationships and opportunities whereas trust and commitment are necessary conditions for small firms to overcome the resources constraint and increase overseas-exploitative capabilities in the subsequent stages. In the second stage, cognitive experience is found to moderate the relationship between exploitative capabilities and trust, indicating the liabilities role of social capital.

First, this research agrees with Presutti, Boari and Fratocchi (2016) that in order to achieve successful performance in overseas markets SMEs should commit and make long-term investment to build up the depth of their relational and cognitive dimensions as well as the breadth of their social network structures. As indicated by Griffith and Harvey (2001) and Zahra, Sapienza and Davidsson (2006), SMEs can only achieve global dynamic capabilities by enabling the decision markers to combine resources and coordinate of interorganisational relationships. This is important to research on internationalisation process of SMEs, as large literature has predominantly devoted to exploratory process.

Another highlight of this study concerns the continuity of commitment during a firm's internationalisation process. The results indicate that resource commitment and strategic intention have an impact on exploitative capabilities and international performance respectively. This finding extends the work of Upsala model and the born-global by demonstrating the evolution of resource commitment to strategic export intention. As Navarro et al. (2010) argue, specific managerial export capabilities, such as understanding foreign culture, language and frequent visits, have an impact on export market orientation, which subsequently reinforces export commitment. They suggest that studies should reflect the continuity of behavioural strategic commitments, as they demonstrate how managers and business owners are willing to make efforts to achieve export goals. My study implies that organisational resource commitment motivates the process of the exploitation of opportunities, and entrepreneurial strategic intention mobilises the organisation's resources and capabilities towards higher performance in foreign markets. Instead of building a direct link from commitment to performance, I measured export commitment in terms of two different variables: resource commitment at the organisational level and strategic export intention at the entrepreneurial level, to gain further understanding of how firms' strategic commitment progresses and changes during their internationalisation process. Resource commitment at the first stage indicates the expectations of firms and their determination to pursue opportunities. Because SMEs lack resources, export commitment can enable them to overcome resource constraints and the perception of risk and uncertainty and encourage them to act on opportunities. At the second stage, strategic export intention implies the satisfaction of managers with the potential of the market and their firm's performance, as well as their willingness to devote financial, managerial and human capital to future export activities. A greater allocation and mobilisation of resources at the initial stage can stimulate the development of overseas-exploitative capabilities, which will then indirectly impact on the firm's performance through strategic commitment (Machado, Nique and Bischoff 2018).

Finally, the results found out that the relationship between exploitative capabilities and trust is weakened by the managers' cognitive experience. It can be inferred that there is a limitation on how SMEs can establish and maintain the number of strong connections over a long distance, given that they are resource-limited and time-restricted. Although social capital can benefit the network members in the early stages, it can also yield negative consequences in a long run because of the role of liability (Miocevic 2016). The study agrees with the study of Lindstrand, Melén and Nordman (2011) that individuals' capital will change over time, which means that the usefulness of its social capital will vary during SMEs' internationalisation process. Hite (2001; 2005), in his study of the evolution of relational networks ties, also highlights that relationships may not completely develop to full embeddedness. Ties may be dropped during the evolution of the process for many reasons, such as (1) a decrease in economic interactions; (2) a change in the need for ties or certain types of tie; and (3) broken good will or trust among individuals or entire social networks. Over time, relationships will change, and additional characteristics will be added and embedded into the ties (Uzzi 1997; Hite 2003; 2005; Chandra 2017). As Hite (2005) suggested, bonding mechanism built from a long-lasting network relationship can affect a firm's exploitative capabilities by providing pathways and bridges through which firm can identify and get access to external resources. The results also reinforce the model of Liao and Welsh (2005) which emphasises the importance of understanding the pattern of social capital associated with each dimension and the entrepreneurial process of accumulating resources. Their study did not specify the level of social capital nor the unit of analysis of each dimension and found no difference between the nascent entrepreneurs and public. They suggest future studies should explain how the entrepreneurs use their structural social capital (social ties) to influence the cognitive social capital in shaping the norms and practices of their network, in turn developing trust with other actors within the network (relational social capital).

The findings also support Grabher's view that social capital leads to "ties that blind", which hinder firms' access to new knowledge and other opportunities to grow the business, resulting in the company suffering from an over-embedded network (Uzzi 1997; Grabher 1993, p. 24). In a closed network, members are connected to each other and share the same norms for monitoring any misconduct, whereas in an open network the actors are not connected, so as a result the norms cannot be shared quickly in order to control any opportunistic behaviour (Walker, Kogut and Shan 1997). My study indicates that market experience weakens the relationship between exploitative capabilities and trust. Social capital, therefore, can become a liability and constrain learning due to the increasing costs and risk involved in developing and maintaining it (Yli-Renko, Autio and Tontti 2002; Maurer and Ebers 2006; Chetty and Agndal 2007).

7.3. Practical implications

7.3.1. Context of study- Contribution to studies on SMEs' internationalisation in ASEAN through a combination of longitudinal and cross-sectional research

Finally, another significant contribution of the study is its context and its combination of longitudinal qualitative data and quantitative study. Most studies on social capital have been conducted in established economies with strong institutional infrastructures, whereas this study extends the literature by investigating the impact of social capital during a firm's international expansion in emerging economies. Despite the importance of such countries in economic development, studies on SME exports from established economies to emerging ones are still limited. Most of the literature which focuses more on China or India and the ASEAN region has not attracted the attention it deserves (Hong, Snell and Rowley 2017; Suseno and Pinnington 2018). Moreover, there are limited studies on the trading bloc which offers more incentives for firms to trade in this region and less uncertainty in terms of barriers. For UK SMEs that tend to internationalise to EU markets due to their geographical proximity and the benefits of the trade bloc, the ASEAN market appears less attractive. However, the findings from both longitudinal and quantitative research indicate that the markets still have many opportunities to offer. Therefore, this study makes a significant contribution to the IB literature in terms of advancing SMEs' understanding of psychically distant markets. It is the first study to focus on the ASEAN export market and to consider a trade bloc as the study context.

The results also indicate that the mixed research method was an appropriate approach, as the longitudinal data provide a background for further quantitative investigation. The approach allowed me to obtain better understanding of how resources can be transferred within the social network and codified into capabilities. The combination of longitudinal studies with a quantitative survey was able to map out a detailed explanation of the social network and its role during the internationalisation process. For instance, one of the aims of the study was to identify whether social capital is a source of knowledge, and which resources have direct impacts on exploitative capabilities and internationalisation. As Ortiz, Donate and Guadamillas (2017) suggest, it is difficult to understand the relationship between social capital and the acquisition of knowledge and resources over time in empirical studies with cross-sectional research. To fully understand how social capital develops over time and the evolution of firms' capabilities to identify and utilise knowledge requires a more distinctive approach. In this regard, this study contributes to the understanding of how firms acquire, transfer and utilise both explicit and tacit knowledge within the process.

This approach also allowed the researcher to obtain a holistic picture of the dynamic of social capital, while still validating the subjective views on a larger scale. Specifically, the longitudinal study of four British SMEs exporting to Vietnam explored the factors which affect firms' decisions to exploit opportunities and their performance. The qualitative study provided insights into the British SMEs' exports to Vietnam, while the quantitative study expanded the scope of study to neighbouring countries in the ASEAN region. The quantitative findings indicate that SMEs can realise the benefits from opportunities and enhance their performance when managers can constantly adopt social capital into their resource needs for international activities. Therefore, this combination of research strategies offers a unique approach to social capital and the IB literature.

7.3.2. Managerial implications

My findings offer several critical implications for managers and policy-makers. They highlight the importance of the relationships which firms have built up over time with export promotion partners and companies which provide export services in both domestic and international markets and their contribution to cross-border activities, particularly in emerging countries with lower levels of institutional development, such as China, India and those in Asia (Peng and Zhou 2005; Prashantham 2010; Roxas and Chadee 2011). This study encourages managers to nurture relationships with local and international business partners who are involved in their export activities, such as freight forwarders, export agencies, and government agencies. These ties will provide them with access to new knowledge and opportunities. Even though the targeted market and key customers are geographically and psychically distant, an increase in organisational and entrepreneurial social capital can compensate for the negative impact of such distance on the export potential. The greater the uncertainty and the riskier the markets, the more important the role of network ties, particularly weak ties. As a result of structural networks, managers can develop their cognitive knowledge and adaptation over time, which in turn allows them to deepen their relationships with partners. Therefore, firms can enhance their position in the network and gain access to new information and resources, which will help their continued business development in foreign markets.

The proposed model also suggests that learning is a process that does not naturally or automatically occur. International performance depends on whether the top management team takes initiatives and proactively pursues international opportunities. This implies that they should visit foreign markets and international trade shows more regularly to search for new business opportunities. The willingness of the managers or the business owners to invest time and resources in new markets can help upgrade their organisational exploitative capabilities in terms of building international networks and market knowledge.

This study also highlights the importance of trust and commitment. Managers should have better understanding of sustaining and developing trust over time. They should also be persistent in committing in the market. In practice, they should learn how to develop both trustworthiness and trust development activities by coordinating and communicating with their business partners. For UK managers/small business owners who would like to export to psychically distant market such as ASEAN, building trust with local partners and demonstrating the firm's long-term commitment are extremely important for leveraging export sales in these foreign markets. However, accumulating knowledge and developing exploitative capabilities are not sufficient to guarantee export success. Internationalisation should be a continuous process of deepening the breadth and depth of relationships through gaining market knowledge, devoting resources to export activities, and building up trust and trustworthiness. Proactively developing organisational networking social capital enables firms to expand the breadth of their firm's networking activities and overcome the resource limitations, whilst trust, foreign market knowledge and strategic export intention can strengthen the relationships.

Firms should also develop mechanisms and skills which they can use to enhance their trust-building capabilities. I encourage managers to consider developing foreign market knowledge, such as knowledge about the institutional contexts and cultural factors. Developing such knowledge will help them understand whether they should maintain professional relationships with local partners or develop them into stronger bonds. Top management can either accumulate these types of knowledge prior to internationalisation in the market or during their explorative process. In order for them to communicate effectively with local business partners and share specialised technological knowledge, they should possess common knowledge about that market as well as understanding of the shared values and norms.

For policy-makers, evidence from the study agrees with the view that the government should offer more export assistance programmes and services so that SMEs can build up their organisational and individual resources and networking capabilities. At the individual level, managerial attitudes toward exporting are vitally important. Hence, the government could also provide more training and information on foreign markets to encourage managers to proactively search, pursue and exploit opportunities, rather than responding to them reactively. More specifically, networking and training programmes should focus on the different phases of the internationalisation process to masimise the impact of these export promotional programme on a firm's export performance.

At the organisational level, even if mangers are willing to take initiatives to visit foreign markets, their internal barriers such as lack of resources and financial capital may prevent them from continuing to do so. As Sinkovics, Kurt and Sinkovics (2018) suggest, more matching activities both at home and in the host countries, together with export incentives, can alleviate uncertainty and reduce the perception of internal and external barriers, thus encouraging firms to increase their foreign market expansion. My study indicates that the post-entry stage is extremely important for SMEs to achieve better international performance. However, most firms tend to rely on distributors, neglecting further acquisition of market knowledge, and thus becoming liable and more dependent on weak ties. Our study centres on British SMEs' internationalisation in ASEAN markets, which are considered to be geographically and psychically distant from them. Local experience and understanding of standard practices, cultures and institutional factors such as the political and legal environment are key elements in developing international operations. Foreign market experience may provide firms with a clearer view of how they should maintain their current relationships. Therefore, policy-makers should facilitate the development of foreign market knowledge for SMEs by organising more webinars or providing workshop training on cultural and business practices. These events can be hosted by local DIT staff or by successful exporters who can share their unique experience in the market.

7.4. Limitations and suggestions for future research

Similar to other studies, this one also has several limitations. In terms of the homogeneity of UK SMEs, although the samples were controlled for trade and services, and manufacturing industries, our results indicate that weak ties have different impacts on their exploitative capabilities. Therefore, firms in different industries may have different incentives to choose how they obtain external knowledge depending on their structural characteristics (Ortiz, Donate and Guadamillas 2017). Future studies could investigate SMEs' competitiveness in combining or integrating resources in different sectors or industries to better demonstrate a profile of resources and capabilities needed for each industry/sector. Comparative results on sector development could be important in understand how relationships evolve in different sectors.

Moreover, the study measures international performance based on subjective measures; e.g., the satisfaction of managers with their firms' international performance. Although this method has been widely employed in IB research (Ketokivi and Schroeder 2004), it would be more useful to use both subjective and objective measures of international performance or exploitative capabilities to increase the credibility of the method and extend the findings of the study. For instance, researchers could collect data on performance based on actual export data or measure the number of networks ties a firm has developed.

In addition, when examining the differences between business owners and managers in their decision-making processes, the study found that owners of inexperienced export companies could utilise their past experience and knowledge to leverage opportunities, whilst managers of experienced firms were less proactive in grasping new opportunities, as they may have limited power and less experience in making risky decisions. However, I am still unsure if this result is coincidental, so further empirical studies are required to clarify the issue. Future research could conduct comparative studies of the international behaviours of small business owners and managers, particularly in the exploitation of international opportunities.

It should also be borne in mind that this study only focuses on firms' utilisation of resources from weak ties. Further study could include strong and weak ties to better understand the different impact of these over time. In this thesis, I assigned each social capital dimension to its associated level based on the recommendations of previous studies. However, it may be useful to access all the social dimensions at both the organisational and individual levels to understand the evolutionary process of transforming individual social capital into organisational resources and capabilities.

In addition, our results indicate that cognitive experience is not significantly important in enhancing performance. It was also found that foreign market experience has no moderating effect on exploitative capabilities or the strategic export intention of managers. This could be due to the fact that this process is quite costly, since it requires more effort to visit markets and build relationships with distributors and/or clients, so firms may not be ready to commit further before they make sales in the market. This finding contrasts with other views, that norm-based relationships enhance a firm's commitment to gain resources from partners (Jonhasson and Valne 2006). Therefore, future researchers could also explore the role of cognitive entrepreneurial experience and its relationship with strategic intention and firm performance in a regional context; for example, whether the adaptation of new market knowledge impacts firms' commitment in the market and their long-term survival.

Finally, further research could validate this research model in different contexts or on a larger scale. As the sample was restricted to UK firms, replication of the study in other countries or areas may offer different results. Given the complexity of social networks and the diverse cultures in ASEAN, future research could extend the model by adding more comprehensive measures and control variables to understand the impact of different institutional factors on the decision-making process and regional performance of SMEs.

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APPENDIX

APPENDIX 1. Summary of Company Market Entry Strategy and Business Outcomes

	First round interviews (July 2013)			Second round interviews (July 2015)		Third round interviews (November 2017)
Firm	Firm age	Market entry strategy	Market entry modes	Cost of investment	Performance after two years' operation	Performance after four years' operation
A	50 years	Network relationships via government organisation (UKTI), customers. Identified contacts through customers and developed relationships with them via rep office.	Representative office	£ 40,000/year for the Vietnamese representative office.	Vietnamese sales increased, from 0.06% of group sales in 2010 to 1.1 % in 2014.	Market in Vietnam is slowing down.
B	25 years	Network relationships via government organisation (UKTI) and friends who introduced him to the Vietnamese agent.	Agent, then Office and Business Partners	£ 45,000-50,000 per year for the office and £100,000 investment for the new healthcare business.	No revenue yet.	25% share of the pharmacy store, which earns $15,000 a year.

C	3 years	Network relationship via government organisation (UKTI), business partners and family in Vietnam who had strong connections with Vietnamese enterprises and entrepreneurs.	Joint Venture, Partner	Invested £ 100,000 in the market over 18 months. He also spent 50% of the time in Vietnam.	No revenue yet.	Started the new business and generated revenue from the consultancy business.
D	Over 30 years	Network relationship via clients and business partners in Vietnam.	Joint Venture	Travel and other miscellaneous costs. On average 2-3 trips/year to Southeast Asia.	No revenue yet.	No revenue yet.

APPENDIX 2. Online Survey

1. Industry/Business- In which industry does your firm operate? Please select the most appropriate industry sector

☐ Trade and Services ☐Manufacturing

2. How many employees does your firm have?

☐ <10 ☐ 10-49 ☐ 50-249

3. How much was your turnover last year? (2018)

4. How much is the percentage of export revenue in your turnover?

☐Less than 10% ☐10%-49% ☐>50%

5. Firm's age (years)- When was your firm established?

6. Are you the firm's owner or do you partly own the firm?

☐ Yes ☐ No, (please indicate what position you hold in the company)

7. Please circle the answer best which describes your firm's current export status in ASEAN countries

- We are exporting to ASEAN countries
- We have not yet exported to ASEAN but we have appointed a distributor/ agent/ partner/ representative office

8. Please rate the firm's international experience and the amount of the resources you have for ASEAN markets (1=none/minor position, 5= substantial)

	1	2	3	4	5
The firm's experience in doing business in new markets	☐	☐	☐	☐	☐
Amount of resources firm has for export development	☐	☐	☐	☐	☐
Extent of careful planning for new export venture	☐	☐	☐	☐	☐
Extent of management commitment to the export venture	☐	☐	☐	☐	☐
Extent of resource commitment to the venture	☐	☐	☐	☐	☐

9. Please indicate below the extent to which the following statements are true (1-completely disagree; 7-completely agree).

	1	2	3	4	5	6	7
Our top managers have regularly attended local/foreign trade fairs	☐	☐	☐	☐	☐	☐	☐
Our top managers have usually spent some time abroad to visit.	☐	☐	☐	☐	☐	☐	☐

Our top management actively seeks contact with suppliers or clients in international markets.	☐	☐	☐	☐	☐	☐	☐
Our top management regularly monitors the trend of export markets.	☐	☐	☐	☐	☐	☐	☐
Our top management actively explores business opportunities	☐	☐	☐	☐	☐	☐	☐
Our top management focuses more on opportunities than risks abroad.	☐	☐	☐	☐	☐	☐	☐
When confronted with decisions about exporting or other international operations, our top management is always tolerant to potential risks.	☐	☐	☐	☐	☐	☐	☐
Our top managers have shared vision towards the risks of foreign markets.	☐	☐	☐	☐	☐	☐	☐
Our top management values risk-taking opportunities	☐	☐	☐	☐	☐	☐	☐

10. Regarding the export market information please indicate to what extent the following statements are true about your knowledge/experience in ASEAN, in the following areas (1= strongly disagree, 7= strongly agree)

	1	2	3	4	5	6	7
We have well-developed knowledge about the government in ASEAN	☐	☐	☐	☐	☐	☐	☐
We have well-developed knowledge about the political system in ASEAN	☐	☐	☐	☐	☐	☐	☐
We have well-developed knowledge about the legal environment in ASEAN	☐	☐	☐	☐	☐	☐	☐
We have well-developed knowledge about the culture in ASEAN	☐	☐	☐	☐	☐	☐	☐

11. With respect to your business activities in ASEAN over the last three years (2015-2018), please indicate the extent has your firm developed the following activities (1= Does not apply et al; 5= Apply totally)

	1	2	3	4	5
The firm enhanced the capture of important market information about existing markets	☐	☐	☐	☐	☐
The firm reinforced contacts in current export markets	☐	☐	☐	☐	☐
The firm reinforced the monitoring of competitive products in current export markets	☐	☐	☐	☐	☐
The firm enhanced understanding of existing overseas customer requirements	☐	☐	☐	☐	☐
The firm reinforced relationships with current overseas customers	☐	☐	☐	☐	☐
The firm reinforced overseas distributor relationships	☐	☐	☐	☐	☐

12. Please identify the extent to which the firms have developed relationships with your export partners (1=None, 7= Substantial)

	1	2	3	4	5	6	7
We have reliable relationships with government agencies relevant to our exporting activities	☐	☐	☐	☐	☐	☐	☐
We have reliable relationships with financial institution necessary for our exporting activities	☐	☐	☐	☐	☐	☐	☐
We have reliable relationships with trade and business associations to gather information and support for our exporting activities	☐	☐	☐	☐	☐	☐	☐
We have reliable relationships with other shipping and forwarding companies that we engaged with our exporting activities	☐	☐	☐	☐	☐	☐	☐
We have reliable business relationships with other private companies that are directly involved in our exporting activities	☐	☐	☐	☐	☐	☐	☐

13. With regard to your relationship with the importer (business/ partners/ agent/ distributors/ customers) in ASEAN, please indicate the extent to which the following statements are true (1= completely disagree; 7= Completely agree)

	1	2	3	4	5	6	7
We have extensive relationships with such companies	☐	☐	☐	☐	☐	☐	☐
We actively utilize these relationships in our business	☐	☐	☐	☐	☐	☐	☐
These relationships are characterized by close interactions	☐	☐	☐	☐	☐	☐	☐
These relationships are characterized by mutual trust	☐	☐	☐	☐	☐	☐	☐
These relationships are characterized by high reciprocity	☐	☐	☐	☐	☐	☐	☐
These relationships have ‘opened new doors‘ for us	☐	☐	☐	☐	☐	☐	☐

14. Please indicate how satisfied you were with the firm’s performance in ASEAN (1= very dissatisfied, 5= very satisfied)

	1	2	3	4	5
the realisation of goals and objectives	☐	☐	☐	☐	☐
profits	☐	☐	☐	☐	☐
Sales growth	☐	☐	☐	☐	☐

15. Please choose the number best describing the firm’s strategic export intentions in ASEAN (1**=** No chance, 7= Certain)

	1	2	3	4	5	6	7
How likely is it that the company will become a regular exporter to ASEAN next year”?	☐	☐	☐	☐	☐	☐	☐

APPENDIX 3. Missing values analysis

	N	Mean	Std. Deviation	Missing Count	Missing Percent	No. of Extremes[a] Low	No. of Extremes[a] High
FIRMPOS_1	158	22.25	1.171	7	4.2	18	0
INTEXP_1	165	13.81	19.893	0	.0	0	33
INTEXP_2	164	12.98	20.113	1	.6	0	33
INTEXP_3	165	13.02	20.146	0	.0	0	33
INTEXP_4	165	13.48	20.082	0	.0	0	33
INTEXP_5	164	12.85	19.956	1	.6	0	32
MARKETFACT_1	165	20.93	.790	0	.0	1	0
MARKETFACT_2	163	20.49	1.068	2	1.2	8	0
MARKETFACT_3	165	19.85	1.037	0	.0	0	0
MARKETFACT_4	165	20.69	1.130	0	.0	13	0
MARKETFACT_5	165	19.88	1.162	0	.0	0	0
PROACT_1	165	19.22	1.895	0	.0	0	0
PROACT_2	165	20.07	1.312	0	.0	16	0
PROACT_3	165	20.01	1.368	0	.0	17	0
PROACT_4	165	19.29	1.518	0	.0	4	0
PROACT_5	165	20.13	1.111	0	.0	13	0
RISKTAKING_1	165	19.30	1.424	0	.0	1	0
RISKTAKING_2	165	19.21	1.276	0	.0	14	0
RISKTAKING_3	165	19.55	1.084	0	.0	9	0
RISKTAKING_4	165	18.82	1.550	0	.0	5	0
INNOVATIVE_1	165	19.64	1.255	0	.0	3	0
INNOVATIVE_2	165	19.85	1.138	0	.0	3	0
INNOVATIVE_3	165	19.95	1.376	0	.0	4	0
INNOVATIVE_4	165	19.72	1.204	0	.0	5	0
INNOVATIVE_5	164	20.30	.817	1	.6	5	0
EXPKNWLGE_1	164	35.54	1.516	1	.6	9	0
EXPKNWLGE_2	163	35.42	1.594	2	1.2	0	0
EXPKNWLGE_3	164	35.35	1.562	1	.6	0	0
EXPKNWLGE_4	163	35.15	1.626	2	1.2	0	0

DISKNOW_1	165	48.97	1.563	0	.0	0	0
DISKNOW_2	165	48.88	1.579	0	.0	0	0
DISKNOW_3	165	49.02	1.617	0	.0	0	0
DISKNOW_4	162	45.46	9.541	3	1.8	31	0
CAPEXPLORE_1	165	22.64	1.164	0	.0	0	0
CAPEXPLORE_2	165	22.10	1.140	0	.0	0	0
CAPEXPLORE_3	165	22.33	1.155	0	.0	10	0
CAPEXPLORE_4	165	22.34	1.192	0	.0	12	0
CAPEXPLORE_5	165	22.53	1.314	0	.0	0	0
CAPEXPLORE_6	165	21.95	1.460	0	.0	0	0
CAPEXPLOIT_1	164	21.83	1.196	1	.6	0	0
CAPEXPLOIT_2	165	22.24	1.175	0	.0	0	0
CAPEXPLOIT_3	165	21.83	1.233	0	.0	0	0
CAPEXPLOIT_4	165	22.24	1.147	0	.0	0	0
CAPEXPLOIT_5	165	22.48	1.223	0	.0	12	0
CAPEXPLOIT_6	164	21.96	1.427	1	.6	0	0
RELATIONAL_1	164	18.33	1.702	1	.6	0	0
RELATIONAL_2	164	18.16	1.716	1	.6	0	0
RELATIONAL_3	164	18.54	1.699	1	.6	12	0
RELATIONAL_4	164	18.80	1.827	1	.6	18	0
RELATIONAL_5	164	18.76	1.737	1	.6	13	0
TRUST_1	165	11.79	1.922	0	.0	14	0
TRUST_2	165	11.75	1.937	0	.0	16	0
TRUST_3	165	11.73	1.936	0	.0	0	0
TRUST_4	165	12.07	1.833	0	.0	0	0
TRUST_5	165	11.53	1.789	0	.0	13	0
TRUST_6	163	11.75	1.918	2	1.2	14	0
PERFORMANCE_1	163	3.26	.935	2	1.2	5	0
PERFORMANCE_2	162	3.20	1.002	3	1.8	9	0
PERFORMANCE_3	162	3.13	1.052	3	1.8	0	0

a. Number of cases outside the range (Q1 - 1.5*IQR, Q3 + 1.5*IQR).

APPENDIX 4. Levene's test for equally of variances

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Oppor-tunities	Equal variances assumed	1.954	0.167	1.419	59	0.16	1.204	0.849	-0.494	2.903
	Equal variances not assumed			1.411	52.5	0.16	1.204	0.853	-0.508	2.916
Resources	Equal variances assumed	0.027	0.87	0.387	59	0.7	0.444	1.146	-1.85	2.738
	Equal variances			0.386	57.1	0.70	0.444	1.149	-1.857	2.745

	not assumed									
Relations	Equal variances assumed	0.024	0.879	-0.052	59	0.96	-0.101	1.962	-4.027	3.825
	Equal variances not assumed			-0.052	59	0.96	-0.101	1.961	-4.025	3.823
Proactive	Equal variances assumed	0.004	0.949	-0.525	59	0.60	-0.823	1.568	-3.961	2.315
	Equal variances not assumed			-0.525	58.9	0.60	-0.823	1.566	-3.957	2.311
Risk_ Taking	Equal variances assumed	0.017	0.896	-1.011	59	0.32	-1.085	1.074	-3.233	1.063
	Equal variances			-1.012	58.8	0.32	-1.085	1.072	-3.23	1.06

	not assumed									
Experien-ce	Equal variances assumed	0.694	0.408	-0.618	59	0.54	-0.79	1.279	-3.35	1.769
	Equal variances not assumed			-0.617	57.8	0.54	-0.79	1.282	-3.356	1.775
Market Experien-ce	Equal variances assumed	0.174	0.678	0.335	59	0.74	0.522	1.558	-2.596	3.639
	Equal variances not assumed			0.335	59	0.74	0.522	1.557	-2.593	3.636
Trust	Equal variances assumed	0.268	0.607	-0.007	59	0.99	-0.016	2.412	-4.844	4.811
	Equal variances			-0.007	57.1	0.99	-0.016	2.418	-4.859	4.827

	not assumed									
Perfor-mance	Equal variances assumed	0.333	0.566	1.257	59	0.21	0.953	0.758	-0.564	2.47
	Equal variances not assumed			1.255	58.221	0.22	0.953	0.759	-0.567	2.472
Exploita-tive Capabi-lities	Equal variances assumed	0.8	0.375	0.723	59	0.47	1.202	1.662	-2.123	4.527
	Equal variances not assumed			0.725	58.556	0.47	1.202	1.658	-2.117	4.521

APPENDIX 5. CMV - Harman's test

Total Variance Explained						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	17.066	37.924	37.924	16.555	36.788	36.788
2	3.362	7.471	45.395			
3	3.158	7.018	52.414			
4	2.446	5.436	57.850			
5	1.881	4.180	62.030			
6	1.803	4.006	66.036			
7	1.452	3.226	69.261			
8	1.338	2.974	72.236			
9	1.002	2.226	74.462			
10	.939	2.087	76.549			
11	.842	1.871	78.420			
12	.746	1.658	80.078			
13	.696	1.547	81.625			
14	.673	1.495	83.120			
15	.646	1.435	84.555			
16	.573	1.273	85.828			
17	.517	1.148	86.976			
18	.481	1.069	88.045			
19	.444	.987	89.032			
20	.411	.913	89.945			
21	.390	.866	90.811			
22	.372	.827	91.638			
23	.353	.785	92.423			
24	.323	.717	93.139			
25	.295	.656	93.796			
26	.279	.621	94.417			
27	.245	.545	94.961			
28	.236	.524	95.485			

29	.220	.489	95.974			
30	.206	.459	96.433			
31	.177	.394	96.826			
32	.168	.373	97.200			
33	.162	.360	97.560			
34	.149	.331	97.891			
35	.130	.288	98.179			
36	.122	.270	98.449			
37	.118	.263	98.712			
38	.106	.235	98.947			
39	.096	.214	99.160			
40	.079	.175	99.335			
41	.077	.171	99.506			
42	.065	.144	99.650			
43	.059	.132	99.782			
44	.051	.113	99.895			
45	.047	.105	100.000			
Extraction Method: Principal Axis Factoring.						

APPENDIX 6. Common latent factors

Model with CLF				**Model with CLF**				
CMIN= 829.429, df=500, $\chi 2$/df = 1.659, CFI = 0.93, TLI = 0.921, and RMSEA = 0.065			Standardized Regression Weights	CMIN= 803.431, df=473, $\chi 2$/df = 1.699, CFI = 0.928, TLI = 0.92, and RMSEA = 0.067			Standardized Regression Weights	**Difference**
RES2	<---	RES	0.882	RES2	<---	RES	0.824	0.058
RES3	<---	RES	0.888	RES3	<---	RES	0.837	0.051
RES4	<---	RES	0.923	RES4	<---	RES	0.872	0.051
RES1	<---	RES	0.706	RES1	<---	RES	0.62	0.086
TRUST3	<---	TRU	0.954	TRUST3	<---	TRUST	0.936	0.018
TRUST2	<---	TRU	0.937	TRUST2	<---	TRUST	0.917	0.02
TRUST1	<---	TRU	0.933	TRUST1	<---	TRUST	0.914	0.019
TRUST4	<---	TRU	0.909	TRUST4	<---	TRUST	0.886	0.023
TRUST5	<---	TRU	0.83	TRUST5	<---	TRUST	0.804	0.026
TRUST6	<---	TRU	0.86	TRUST6	<---	TRUST	0.835	0.025
REL3	<---	REL	0.773	REL3	<---	REL	0.752	0.021
REL2	<---	REL	0.812	REL2	<---	REL	0.785	0.027
REL1	<---	REL	0.781	REL1	<---	REL	0.766	0.015
REL4	<---	REL	0.654	REL4	<---	REL	0.616	0.038
REL5	<---	REL	0.63	REL5	<---	REL	0.586	0.044
PRAC2	<---	PRAC	0.768	PRAC2	<---	PRAC	0.728	0.04

PRAC3	<---	PRAC	0.923	PRAC3	<---	PRAC	0.89	0.033
PRAC4	<---	PRAC	0.694	PRAC4	<---	PRAC	0.635	0.059
PRAC5	<---	PRAC	0.801	PRAC5	<---	PRAC	0.741	0.06
EXPL1	<---	EXPLOIT	0.77	EXPL1	<---	EXPL	0.703	0.067
EXPL2	<---	EXPLOIT	0.863	EXPL2	<---	EXPL	0.805	0.058
EXPL3	<---	EXPLOIT	0.853	EXPL3	<---	EXPL	0.798	0.055
EXPL4	<---	EXPLOIT	0.889	EXPL4	<---	EXPL	0.836	0.053
EXPL5	<---	EXPLOIT	0.855	EXPL5	<---	EXPL	0.806	0.049
PER1	<---	PER	0.9	PER1	<---	PER	0.824	0.076
PER2	<---	PER	0.861	PER2	<---	PER	0.792	0.069
PER3	<---	PER	0.948	PER3	<---	PER	0.887	0.061
EXP4	<---	Exp	0.758	EXP4	<---	Exp	0.637	0.121
EXP3	<---	Exp	0.837	EXP3	<---	Exp	0.671	0.166
EXP2	<---	Exp	0.956	EXP2	<---	Exp	0.832	0.124
EXP1	<---	Exp	0.962	EXP1	<---	Exp	0.827	0.135
EXPL6	<---	EXPLOIT	0.703	EXPL6	<---	EXPL	0.381	0.322
PRAC1	<---	Proactiveness	0.587	PRAC1	<---	PRAC	0.571	0.016

APPENDIX 7. Mahalanobis distance- Observations farthest from the centroid

Observation number	Mahalanobis d-squared	p1	p2
101	85.924	.000	.000
156	80.735	.000	.000
69	77.164	.000	.000
54	71.671	.000	.000
22	70.127	.000	.000
132	67.359	.001	.000
124	64.923	.001	.000
31	63.104	.002	.000
41	60.174	.004	.000
18	59.184	.005	.000
21	56.659	.009	.000
17	56.322	.009	.000
37	55.223	.012	.000
25	53.255	.019	.000
5	51.716	.026	.000
87	51.496	.028	.000
65	51.297	.029	.000
76	50.939	.031	.000
95	50.208	.036	.000
128	49.957	.038	.000
129	49.299	.044	.000
122	48.571	.050	.000
148	48.515	.051	.000
63	48.472	.051	.000
102	48.286	.053	.000
152	48.156	.055	.000
145	47.652	.060	.000
89	47.354	.064	.000
10	46.891	.070	.000

Observation number	Mahalanobis d-squared	p1	p2
86	46.858	.070	.000
38	45.916	.083	.000
35	45.485	.090	.000
82	45.378	.092	.000
146	43.742	.122	.001
110	43.457	.128	.001
29	43.351	.131	.000
108	43.182	.134	.000
154	43.057	.137	.000
56	42.918	.140	.000
118	42.694	.146	.000
68	42.537	.149	.000
15	42.220	.157	.000
137	42.120	.160	.000
111	41.907	.165	.000
12	41.184	.185	.001
9	40.841	.195	.002
33	40.821	.196	.001
19	40.305	.211	.004
11	40.056	.219	.004
116	39.920	.224	.004
77	39.870	.225	.003
144	39.575	.235	.004
72	39.461	.239	.003
53	39.134	.250	.005
96	38.375	.278	.028
141	38.253	.282	.026
42	38.216	.284	.019
16	37.915	.295	.028
81	37.459	.313	.056
105	37.425	.315	.043

Observation number	**Mahalanobis d-squared**	**p1**	**p2**
139	37.407	.315	.031
143	36.666	.346	.116
32	36.357	.359	.156
103	36.162	.368	.171
85	35.698	.389	.282
57	35.166	.413	.453
94	35.117	.415	.412
106	34.731	.433	.529
36	34.722	.433	.469
147	34.279	.454	.615
26	33.917	.472	.715
130	33.858	.475	.684
125	33.811	.477	.647
79	32.716	.530	.941
47	32.644	.534	.932
138	32.037	.564	.982
114	32.022	.565	.975
84	31.993	.566	.966
149	31.713	.580	.979
74	31.277	.602	.992
8	31.027	.614	.995
39	30.972	.617	.994
157	30.856	.623	.993
62	30.776	.626	.992
61	30.710	.630	.991
133	30.185	.655	.998
4	30.133	.658	.997
46	29.562	.685	1.000
120	29.475	.689	1.000
48	29.049	.709	1.000
112	28.949	.714	1.000

Observation number	Mahalanobis d-squared	p1	p2
117	28.741	.723	1.000
30	28.608	.729	1.000
155	28.600	.729	1.000
127	28.310	.742	1.000
24	28.205	.747	1.000
78	27.742	.767	1.000
99	26.723	.808	1.000
49	26.663	.811	1.000
50	26.529	.816	1.000