COOPERATIVE EXPORT CHANNEL MODES IN TIMES OF UNCERTAINTY, A KEY TO BORN GLOBAL FIRMS' SURVIVAL?

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Abstract

Export firms with theory-driven operation modes are shown to have greater performance. Considering the well-established theories in the field, this study incorporates real options reasoning to highlight how different modes of export operation can create value for the firm. Specifically born globals with limited resources, inevitably operating in markets that might not be close to them may benefit by choosing modes that help them to manage uncertainties and reduce the costs of failure. The result of the survey of 187 Chinese born global exporters shows that firms operating in institutionally distanced markets most benefit from cooperative channels when the investment is irreversible, and the environment is perceived as highly competitive, and institutional barriers are high. Cooperative operation is a value-creating mechanism, providing the firm with both options to grow/withdraw, when uncertainty resolves favourably/unfavourably, hence contributing to the survival of the firm.

Keywords: export operation mode, cooperative channels, born globals, real options reasoning, entrepreneurial orientation, institutional distance, export performance, China.

1. Introduction

In today's competitive environment firms often internationalize early in their operations (i.e. Knight & Liesch, 2016; Ciravegna et al., 2019; Jiang et al., 2020; Suhendra & Neubert, 2021). These firms are challenging traditional internationalization literature by entering many markets across the globe (i.e. Taylor & Jack, 2016; Dow, 2017; Jain et al., 2019; Ciszewska-Mlinarič et al., 2020).

Born global firms are typically entrepreneurial small and medium-sized enterprises (SMEs) characterized by limited resources undertaking international business from an early stage in their development (i.e. Knight & Cavusgil, 2004; Weerawardena et al., 2007; Gabrielsson et al., 2008; Johanson & Martin, 2015; Knight & Liesch, 2016; Dzikowski, 2018). Yet, they differ from traditional SMEs in several patterns of behavior (Olejnik & Swoboda, 2012): born globals are younger, have internationalized in a shorter period of time, serve more markets, have more production subsidiaries, are more technology oriented and perform better, including having higher foreign sales ratio. Despite growing body of literature on internationalization of born globals, there is little known about how and why these firms develop and implement their internationalization strategies, and what makes them successful (Zander, McDougall-Covin & Rose, 2015).

Born globals' pattern of market selection in early stages of internationalization tends to be less affected by psychic distance (Dow, 2017). Prior research on born globals reveals that they do not follow a specific pattern of internationalisation (Prystupa-Rzadca et al., 2020), but they have a global view of their markets and the ability to develop capabilities needed to achieve considerable international growth (Cavusgil & Knight, 2015; Andersson et al., 2020). Thus, their choice of entry mode rather depends on available internal resources and dynamic capabilities like specific management skills, international experience of founders (Oviatt & McDougall, 2005; Oliva et al., 2022), foreign market knowledge and established networks of relationships (Sharma & Blomstermo, 2003; Knight & Cavusgil, 2004; Gleason, Madura & Wiggenhorn, 2006; Jiang et al., 2020; Stocker et al., 2021). Accordingly, born globals challenge the established traditional stage models of internationalization like Uppsala internationalization model (Johanson & Vahlne, 1977) that predict gradual application of more investment intensive entry modes when firms' international experience and time on the foreign markets are increasing (Madsen & Servais, 1997). What is more, empirical evidence suggests that born globals do not apply a common foreign entry mode, even though they all have internationalized very rapidly (Andersson, Gabrielsson & Wictor, 2006). Instead, born global firms' choice of channel strategy and commitment level to the foreign market is affected by host market characteristics (Efrat & Shoham, 2013). Born global firms are expected to use cooperative export channels in developed economies (Liu, 2017), but does this hold this true for born globals from emerging markets, where they might have more limited resource accessibility, high levels of radical innovation, volatile regulatory environments, and potentially play and know different rules of the games in business?

Prior research on born globals was mostly undertaken in developed countries (e.g. Knight & Cavusgil, 2004; Loane & Bell, 2006; Efrat & Shoham, 2013; Taylor et al., 2021), where resources are available and well developed, thus the presence of born globals is more apparent. Consequently, there is a lack of empirical evidence of born globals operating in emerging markets, which are characterised by higher market volatility, lack of resources, higher institutional and competitive pressures (Kumar et al., 2020; Prystupa-Rzadca et al., 2020; Stocker et al., 2021). Empirical evidence suggests that emerging market peculiarities make emerging market firms more aggressive at their internationalization (Kumar et al., 2020). Some would argue that this aggressiveness can be contributed to the strategic orientations of born globals (Jantunen et al., 2008): entrepreneurial orientation, learning orientation and international-growth orientation. This study aims to address the question by building on the work of Kalinic and Brouthers (2022) and studying the conditions under which the entrepreneurial orientation of born globals affects their entry mode choice and consequently their performance in foreign markets.

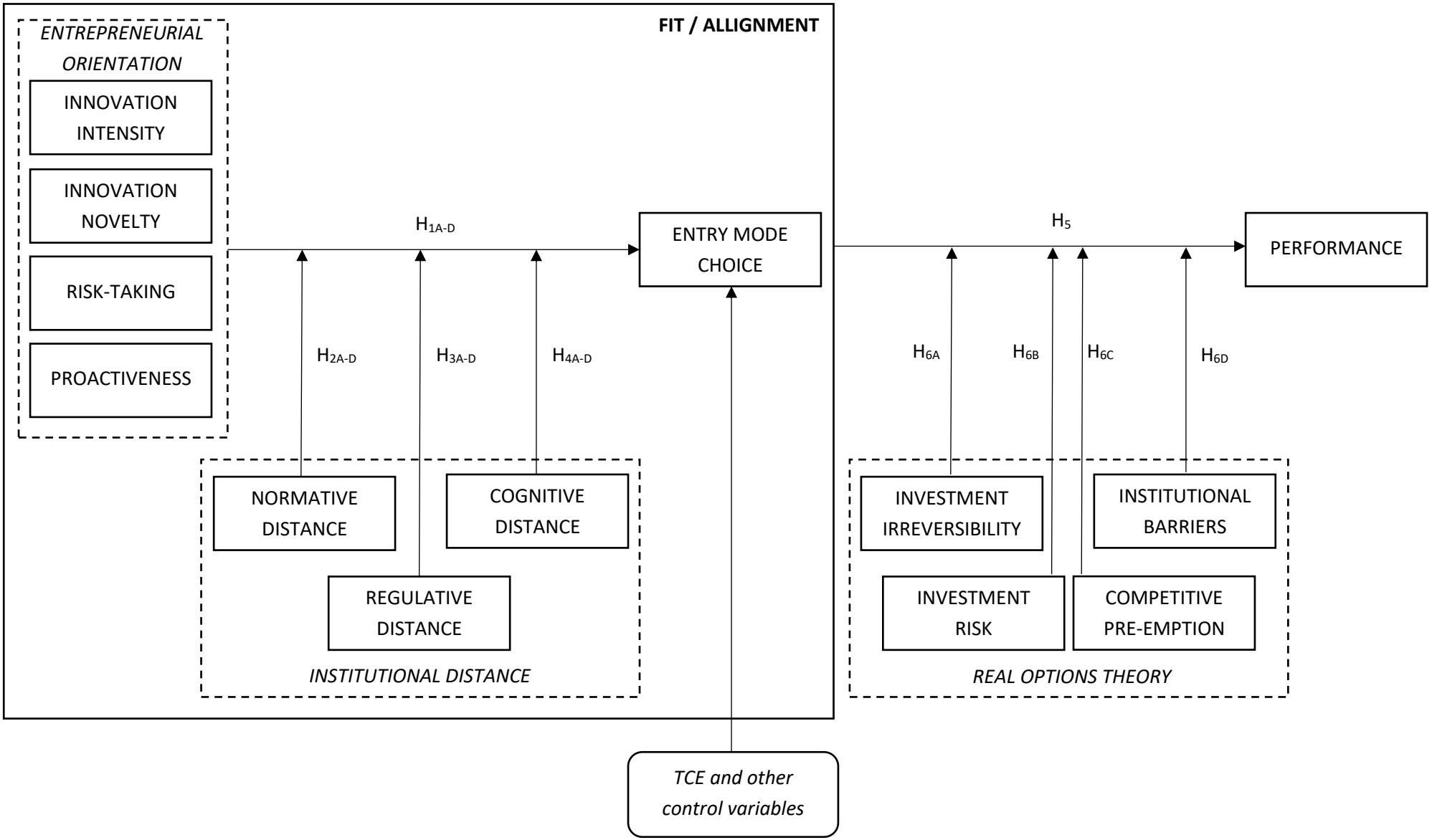
In extending knowledge on the entry mode activities of born global firms, we make contributions in three additional ways. First, we assess our model using data from born global firms located in an emerging market, China, where access to institutional resources is often poor. Prior research examining the entry modes of entrepreneurial firms has focused on developed market businesses, where institutional resources are easier to access and are relatively well established. We know that resources are critical for market entry success, and are important determinants on whether collaboration is needed when entering foreign markets (e.g. Knight & Cavusgil, 2004). Thus, the emerging market context provides unique environmental characteristics under which born globals may behave uniquely.

Second, extant research shows that the alignment of market entry mode, entrepreneurial orientation, and institutional distance (hereafter, fit) drives profit (Kalinic & Brouthers, 2022). What is not known is which facets of entrepreneurial orientation drive market entry mode choice? We argue that there are particular conditions when the matching is important and the fit is achieved only when entry modes match resources, the environment (institutional distances) and the strategy the firm is using. Accordingly, we contribute to the entrepreneurship literature by examining the role of individual entrepreneurial strategies (i.e. product innovation intensity, product innovation novelty, risk, proactiveness) in shaping fit. This distinction is particularly important for born global firms who regularly compete on an innovation-based and/or high product quality strategy (Dow, 2017).

Finally, we make a theoretical contribution to the study of born globals entry modes by applying real options theory. To date, the choice of best-performing export operation mode has been theorised under the reasoning of efficiency-seeking (well-established transaction cost theory), value creation and competitive advantage (entrepreneurial orientation, market orientation, resource-based view), proactive, innovative, risk-taking mindset of managers

(entrepreneurial orientation) and interaction with institutions governing the market and rules of the game (institutional theory). Scholars have applied these theories individually, complementary, or even in contradictory settings to test the performance outcome of the theoretically predicted channel choice of firms (Brouthers & Hennart, 2007; He, Brouthers & Filatotchev 2013; Fernández- Olmos & Díez-Vial, 2014). Real options theory has witnessed a growth in applications to international business research lately (Chi et al., 2019), viewing the firm operating in international environment under conditions of uncertainty, investment irreversibility and risk of early expiration or competitive pre-emption. It suggests that firm choosing their operation based on real option conditions can benefit from the added value to the firm through flexibility and having a preferential option to future resource commitments while providing no obligation (Brouthers, Brouthers, & Werner, 2008a; Chi, 2000; Folta, 1998; Sanchez, 1995). Thus, moving beyond TCE, and taking into account the irreversibility, delay ability, competitive pre-emption, and uncertainty of investments, we believe that real option-based decisions may provide superior performance compared to more traditional decision-making models this is conceptualized in our theoretical model (see Figure 1).

Figure 1. Conceptual model



2. Literature review

2.1. Entrepreneurial orientation (EO) and export mode choice

EO has been widely used to describe entrepreneurship as an organizational attribute (Rauch et al., 2009) that can manifest in three fundamental complementary ways (Wales, Covin & Monsen, 2020): as organizational configuration (internal firm's initiatives directed to create organizational processes, climate and culture which promotes entrepreneurial behaviour), top management style (top managerial communication, goals, beliefs and decisions that demonstrate organizational commitment to EO), and new entry initiatives (pursuit of new value creation opportunities on the market). The literature offers several conceptualizations of EO, but two leading schools of thought emerged. First views EO as a subset of innovation, risk-taking and proactiveness (Miller, 1983; Covin & Slevin, 1989), while second offers a broader set of dimensions, including autonomy and competitive aggressiveness (Lumpkin & Dess, 1996). While both schools link EO to top management style, second school draws attention to processes and organizational configuration, and first school adopts external new entry initiatives in their conceptualization of EO (Wales, Covin & Monsen, 2020). As this study intends to test the role of EO in making an export mode choice, we follow the first school conceptualization by Miller (1983) and Covin & Slevin (1989) and treat innovation, risk-taking and proactiveness as the main EO dimensions. We understand the EO of the firm *as a proxy of the manager's mindset that feeds the strategic decisions made in a firm, ease of interaction with institutions governing the market, rules of the game clarity, and efficiency consideration of a transaction set the boundaries of the export operation*.

EO at the firm level has been studied in relation to various outcomes, such as degree of internationalization (Ripolles-Melia, Menguzzato-Boulard & Sanchez-Peinado, 2007), international market orientation (Ripolles, Blesa & Monferrer, 2012), innovation (Kollmann et al., 2021), network management (Sepulveda & Gabrielsson, 2013), firm's growth (Stetz et al., 2000), sales growth (Covin, Green & Slevin, 2006), firm performance (Rauch et al., 2009), organizational learning (Wang, 2008), internationalization intensity (Herve, Schmitt & Baldegger, 2020), international performance (Monferrer et al., 2021), digital internationalization investments (Ipsmiller, Dikova & Brouthers, 2022), degree of born-globalness (Kuivalainen, Sundqvist & Servais, 2007) and entry mode choice (Kalinic & Brouthers, 2022). EO firms in developed markets were found to use collaborative entry modes when operating in distanced markets (Kalinic & Brouthers, 2022), however does that hold also for born globals operating from emerging markets?

Born globals were found to have a strong EO (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004), as they are able to exploit unexpected opportunities and consistently allocate resources to new operational areas (Jantunen et al., 2008; Hennart, 2014). Empirical evidence shows that firm's EO positively influences early and rapid internationalization of born globals (Kuivalainen, Sundqvist & Servais, 2007; Weerawardena et al., 2007). In addition, network

EO was found to impact born globals' international performance through ambidextrous dynamic capabilities exploration and exploitation (Monferrer et al., 2021). In general, entrepreneurially oriented firms actively seek new operating modes and manage alignment of valuable resource to improve performance (Zahra & Garvis, 2000; Jantunen et al., 2008). However, born globals particularly in emerging markets are faced with limited resources or these are not sufficiently developed to overcome particular challenges known to emerging opposed to developed markets (Prystupa-Rzadca et al., 2020; Stocker et al., 2021). Thus, one way to overcome challenges of born globals' internationalization in emerging markets is to partner with other firms (Eternad, Wright & Dana, 2001), which gives them access to complementary resources (Street & Cameron, 2007), while both share benefits and burdens of market entry (Friman et al., 2002). In other words, higher EO born globals are through collaboration with business partners able to pursue internationalization activities, which they were not able to alone due to limited resources (Brouthers et al., 2015). Building on born globals theory while controlling for traditional consideration of transaction cost theory (TCE) we provide arguments for all three facets of EO (innovativeness, risk-taking, proactiveness) that explain why born globals with higher EO will use cooperative entry modes opposed to born globals with lower EO preferring direct export channels.

2.1.1 Innovativeness

Innovativeness refers to firm's tendency to support new ideas and processes, as well as creativity and experimentation through the introduction of new products and services, including technological leadership by R&D leading to changes in practices (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Sepulveda & Gabrielsson, 2013; Lumpkin & Dess, 2015). In this study, we distinguish between product innovation intensity (i.e. the pace/speed and number of newly introduced products to the foreign market in a specific period) and novelty (i.e. how radically different/technologically original these products are from existing products on the foreign market). This distinction goes in line with empirical findings showing that innovativeness of born globals does not directly influence performance but is rather mediated by innovation speed (Shan, Song & Ju, 2016). Thus, we treat innovation novelty and intensity separately.

Innovation has become an essential component of born globals's strategy when competing internationally (Zahra & George, 2002), as the highly competitive international environment forced them to look for ways to improve their competitiveness on foreign markets (Genc, Dayan & Genc, 2019). The effect of innovation on firms' internationalization has been found either positive (e.g. Basile, 2001; Golovko & Valentini, 2011), negative (e.g. Dai et al., 2014) or insignificant (e.g. Lecerf & Omrani, 2020), not reaching any consensus about this effect; but some arguing that the effect depends on the context in which firm operates (Genc, Dayan & Genc, 2019). When looking solely at born globals, firms with strong innovativeness tend to internationalize earlier opposed to firms that lack innovation culture (Knight & Cavusgil, 2004), having in mind that born globals usually internationalize first through exporting (Cavusgil & Knight, 2015). As innovative dimension of EO tends to encourage acquisition of

knowledge through market scanning and information utilization (Zhou, 2007), we believe that highly innovative born globals would be in constant search for new market knowledge. Knowledge of the foreign market is typically limited, thus born globals would benefit from cooperative export modes where local partners in host country would provide critical information on customers, competitors, local regulation, etc. The knowledge acquired from business partners would help highly innovative born globals transform this knowledge into new products and increase product innovation intensity by tapping into foreign market opportunities. Contrary, born globals with lower level of innovativeness would tend to bring to foreign markets products that they are selling to other markets and thus rely on established business processes and relationships. Thus, the benefits of choosing a business partner to enter foreign markets would not be utilized, so we believe low innovative born globals would choose direct entry modes to enter foreign markets. Consequently, we hypothesize:

Hypothesis 1a: *Born globals possessing greater product innovation intensity will use cooperative export modes while those possessing lesser product innovation intensity will use direct entry modes.*

Hypothesis 1b: *Born globals possessing greater product innovation novelty will use cooperative export modes while those possessing lesser product innovation novelty will use direct entry modes.*

2.1.2 Risk taking

Risk taking refers to bold actions by venturing into unknown (Lumpkin & Dess, 2015), firm's management willingness to pursue international business activities that carry a risk of a costly failure (Kuivalainen, Sundqvist & Servais, 2007) and committing large amount of resources to ventures in uncertain environments despite a high potential of failure (Sepulveda & Gabrielsson, 2013). Involving in international markets is inherently more risky as operating solely domestically due to factors such as soci-cultural, economical and institutional differences/distance, political instability, trade barriers, exchange rate changes, etc. (Kwon & Konopa, 1993; Lopez-Duarte & Vidal-Suarez, 2010).

Born globals are typically associated with a higher risk compared to other SMEs and the risk itself is of a different nature: born globals do not face only export risk, but also risk related to new products (Gabrielsson et al., 2008). Double challenge of new markets and new products creates a new level and a kind of risk for born globals, thus it becomes even more critical how to manage it. One way how to manage and decrease the risk is to engage in collaborative entry modes, where born global firm shares the risk with a partner. On one hand, cooperative entry modes entail a risk of losing strategic knowledge to born global firm, as the question of the scope of critical knowledge disclosure between partners presents a continuous problem for the duration of the business relationship (Blomqvist et al., 2008). In addition, traditionally greater target country risk reduces the likelihood of using higher-commitment entry strategies (Quer, Claver & Rienda, 2007); or in other words, firms perceiving higher levels of international risk

rather pursue more independent entry modes than firms that perceive lower risk levels (Brouthers, 1995). On the other hand, particularly technology-intensive born globals operate in uncertain and turbulent environment, where transactions are costly and risky, thus collaborative entry modes could lower their transaction costs (e.g. negotiations, market research, control) when entering new markets (Blomqvist et al., 2008). Born globals internationalize rapidly and are conventionally engaged in risk-seeking behaviour across borders in order to create value for the firm (McDougall & Oviatt, 2000), thus challenging gradual internationalization model, where firms can test the market acceptance with minimal risk choosing export mode (Gabrielsson & Kirpalani, 2004). Moreover, born globals operating in emerging markets are facing higher institutional risk than those operating in developed markets, which results from insufficiently developed market support institutions in the host country (Schwen, Eiche & Kabst, 2011). Thus, collaborating with a foreign partner can help born global firms decrease their risk in foreign markets by gaining partner knowledge about host market, international experience and needed resources to create a sustainable competitive advantage on foreign markets (Kalinic & Brouthers, 2022). We propose:

Hypothesis 1c: *Born globals facing greater risk in international markets will use cooperative export modes while those facing lesser risk will use direct entry modes.*

2.1.3 Proactiveness

Proactiveness refers to the opportunity-seeking, forward-looking perspective of the firm and implies that firms take initiative in attempt to shape the environment in order to anticipate customer needs and wants, competitors' change in strategy and gain a first-mover competitive advantage (Lumpkin & Dess, 1996; Ripolles-Melia, Menguzzato-Boulard & Sanchez-Peinado, 2007) by pioneering new methods, techniques and products (Jantunen et al., 2008; Lumpkin & Dess, 2015). Proactivity (future orientation, taking the initiative, creating the change) in relation to a business partner on foreign markets can manifest in innovation leadership, customer engagement and market shaping (Brege & Kindström, 2020). Furthermore, proactiveness results in an increased level of market knowledge due to pursuit of new market opportunities (Zhou, 2007), while born globals' discovery of foreign market opportunity is driven by their proactive behaviour (Madsen & Servais, 1997; Nordman & Melen, 2008).

Born globals operate in dynamic markets where the speed and efficiency of seizing the opportunity might be crucial for survival, as windows of opportunity open and close rapidly (Freeman, Hutchings & Chetty, 2012). Born globals are inherently entrepreneurial (Knight & Cavusgil, 2004), thus consequently we might predict that they must behave in a proactive way. However, the literature offers mixed findings, claiming that born globals behave during their internationalization process proactively (e.g. McDougal & Oviatt, 2000), reactively (e.g. Sharma & Blomstermo, 2003), or both (Nordman & Melen, 2008). Similarly, born-globals behave reactively during early phases of pre-foundation and gradually become more proactive at the formal foundation, while non-global firms first behave proactively and then become more reactive when the firm is formally founded (Messina & Hewitt-Dundas, 2021). Born globals

display higher level of proactiveness than older firms, which can draw on previous international experience (Freeman, Hutchings & Chetty, 2012). Firm experience and foreign market knowledge are among main factors explaining why born globals might choose complex entry modes (labelled also as proactive entry modes) over exporting (Ripolles, Blesa & Monferrer, 2012). More specifically, born globals were found to behave proactively when entering culturally non-proximate markets (Freeman, Hutchings & Chetty, 2012), which might indicate that specific host market context will contribute to born global firm's proactiveness. Particularly in emerging markets born globals need to be proactive to expedite the recognition of new opportunities that in turn enhance their performance (Anwar, Clauss & Issah, 2022). As more proactive opposed to less proactive firms interact more rigorously with industrial environments, are more constrained by industrial conditions and depend more heavily on structural resources (Luo, 2003), which are even more challenging in emerging opposed to developed market, we believe proactive born globals will choose cooperative entry modes, where local partner will significantly contribute to overcome these challenges. In contrast, born globals with low level of proactiveness rather wait for market changes to happen and only then they react to it (Rauch et al., 2009). These firms seek to have a control over foreign business operations (Kalinic & Brouthers, 2022), thus they prefer to choose direct entry modes for the foreign market entry. Hence, we suggest:

Hypothesis 1d: *Born globals possessing greater proactiveness in foreign operations will use cooperative export modes while those possessing lesser proactiveness (being reactive) will use direct entry modes.*

2.2. Institutional distance, EO, and export mode choice

Institutional distance refers to the degree of similarity between home and host countries' institutional environments and describes born globals' familiarity with the host country environment (Zhang et al., 2022). Institutional forces constrain firm's behaviour by determining legitimate options and acceptable patterns of resource allocation, thus limiting strategic choices available to the firm (Dickson & Weaver, 2008). Institutional distance matters for firms entering foreign markets as different countries have different institutions and consequently different perception what is viewed as legitimate (Kostova et al., 2020). The institutional environment of born globals can condition the nature of entrepreneurship and thereby level of EO (Liu et al., 2019), as well as moderate possible effects of EO (Miller, 2011). SMEs tend to adopt high level of EO when it is perceived as a legitimate strategic response to uncertain situation and aligned with regulative, normative and cognitive features of institutions that constitute the foreign business environment (Dickson & Weaver, 2008).

Existing literature predominantly distinguishes between formal and informal institutional distance. Formal institutional distance refers to differences between home and host country's formal institutions like presence and implementation of laws, rules and regulations that constitute the basis of organizational practice (Gao et al., 2022), while informal institutional

distance refers to differences in beliefs, business practices and habits, values, norms, cultures and frames of interpretation (Zhang et al., 2022). Formal institutional distance is often related to regulatory environment, while informal to normative and cognitive elements of social structures. In fact, Scott (1995) conceptualized institutions as consisting of 3 pillars (Kostova et al., 2020): a) normative (values, norms and cultures), b) cognitive (cognitive structures taken for granted in the society), c) regulatory (laws and rules that ensure order and stability in the society). Normative and cognitive institutional differences between home and host country environment are considered 'bad', while some regulatory differences are 'good' and some are 'bad', which implies the direction of differences will matter (Kalinic & Brouthers, 2022). Finally, born globals' highly innovative, proactive and risky behaviour would be seen as legitimate when environments would present plenty of opportunities (Dickson & Weaver, 2008).

The relationship between institutional distance and entry mode is empirically inconsistent and theoretically unclear (Zhang et al., 2022). For instance, prior research reveals that in case of high institutional distance firms will choose entry modes that offer high degree of control (e.g. Gaur & Lu, 2007), as well as entry modes that offer low degree of control and resource commitment (e.g. Xu & Shenkar, 2002). One of the reasons for these ambiguous results could be found in differences between home and host markets, where the literature distinguishes between positive (home market is institutionally more developed than host market) and negative institutional distance (home market is institutionally less developed than host market). Negative institutional distance increases the likelihood that the firm would choose cooperative entry mode over hierarchical entry mode, while positive institutional distance does not affect firm's entry mode choice (Mueller, Hendriks & Slangen, 2018).

Amongst all the possible channel choices for export, beyond the well-established TCE contribution to the field, in their recent work, Kalinic and Brouthers (2022) established the cooperative mode of export operation to be a best-performing mode for an EO-oriented firm operating in an institutionally distanced market setting. Cooperative mode of operation provides an EO firm with additional opportunities and resources specifically when the market is institutionally distanced (Kalinic & Brouthers, 2022). They studied institutional factors at the country level, while Brouthers (2013) emphasises the institutions should be defined as perceived uncertainty. The decision regarding mode choice is more difficult when there is perceived uncertainty in the foreign market, and when diversity in the sources of these uncertainties forces the company to balance flexibility and control in an integration decision (Aulakh & Kotabe, 1997). Thus, we believe institutional distance will have a significant impact on the relationship between EO and export mode chosen by born globals.

Bellow we develop three sets of arguments for the moderating effect of all 3 pillars of institutional distance: normative, cognitive and regulatory distance. Moreover, while studying moderating effect of institutional distance on EO-entry mode relationship, we focus solely on born globals with high level of EO. Specifically, we conceptualized (see previous chapter) low

EO born globals will internalize export operation, so institutional distance will play a limited role in this entry mode choice. In contrast, born globals with higher level of EO will externalize their export operation, where the moderating role of institutional distance can be critical in explaining the increased (decreased) value of choosing cooperative entry modes (Kalinic & Brouthers, 2022).

2.2.1 Normative distance

Normative distance refers to differences in values (preferred or desired patterns of behavior) and norms (prescribed patters of behavior) between born globals' home and host country (Dickson & Weaver, 2008). In entrepreneurship terms, normative part of institutional distance can be described as "degree to which a country's residents admire entrepreneurial activity and value creative and innovative thinking" (Busenitz et al., 2000, p. 995) and captured the degree to which firms with high EO could benefit from environment where the entrepreneurial spirit and risk-taking is valued by various stakeholders (Wales et al., 2021). In such circumstances firms may find it easier to acquire new customers and sell new products, as these customers may be more willing to rapidly adopt innovative products from unknown new entrants to the market (Saeed et al., 2014). Hence, we may suspect that firms would prefer to enter markets with high normative support with direct/hierarchical entry mode, opposed to markets where normative distance is high and collaborative entry mode might be preferred.

Moreover, shared values and norms, as well as beliefs and interpretations arising from common experiences of people are defining culture (House et al., 2004), which may be interpreted as the main channel of normative processes within institutional environment (Dickson & Weaver, 2008). If we take uncertainty avoidance as one of cultural dimensions (Hofstede & Hofstede, 2001; House et al., 2004) that relates to society's lack of tolerance for ambiguity (Hofstede & Hofstede, 2001), we may well explain why born globals with high EO will use cooperative export modes to enter foreign markets with high level of normative distance. Born globals with a high level of EO will behave more proactive, innovative, risky and opportunistic, which might not be seen as legitimate in the society with a high value of uncertainty avoidance. Thus, born globals with high level of EO will turn to local partners to share the burden of market entry. Local partners would help high EO born globals access the intangible resources and knowledge deeply rooted in the society (Gaur & Lu, 2007), allowing them to take advantage of its EO and compensate for the lack of knowledge on the host market (Kalinic & Brouthers, 2022). Hence, we suggest:

Hypothesis 2a: *Born globals possessing greater proactiveness entering normatively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering normatively close markets.*

Hypothesis 2b: *Born globals facing greater risk entering normatively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering normatively close markets.*

Hypothesis 2c: *Born globals possessing greater product innovation novelty entering normatively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering normatively close markets.*
Hypothesis 2d: *Born globals possessing greater product innovation intensity entering normatively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering normatively close markets.*

2.2.2 Cognitive distance

Cognitive distance refers to differences between born globals' home and host country's frames through which meaning is made and legitimacy is achieved through common framework of reference or a common understanding of situations and events (Dickson & Weaver, 2008). In other words, cognitive distance refers to managers' perception of the foreign country environment and appropriate responses that would be recognized as legitimate. As cognitive aspects of institutional differences affect a range of managerial decisions regarding firm's internationalization (e.g. transfer and management of knowledge between markets, understanding needs of local employees, the level of international marketing strategy adaptation), cognitive factors in fact shape firm's corporate culture and influence firm's performance (Del Giudice et al., 2017). Firms operating in a country with a well- developed education and training system emphasizing entrepreneurship, will have greater access to knowledge and entrepreneurially educated workforce (Urban, 2019; Wales et al., 2021). We may argue that in the opposite case firms may turn to local partners who would help them acquire this knowledge. Indeed, high cognitive distance was found to influence SMEs to choose non-equity base collaborative entry modes (Del Giudice et al., 2017). Based on this reasoning we suggest:

Hypothesis 3a: *Born globals possessing greater proactiveness entering cognitively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering cognitively close markets.*
Hypothesis 3b: *Born globals facing greater risk entering cognitively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering cognitively close markets.*
Hypothesis 3c: *Born globals possessing greater product innovation novelty entering cognitively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering cognitively close markets.*
Hypothesis 3d: *Born globals possessing greater product innovation intensity entering cognitively distant markets will have a greater tendency to use cooperative export modes compared to those same firms entering cognitively close markets.*

2.2.3 Regulative distance

Regulative distance refers to differences in "processes which set rules, monitor conformity and manipulate sanctions in order to influence the future behaviour of the firm" (Dickinson & Weaver, 2008, p. 439). Emerging markets are typically facing inadequate regulatory framework and unpredictable / inconsistent government policies that lead firms to higher transaction costs and operating challenges, thus impeding entrepreneurship (Urban, 2019). Specifically, the ineffective and unclear regulations and weak property rights protection in China has made it difficult particularly for foreign firms to harvest from innovations and entrepreneurial behaviour (Tang & Tang, 2012). In such institutional environment, firms with high level of EO that develop new products ahead of their competition will face piracy and other forms of expropriation, which puts their EO returns at risk (Wales et al., 2021).

When firms operate in foreign markets with no major differences in its legal and regulatory environment, they prefer to stick to their familiar practices at home (Wang & Chung, 2020; Gao et al., 2022), which would suggest that born globals under such conditions would prefer to maintain the control over international operations and choose direct/hierarchical entry mode. However, when born globals expand to markets characterised with high regulative distance, differences in policy and legal environment might force them to alter their behaviour to be perceived locally as legitimate (Wang & Chung, 2020). Adaptation would enable them to adjust their products and accommodate their marketing strategy to host market institutional demands (Gao et al., 2022). Born globals with high entrepreneurial orientation would prefer adaptation over standardization (Hennart, 2014), but are often faced with significant resource constraints and consequently active adaptation is rarely possible. Thus, through their choice of cooperative entry modes local partners would enable them access to market-specific institutional knowledge that they could turn in to better conformity to host country's legal requirements and striving in the market. Thus, we propose:

Hypothesis 4a: *Born globals possessing greater proactiveness entering markets with similar regulations will have a lower tendency to use cooperative entry modes compared to those same firms entering markets with different regulations.*
Hypothesis 4b: *Born globals facing greater risk entering markets with similar regulations will have a lower tendency to use cooperative entry modes compared to those same firms entering markets with different regulations.*
Hypothesis 4c: *Born globals possessing greater product innovation novelty entering markets with similar regulations will have a lower tendency to use cooperative entry modes compared to those same firms entering markets with different regulations.*
Hypothesis 4d: *Born globals possessing greater product innovation intensity entering markets with similar regulations will have a lower tendency to use cooperative entry modes compared to those same firms entering markets with different regulations.*

2.3 Real options (RO) in entry mode research

Real options theory (ROT) originates from the investment literature, where the expansion is a "real option" or the right to exploit the future opportunities and such right in the context of growing markets can represent substantial part of the firm value (Kogut, 1991). In case of international business literature, the exercise of the option takes form of entering the foreign market, while the focus can be on the timing of foreign entry as well as the entry mode (Chi et al., 2019). ROT states that in an uncertain international environment, the choice between expanding by making an equity commitment or entering without making an equity commitment depends on the relation between firm's assets vis-à-vis threats in volatile environment (Rivoli & Salorio, 1996) which connects with balancing between flexibility and commitment (Li & Li, 2010). Similarly as Transaction Cost Economics (TCE), ROT explains the uncertainty decisions that firm face and how they protect their valuable assets in foreign entry decisions, but in contrast to TCE, ROT focuses on environmental uncertainty being exogenous to the firm (Wooster et al., 2016). While there are many detailed modes of foreign market entry, these modes can be grouped as non-cooperative channels vs. cooperative channels (Pan & Tse, 2000). In such dichotomous world, the internationalizing firm may balance between maximizing control (non-cooperative mode) and maximizing flexibility (cooperative) of their export market operations (Anderson & Gatignon, 1986; Pak & Park, 2004). In general, if the environmental uncertainty increases, the cooperative mode is preferred over the other modes (Chi et al., 2019), because such option allows the firm to go "step by step" and better prepare for equity investments. Specifically, there is a real option for first building appropriate knowledge about anticipated benefits through experiential learning and partnering and investing eventually only when appropriate (Chi et al., 2019; Trigeorgis, 1996). ROT asserts that when businesses don't know what will happen in the environment, they might want to "try and see", i.e. companies will start with a small investment and then either make more investments, give up on the investment, or wait (Ipsmiller et al., 2019).

There are few dimensions of ROT-based investmentthe investment irreversibility (1), the risk of competitive pre-emption (2) and risky market environment (3) (Ahsan & Musteen, 2011; Chi et al., 2019; Li, 2007; Reed & Storrud-Barnes, 2010). The option to keep managerial flexibility (i.e. cooperating instead of committing resources) is suggested when the commitment decision (e.g. channel partners acquisition, or sale subsidiary branches) cannot be reversed without costs. If stand-alone entering foreign markets demands risky asset specific investments, ROT suggests "try and see" approach (Wooster et al., 2016). Smarzynska - Javorcik (2004) shows that when the risk of an investment increases, multinational companies are less likely to put a lot of money into it. The other aspect that increases perceived uncertainty is the anticipated competitive pre-emption (Chi et al., 2019). For example, while deciding about entering foreign markets, firms may restrict their investments, if they acknowledge that there is high probability that some other, especially big competitor, may enter the market first. The rivalry witch such competitor may be economically irrational or just too risky as such competitors, e.g. MNEs, tend to orchestrate the whole markets and the whole value chains

(Johnsen et al., 2020). Thirdly, if the market environment is perceived as too volatile and risky, the firm may defer investment to build up potential for passive learning of the new environment and commit at later stages. There is a rich literature illustrating that some smaller companies learn from interactions with export market partners and in time they invest more in building their more independent positions in international markets (Lacoste & Johnsen, 2015; Siemieniako et al., 2022).

While ROT is interpreted in international business context as the guide to prevent from direct entry and entering cooperatively (e.g. joint venture, agent) in volatile export markets, we cannot be sure entering this way is always profitable. However, there is an expectation that more volatile is the perceived potential presence in foreign market, the more economically justified is "try and see" (Wooster et al., 2016) approach which is logically more likely to be achieved through cooperative mode of operation. While the current research focuses mostly on MNEs and their entry decisions, this research generally demonstrates that multidimensional uncertainty (i.e. combination of high market volatility and investment irreversibility), justifies very limited investments at the entry stage (Chi & Seth, 2009; Jiang et al., 2009). A limited investing during the foreign market entry, e.g. in attracting and adjusting to some valuable export agents, may help the focal company to establish efficient distribution channel, learn the foreign market and even bring first mover advantages (Bowman & Hurry, 1993; Rivoli & Salorio, 1996). Importantly, such entry tactic provides the internationalizing firm with appropriate flexibility in managerial decisions (Ipsmiller et al., 2019), which may result in more optimal further behaviour on foreign market, i.e. expanding the partners' network and managing existing partners' portfolio if necessary. The literature provides the evidence that business partnering in volatile international markets does not have to take form focusing on the same close ties only, but instead developing some capabilities for effective networking (Arasti et al., 2021; Capaldo, 2007).

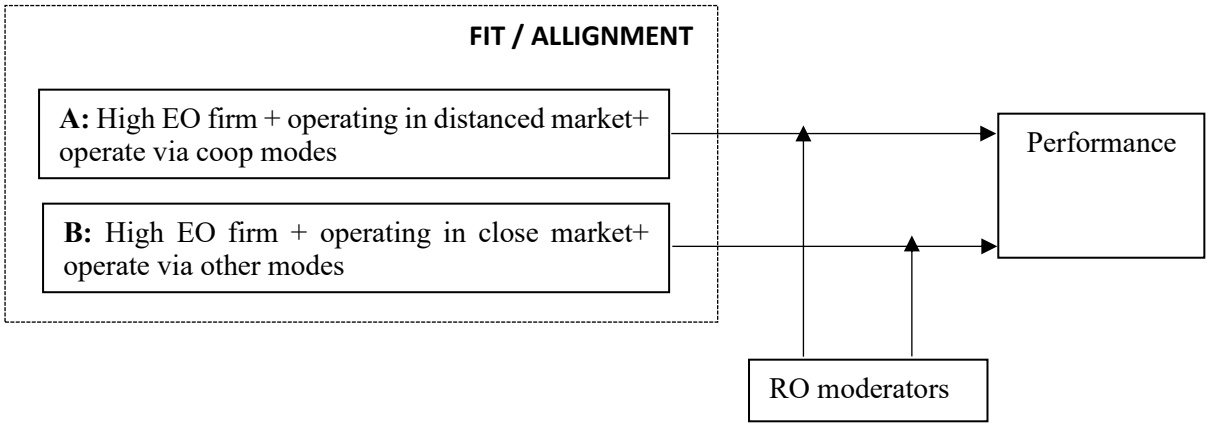
As our knowledge about international strategies of born global firms is limited in general (Cesinger et al., 2012), there is no clear mechanism explaining effective entry mode of born globals operating in volatile export environment. Some studies suggest that born globals combine various internationalization modes from the early years of their functioning (Andersson & Wictor, 2003; Melén & Nordman, 2009). On the one hand, the study by Efrat & Shoham (2013) suggests that the entry mode of born globals is not related significantly to the competition intensity but on the other hand, the entry mode seems to be related to host country political stability which may be treated as source of perceived uncertainty in terms ROT uses. The international business ties seem to be a very important driver of internationalization in case of born global firms as such firms use their connections to build appropriate knowledge for international expansion (Sharma & Blomstermo, 2003). Therefore, if the networking is general trigger to go abroad for born globals, cooperation with host market actors may be logical real option for mitigating risk with too early asset commitment. Similarly, there is an evidence that born globals tend to use non-equity entry, if the host market is culturally distant (Gleason & Wiggenhorn, 2007), thus one can expect positive interaction between high perceived

uncertainty about the export market and the tendency of early internationalizing firms for cooperative entry.

2.3.1 Aligning entry mode with entrepreneurial orientation and institutional distance (fit)

Aligning export channel choice with strategy (EO) and institutional distance (uncertainties) can impact born globals' "ability to exploit its firm-specific EO in an export market" (Kalinic & Brouthers, 2022). Taking an entrepreneurship perspective, born globals should choose the structure that provides best value opportunities by aligning entry mode choice with their EO. In such setting, collaborating firms are not merely transactional partners, but rather a strategic asset and a supplier of needed resources that enable born globals with higher level of EO to capture greater value in their international operations. The potential of capturing value through firm-specific EO can be affected by institutional distance between home and host market. Accordingly, aligning strategy with institutional differences in the foreign market and TCE factors will provide value creation benefits.

Figure 2. The relationship between fit/alignment and born globals' performance, and the role of real options moderators



The discussion in Kalinic and Brouthers (2022), and the contribution of EO conveys that EO helps firms benefit from cooperative modes as " they are willing to bear the costs and business risks associated with cooperation because they believe that the benefits that can be achieved through access to additional resources will outweigh any costs". The logic is how to create value through a mode of operation, i.e. value creation rather than efficiencies (which is TCE consideration). However, this argument (value creation rather than efficiency or cost reduction) can be supported and strengthened by the RO lens, as well (e.g., Brouthers, Brouthers & Werner, 2008). The option value can be created by choosing entry modes depending on the environment (institutional distance). Here we have two sets of aligned firms, group A and group B (see Figure 2)[1] and propose accordingly:

[1] Here we follow the same logic as explained in section 2.2 and focus solely on firms with high EO.

Hypothesis 5: *The aligned firms in both groups A and B, and their choices of mode under specific condition (institutional distance), could create value under the mechanism explained by RO:*

Group A firms *operate in the institutionally distanced markets (higher uncertainty), so, under RO lens a cooperative mode gives them both options to grow and withdraw and creates value (improved performance).*
Group B firms *operate in the institutionally close markets (less uncertainty), so, under RO lens the mode that gives the firm option to withdraw is not essential and does not create value so firms can benefit from solo investment and enjoy their option to grow (improved performance).*

2.3.2 The role of RO-related moderators in fit's influence on export performance

Uncertainty in the business environments means that the negative effects of value creation mismatches between strategy, structure and individual differences are magnified. For instance, entrepreneurial firms operating in institutionally different markets will benefit more in terms of value generation from cooperative export channel choice relative to less entrepreneurial firms. Indeed, choosing non-cooperative export channels will reduce their ability to derive entrepreneurial inputs and value from cooperative partners. The RO theory of investment suggests that in a world of uncertainty (here, created by institutionally distanced / unfamiliar environment), firms should avoid high-commitment investment. They are better off choosing to minimise current investments, while securing an option to invest at a later time, when they have obtained more information and are able to re-evaluate the uncertainties involved (Brouthers, Brouthers & Werner, 2008; Li, 2008). Cooperative modes of operation with limited investment in the host country partnerships (e.g. JVs, using agents, strategic alliance) could act as real options investment and provide the firm with access to knowledge about the uncertainties (Dixit, Dixit & Pindyck, 1994; Ipsmiller et al., 2019).

In this study, we use four canonical condition of RO-related investment decisions: investment irreversibility, competitive pre-emption, investment uncertainty and institutional barriers. For instance, when there is a risk of competitive pre-emption, cooperative mode enables the firm with a higher speed to the market, especially in case of born globals with limited resources, so that they could benefit from reduced risk of competitive pre-emption and improve performance. Additionally, the institutional barrier in the specific market reflects the perceptual institutional barriers/distance that directly affects the manager's decision-making, thus, could intensify the relationship between cooperative mode and performance. This corresponds to the call from Brouthers (2013, p. 19) who suggested in order to truly understand entry mode performance relationship one should measure both the perceived institutional distance and the actual distance, as "managerial perceptions of institutional distance are an antecedent entry mode choice, but the performance outcome of a particular decision such as entry mode structure is mediated through the actual circumstances". We propose:

Hypothesis 6: *This relationship between alignment and performance is stronger:*

Hypothesis 6a: *When Investment is irreversible, specifically:*
Group A firms *in distanced markets (less familiar and uncertain) can create even more value from collaboration, as cooperation modes provided them with a chance (option) to both grow and withdraw depending on how their learning progress and institution unfolds.*
Group B firms *in close markets (more familiar and less uncertain), can create more value by entering the market solo. As they are entrepreneurs (proactive, risk takers, and innovative) so their investment (although irreversible) does not make them vulnerable to value creation and performance but improves it as they can benefit from specific and additional resource investments they do and not share the profit with a partner. They benefit from the option to grow (solo market operation mode).*

Hypothesis 6b: *When competitive pre-emption is high, specifically:*

Group A firms *in distanced markets, operating via collaboration increases their speed to the market and neutralises the risk of pre-emption by competitors, in addition, it gives the option to grow and withdraw, and creates value.*

Group B firms *in close markets, operating via direct presence and sole investment might be more effective in preventing competition pre-emption and creating value and options to grow.*

Hypothesis 6c: *When institutional barrier (firm level) is high, specifically:*

Group A firms *can learn from their partner, learn the rules of the game and reduce/overcome barriers, so they can create value since collaboration gives them both options to learn and grow, or withdraw. The higher the institutional barrier, the higher/more value is generated through collaboration and options.*

Group B firms *operating in familiar markets, so it is easier for them to overcome high institutional barriers and create value through direct or solo modes of entry. They benefit from the option to grow to create value.*

Hypothesis 6d: *When investment risk is high, specifically:*

Group A firms: *their market is already distanced, they need resources to cope with unfamiliarity, so avoiding solo investment and sharing the risk via collaboration help them create value (improve performance), this mode gives them both option to grow and withdraw.*

Group B firms*: their market is familiar "so, it is easier for them to transfer and use capabilities developed in the home country", therefore, fewer additional resources might be required to*

operate in these markets. Therefore, with the increase in investment risk and insecurity, fewer additional resources might be in danger of losing, so the benefit of their solo investment outweighs the risks, so they still have the option to grow.

3. Methods

3.1. Research context and sample

The born global phenomena studies have been mainly limited to firms operating in Western developed markets. There is a dearth of research on born global firms in different institutional settings (Zhang, Tansuhaj & McCullough, 2009). This study chooses China as an institutionally different context to examine this growing phenomenon. Rapid institutional change as a result of reforms and market liberalization in China fosters entrepreneurial behaviours of born globals in the country (Zhang, Tansuhaj & McCullough, 2009). As a leading export country since 2009 (Ma, 2022), an emerging market and its transition to a market economy, China is an appropriate country to study. Specifically, Eastern provinces in China, account for the overwhelming share of China's exports and rely more on trade than any other region, factories in the East still churn out more than 80% of China's goods exports (Cochrane et al., 2019). To test our hypothesis, we used survey data obtained from a directory of 22,000 exporters in the People's Republic of China (Zhou et al., 2014). To overcome the difficulty of collecting survey data from firms in China (e.g., Puthusserry, Khan & Rodgers, 2018; Brouthers & Xu, 2002), the survey was conducted by a market research agency in Beijing, China to a sample of 1000 firms located in Beijing, Guangdong, Zhejiang, Shandong and Hebei, the most industrial regions in China. The target respondents were export managers/ decision makers of these Chinese exporting firms operating within different manufacturing industries. The data was collected through telephone interviews. We obtained 250 valid responses, representing a response rate of 25% (the effective response rate is 100%, since companies that agreed to participate, completed the questionnaire on the phone, and answered all the questions). Amongst these firms, 187 meet the criteria for being born global. To be considered born global, firms should manage to achieve more than 10% (McDougall, 1989; Zahra, Ireland, & Hitt, 2000; Zhou, Wu & Luo, 2007) of their annual sale from export within 5 years of their establishment (Acedo & Jones, 2007). These criteria are arbitrarily used in previous studies on early internationalizing firms (e.g., Zahra, Ireland, & Hitt, 2000; Zhou, Wu & Luo, 2007; Sadeghi, Rose & Chetty, 2018).

The sample is comprised of B2B exporters, has on average 133 employees, exports to 18 countries, has been established for 8 years, and has been in exporting for 7 years. These firms, on average, accrue 65% of their sales revenues from exports.

3.2. Measurements

The variables' operationalisation was based on the established measurement in the relevant literature.

Export operation mode. Building on the previous export channel studies (e.g. Kogut & Singh 1988; Klein, Frazier & Roth, 1990; He, Brouthers & Filatotchev, 2013; Anderson & Gatignon 1986; Aulakh & Kotabe, 1997) this study recognises six types of export operation modes and asks respondents to "determine the main mode that represents your predominant way of exporting to their recent market". the definition of different modes are provide for them as follow:
"Sales agent: this agent is an independent permanent representative of your firm in this foreign country; they sell your products on behalf of you."; "*Collaboration:* you have set up a collaboration in the country (e.g. a Joint Venture, piggybacking, commercial franchising, or licencing)"; "*Foreign importer or distributor***:** you sell your product to an independent foreign business, that resells it in the foreign country at its own risk/profit."; "*Direct sales***:** you sell directly in the foreign country, but you do not use local intermediaries, have a local presence, or employ export sales representatives."; "*Salaried representatives***:** you employ a salaried staff member to sell your product in the foreign country. You have not invested in sales office, etc.", and "*Branch office or Subsidiary***:** you have a local presence in the country and have invested directly in it (e.g. sales office, warehousing)". Similar to He et al. (2013) and Kalinic and Brouthers (2022), a binary variable of export mode operation was created depending on whether or not other parties are involved in export sales of the products. Firms with cooperative operation modes including sales agent, collaboration, or foreign importers and distributors assigned a value of 1 and firms with operating via salaried representatives, or owning branch offices are assigned a value of 0. Accordingly, 114 Respondents selected cooperative channels (29 sales agents, 31 collaborations, 54 foreign distributors), and 73 respondents chose non-cooperative ones (70 direct sales, 1 salaried representative, 2 branch offices or subsidiary).

Export performance. Export performance is a multidimensional construct. Two aspects of firms' economic achievement in their export markets including export sales (as a control variable), and export profits as a dependent variable have been measured in this study. Each dimension was measured against different satisfaction criteria. Satisfaction is one of the most-studied subjective performance variables in marketing and is well-established in export marketing as well (Lages, 2000; Shoham, 1998; Cadogan, Diamantopoulos & Siguaw, 2002). Using a 7-point Likert scale, respondents were asked to rate their satisfaction with the venture over the last financial year, in terms of Overall venture profit, Venture profit goal achievement, and meeting the venture profit objectives. To measure the venture sales satisfaction, respondents were asked to provide their opinion, on a scale of 1 to 7, on their export sales achievements in this export venture over the last financial year on Export sales volume, Export sales turnover, and Export sales share.

Independent and moderator variables

Export entrepreneurial orientation (EO). Three components of EO including export innovativeness (both product innovation intensity and product innovation novelty), export risk-taking, and export proactiveness operationalised by measures sourced and adopted from Boso et al. (2013) and Story et al. (2015). Four scales with a total number of 16 items on seven-point Likert scales were developed.

Institutional distance. Drawing on Scott's (1995) institutional theory three pillars of institutions, i.e., regulative, normative and cognitive distance were used as three institutional distance moderators of the study. Institutional idiosyncrasies create market imperfections and require managers to adjust their resources, knowledge and strategies to successfully operate in markets with different institutional contexts. Each of these institutional pillars can act either as a barrier to add cost and delay in international operation or facilitate that (Brouthers, Brouthers & Werner, 2008b).

To aid comparisons, we took Kalinic and Brouthers (2022) measures which were built on the work of Scott (1995). Accordingly, *regulative pillars* that reflect rule setting, monitoring, and sanctioning of a country (Scott 1995), were captured using seven factors from the World Economic Forum's Global Competitiveness Report 2016–2017. The protection of intellectual property, the government inefficiency measure (efficiency of legal frameworks, and transparency of policymaking), and the goods market efficiency portion of the database (the effectiveness of anti-monopoly policy, tariff rates, prevalence of foreign ownership, and burden of custom procedures) were included to calculate the regulative pillar. Each item was standardized and summated to create one factor. Then, the regulatory distance between each export market and China was estimated.

The *normative pillar* as defined by Scott (1995) specifies how things should be done (set objective) and assigns legitimate means to pursue valued ends. As such, social norms can affect the ease of export operations management (He, Brouthers & Filatotchev, 2013). Following Brouthers et al. (2008b) and Kalinic and Brouthers (2022) social norms were measured using four items including attitudes toward claiming government benefits, avoiding a fare on public transport, cheating on taxes, and accepting a bribe. attitudes toward claiming government benefits from the World Value Survey 2016-2017. The normative distance was calculated as the absolute value of the difference between the export market social norms value and the home market value and then cantered for analysis

The final institutional dimension, *cognitive pillar*, refers to an internal representation of the institutional environment by an individual (Scott, 1995). Similar to previous studies (Gaur & Lou, 2007; He, Brouthers & Filatotchev,2013; Kalinic & Brouthers, 2022), Hofstede's (1980) four dimensions of national culture were used as a proxy to create cognitive (cultural) distance variables. For each firm, cultural distance between China and their export market under the study was calculated using values for each item.

To test the moderator effect, we first created product terms and then followed the residual cantering approach (Lance, 1988). The residuals resulting from regressing a product term onto its corresponding variables is saved and used as moderators in the model. The residual centring

guarantees full orthogonality between a product term and the variables from which such product term is derived (Lance, 1988), thereby resolving the issue of collinearity. All moderating variables were calculated by this method.

Real options variables used as moderators in the model predicting performance. The measurement items for these factors were developed for this study based on the limited literature in the field. *Investment Irreversibility* is associated with the risk that an investment cannot be easily redeployed, or can only be sold at a discount (Kogut & Kulatilaka, 2001; Folta, Johnson & O'Brien 2006; Folta & O'Brien, 2004). It is expected that, in the presence of high investment irreversibility, the firms will be careful in evaluating the uncertainty level of the investment opportunity (Pindyck, 1991; Jiang, Aulakh & Pan, 2009). Investment irreversibility and asset specificity are sometimes used interchangeably in the literature (e.g. Wooster, Blanco & Sawyer, 2016; König 2009). However, in this study, investment irreversibility is specifically defined as the extent to which the investment made in a foreign country, including both tangible and intangible, could not be recouped without incurring cost. Based on this definition, three items were developed to measure the investment irreversibility scale on a range of 1 to 7. *Competitive pre-emption* is associated with competition actions that luck the firm out of market opportunities that may pre-empt strategic advantages (e.g., resource access, finding partners, and other investment opportunities) (Lieberman & Montgomery, 1988). To capture the values of competitive pre-emption, three items were developed based on Jiang et al. (2009). We asked respondents to indicate their degree of agreement on a 7-point Likert scale on the real risk that competitive action would lock them out of market opportunities. To capture venture-specific *investment risk*, we developed a three-item measure asking respondents to specify the extent to which they feel investing their business resources (e.g. manpower, money, physical assets, training, marketing, etc.) in this country was safe, protected, and secure. This measure was developed to capture the perception of the decision-makers of the business environment before their resource commitment, as the presence of this risk can increase the value of "wait and see" and discourages market entry and investment (Wooster, Blanco & Sawyer, 2016). The cognitive measure of uncertainty is important as managers may perceive and interpret the environment differently and take subsequent actions (Li, Liu & Qian, 2019; Nuruzzaman, Gaur & Sambharya, 2021). *Institutional Barrier.* when it comes to institutions, the related stream of research focuses on the distance between host- and home-country institutions and how such distance affects foreign market operation modes (He, Brouthers & Filatotchev, 2013; Brouthers, Brouthers & Werner , 2008b; Kalinic& Brouthers, 2022). However, there are other studies (Delios, 2017; Brouthers, 2013) that criticise the use of ''objective'' secondary measures as a proxy for institutional environment dimensions 'due to an oversimplification that is detached from reality' (Nuruzzaman, Gaur & Sambharya, 2021). Thus, to address the perceptual institutional context that impacts managers' decision-making, we borrowed institutional barrier items from Oliveira et al. (2018). Respondents were asked to rate the extent to which, overall, institutional factors (e.g. court systems, political instability, widespread corruption, crime and theft) hindered their firms' export activities over the past 3 years. All items were measured using 7-point Likert scales.

Control Variables

We controlled for ***TCE*** factors. Measurements were borrowed and adopted from international business (Brouthers, Brouthers, & Werner, 2008a) and export channel research (Shervani, Frazier & Challagalla, 2007; He, Brouthers & Filatotchev, 2013). As such, asset specificity was measured by the percentage of Sales turnover on R&D, and behavioural (internal) uncertainty was measured with a single item of "the difficulty of measuring sales performance of the export venture". Drawing on Oliveira et al. (2018), external uncertainty was considered an aggregated entity and a reflective construct, defined as "the extent to which predicting what would happen to investments in the export ventures have been difficult" and was measured using three items on a 7-point Likert scale, ranging from 1= "not at all" to 7= "to an extreme extent". Adapting from Klein et al. (1990) we considered the Export sales growth rate as a proxy for export frequency.

Other control variables. We additionally controlled for the effect of firm and industry characteristics that are associated with having an impact on companies' channel choices. This includes *export scope* measured by the number of export countries (Kuivalainen, Sundqvist & Servais, 2007), firm *export experience* captured by the number of years the firm operates as an exporter (Boso, Story & Cadogan, 2013), and *firm size* captured by the number of employees (Balabanis & Katsikea, 2003), *experience with the same venture* (yes/no), *Years in the same venture* (number of years) the *existence of formal export department* (yes/no), and *type of export sales* (percentage of Product/Service). The respondents were also asked to indicate the industry their firm operates in out of 12 categories (Wang, 2008). We created dummy variables for each industry and only included industries with more than 3% of firms belonging to them. Consequently, Apparel, Metal fabrication, Machines and equipment, Instrument (medical, optical, measuring devices), and Electronics industries met the criteria and were kept in the model.

Alignment/ fit variable. A considerable number of researchers (e.g. Aulakh & Kotabe, 1997; Brouthers, Brouthers, & Werner, 2008a, b; Brouthers, 2002; Brouthers et al., 2003; Fernández-Olmos & Díez-Vial, 2015; Kalinic & Brouthers, 2022; Shaver, 1998) defined the performance as a 'fit variable'. They compared the performance of "firms using theoretically predicted modes vs. those using other modes" (Brouthers & Hennart, 2007, p. 413). It is expected that firms with theoretically driven strategies outperform the ones that act differently. This is based on the idea of strategic fit first developed by Venkatraman (1989). Following the previous entry mode research (Brouthers, 2013; He, Brouthers & Filatotchev,2013; Brouthers, Brouthers, & Werner, 2008a; Kalinic & Brouthers, 2022) we use a Heckman type two-step method to determine fit and to try to correct for the fact that export channel choice is non-randomly selected by firms, rather than trying to correct for the fact that the firms in our sample are not randomly observed. This way we correct for endogeneity, and then a two-stage least squares (2SLS) estimation strategy for entry mode choice is appropriate. Therefore, we created three fit variables to test the performance consequence of our firms' channel choice. We included

the created inverse Mills ratio as control in our models, the significance of this control variable indicates that unobservable firm characteristics are related to mode choice.

3.3. Common method bias

In order to minimise the common method variance issue, as advised by Podsakoff et al. (2003), three approaches in designing the questionnaire were considered: (1) varying the scales anchors and response format for different constructs; and (2) reverse coding some items in the questionnaire. In addition, to detect and control for any possible common method variance, following previous studies (e.g. Podsakoff et al., 2003; Chang, Van Witteloostuijn & Eden, 2010) an ex-post examination, namely Harman's one-factor test, was carried out by modelling common method bias factors in the measurement models to assess and attenuate for potential method bias issues. The fit achieved for the constrained one-factor model is far from being accepted which is assuring that CMV is not an issue in this study and does not pose a threat to the results.

4. Analysis and findings

Before running the analysis, we executed collinearity diagnostics by examining the bivariate correlations and variance inflation factors. Table 1 contains correlations, means, and standard deviations of all variables included in the statistical analysis. The multicollinearity was checked for all variables, VIFs in all models vary between 1.2 and 4.1, so none was found to be present in the data.

Insert Table 1 about here

4.1 Export channel choice results

To test the hypothesis on predicting export channel choice (H1a-d) binary logistic regression was used. Dependent variable is export channel mode which is a binary variable that indicates whether the export operation mode is cooperative (value=1) or non-cooperative (value=0).

The result of the analysis is illustrated in Table 2. Model 1 which includes all transaction cost, and other control variables returns a nonsignificant Hosmer-Lemeshow which is evidence of good fit (Hosmer-Lemeshow Chi-square= 10.61, P>0.05). Model 2, includes all variables in model 1, as well as all EO variables: risk-taking, proactiveness, innovation intensity, and innovation novelty. While our model shows a good fit (Hosmer-Lemeshow Chi-square= 10.61, P>0.05) and explains the 12% of the variance in export channel choice (Nagelkerke R Square= 0.117), none of the variables except Apparel industry predict the export mode of operation significantly.

Insert Table 2 about here

In the final model, model 3, we introduced institutional distance variables: normative, cognitive, and regulative distance, and examined the interaction between all the institutional distance variables and every dimension of EO. As such, model 3 has 15 more predictors of export operation mode. We found that model 3 increased the explanatory power over model 2, it explains about 32 per cent of the variance in our dependent variable (Nagelkerke R Square= 0.325), which results in an 20% increase in variance explained and the model keeps a good fit to the data (Hosmer-Lemeshow Chi-square= 10.22, P>0.05). This model partially supports hypothesis 1. Born globals with higher EO characteristics including *Risk-taking (H1c), proactiveness (H1d), and innovation novelty (H1b)* are found to be significantly related to use cooperative export modes supporting hypothesis 1b-d ($p<0.05$).

The interaction of different institutional distances with EO dimensions are also partially supported and the result is presented in model 3. Specifically, *normative distance was found to* moderate the relationship between *risk-taking* and *product innovation intensity* with choosing cooperating export operation mode. Specifically, the highly significant relationships ($p<0.01$) indicates that for born globals with higher risk-taking and product innovation intensity characteristics, the probability of choosing a cooperative export channel increases in markets with higher values of normative distance. This probability decreases when *normative distance* is low. Therefore, hypotheses 2b, and 2d are supported.

On the other hand, the probability of higher *risk-taker* born globals choosing cooperative modes of export operation decreases with higher values of regulative distance ($p<0.05$). This rejects hypothesis 3c, as the sign is opposite what was proposed. At the same time, the probability of born globals with higher *product innovation novelty* choosing cooperative modes of export operation increases with higher values of regulative distance ($p<0.05$). As such, the result support hypothesis 3b.

The result of the analysis of cognitive distance as moderator of EO dimensions and cooperative operation modes was not significant, and none of the hypotheses 3a-d were supported.

4.2. Export performance results

As reported in Table 3, 4 models were developed to test the export performance hypothesis, comparing the performance of firms using theoretically predicted modes versus those using other modes. Using the logistic regression results in the previous stage, (Table 2, Model 1-3), three different fit variables were created, namely *fit-controls*, *fit-EO*, and *fit-EOxInstitutional distance*. These fit variables are binary variables, they take a value of one if the predicted (theoretical) export operation mode in the model is the one that actually used by the firm; otherwise, it takes a value of zero. To correct for endogeneity, inverse Mills ratio was also created for each model using Heckman type two-stage method. None of the inverse Mills ratio created for these four models is related to performance. This indicates that unobservable firm

characteristics are not related to export mode choice and performance, and it seems there are not any endogeneity problem affecting our results.

Insert Table 3 about here

Accordingly, to predict performance, first model (Model 1) in Table 3, includes all the variables in Model 1, Table 2, as well as, *Fit-controls* and *inverse Mills ratio* for this model. Some real option control variables including *investment irreversibility* ($p<0.01$), *institutional barrier* ($p<0.01$) are negatively related to the performance. *The apparel industry* ($p<0.01$) is significantly related to higher performance of the venture. *Fit-control* variable, however, does not significantly explain performance ($p>0.05$).

In model 2, (Table 3), in addition to all control variables, a new inverse Mills ratio variable, and the *Fit-EO* were included to predict performance. The result shows Fit-EO is significantly predicts performance ($p<0.05$), conveying that highly entrepreneurial firms choosing cooperative mode of operation outperform firm choosing other modes. In model 3 (Table 3), however, *Fit-EOxInstitutional distance* and inverse Mills ratio variable did not significantly predict performance. This means firms choosing their export mode of operation according to predictions of our theory do not necessarily perform better or worse than other firms so that our hypothesis 5 is not supported. Consistent with model 1, in both Model 2 and Model 3, the relationship between *Investment irreversibility* ($p<0.05$) and *institutional barrier* ($p<0.05$) with performance is negative significant. Firms operating in *Apparel industry* found to perform significantly high ($p<0.01$).

The fourth performance model shares the same control variables with previous models, same *Fit-EOxInstitutional distance* variable in Model 3 (Table 3) and a new inverse Mills ratio variable. The model explains 31 percent of variance in performance (R squared=0.31). The relationship between all control variables and performance is consistent with Model 1, 2, and 3 (Table 3). In addition, to test hypothesis 6a-d and the moderating effect of real option variables on the strength of the relationship between *Fit-EOxInstitutional distance* variable and performance, the orthogonalized interaction terms were included as explained earlier.

Results of model 4 indicates *Fit-EOxInstitutional distance* variable does not predict performance ($p>0.05$), however, its interaction terms with real option variables significantly predict performance. To aid in interpreting these results, we more specifically elaborate on the meaning of *Fit-EoxInstitutional distance.* This variable contains two sets of aligned firms, group A, and group B firms. First, group A are highly entrepreneurial born globals that are operating in an *institutionally distanced market* via cooperative export modes. Second, group B are highly entrepreneurial born globals that are operating in *an institutionally close market* via non-cooperative export modes. As we theorised, given the institutional distance condition of the market firms operating in, the expectation is that these two sets of firms outperform the

rest of the firms in the sample. However, as reported in table 3, Model 4, this fit variable (*Fit-EOxInstitutional distance)* does not predict performance ($p>0.05$).

Hypothesis 6a-d, however, returned significant results. Supporting hypothesis 6a, it is evident that, under the condition of *investment irreversibility*, the probability of improved performance outcomes for both groups of firms, choosing cooperative modes in distanced markets increases, or firms choosing non-cooperative modes in close markets significantly increases ($p<0.05$).

Supporting hypotheses 6b, and 6c, our results indicate that, higher values of *competitive pre-emption* ($p<0.05$) and *institutional barriers ($p<0.05$)* significantly increase the probability of increased performance outcomes for the firms with theoretically driven export operation modes (both group A and B).

The result of model 4 (table 3), however, contradicts hypothesis 6d. The result specifies when the investment environment is risky, *investment environment riskiness*, the relationship between performance outcomes and theoretically driven modes for both groups of firms (choosing cooperative modes in distanced markets increases, or firms choosing non-cooperative modes in close markets significantly increases) is significantly weaker ($p<.0.05$) which is opposite the intended result, so that hypothesis 6d is not supported.

DISCUSSION AND IMPLICATIONS

This study examines the performance of born global which are originated from emerging markets and exporting across the world. The fundamental logic here is the fit concept so that organisational performance is an alignment between its strategy, environment, structure, and resources (Van de Ven & Drazin, 1985). Specifically, this study examines the fit of export operation mode (structure), business uncertainty and institutional distance (environment), and entrepreneurial orientation (strategy) of born global firms in emerging markets with relatively limited resources. As a result, a set of theory-driven dimensions are shown to assist firms in achieving the best fit and performance. Accordingly, facing uncertain business environments, in addition to the cost efficiency consideration of TCE, firms might take into account the entrepreneurial orientation strategies to form the most value-creating structure/operation mode. This study considers the propositions of a newer approach of Real options to advise firms to manage uncertainty and create value by choosing the right mode of operation.

Using a sample of Chinese born globals, we find risk-taking and proactive entrepreneurs are more inclined to choose cooperative modes of operation. Our result also shows that the relationship between export channel and entrepreneurship orientation of the firm changes by different elements of institutional distance between home country (emerging market) and export market country (rest of the world). We find that both regulative and normative distances moderate the relationship between EO and their mode choice. Specifically, risk taking and innovative-intensive firms operating in normative distanced markets can benefit from

cooperative mode of operation. Firms with high level of product novelty operating in regulatory distanced markets benefit from cooperative mode, as they can overcome rules and regulation related liability of foreignness by help of their local partner. It specifically is of importance for innovative firms that need to protect their IP rights. Nevertheless, there is no significant results regarding moderating role of cognitive institutional distance. This finding is consistent with Kalinic and Brouthers (2022). They have suggested to develop a better cognitive institutional factor "that captures decision-specific aspects of cognition". Brouthers (2013) also raises a concern on using secondary measures of institutional distance and call for using subjective measures instead. In this study, we have included subjective institutional barrier and environment risk as component of real options uncertainty variables.

As explained earlier, in addition to Kalinic and Brouthers (2022), this study introduces other value adding components from RO perspective to interact with fit variable and predict performance. Our theory is supported by our data, we conclude that strategically aligned export operation modes with institutional environment can significantly improve performance *if the nature of entry mode investment is irreversible, the market is competitively pre-emptive and perceived institutional barriers are present in the market.*

This study makes several contributions to the international business literature. First, it extends the knowledge on born globals in an understudied emerging market context. Second, the components of value creating EO strategies are discussed and examined to predict mode of operation, individually. In addition, we show that the innovation novelty and not innovation intensity predict the entry mode choice of born globals; thereby contributing to the entrepreneurial innovation literature. Third, we contribute to export performance literature, by introducing a new dimension of value creation logic, real option theory. We found that RO conditions, strengthen the relationship between strategic fit and export profit.

This study has several managerial implications. Being conducted in the context of export born globals, it has strong potential to aid managers growing their international businesses from inception by considering factors that can contribute to the enhancement of their export operation outcomes. This study raises high managerial awareness about export mode decisions, their determinants, and performance implications.

It is time to embrace uncertainty. In the contemporary business world, uncertainty is an inevitable part of any strategic decisions. Therefore, it is time to focus on the approaches that offer managing uncertainty (real options) as opposed to prescribing avoiding uncertainty (transaction cost economics). RO focuses on possible upsides of uncertainty through adjustable investments. Real options reasoning focuses on decision-making under uncertainty and takes into account different type of uncertainties. Through this lens, managers are expected to scan their business environment regularly, and adjust their export mode strategies to the updated environmental conditions in order to retain optimal performance. In fact, RO emphasizes structuring dynamic rather than static export mode choices.

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Table 1. CORRELATIONS, MEANS, STANDARD DEVIATIONS.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1	--																													
2	0.03	--																												
3	0.06	0.07	--																											
4	0.03	.176*	.303**	--																										
5	0.08	0.09	.183*	.187*	--																									
6	-.150*	-0.08	0.04	-0.10	0.07	--																								
7	-0.02	0.00	0.02	0.07	-0.02	0.01	--																							
8	-0.04	0.00	0.06	-0.05	-0.12	-0.04	-0.05	--																						
9	0.00	-0.03	0.01	0.08	0.02	0.14	0.12	-0.04	--																					
10	0.10	-0.03	0.07	-0.03	-0.09	0.01	0.05	-0.08	-0.09	--																				
11	.220**	-0.04	0.01	0.06	0.03	-0.14	0.09	-0.03	-0.04	-0.07	--																			
12	-0.14	0.04	-0.08	-0.02	.194**	-0.09	-0.13	-.144*	-.178*	-.332**	-0.13	--																		
13	.189**	0.00	-.153*	0.00	0.02	-.267**	0.06	-0.11	-0.05	-0.04	.258**	0.03	--																	
14	0.04	0.02	0.01	0.01	0.07	-0.04	.187*	-0.08	0.10	0.04	0.05	-0.04	.150*	--																
15	-0.08	-0.03	-0.08	0.01	0.00	0.01	-0.08	0.14	0.01	-0.02	-0.02	-0.13	-0.03	0.11	--															
16	0.02	0.03	-0.02	-0.03	-0.12	0.00	0.11	0.04	0.04	-0.07	.144*	0.04	0.10	.170*	0.04	--														
17	-0.08	-0.05	0.08	-0.10	0.04	0.00	0.04	0.04	-0.10	0.04	0.06	-0.01	0.00	0.01	-0.07	0.11	--													
18	0.04	0.11	0.03	0.01	-0.06	-0.06	0.03	0.08	0.01	-0.10	0.01	0.07	0.05	0.03	0.08	.162*	-0.11	--												
19	0.00	-0.14	-0.04	-0.04	-0.06	-0.02	-0.04	0.04	0.06	.167*	-0.06	-0.06	-0.04	-0.03	0.05	-0.10	.288**	0.06	--											
20	0.09	-0.04	0.02	0.00	0.01	-0.09	-0.01	-0.04	0.04	0.03	-0.05	-0.01	0.02	0.00	-.160*	.237**	0.08	0.01	0.03	--										
21	0.01	0.04	0.05	0.06	0.02	0.09	-0.01	0.02	-0.07	0.04	0.00	-0.07	-0.12	-0.05	0.05	-0.06	-0.08	-0.04	0.09	0.04	--									
22	.337**	0.11	0.07	-0.08	0.02	-0.05	0.11	-0.05	-0.08	0.12	0.05	-0.05	.167*	.166*	-0.09	.306**	0.05	0.11	-0.08	.358**	-0.07	--								
23	0.11	0.06	0.01	0.00	0.02	0.00	-0.02	-0.03	0.02	0.00	-0.07	0.06	.155*	0.08	-0.09	0.11	0.02	0.07	-0.06	.369**	-0.11	.412**	--							
24	-0.12	0.01	-0.06	-.166*	-0.02	-0.04	0.04	-0.01	-0.02	-0.02	0.00	0.10	0.00	-0.04	0.11	.178*	-0.06	0.07	0.01	0.06	0.03	0.07	0.03	--						
25	0.10	0.06	0.05	0.06	0.05	0.00	0.02	0.10	-0.12	-0.06	0.09	0.04	.161*	0.07	-0.09	.193**	0.05	0.04	-0.07	0.04	0.02	.237**	0.10	-0.06	--					
26	-0.11	0.02	0.06	0.09	-0.12	-0.01	-0.13	0.08	0.06	0.02	-0.12	-0.05	-0.14	-.157*	0.04	.156*	-0.01	-0.05	0.02	0.09	0.13	0.03	0.04	0.12	-0.03	--				
27	0.05	0.12	-0.06	.206**	0.04	-0.02	-0.03	0.07	0.08	0.08	0.06	-0.08	.167*	0.11	.243**	-0.07	0.07	-0.06	0.10	-.145*	0.13	-0.01	-0.03	0.11	-0.01	0.00	--			
28	0.07	-0.10	-0.01	0.00	0.05	-0.12	0.03	0.00	-0.04	0.03	0.03	-0.08	0.02	0.02	0.10	0.02	0.09	-0.05	0.09	0.09	0.04	0.05	-0.04	0.09	-0.08	.187*	0.14	--		
29	-0.05	-0.13	0.08	-0.04	-0.05	-0.04	0.05	0.01	-0.08	0.06	-0.05	0.06	-0.06	0.00	-0.06	-0.04	0.07	-0.14	-0.06	0.06	0.03	0.04	0.02	-0.12	0.09	-.151*	-.227**	-.282**	--	

30	0.05	-0.05	0.03	-0.05	0.08	-0.06	0.07	-.165*	0.03	-0.03	0.00	0.09	-0.05	0.07	-0.02	-0.08	0.07	-0.06	0.02	0.05	-0.09	0.09	0.06	0.05	0.00	-0.14	-0.06	.218**	-0.02	--
Mean	17.86	133.14	7.24	3.21	1.50	86.35	0.78	0.03	0.05	0.15	0.03	0.39	20.41	3.82	3.97	4.23	0.82	2.56	5.81	4.78	4.41	4.15	4.33	3.87	3.88	4.30	3.86	4.07	3.83	0.61
Std. Deviation	16.71	326.67	3.44	2.54	0.50	14.49	0.42	0.18	0.21	0.36	0.16	0.49	17.80	1.14	1.12	1.35	0.38	1.09	3.69	0.88	1.24	0.97	1.11	1.36	1.16	0.95	1.30	1.10	1.12	0.49

Note 1. *. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed).

Note 2. 1.Firm Size; 2. Export scope; 3. Firm export experience; 4. Years in the same venture; 5. Experience with the same venture;6. Type of export sales (Product/Service); 7. Existence of formal export department; 8. Apparel Industry; 9. Metal fabrication, 10. Machines and equipment Industry; 11. Instrument Industry; 12. Electronics Industry; 13. Asset specificity; 14. Behavioural uncertainty; 15. External uncertainty; 16.Frequency; 17. Normative distance; 18. Cognitive distance; 19. Regulatory distance; 20. Proactiveness; 21. Risk-taking; 22. Innovation novelty; 23. Innovation intensity; 24. Investment irreversibility; 25. Export Sales satisfaction; 26. Competitive Pre-emption; 27. Investment risk; 28. Institutional barrier; 29. Export profit performance; 30. Export mode of operation

Table 2. LOGISTIC REGRESSION OF EXPORT CHANNEL CHOICE.

	Model 1	Model 2	*Model 3*
Control variables			
Firm Size	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Export scope	0.01 (0.01)	0.00 (0.01)	0.00 (0.01)
Firm export experience	0.03 (0.05)	0.03 (0.05)	0.03 (0.07)
Years in the same venture	-0.06 (0.07)	-0.05 (0.07)	0.02 (0.09)
Experience with the same venture	0.13 (0.33)	0.10 (0.34)	0.21 (0.44)
Apparel Industry	-2.04* (1.14)	-2.08* (1.17)	-3.19 *(1.72)
Metal fabrication	0.30 (0.78)	0.32 (0.79)	-0.13 (1.11)
Machines and equipment Industry	-0.22 (0.47)	-0.28 (0.47)	-0.08 (0.69)
Instrument Industry	0.23 (1.02)	0.47 (1.06)	-1.61 (1.44)
Electronics Industry	0.38 (0.37)	0.40 (0.38)	0.06 (0.51)
Asset specificity	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Behavioural uncertainty	0.15 (0.14)	0.13 (0.15)	-0.02 (0.19)
External uncertainty	0.03 (0.14)	0.07 (0.15)	-0.20 (0.19)
Frequency	-0.15 (0.12)	-0.23 (0.13)	-0.11 (0.17)
Proactiveness		0.10 (0.21)	0.68** (0.34)
Risk-taking		-0.15 (0.13)	0.61** (0.22)
Innovation novelty		0.28 (0.22)	0.66** (0.34)
Innovation intensity		0.02 (0.16)	-0.27 (0.29)
Normative distance			1.31 (0.77)
Cognitive distance			-0.01 (0.26)
Regulatory distance			-0.07 (0.07)
Proactiveness* Normative dist			0.20 (0.35)
Risk-taking* Normative dist			1.31** (0.47)
Innov Novelty* Normative dist			0.31 (0.39)
Innov Intensity* Normative dist			1.25*** (0.41)
Proactiveness* Cognitive dist			-0.22 (0.41)
Risk-taking* Cognitive dist			0.23 (0.31)
Innov Novelty* Cognitive dist			0.36 (0.28)
Innov Intensity* Cognitive dist			-0.22 (0.37)
Proactiveness* Regulatory dist			0.06 (0.40)
Risk-taking* Regulatory dist			-0.88** (0.32)
Innov Novelty* Regulatory dist			1.11** (0.46)
Innov Intensity* Regulatory dist			-0.72 (0.52)
Constant	0.16 (1.06)	-0.47 (1.54)	-1.24 (2.37)
Chi square (Hosmer and Lemeshow)	10.61	10.61	12.22
Nagelkerke R Square	0.088	0.117	0.325

Note: * p < 0.1, ** p < 0.05, *** p < 0.01. (Standard errors), Cooperative export channel = 1, n = 187

Table 3. REGRESSION ANALYSIS OF EXPORT PERFORMANCE.

	Model 1	Model 2	Model 3	Model 4
(Intercept)	5.861*** (1.537)	5.04*** (1.45)	5.80*** (1.60)	9.40 ***(1.94)
Firm Size	-0.007 (0.008)	-0.01 (0.01)	-0.01 (0.01)	0.00 (0.01)
Export scope	0 (0.001)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Firm export experience	0.025 (0.033)	0.02 (0.03)	0.02 (0.03)	0.01 (0.03)
Years in the same venture	0 (0.05)	0.03 (0.05)	0.00 (0.05)	0.02 (0.05)
Experience with the same venture	0.143 (0.228)	0.06 (0.22)	0.16 (0.23)	0.09 (0.22)
Type of export sales (Product/Service).	-0.005 (0.008)	-0.01 (0.01)	-0.01 (0.01)	0.00 (0.01)
Existence of formal export department	0.176 (0.266)	0.17 (0.26)	0.18 (0.26)	0.28 (0.27)
Apparel Industry	2.779** (1.091)	3.62 (1.06)	2.67** (1.04)	2.94*** (1.01)
Metal fabrication	-0.015 (0.506)	0.00 (0.49)	0.00 (0.51)	-0.32 (0.51)
Machines and equipment Industry	0.114 (0.323)	0.06 (0.31)	0.11 (0.32)	0.05 (0.32)
Instrument Industry	0.477 (0.763)	0.29 (0.74)	0.51 (0.76)	-0.39 (0.81)
Electronics Industry	0.118 (0.26)	0.09 (0.25)	0.12 (0.26)	-0.01 (0.26)
Export Sales satisfaction	0 (0.101)	-0.03 (0.10)	0.00 (0.10)	-0.10 (0.10)
Asset specificity	0.003 (0.008)	0.01 (0.01)	0.00 (0.01)	0.00 (0.01)
Behavioural uncertainty	-0.096 (0.1)	-0.12 (0.10)	-0.09 (0.10)	-0.11 (0.10)
External uncertainty	0.047 (0.107)	0.03 (0.10)	0.05 (0.11)	0.01 (0.11)
Frequency	0.046 (0.095)	0.07 (0.08)	0.04 (0.08)	-0.01 (0.09)
Investment irreversibility	-0.23** (0.09)	-0.23** (0.09)	-0.23** (0.09)	-0.34** (0.12)
Competitive Pre-emption	0.01 (0.15)	-0.02 (0.14)	0.01 (0.15)	-0.45* (0.24)
Investment risk	-0.012 (0.091)	-0.04 (0.09)	-0.01 (0.09)	0.20* (0.12)
Institutional barrier	-0.302*** (0.108)	-0.23** (0.11)	-0.30** (0.11)	-0.55*** (0.14)
Predicted fit				
invMillsRatio	-0.138 (0.37)			
fit-controls	0.096 (0.481)			
invMillsRatio		0.02 (0.36)		
fit-EO		1.05** (0.42)		
invMillsRatio			-0.05 (0.53)	
fit-EOxInstitutional dist			0.10 (0.42)	
invMillsRatio				-0.22 (0.53)
fit-EOxInstitutional dist (RO fit)				-0.23 (0.42)
RO fit * Investment irreversibility				0.33** (0.19)
RO fit * Competitive Pre-emption				0.44** (0.22)
RO fit * Institutional barrier				0.38** (0.16)
RO fit * Investment risk				-0.35** (0.20)
R- squared	0.25	0.29	0.25	0.31

Note: * p < 0.1, ** p < 0.05, *** p < 0.01. (Standard errors), export performance, n = 187