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Strategic orientation, strategic renewal, and the international performance of born global firms

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Abstract
The international business environment is both dynamic and turbulent. Accordingly, a new venture's strategic orientation (SO) and ability to undertake strategic renewal (SR) are of great importance to its survival, growth and international performance. Building on the dynamic capability perspective, we explore how SR capability mediates the relationship between SO and the performance of mature born global firms (BGFs). In particular, we examine the direct and indirect interplay between the SO of BGFs and their performance outcomes. We use a sample of 195 export-oriented BGFs, derived from the Bangladeshi apparel industry. We use a hierarchical regression analysis technique to test the direct effects. The mediation effect is examined using three statistical tests – Baron and Kenney's (1986) causal steps approach, the Sobel test, and the Hayes indirect effect with bootstrapping method – to ensure the validity and reliability of our findings. The results reveal a positive association between SO and the performance of BGFs, and that this relationship is mediated by the firms' SR capability. We contribute to a greater understanding of the drivers of mature BGFs' international performance by demonstrating a direct link between their SO and SR capability, which in turn affects their performance outcomes.

Keywords Born global firms · International entrepreneurship · Strategic orientation · Strategic renewal · Dynamic capability

Introduction

International business is becoming more complex in the current climate, owing to the dynamic and turbulent global trade and political environments. This situation is even more complicated for born global firms (BGFs), which are international new ventures that "from or near their founding, seek to derive a substantial proportion of their rev-

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enue from the sale of products in international markets" (Cavusgil & Knight, 2015, p. 4). BGFs have attracted increased research interest in recent decades because of their unique property of creating new ventures and entering new markets simultaneously soon after founding (Chen & Liu, 2021; Hull et al., 2020; Romanello & Chiarvesio, 2019). Growing interest in the internationalization behaviour of these dynamic firms has driven a new research stream – international entrepreneurship (IE) – which combines the scholarships of international business and entrepreneurship (Gerschewski et al., 2015). Evidence suggests that the success of BGFs is strongly influenced by the entrepreneurs and their strategic orientation (SO) (Odorici & Presutti, 2013). In order to expand their operations into global markets, these firms need to be strategically sound, and must exercise dynamic capability (DC) to sense and seize opportunities and avoid threats. In this regard, adopting SO is a key factor, as it belongs to the firm's capability portfolio as a component of their DC (Jantunen et al., 2008).

From an academic vantage point, SO has been of interest, especially in the strategic management, international business, entrepreneurship, and marketing literature. SO has been conceptualized as "the processes, practices, principles and decision-making styles that guide firms' activities, especially in the context of the external environment and corporate development" (Jantunen et al., 2008, p. 160). Previous studies of SO explain the performance of internationalized firms as a set of entrepreneurial and strategic behaviours which are key to dealing with the challenges of the competitive landscape (Didonet et al., 2019; Liu et al., 2011; Zahoor & Lew, 2021). The scholarly work of Breuillot et al. (2022) regarding BGFs' internationalization process highlights the importance of the shift from individual to organizational resources, which occurs at a critical phase of transition from the entry to the post-entry phase in an international market.

We captured the post-entry performance in a sample of mature BGFs.[1] Although this study defines firms that conform to the definition of born-globals in their early stage (Andersson et al., 2020), we confined our focus to those that had reached a mature stage: that is, those that were at least 10 years old (Andersson et al., 2020; Hagen & Zucchella, 2014). Theoretical knowledge on BGFs has primarily focused on their early-stage performance drivers and internationalization processes (Andersson et al., 2020). However, limited attention has hitherto been paid to understanding how these firms achieve growth once they have become established in foreign markets (e.g., Andersson et al., 2020; Gabrielsson et al., 2014; Øyna et al., 2018). Knowledge on BGFs' growth is important because exploring the factors underlying their survival and performance at a later stage is of value to research and the effectual management of these firms. We thus shed light on and reinforce the limited understanding of the determinants of mature BGFs' performance.

Since we seek to understand the post-entry performance of mature BGFs, we examine SO as a firm-level construct. Regardless of the debate on whether SO is an individual-level or a firm-level construct, there is an emerging body of research highlighting the importance of SO in effectuating the performance of BGFs. However,

[1] We operationalization BGFs as those that, irrespective of their size, export to multiple international markets within the first five years from their inception (Ahmed & Brennan, 2019a; Autio et al., 2000; Oviatt & McDougall, 1994).

this inference is largely based on a consideration of SO as unidimensional construct, such as (international) entrepreneurial orientation (Ahmed & Brennan, 2019c; Falahat et al., 2018; Jantunen et al., 2005; Mostafiz et al., 2022), despite the fact that firms frequently leverage multiple SOs simultaneously (Cadogan, 2012). To better understand how BGFs develop DCs and ensure international performance, scholars stress the importance of exploring the impact of other major orientations beyond entrepreneurial orientation (Buccieri et al., 2021; Dimitratos & Jones, 2005). To fill this void in the literature, a group of IE scholars have examined the different manifestations of SO to decipher their separate individual impacts (Crespo et al., 2023; Gerschewski et al., 2018; Odorici & Presutti, 2013) on the performance measures of BGFs. However, insights into the joint or complementary effect of different forms of SO on the performance gains by BGFs remain limited in the IE literature. We address this knowledge gap by considering international growth orientation (IGO), learning orientation (LO) and entrepreneurial orientation (EO) as building blocks of SO. Consistent with past research, we argue that different manifestations of SO enable a firm to perform better compared to those focusing on a single orientation (Bhuian et al., 2005; Grinstein, 2008; Wales et al., 2020) and that their shared impact is greatest when the firm operates in unfamiliar market environments (Gnizy et al., 2014).

As the accumulated empirical evidence on the direct relationship between SO and performance outcomes remains equivocal (Wales et al., 2020), this points towards another important gap in our understanding of the underlying mechanisms linking SO and BGFs' performance. Extant literature argues that the relationship between SO and performance is likely to be more intricate and to involve intervening constructs (e.g. Hult and Ketchen, 2001; Lonial and Carter, 2015). The discrepant results in the extant literature suggest the existence of important contingencies regulating SO and BGFs' performance relationship. We attempt to address this shortcoming by unveiling the mediating mechanism of strategic renewal (SR) in the relationship between SO and performance. SR comprises the firm-level strategic changes, namely the reformation of a firm's strategy or reconfiguration of its segmenting and targeting strategies (Rossato et al., 2020). Although SR has become a prominent theme in a variety of organization and management research fields in recent years (Schmitt et al., 2018), theoretical knowledge on the sorts of capabilities that BGFs should nurture in order to effectuate SR and thereby improve their performance remains limited. In particular, the IE literature has not yet offered a clear understanding of how BGFs capitalize on SO to achieve strategic renewal, particularly in the context of environmental uncertainty.

The inclusion of SR in this regard bears immense importance, as it can provide insightful recommendations to BGFs, which need to accumulate and modify all possible resources and strategic knowledge to survive and succeed in the global market from their inception. From a theoretical stand point, it is important to address how firms, particularly BGFs, can develop strategic renewal capabilities to sustain their survival and success in this competitive environment. According to Schmitt et al. (2018), SR research can help academics and practitioners to clarify the processes underlying firms' long-term survival and prosperity.

In addition to the above shortcomings, theoretical knowledge remains very limited with regard to how SO can play an instrumental role in enhancing the performance of

BGFs from a developing country like Bangladesh, which is one of the leading South Asian exporters of readymade garments (RMGs). With the advent of new technologies and drastic shifts in the global competitive business environment, BGFs from emerging economies need to embrace innovative strategies and develop dynamic capabilities to survive and succeed. In the extant literature, there is tenuous empirical understanding of the relationship between SO, SR, and the performance of BGFs, particularly in a developing country context. For the BGFs, it bears significance to investigate how, in a dynamic and turbulent international business environment, they develop SR capability through their SO, which subsequently affects their performance post-internationalization.

In order to address the highlighted knowledge gaps, we collected data from export-oriented BGFs in the Bangladeshi apparel industry. Since 2015, the share of total RMG in the country's total export income has been over 80% (www.statista.com). While keeping up their dominance in the world market, the Bangladeshi RMG exporters are facing tremendous competition from other exporting countries (e.g. China, Vietnam, India) while grappling with the ever-changing global business environment. BGFs that have originated in and are operating from developing countries, such as those in the Bangladeshi apparel industry, are facing several issues regarding backward and forward linkages, technology, sourcing of inputs, low-value items, and compliance, as evidenced in the IE literature (Ahmed & Brennan, 2019a; Faroque et al., 2022). Moreover, strategies should be developed to gain access to non-traditional markets, since sales in traditional markets have slowed (Berg et al., 2021). BGFs from less-developed nations are disadvantaged, as they lack financial strength and management capability and often need to deal with institutional intricacies. Since BGFs in the Bangladeshi apparel industry operate in such a disadvantaged environment, this industry provides an ideal context in which to investigate our study objectives.

Our findings make five key contributions. First, by drawing insight from DC theory, to theorise that SO is critical for BGFs to renew their strategies for enhanced performance, we offer rich theoretical contributions by demonstrating the differential effects of SO on the performance outcomes of mature BGFs. Second, we contribute to the literature by testing and validating the combined effect of three critical indicators of SO as antecedent to SR and BGFs' performance, within the conceptual framework of DC. Third, the findings enrich the IE literature by investigating the internal mechanism through which SO could be utilized to enhance BGFs' performance through the mediating role of SR. In particular, this study elaborates on how SR mediates the relationship between SO and performance of mature of BGFs. Fourth, our study extends the theoretical application of DC in the strategic development of BGFs and enhances the strategic management and IE literature. Finally, we examine the relationships between SO, SR, and BGFs' performance based on a sample from a developing country in the South Asian region. In so doing, we offer important empirical insights by establishing that developing countries' BGFs need to develop SO to respond to environmental uncertainties in home and host countries through the renewal of their strategic activities to survive and succeed.

The following sections present a discussion of the theoretical framework, develop hypotheses, and explain the research methodology employed in the study; followed by data analysis, discussion of the findings, and the contributions of the study.

Theoretical framework

The DC concept has been examined widely in the field of strategic management (Agarwal & Helfat, 2009; Teece et al., 1997; Warner & Wäger, 2019) and in recent years it has garnered substantial attention in IE field (Buccieri et al., 2021; Evers et al., 2019; Monferrer et al., 2021). Teece et al. (1997, p. 516) define DC as “the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”. DC is an extension of the resource-based view (RBV) (İpek, 2018), which conceptualizes that a firm may attain sustainable competitive advantages in the same industry, provided that it possesses resources with valuable, rare, imitable, and sustainable features (Barney, 1991; Wernerfelt, 1984). However, Teece et al. (1997) argued that mere possession of resources does not necessarily guarantee competitive advantage, unless these resources are translated into DCs. In particular, the core tenet of RBV – that firms’ ownership and control of superior assets and resources are of great importance to guarantee competitive advantage and superior performance – has been broadened in the DC theory (Zahra et al., 2022). The proponents of the DC perspective view dynamic capabilities as a firm’s ability to develop and exploit specific capabilities, combine them with existing resources, and further reconfigure these resources to adapt to the changing business environments (Teece, 2007; Teece et al., 1997).

While investigating the performance outcomes of BGFs, the DC perspective offers a useful theoretical lens, as it provides insights into a firm’s ability “to be prescient and sense opportunities and threats” (Teece, 2014a, p. 18), and to strategically renew by “creating, extending or modifying its resource base” (Helfat et al., 2007, p. 7). Prior studies recognize that SO (Gnizy et al., 2014; Chien & Tsai, 2021; Jantunen et al., 2008; Jiang et al., 2020; Wales et al., 2020) and SR (Agarwal & Helfat, 2009; Rossato et al., 2020; Schmitt et al., 2016) are the key components of DC. The three types of SO as examined in our study reflect the proactive characteristics of BGFs’ behaviour (Jantunen et al., 2008). For example, EO involves the exploration and exploitation of any possible opportunities in existing and/or new markets, LO comprises the creation and utilization of knowledge, and IGO is required to explore new entry modes and methods to enter lucrative new markets. For Gnizy et al. (2014), SOs such as entrepreneurial, learning and marketing orientations correspond to organizational learning priorities and reflect a higher order DC. SOs as examined in our study are therefore pertinent in terms of the DC view, with its emphasis on the ability to envisage future market trends and develop valuable new resource combinations to deal with the changing market demands (Jantunen et al., 2008). In accordance with Gnizy et al. (2014) and Jantunen et al. (2008), we thus study SO from the perspective of DC theory.

With regard to SR for international firms, the DC perspective offers a constructive lens, as it maintains that DCs enable a firm to renew, adapt, or reconfigure its existing resources and capabilities in response to dynamism in the external environment. In particular, DCs help to modify the firm’s resource bases, explore divergent ideas, and transform its core capabilities, which improves its competitive advantage to recognize and respond to opportunities and eventually enhances its long-term performance and survival (Prashantham, 2008; Schmitt et al., 2018; Shah et al., 2020; Volberda et al., 2001). More specifically, DCs (e.g. sensing, seizing, and transforming capabilities) provide the necessary basis that facilitates SR (Riviere et al., 2018).

Prior research has also established that firms' DCs are crucial for their international performance (Teece, 2014b) and can impact the SR of BGFs (Rossato et al., 2020). BGFs can develop and maintain DC through the entrepreneur's managerial competence and IGO (Andersson & Evers, 2015). Weerawardena et al. (2007) argue that the DC perspective has consigned a pronounced role to the entrepreneurs in formulating and implementing competitive strategies. BGFs develop DC to identify critical opportunities and renew the existing resource base or to reform the path dependence of the firm in the dynamic international context (Riviere & Suder, 2016). We further argue that the DC of firms, such as SO, can enhance their SR capabilities (Warner & Wäger, 2019), which is critical for attaining competitive advantage in a volatile and competitive international market (Rossato et al., 2020). Drawing upon the above insights, we argue that the DC perspective can illuminate how BGFs in a dynamic and turbulent international business environment develop their SR capability through their SO, which subsequently affects their international performance. While writing about DCs, most strategic management and IE scholars (Jantunen et al., 2008; Riviere & Suder, 2016; Zhou & Li, 2007) frequently use one of Teece's (2007, p. 1319) frameworks (i.e., sense, shape opportunities and maintain competitiveness). Both the SO (Chien & Tsai, 2021; Jantunen et al., 2008; Zhou & Li, 2007) and the SR (Agarwal & Helfat, 2009; Schmitt et al., 2016) literature have drawn upon the DC perspective to explain how DCs form and shape international firms' strategic choices.

Our review of the extant literature infers that three major dimensions of SO – EO (Baker & Sinkula, 2009; Nasir et al., 2017), LO (Kropp et al., 2006; Sinkula et al., 1997), and IGO (Jantunen et al., 2008; Nielsen & Nielsen, 2011; Nummela et al., 2005) – are critical drivers of BGFs' performance. As noted earlier, EO is the most commonly used dimension in entrepreneurship and BGF research and is defined as a firm's ability to discover and capitalize on any possible opportunities to gain access to a new market (Nasir et al., 2017). LO is conceptualized as "giving rise to that set of organizational values that influence the propensity of the firm to create and use knowledge" (Sinkula et al., 1997, p. 309). Nummela et al. (2005) reported that firms with high IGO usually have increasing international sales, a larger international customer base, and more target markets than less internationally-oriented firms. Consistent with a number of studies, we used the EO, LO and IGO dimensions to form the SO construct. Wales et al. (2020) have shown that the complementary or shared effects of different dimensions of SO explain a significant portion of the variance in performance outcomes.

Following Floyd and Lane (2000, p. 155), we conceptualize SR as "a process associated with promoting, accommodating, and utilizing new knowledge and innovative behaviour in order to bring about change in an organization's core competencies and/or a change in its product market domain". SR primarily includes firm-level strategic changes, which may include a reformation of a firm's strategy from cost-leadership to differentiation or from serving one target market to another through re-configuration (Rossato et al., 2020). Such strategic changes are important in enabling BGFs to reshape their operations as per dynamic market demands worldwide. This also allows the BGFs to gain location advantage by producing new resources and capabilities or replacing the non-transferable resources of their parent firms (Chen & Liu, 2021). Thus, BGFs develop DC to identify critical opportunities, renew the existing resource base (Riviere & Suder, 2016), and enhance their SR capabilities (Warner & Wäger, 2019) to attain competitive advantage in a volatile and competitive international market (Rossato et al., 2020).

The overarching logic of our study is presented in Fig. 1, below:

Hypothesis development

Effect of strategic orientation on BGFs' performance

The SO of BGFs is the set of deeply rooted values that assist their strategic decision-making (Gatignon & Xuereb, 1997). The choice of SO allows a firm to adapt and position its resources and capabilities to deflect threats and exploit opportunities in the external environment to improve its competitive performance (Lado et al., 1992; Manu & Sriram, 1996). The SO of a firm not only identifies and directs the firm's actions but also generates corresponding behaviour to ensure greater firm performance (Escriba-Esteve et al., 2008; Gatignon & Xuereb, 1997; Nasir et al., 2017; Wales et al., 2020). Implementing SO as a strategic direction, firms can develop proper behaviours to associate with the marketplace (Dahlquist & Lehnert, 2023; Noble et al., 2002) and provide a strategic outlook in order to prevail and thrive in the dynamic global market (Nasir et al., 2017). According to Knight and Cavusgil (2004), SO provides a critical and strategic mindset to BGFs that are required to persist and grow in the competitive global market.

Shah et al. (2020) argue that in order to attain the desired performance outcomes, different elements of SO are of great importance. For example, firms with a higher level of EO are commonly characterized in terms of strong innovative, proactive, and risk-taking capabilities, compared to those with a low level of EO (Covin & Lumpkin, 2011; Covin & Slevin, 1989; Hakala, 2011). Capitalizing on these capabilities enables BGFs to identify and exploit emerging opportunities abroad, upon which their international performance is dependent (Andersson & Evers, 2015; Ovi-

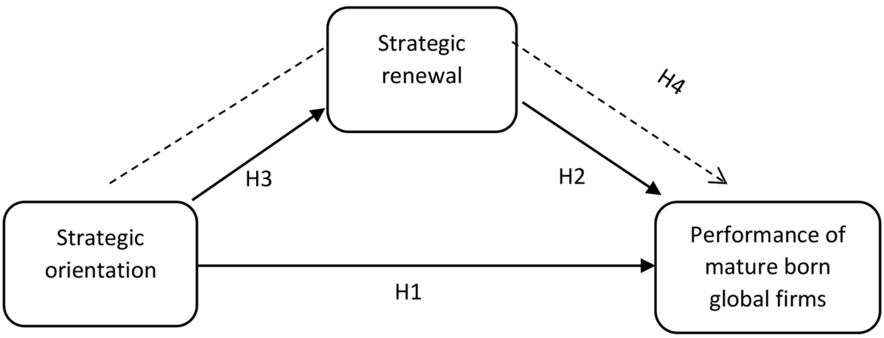

Fig. 1 Conceptual Framework

att & McDougall, 1995; Zahra, 2008). LO directly impacts firm performance, as it promotes generative learning that results in product, process, and system improvements (Baker & Sinkula, 1999). BGFs can achieve superior performance when they incorporate an incisive LO. When a BGF enters new international markets, it can maximize its knowledge flows and cross-country learning (Kropp et al., 2006). By doing so, BGFs can learn a set of skills to develop DC and thereby achieve international performance and sustain a competitive edge (Jantunen et al., 2008). IGO is also thought to boost the performance of BGFs. For example, according to Jantunen et al. (2008), firms with IGO are committed to constantly search for new entry modes and methods for entering new and lucrative markets, and are more willing to invest resources in international activities, which in turn positively affect their performance.

Consistent with Shah et al. (2020) and Wales et al. (2020), we argue that instead of focusing on one single element of SO, the combination of all of these elements provides a strong basis for firms' long-term survival and performance. Based on the above arguments, it has been hypothesized that SO improves BGFs' performance. Hence:

Hypothesis 1 SO positively affects the international performance of BGFs.

Effect of strategic renewal on BGFs' performance

SR has received significant attention from scholars in recent years (Nguyen et al., 2022; Herbane, 2019; Kaipainen & Aarikka-Stenroos, 2022), as the decision-making in firms, particularly in the case of born globals has to be aligned with the 'rapidly changing' external conditions to maximize their performance (Nemkova, 2017). The SR aims to replace and renew the existing structural relationship, and/or existing resource configurations, in an effort to improve the performance of firms (Gandolfo & Lupi, 2021; Kim & Pennings, 2009; Volberda, 1996). DC offers a constructive lens to view SR for international firms (Agarwal & Helfat, 2009; Riviere & Suder, 2016; Warner & Wäger, 2019), as successful firms continuously learn through SR to explore divergent ideas, develop new competencies, and reconstruct core competencies for internationalization to achieve competitive advantage and strategic performance (Prashantham, 2008; Schmitt et al., 2018; Shah et al., 2020; Volberda et al., 2001). The SR positively affects the firms' performance by enabling them to recognize and respond to opportunities through renewing strategies, processes, and practices (Issah et al., 2023; Schmitt et al., 2018). Past research on SR illustrates how firms' SR affects their performance. For instance, a corporation's SR affects the entire organization and is critical for altering path dependence and improving performance (Shah et al., 2020) by managing inertia and changing its asset base (Agarwal & Helfat, 2009; Jantunen et al., 2005). SR overcomes the inertial forces inherent in a firm's pre-existing strategy and bridges the gap between the firm's present expertise and the emerging form of competitive advantage in the market (Floyd & Lane, 2000; Huff et al., 1992). Consequently, even in the face of a severe economic downturn, SR engenders long-term firm outcomes and survival (Schmitt et al., 2018).

SR is vital for firms to remain contemporary in today's dynamic market (Riviere et al., 2018; Schmitt et al., 2018), since the successful implementation of SR may affect their future success (Agarwal & Helfat, 2009). According to Rossato et al. (2020), dynamic exploration and exploitation capabilities drive SR in BGFs, and this impacts a firm's internationalization process and performance in the foreign market. SR capabilities improve firms' effectiveness and competencies, which enables firms to act accordingly to improve their performance (Tallon, 2008). Cheng and Huizingh (2014) argued that firms must develop an inclusive and holistic orientation toward the corporate environment to ensure long-term survival and growth. Shah et al. (2020) asserted that appropriate SR improves the strategic performance of firms. SR that extends over the whole organization is vital for ensuring firms' strategic performance by enabling them to cope with their resource modifications and reconfigurations (Agarwal & Helfat, 2009). Moreover, Schmitt et al. (2018) found that SR ensures long-term survival and growth. Thus, based on the above argument, we expect that the successful implementation of SR may substantially influence the BGFs' performance in the international arena.

Hypothesis 2 SR positively affects the international performance of BGFs.

Effect of strategic orientation on strategic renewal

SO and SR are DCs (Evers et al., 2019) that underpin firms' performance (Shah et al., 2020), as SR acts as a mechanism that involves generating new wealth by constructing new resource combinations (Guth & Ginsberg, 1990). Since SO provides a basic framework and principles for better understanding a firm's dynamic business environment and making better decisions in response to market demand (Jantunen et al., 2008; Noble et al., 2002; Shah et al., 2020), SR occurs when firms react to changes in their competitive environment (Hopkins et al., 2013). Over the years, substantial research has focused on the multiple dimensions of SO with the aim of understanding its impact on firms' SR (Crossan & Berdrow, 2003; Klammer et al., 2017; Moretti et al., 2020).

Prior literature reveals that EO – as manifested in a firm's organizational procedures and decision-making approach – can provide a competitive edge and become a catalyst for strategy renewal (Lumpkin & Lichtenstein, 2005). According to Klammer et al. (2017), entrepreneurially-oriented firms are active in finding new ways of doing things and introducing innovations within the organization, and are more creative in terms of their methods of operation, and they are risk-takers, keen to find and exploit new business opportunities. These features of entrepreneurially-oriented firms enable their strategic repositioning, which in turn affects their performance and competitiveness (Klammer et al., 2017). Prior literature also documents positive interplay between LO and organizational performance. For example, Klammer et al. (2017) conclude that firms that are actively engaged in learning tend to capitalize on new knowledge and information gained, and try to align those newly acquired insights with strategy: thereby, LO becomes a prerequisite for SR. Shah et al. (2020) argue that a firm's SO is highly correlated with its SR capability. SR is subject to the SO of any firm to trigger new opportunities for competitiveness (Abebe & Cha, 2018). Therefore, consistent with Sáez-Martínez and González-Moreno (2011), we argue that in the absence of SO, no firm can strategically renew itself. Based on the above discussion, we expect a positive relationship between SO and SR. Hence, we hypothesize:

Hypothesis 3 SO positively affects the SR capability of BGFs.

Mediating effects of strategic renewal

The extant literature has stressed the significance of SO in enhancing firm performance (Jantunen et al., 2008; Nasir et al., 2017; Wales et al., 2020). However, SO as a complementary resource provides necessary but insufficient conditions for the international performance of SMEs (Zahoor & Lew, 2021). In particular, SO is not seen as a fix-all solution for improving firms' performance (Moretti et al., 2020); rather, other factors may influence the SO–performance relationship, such as absorptive capacity (Sciascia et al., 2014), marketing capabilities (Boso et al., 2013; da Costa et al., 2018), the marketing ideology toward potential customers and collaborators (Dahlquist & Lehnert, 2023), SR capability (Shah et al., 2020), and management team and networking capabilities (Engelen et al., 2014). Past research has predominantly examined SO and SR in isolation and established their impact on firm performance (Bierwerth et al., 2015; Rauch et al., 2009). However, their collective, integrated, and contingent effects on performance remain unexplored (Shah et al., 2020; Shu et al., 2019), particularly in the context of BGFs.

There seems to be no disagreement among IB scholars that foreign market success is contingent on firms' ability to continuously adapt to the changing business environment. To be successful, firms need to respond to changes in their operating environments through the development of new capabilities and by transforming the existing organizational processes, including resource allocation, knowledge development and transfer processes, and other operational processes (Easterby-Smith et al., 2009). According to Lewin and Volberda (1999, as cited in Schmitt et al., 2018, p. 89), firms' renewal pursuits are determined to a great extent by the availability of organizational slack and the strategic intent to allocate it to renewal activities. However, Schmitt et al. (2018) argue that the focus on resource availability fails to explain SR attempts that succeed despite constraints in tangible resources. Capability-based resources are particularly important to BGFs, which typically lack substantial financial and other tangible resources but deal with diverse environments across many international markets (Falahat et al., 2018; Knight & Cavusgil, 2004).

One of the distinctive features of BGFs is their ability to quickly adapt to changes in their external environment and circumstances (Oviatt & McDougall, 1994), facilitated by their strong SO, such as global vision/outlook (i.e., IGO) from the outset (Crespo et al., 2023; Knight & Cavusgil, 1996; Oviatt & McDougall, 1995), EO (Falahat et al., 2018), and LO (Jantunen et al., 2008). According to Falahat et al. (2018), capabilities such as possession of strong EO help BGFs to attenuate the dual liabilities at inception – that is, liabilities of newness and foreignness (Oviatt & McDougall, 1994;

Zaheer, 1995) – and thereby support their international performance. According to Teece et al. (1997), “the most superior capabilities are ‘dynamic,’ which reflects managers’ ability to renew the firm’s competences to achieve congruence with complex or shifting business environments” (as cited in Falahat et al., 2018, p. 938).

The literature reveals that different dimensions of SO are important catalysts for SR, and thereby affect performance. For example, SR requires firms to maintain the right balance between applying knowledge that has been learned and acquiring newer insights and solutions (Lengnick-Hall & Inocencio-Gray, 2013). LO can act as a means to develop DC that is difficult to emulate, eventually contributing to a firm’s competitive advantage (Crossan & Berdrow, 2003). Prior studies also highlight the critical role of IGO in affecting an international firm’s strategic transformation at the firm level (Jantunen et al., 2008; Riviere et al., 2018). Riviere et al. (2018) argue that IGO facilitates firms’ SR through building sensing, seizing, and transforming capabilities among managers. IGO – as a DC and a critical competence – can shape firms’ SR and survival (Riviere & Suder, 2016). Firms with such capability can also produce and exploit more value by expanding it internationally (Pitelis & Teece, 2010). EO can be used to drive corporate entrepreneurship, accelerate the creation of internal ventures, and promote strategy renewal (Dess & Lumpkin, 2005). According to Zahra and Garvis (2000), entrepreneurially-oriented firms vigorously seek out new operating modes and methods to attain improved performance, and they also do so to enable them to achieve new and valuable resource configurations. Shu et al. (2019) argue that the SR is the association between EO and firms’ financial performance. Shah et al. (2020) assert that SO, along with SR, has a constructive effect on firms’ strategic performance. The above review provides the basis to assume the mediating effect of SR in the association between SO and the performance of BGFs.

Hypothesis 4 SR mediates the relationship between SO and the international performance of BGFs.

Research methods

Context

Our empirical analysis involved a sample from the Bangladeshi apparel industry, which includes RMG and textile firms. The ‘Made in Bangladesh’ label in garment products has brought glory for the country, making it a prestigious brand across the globe (Bangladesh Garment Manufacturers and Exporters Association, 2021). According to Berg et al. (2021), Bangladesh has emerged as one of the world’s largest RMG exporters, with the RMG sector accounting for 84% of the country’s exports. The evolution of the Bangladeshi apparel industry has been attributed to the availability of abundant female workers, who are willing to work for low wages (Rahman & Rahman, 2020), the national export promotion support, and preferential market access, such as quota-free and duty-free access to a number of developed countries (Sarker, 2018).

Evidence suggests that apparel exports from Bangladesh more than doubled from $14.6 billion in 2011 to $33.1 billion in 2019, and that over this period, this industry increased its share of global garment exports from 4.7 to 6.7% (Berg et al., 2021). However, a series of workplace tragedies in Bangladesh, notably the Tazreen factory fire in 2012 and the Rana Plaza factory collapse in 2013, which killed thousands of workers, suggest massive problems in working conditions, and have led some international importers to stop buying from Bangladesh and prompted the United States to withdraw its preferential tariff agreement (Berg et al., 2021). Although Bangladesh maintained the second position in global apparel exports after China for decades (Lu, 2020), it has recently been overtaken by Vietnam for a number of reasons, including the inability of many Bangladeshi companies to maintain strict compliance with rules set by importers, a lack of diversity of goods, and the recent catastrophic impact of the Covid-19 pandemic (Hossain, 2021). These issues are further exacerbated by Bangladesh's weak institutional features, such as its high degree of economic vulnerability, poor infrastructure, and corrupt practices among government officials (Ahmed & Brennan, 2019a; Rahman et al., 2017). Although past research identified the existence of thousands of BGFs in the Bangladeshi apparel industry (see, for example, Ahmed and Brennan, 2019a; Faroque et al., 2021), the IE literature notes that BGFs originating from developing countries are burdened by an atypical liability: the liability of origin (Khavul et al., 2010). Consequently, BGFs operating in such a disadvantaged institutional environment may often need to renew their activities to remain competitive. Firms with high SO are in a better position to adapt to challenges and respond to change through continuous reconfiguration of their activities, compared to those with low SO. Undertaking SR entails perseverance, as evidenced by a firm's strong SO. Since BGFs in the Bangladeshi apparel industry operate in a disadvantaged environment, this industry provides an ideal context to test our study hypotheses (Faroque et al., 2022).

Data and sample

Primary data, used to test the hypotheses, were drawn from export-oriented BGFs in the Bangladeshi apparel industry. As Bangladeshi apparel entrepreneurs and managers are reluctant to participate in either (e)mail or online surveys (Ahmed & Brenna, 2019a; Faroque and Takahashi, 2012), our primary data collection involved self-administered (face-to-face survey) questionnaires over a five-month period, starting in February 2017 and concluding in July 2017. The population was drawn from the two main directories of the Bangladeshi apparel industry associations: the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). From the two directories, we drew 515 firms randomly from over 4,000 members that were engaged in exporting during the time of the survey.

Prior to final data collection, a pre-test was undertaken and minor amendments to a few questionnaire items were made on the basis of its results. A total of 275 questionnaires were procured, which constitutes about a 54% response rate. However, our final sample consists of 195 firms, as the remaining questionnaires were revealed as unsuitable to be included in the analysis.[2] We were able to obtain data from those who were involved in the operations of their business as either CEO/Chairman, Director, General Manager, or Marketing/Export Manager.

Measures

Dependent variable

The international performance of BGFs is measured subjectively using a variety of indicators. The extant literature has predominantly employed subjective measures using a range of indicators (see, for example, Faroque et al., 2022; Jantunen et al., 2005). This is because past research has demonstrated the existence of a positive correlation between subjective and objective approaches to performance assessment (Shoham, 1998) and managers' reluctance to provide actual performance data (Francis & Collins-Dodd, 2000). Therefore, our performance measures involved asking respondents to specify their level of satisfaction with international activities during the previous five years, considering the overall: sales volume, market share, profitability, market access, development of image and development of know-how, and as a whole (Jantunen et al., 2005), on a seven-point Likert scale. The sum of these items was used in the analysis.

Independent variable and mediator

SO is a multidimensional construct. As noted earlier, scholars in the past studied different types of SO – EO, LO (Jantunen et al., 2008; Wales et al., 2020), IGO (Jantunen et al., 2008), and market orientation (Wales et al., 2020; Zhou et al., 2005) – either separately or in combination. SO in this study is the sum of IGO (six items), LO (three items), and EO (six items, with three items dropped because of poor loadings). Cronbach alpha = 0.704.

Our mediator, SR, is adapted from Jantunen et al. (2005), and is measured using seven items related to firms' renewal abilities in a number of aspects, such as organization structure, business strategy and the manufacturing process, on a seven-point Likert scale. Cronbach's alpha = 0.66.

Control variables

We employed two firm-level controls, namely firm size, and firm age, as well as two individual-level controls, namely top management team size and prior international experience. *Firm size* (FSIZE) is a measure of the size of the respondents' firms based on employee numbers (Laskovaia et al., 2019). Responses were coded as small = 1 (< 100 employees), medium = 2 (between 100 and 500 employees), and large = 3 (500 + employees), in line withAhmed and Brennan (2019a). *Firm age* (FAGE) was measured by asking respondents to specify the establishment year of their firms. The

[2] For example, a number of responding firms did not meet our conceptualization of BGFs. We further eliminated those with missing values.

responses were coded as follows: established during 2000s and beyond =1, during 1990s=2; during 1980s=3 (Ahmed & Brennan, 2019b).

Top management team (TMT) size. This measure comprised the number of individuals who were designated by the company respondents as founders and were involved in the operations and governance of their firms as the CEO, President, Vice President, Director, Operations Managers, and General Managers (Wiersema & Bantel, 1992). Finally, *international experience* (INTEXP) was conceptualised as entrepreneurs' previous experience of working/living/studying abroad (McDougall et al., 2003). Respondents were asked whether founding entrepreneurs had ever worked, lived, or studied abroad prior to their current business. The responses were coded as follows: Yes=1; No=0. The demographic characteristics of respondents and the distributions of variables are reported in Table 1.

Analysis

Preliminary tests

To check for non-response bias, we followed the extrapolation procedure recommended by Armstrong and Overton (1977). Following their recommendation, we investigated non-response bias by comparing the responses of early and late responders using an independent sample t-test. No significant differences were evident between early and late responders. Examining for normality and bias issues, all mea-

Table 1 Demographic characteristics of the respondents and distribution of variables

Variables	Frequency (categorical variables)	Mean	S. D
Born global firms' performance		40.533	4.269
Strategic orientation		68.774	6.911
Strategic renewal		36.425	5.556
Firm size:			
Small (< 100 employees)	33		
Medium (between 100 and 500 employees)	91		
Large (Over 500 employees)	71		
Firm age:			
Established during 2000s and beyond	126		
Established during 1990s	61		
Established prior to 1990s	8		
Top management team size:			
One	54		
Two	46		
Three	67		
More than three	28		
International experience:			
Yes	76		
No	119		

sures were within the recommended thresholds of skewness and kurtosis for normal distribution (see Curran et al., 1996).

Regarding common method variance (CMV), we employed *ex ante* and *ex post* approaches to deal with this issue. The *ex-ante* approach involved guaranteeing the confidentiality and anonymity of the questionnaire responses when collecting the data, while the *ex post* solution involved performing Harman's single-factor analysis (Gerschewski et al., 2015). Results for Harman's single-factor test indicated that the items were within acceptable thresholds of common method bias (Harman, 1976), as the largest single factor that was extracted explained only 18% of the total variance. We then checked for multicollinearity issues. The results in Table 2 suggest that multicollinearity was not of concern. These results were further validated by the low variance inflation factors (VIFs) evident in our regression analysis (which ranged between 1.19 and 2.12).

Hypotheses testing

We used a regression analysis technique to evaluate the predictive power of our model. The baseline model (Model 1) included all controls. In Model 2, we added the predictor (SO), and in Model 3, we included the mediator (SR). The full model (Model 4) included the predictor, mediator, and extraneous variables not considered in our study. In Models 5 and 6, we examined the effects of control variables and SO on SR respectively. Table 3 reports the results of our testing of the study hypotheses using hierarchical regression.

Regarding the effects of our extraneous variables, FSIZE was found to have an effect on BGFs' performance in Models 1 and 2, thereby validating the notion that firm size matters for international performance. All other extraneous variables were found to be non-significant.

In the next step of the analysis, we tested hypothesis H1, which proposed that SO would be positively related to BGFs' international performance, and H2, which proposed a positive association between SR and the international performance of BGFs. Regarding these main effects, SO was found to have a positive impact on the performance outcome of BGFs across all models ($\beta = 0.449/0.246$, $p < 0.001$). Similarly, SR was found to positively affect the performance of BGFs, as evident in all models ($\beta = 0.455/0.277$, $p < 0.001$), thereby providing strong support for H1 and H2. In Table 3, the changes in R^2 from Model 1 ($R^2 = 0.125$) to Model 2 ($R^2 = 0.294$),

Table 2 Correlation coefficients

		1	2	3	4	5	6	7
Pearson Correlation	1 PER	1.000						
	2 FSIZE	0.328**	1.000					
	3 FAGE	0.185**	0.373**	1.000				
	4 TMTS	0.131*	0.526**	0.358**	1.000			
	5 INTEXP	0.248**	0.511**	0.390**	0.460**	1.000		
	6 STGORI	0.518**	0.361**	0.242**	0.154*	0.295**	1.000	
	7 STGRNW	0.507**	0.298**	0.167**	0.088	0.147*	0.732**	1.000

** Correlation is significant at the 0.01 level (2-tailed); * Correlation is significant at the 0.05 level (2-tailed)

Table 3 Regression results

DV: BGFs' Performance					DV: Strategic Renewal		
Predictors	M1	M2	M3	M4	Predictors	M5	M6
FSIZE	0.298***	0.162*	0.153	0.133	FSIZE	0.326***	0.105
FAGE	0.065	0.014	0.026	0.013	FAGE	0.086	0.005
TMTS	−0.103	−0.052	−0.052	−0.043	TMTS	−0.114	−0.031
INTEXP	0.118	0.052	0.118	0.082	INTEXP	0.000	−0.109
STGORI		0.449***	n.a.	0.246***	STGORI		0.730***
STGRNW			0.445***	0.277***			
R	0.354	0.542	0.550	0.573	*R*	0.319	0.740
R^2	0.125***	0.294***	0.303***	0.329***	R^2	0.102***	0.548***
Adjusted R^2	0.107	0.275	0.285	0.307	*Adjusted* R^2	0.083	0.536
R^2 *change*	0.125***	0.168***	0.178***	0.035***	R^2 *change*	0.102***	0.446***

N = 195; *significant at the 0.05 level (2-tailed); ***significant at the 0.01 level (2-tailed)

and from Model 1 ($R^2 = 0.125$) to Model 3 ($R^2 = 0.303$) show that SO accounted for 16.8% of additional variance in performance and SR accounted for 17.8%, over and above the effects of our extraneous variables.

In H3, we proposed that SO would positively affect SR. Its impact on the SR of BGFs were also found to be statistically significant in Model 6 ($\beta = 0.730$, $p < 0.001$), thereby providing strong support for our H3. In Table 3, the changes in R^2 from Model 5 ($R^2 = 0.102$) to Model 6 ($R^2 = 0.548$) show that SO accounted for 44.6% of additional variance in SR, over and above the effects of our extraneous variables.

Finally, consistent with past research, we examined the mediation effect of SR between SO and performance using three statistical tests: Baron and Kenney's (1986) causal steps approach, the Sobel test (Bhatia, 2021; Zahoor & Lew, 2021), and the Hayes indirect effect with bootstrapping method (MacKinnon et al., 2004; Preacher & Hayes, 2004) to ensure the validity and reliability of our findings. To validate Baron and Kenny's (1986) fourth condition of mediation analysis, we performed a hierarchical analysis, in which we examined the direct effects of our independent variable after controlling for the influence of SR capability. The results corresponding to the influence of SO fully met the first three conditions (in Table 3): SO (independent variable) was significantly associated with BGFs' performance (dependent variable); SO was found to affect SR; and in the full model (Model 4), SR (mediator) was found to be associated with BGFs' performance. Further, the addition of SR as a control in the regression model reduced the coefficient value of SO ($\beta = 0.246$, $p < 0.01$), and as a mediator, it explained the largest percentage of variance ($\beta = 0.277$, $p < 0.001$), as shown in Table 4. These results establish that SR has a mediating effect in the relationship between SO and the performance of BGFs.

However, some argue that Baron and Kenny's approach does not fully capture or quantify the mediation effect (Preacher & Hayes, 2008; Zahoor & Lew, 2021). To eliminate this concern, we ran a Sobel test. The results reported in Table 5 suggests that the association between SO and BGFs' performance was indeed mediated by SR, thereby providing full support for our H4. However, as some of the criticisms against Baron and Kenny's (1986) method are also applicable to the Sobel Test, the use of a Bootstrapping Interval method that has high statistical power and has better control

Table 4 Regression results

Predictors	Model 1	Model 2
FSIZE	0.153	0.133
FAGE	0.026	0.013
TMTS	−0.052	−0.043
INTEXP	0.118	0.082
STGRNW	0.445***	0.277***
STGORI		0.246**
R	0.550	0.573
R^2	0.303***	0.329***
Adjusted R^2	0.285	0.307
R^2 *change*	0.303***	0.026***

DV: BGFs' performance; N = 195; *Significant at the 0.05 level (2-tailed); **Significant at the 0.01 level (2-tailed); ***Significant at the 0.001 level (2-tailed)

Table 5 Sobel tests output

	Test statistic	Std. Error	*p*-value
Sobel test	3.0532697	0.04089649	0.00226362
Aroian test	3.04687024	0.04098238	0.00231238
Goodman test	3.05970965	0.04081041	0.00221552

over type-I error has been recommended (e.g., Dastgeer et al., 2020; Preacher and Hayes, 2004, 2008). Thus, finally, the mediation effect was tested using the Hayes indirect effect with bootstrapping method with bias-corrected confidence intervals (CI) using PROCESS Macro (MacKinnon et al., 2004; Preacher & Hayes, 2004, 2008). In this study, the 95% confidence interval of the indirect effect was obtained with a 5000 bootstrap resample (Preacher & Hayes, 2008). Results of the mediation analysis again confirmed the mediation role of SR in the relationship between SO and BGFs' international performance ($\beta = 0.0413$; $p < 0.01$; CI = 0.0329 to 0.2244).

Discussion of findings

While the use of SO in the literature has been growing, this concept has attracted limited attention within the IE field, particularly in the context of BGFs (Evers et al., 2019). Further, it is still unclear how SO affects the enhanced performance of firms (Zhou & Li, 2007). Therefore, we sought to understand the complex interplay between SO and the international performance of mature BGFs. In particular, we examined the direct impact of SO, and its indirect impact through the SR capability of BGFs, on their international performance outcomes. Our findings demonstrate a positive interplay between SO and BGFs' performance. Moreover, SO is found to be the precursor of BGFs' SR capability. The findings also establish that SR mediates the relationship between SO and the performance outcome of BGFs. These findings suggest that BGFs first need to develop various dynamic capabilities such as EO (for exploiting possible opportunities to gain access to a new market), LO (for creation and application of knowledge) and IGO (for exploring new entry modes to lucrative markets). Then these capabilities are leveraged to the development of another critical DC – that is, strategic renewal – to enable the firms to benefit from enhanced performance.

Our revelations coincide with past research which suggests that SO has better illustrative power for BGFs' performance outcomes. For instance, studies have reported a positive association between SO and BGFs' or new ventures performance (Hagen et al., 2012; Knight & Cavusgil, 2004; Li & Yu, 2023), and between SR/reconfiguring activities and business profitability among born-global and established multinational samples (Jantunen et al., 2005). Abiodun and Rosli (2014) found that SR capabilities are an appropriate capability that can mediate the influence of the EO aspect of SO on BGFs' performance. Similarly, Shah et al. (2020) concluded that a firm with a high SO needs SR capabilities as an internal mechanism to improve its financial performance. Our findings on the differential effects of SO provide support for these studies. However, as noted earlier, empirical findings regarding the impact of the components of SO on BGFs' international performance remain equivocal (Kuivalainen et al., 2007; Mostafiz et al., 2022). Based on our findings, we can conclude that examining SO as a higher-order construct can address this debate in the literature.

Regarding the impact of our model controls, performance implications of firm size are evident in our analysis, although the effect of firm size is diminished in the full model in which all variables are added. This finding coincides with a number of prior studies which reported firm size to be a significant determinant of BGFs' export performance (Faroque et al., 2022; Mostafiz et al., 2022) and firms' degree of born-globalness (Kuivalainen et al., 2007). Firm size is thought to be an approximation of firm resources: that is, larger firms tend to have large pools of resources to exploit and can thus achieve advantages of scale in international operations compared to their smaller counterparts, which in turn can affect the international performance of BGFs (Jantunen et al., 2008; Kuivalainen et al., 2007). Our non-significant finding on the impact of firm age is consistent with existing literature (Ahmed & Brennan, 2019a; Faroque et al., 2022; Mostafiz et al., 2022), which suggests that there is no association between the firm age and export performance of BGFs. However, this finding diverges from Bruno and Swanepoel (2020), who concluded that at inception, BGFs experience less productive performance, due to their inadequate strategic emphasis in the areas of marketing, advertising and promotion, innovation, and ICT, but they catch up when they become mature.

As far as the TMT size is concerned, we found that it was not significantly associated with BGFs' performance. However, the negative coefficients across all regression models imply that the larger the TMT (composed of founding team members), the smaller the effect on the BGFs' performance.Ahmed and Brennan (2019a) concluded that such a negative finding, albeit not significant, may have resulted from conflicts among founding team members. Finally, the TMT's (or founding entrepreneurs') prior international experience is not found to affect BGFs' performance across all regression models. The findings on the impact of prior international experience remain inconclusive in the IE literature. While some scholars provide evidence that it has a positive effect (Evangelista, 2005; Naudé & Rossouw, 2010), others have found no association between founding entrepreneurs' prior international experience and the extent of firms' early internationalization (Ahmed & Brennan, 2019a).

Theoretical contributions

Our findings offer five important contributions to the IE and strategic management literature with regard to BGFs. First, drawing on DC theory, we theorise that SO is critical for BGFs to renew their strategies for enhanced performance, and offer rich theoretical contributions by demonstrating that SR can mediate the relationship between SO and the international performance of mature BGFs. These findings shed light on and reinforce a limited understanding of the complex interplay between SO and the performance outcomes of BGFs at a later stage. To the best of our knowledge, we pioneer this notion by unfolding the complex mechanism required to achieve the enhanced performance through SR by BGFs. In so doing, we also address an important research call that uncovering how SO affects the dynamic capabilities of a firm retains strong potential to provide important theoretical insights (e.g. Zhou and Li, 2007). We have addressed this call in the context of BGFs. We contribute to the IE literature by incorporating mature BGFs as our study sample. The extant literature around BGFs has largely overlooked how these firms continue to achieve growth as both they and their international markets mature. Thus, scholars have stressed the importance of additional empirical research on the mechanisms and patterns that can explain BGFs' long-term growth and development (Andersson et al., 2020; Knight & Liesch, 2016; Romanello & Chiarvesio, 2019). We reveal that SO is critical for mature BGFs' SR capability to effectuate their performance at a later stage in their operations.

Second, we contribute to the literature by testing and validating the combined effect of three critical indicators of SO as antecedent to SR and BGFs' performance, within the conceptual framework of DC. As noted earlier, the majority of studies of BGFs so far have focused on a particular SO, with few examples of studies deciphering the separate individual impacts of its different indicators on BGFs' performance. However, what remains missing is the knowledge on the joint effect of different indicators of SO on BGFs' performance. The significance of addressing this particular limitation is highlighted in several recent studies, including research by Zahoor and Lew (2021). We addressed their suggestion that empirical evidence for the combined effect of SO components on firms' performance needed further development.

Third, our findings have established SO and SR as dynamic capabilities to enhance the performance of BGFs. The extant literature underscores the importance of effective mobilization and utilization of a company's resources and capabilities to deal with environmental uncertainties and changes to eliminate the possibility of failure (Chen et al., 2022; Crespo et al., 2023). Our findings demonstrate that BGFs capitalize on SO to strategically renew themselves, thereby ensuring their superior performance. SO components such as entrepreneurial, learning and growth orientations facilitate operational innovation within the BGFs, which helps them to reposition themselves strategically or renew their strategies to understand the dynamic business environment and make better decisions in response to market demand. These findings validate the important role of developing the DC of BGFs (Kocak & Abimbola, 2009; Weerawardena et al., 2007; Weerawardena et al., 2019).

Fourth, our study underscores the impact of SR in enhancing the international performance of BGFs. We have shown that SR is important for BGFs, as they need to constantly review, replace, and renew their existing resource configurations in response to improving the performance of firms. In the context of BGFs, this is a pioneering study that has investigated the role of SR as a mediator between SO and performance, although this role has previously been explored by Shah et al. (2020) in a different context using SMEs as the study sample. Our study findings provide notable insights by establishing SR as an important outcome of SO, and as a valuable determinant of BGFs' superior performance. We adopted the DC, IE, and strategic management perspectives to explain how SO can be utilized to improve performance, where SR can play an important role as a mediator. Our findings on SR extend the implications of DC theory in the IE literature, as the BGFs need to be strategically flexible to modify and reconfigure resources to sense and seize opportunities and avoid threats in foreign markets (e.g. Schmitt et al., 2018). We regard these findings as very significant, as in the context of BGFs, SR bears particular importance because of the unique feature of these firms, which have operated since their inception in a complex global environment. Our study provides evidence that the overall knowledge accrued within the BGF's internationalization process is important for developing the dimensions of SO (IGO, LO and EO) that allow for SR.

Finally, there is a dearth of knowledge with regard to how SO and SR can play an instrumental role in enhancing the international performance of BGFs from a developing country like Bangladesh. There have been increasing calls for more research and greater rigor by examining born-global-related phenomena across different settings (Ahmed & Brennan, 2019a; Coviello, 2015; Jones et al., 2011; Keupp & Gassmann, 2009; Peiris et al., 2012). Mostafiz et al. (2022) have shown that the relationship between SO, particularly international entrepreneurial orientation, and export-manufacturing firms' performance is context-sensitive. International entrepreneurial firms from developing countries like Bangladesh suffer from stagnant capacity, knowledge, and resources (Mostafiz et al., 2019) and grapple with institutional voids (Ahmed & Brennan, 2019b). Consequently, the opportunity costs for developing the country's BGFs are higher compared to those based in developed nations (Mostafiz et al., 2022). This necessitates knowledge development on SO, SR and BGFs based on samples from developing countries to increase the rigor in this area of scholarship. The present study addresses this limitation, and our findings offer important empirical insights. We also respond to an important question raised by Mostafiz et al. (2022) about what firm-specific capabilities are important and urgent for the international performance of less-developed countries' export-oriented entrepreneurial firms. Our findings indicate that BGFs in developing countries such as Bangladesh need to develop SO first, so as to help them to respond to environmental peculiarities in their home and host countries through the renewal of their strategic activities to survive and succeed.

Managerial implications

Our findings have managerial implications for the BGFs in developing countries. As evident from the literature, the BGFs in the apparel industry in Bangladesh are operating in a disadvantaged situation due to several issues such as strict compliance, low-value items, a lack of diversity of goods, and the pandemic (Hossain, 2021), along with the country's infrastructural issues, high degree of economic vulnerability, and corrupt practices (Ahmed & Brennan, 2019a, b; Rahman et al., 2017). With the advent of new technologies and drastic shifts in the global competitive business environment, BGFs, regardless of their age and origin, need to embrace innovative strategies and develop dynamic capabilities to survive and succeed. BGFs from developed countries tend to have the resources and the wide range of capabilities to tackle challenges and adapt to changes in the environment. It is the developing countries' BGFs which may suffer more, because their origins are rooted in weak and complex institutions, which are more likely to restrict easy access to financial resources and the development of important capabilities required to compete against their rivals from developed countries. Our study findings provide prescriptive suggestions as to how SO can play an instrumental role in enhancing the performance of BGFs from a developing country like Bangladesh, which is one of the leading RMG exporters in the world.

In the current economic and social context strongly hit by the COVID-19 pandemic (Cuesta-Valiño et al., 2023), SO and SR even bear more significance for the BGFs. The pandemic induced volatility in international business and global value chain enforces organisations to remain agile with their strategic approach. Readymade garments manufacturers are having to grapple with these ever changing dynamic world. The findings of this research retain strong potential to provide timely and appropriate relevance to this situation, where firms need strategic flexibility to cope with the turbulent business environment. In order for BGFs to enhance their organisational performance, it is an imperative that they assess the global market situation and continue to reflect their strategic priorities and goals. Our findings provide guidelines on how BGFs should emphasize their SR capability through SO, which subsequently affects performance in a dynamic and turbulent international business environment.

In addition, our results suggest that a combination of EO, LO, and IGO is critical for enhancing BGFs' international performance. The effects of SO suggest that BGFs intending to benefit from international operations need to have DCs such as SO to make them adaptive to the changing business environments through SR. The related research also indicates that SO is important for managers of BGFs (e.g. Jantunen et al., 2008). Consistent with past research, our findings also suggest that SO alone is not a sufficient precondition for a BGF to ensure its performance; rather, the key mechanism is to strategically renew itself continuously (Shah et al., 2020). Overall, our findings provide practical insights for entrepreneurs or strategic decision-makers of BGFs on how to sustain competitive advantages through the renewal of DC, especially in the dynamic context of global region-specific settings, such as the Asia Pacific region.

Limitations and future research

The contributions of our study should be interpreted in the light of a number of limitations, which provide several avenues for future research. The first limitation is related to our examination of the combined effect of SO. Studies tend to examine different forms of SO, but in isolation (Jantunen et al., 2008; Wales et al., 2020). As we focus on their joint impact, what remains missing is an understanding of their individual unique roles in influencing BGFs' performance directly, and indirectly through SR. Another related limitation of our study is the exclusion of the marketing orientation dimension. Marketing orientation has been found to be positively associated with a range of outcomes, such as customer-based performance (Babu et al., 2019), business profitability (Narver & Slater, 1990) and improved export performance (He, Brouthers, & Filatotchev, 2018). In addition to our three widely examined SO types, incorporating marketing orientation in future research can provide additional insights. Third, while it is preferable to use both subjective and objective approaches to performance assessment, we confined ourselves to subjective performance measures of BGFs (Jantunen et al., 2008). To deal with the issue of managers' unwillingness to disclose actual performance data, future research could consider deriving data on export degree (the share of foreign sales to total sales/foreign turnover), as this has been commonly used as an objective performance measure in previous research (Jantunen et al., 2008). Addition of export scope (the number of countries to which firms had exported their products) to export degree also retains the potential to strengthen this line of inquiry further. Since deriving data on satisfaction from a number of indicators remains subjective, obtaining data on export degree (considered as a financial measure) and export scope (considered as a market-development-related measure) has been considered as an objective approach to performance assessment (Ahmed & Brennan, 2019c; Jantunen et al., 2005; Madsen & Moen, 2018).

Other limitations relate to our study context and design. For example, since we drew sample firms from Bangladesh, which is a developing country, our findings may only be generalizable to countries that share similar features such as political volatility, corruption, limited government supports and legal procedural complexities (Rahman et al., 2017), and focus on economic development through the export of manufacturing products, particularly apparel products (Ahmed & Brennan, 2019a). While the use of cross-sectional study designs is common practice in research on both BGFs and SO, it limits claims of causality, and thus it is recommended that a longitudinal design be used to gain insights into the effects of SO in the long run and evaluate likely evolutionary changes in the relationships between the three orientations (Wales et al., 2020). We collected post-internationalization performance data, which implies that the responses derived were not based on BGFs' initial operations. This provides the opportunity to test our model using the initial performance measures of newly founded BGFs as outcome variables. Finally, although an increasing number of review studies on IE stress the significance of examining the phenomenon of BGFs from a multi-country perspective, using data from a wide range of industries, our investigation is confined to a single country and a single industry. To increase the validity of our theory and the generalizability of findings, future research could extend our model to additional industries in other countries.

Appendix 1. Questionnaire items

Variables	Items used in the questionnaire
International performance of born global firms	• Sales volume • Market share • Profitability • Market access • Development of image • Development of know-how • As a whole
International growth orientation	• Internationalisation is the only way to achieve our growth objectives • It is important for our company to internationalise rapidly • We will have to internationalise in order to succeed in the future • The growth we are aiming at can be achieved mainly through internationalisation • The risks brought about by internationalisation are less for us • The domestic market offers less growth potential
Learning orientation	• In our company, we generally think that the maintenance of our competitiveness is based mainly on the learning ability of our organization • The money that is spent on training and learning in our company is considered to be a profitable investment rather than a cost item • We believe that in our company learning has significance for our survival
Entrepreneurial orientation	• We are among the first to implement progressive and innovative production processes and practices • The management of our company supports the projects that are associated with risks and expectations for higher-than-average returns • We actively observe and adopt the best practices in our sector • We actively observe the new practices developed in other sectors and exploit them in our own business • We recognise early on technological changes that may have an effect on our business • We are able to exploit unexpected opportunities • We search for new practices all the time • In uncertain decision-making situations, we prefer bold actions to make sure that opportunities are exploited • We consistently allocate resources to promising new operational areas
Strategic renewal/ reconfiguring capabilities	• Implementation of new or substantially changed company strategy • Implementation of new kinds of management methods • New or substantially changed organization structure • New or substantially changed marketing method or strategy • New or substantially changed technological equipment or manufacturing process • Substantial renewal of business processes • Substantial renewal of production/ manufacturing processes

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