

Entrepreneurial orientation and internationalisation: A focus on firms in Sub-Saharan Africa

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ABSTRACT

This report is based on the influence of individual entrepreneurial orientation dimensions on internationalisation outcomes of firms in Sub-Saharan Africa. The study followed a positivist paradigm and was grounded on the multidimensional conceptualisation of entrepreneurial orientation and the contingency framework thereof by Dess and Lumpkin (1996). Computer-aided text analysis was employed to deduce the level of entrepreneurial orientation dimensions from the executive management's review in the companies' annual reports. Multiple regression techniques were used to test the relationship between each independent variable (innovativeness, proactiveness and risk taking) and the dependent variables (international scale and international scope). In addition, the role of contextual moderators (economic development, home market size, political stability and regulatory quality) on each of these relationships was investigated.

The target population was small to medium sized enterprises with more than 42 months of business activity and an established growth trajectory. The sampling frame included firms that were listed on the Botswana, Nairobi (Kenya), Nigerian, Johannesburg Securities Exchange's AltX (South Africa), and Zimbabwean securities exchange markets. The final sample was made up of 124 exchange-listed firms with a market capitalisation of below R3 billion.

The majority of the hypotheses were not supported by the findings. Innovativeness, proactiveness and risk taking were not significantly related to the scale and scope of internationalisation. In addition, the macroeconomic factors were not significant moderators of entrepreneurial orientation dimensions versus the scale and scope of internationalisation. However, the U-shaped relationship between risk taking and international scope was stronger when the level of regulatory quality was high. Furthermore, the technology industry was associated with greater international scope. The overall findings contributed to the understanding of the scale and scope of internationalisation using entrepreneurial orientation as a theoretical framework.

DECLARATION

I, Ntokozo Aaron Baker, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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Signed at

On the day of 2015

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I am grateful to all the companies evaluated in this study for making their integrated annual reports easily accessible to interested stakeholders including academic researchers. This study relied on the fair representation of each company's quantitative and qualitative information as well as the comprehensive executive management commentary that supported it.

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CHAPTER 1: INTRODUCTION

1.1 Theoretical background

Dramatic changes in the global economy driven by the internet and social media, consumer product innovations, and the rapid adoption of mobile communication technologies (particularly in emerging markets) have led to increased international activity of both small and large enterprises. In addition, the removal of government-imposed barriers that protected domestic markets have resulted in the demise of the nation-state as primary economic player and the demise of the stand-alone firm as the basic unit of competition (Dana & Wright, 2004). This has further contributed to the rise in international business activity whereby even the smallest of firms have access to customers, suppliers and network partners around the world (Dana & Wright, 2004). However, the high levels of international business activity have also yielded increased levels of competition in private enterprise. Competitive advantage has thus become heavily dependent on leveraging the interplay between the discovery and exploitation of new opportunities, creating innovative value propositions that can be successfully commercialised, and the capacity to mobilise and resources at the global level (Denicolai, Hagen, & Zucchella, 2014). This means “the new economic order requires a combination of entrepreneurship, innovation, and internationalisation” (Denicolai et al., 2014, p. 2).

International activity was identified as a key element of entrepreneurship (Ibrahim, 2004). This has resulted in the recent emergence of international entrepreneurship (IE) as a distinct research domain, which has captured the attention of entrepreneurship scholars (Covin & Miller, 2014). However, the IE domain has been criticised for its knowledge gaps, theoretical inconsistencies and conflicting predictions (Gassmann & Keupp, 2009). In addition, it is regarded as having no unifying paradigm with a large variety of theoretical and methodological approaches (McDougall & Oviatt, 2000). These shortcomings have been attributed to the lack of definitional rigour regarding IE, which has hindered progress in the field and limited an understanding of IE (Gassmann &

Keupp, 2009). Nonetheless, Coviello, Jones, and Tang (2011) maintain that criticisms of IE are rather premature since, as a domain, IE is only slightly over two decades in existence. Therefore, considering the gradual and incremental process of theory development, a mindfulness of the issues and inconsistencies of IE and the interim debates surrounding them are fundamental to the advancement of theory and paradigmatic unity (Coviello et al., 2011).

Entrepreneurial orientation (EO) is regarded as a notion that holds promise for understanding international ventures (Covin & Miller, 2014). It has remained a central construct in corporate entrepreneurship and its relevance to theory and practice in the IE domain has been accepted by IE scholars from the earliest years of IE's development (Covin & Miller, 2014). Internationalisation is characterised by various types of new entries across national borders, which range in scale and scope from simple exporting to designing, manufacturing and selling abroad. Each of these may be a function of different elements of EO (Blesa, Monferrer, & Ripollés, 2012; Covin & Miller, 2014). However, relative to IE, there is less consistency in defining EO within the literature (Covin & Miller, 2014). This led to several studies that focused on the conceptualisation of EO as a unidimensional or multidimensional construct (Covin & Wales, 2012; Covin & Lumpkin, 2011), the possible distinctiveness of the EO and international entrepreneurial orientation (IEO) constructs (Covin & Miller, 2014), and the independent influences of innovativeness, proactiveness and risk taking on international scope (Dai, Fernhaber, Gilbert, & Maksimov, 2014).

In their review of substantive matters concerning EO, Covin and Lumpkin (2011) conclude that EO is a behavioural rather than a dispositional construct. Therefore, a firm-level attribute is recognisable through the exhibition of sustained entrepreneurial behavioural patterns. Over the years, EO has been defined as either a unidimensional construct (based on the conceptualisation by Miller (1983) and Covin and Slevin (1989)) or a multidimensional construct (based on the study by Dess and Lumpkin (1996)). Several researchers have therefore criticised and compared the two conceptualisations in an attempt to identify a more defensible approach (Covin & Lumpkin, 2011). However, Covin

and Lumpkin (2011) argue, “the two conceptualisations of EO are fundamentally different and neither is inherently superior to the other” (p. 860). Hence, they recommend that EO theory and research should rather proceed along two concurrent paths corresponding to the unidimensional and multidimensional conceptualisations of the construct.

Empirical EO and international entrepreneurship orientation (IEO) research has mostly relied on IEO measures that examine only three elements, risk taking, innovativeness, and proactiveness (Covin & Miller, 2014). Moreover, Covin and Miller (2014) found that IEO literature could be separated into two streams based on the research approach employed. In the first body of research, IEO is not treated as a construct distinct from EO. Instead, international is only a context in which the EO phenomenon is investigated. The second body of research, however, utilises EO scale items or instructions that explicitly mention export markets, foreign country or marketplace, international operations or international verbiage of various specific types (e.g., abroad, international markets, international business). Thus, in this body research, IEO is essentially treated as a subcategory of EO that shares the core elements of the broader EO construct. However, it is measured as a distinct construct with a specific international emphasis.

Within these two aforementioned streams of IEO research, the literature focused on three dominant yet overlapping themes: EO/IEO and international performance, EO/IEO and culture, and measurement issues involving EO/IEO (Covin & Miller, 2014). Apart from a few studies of mature firms in mature economies, most empirical research has shown that EO and IEO or at least some of their components have a strong positive relationship with international performance (Covin & Miller, 2014). The majority of these studies evaluated the influence of the EO/IEO construct in its entirety and only a few examined the impact of EO/IEO individual dimensions. From the few studies that evaluated individual EO dimensions, proactiveness is commonly found to have a positive impact on international performance (Andersson & Frishammar, 2009; Dimitratos, Pitsoulaki, Plakoyiannaki, & Tüselmann, 2010; Kuivalainen, Servais,

& Sundqvist, 2007; Ma, Wang, & Zhang, 2012). Nonetheless, similar to research on the EO/IEO construct (Covin & Miller, 2014), most of the studies focusing on the individual dimensions of the construct were conducted in China or developed European economies (Finland, Sweden and Greece). Hence, very limited research has been conducted in other emerging economies such as Sub-Saharan Africa. Moreover, considering that most research on international entrepreneurship does not balance international business (IB) and entrepreneurship components (Gassmann & Keupp, 2009); the effects of the individual EO dimensions on internationalisation aspects have not been adequately investigated.

1.2 Background information: Entrepreneurial context

The recent meta-analysis by Engelen, Saeed and Yousafzai (2014) indicates that an increasing number of distinct moderators at the national level explain the EO–performance relationship. Their meta-analysis differs from the one conducted by Frese, Lumpkin, Rauch and Wiklund (2009) as it utilises a different methodological approach; a larger number of studies and countries in which the studies were conducted. Frese et al. (2009) did 51 studies from 14 countries and Engelen et al. (2014) did 177 studies from 41 countries. Frese et al. (2009) found no significant difference between EO’s impact on performance, based on the continent in which the firm was based. Theoretical arguments and empirical findings by Engelen et al. (2014) indicate, “the national-level dependence of the EO–performance relationship is complex since single factors at the national level appear to play individual roles in determining the relationship” (p. 280). Specifically, Engelen et al. (2014) found that EO is more strongly related to firm performance in developing nations whose national cultures are distinguished by high political stability, low uncertainty avoidance, low power distance, and high in-group collectivism (partially confirmed).

In their recent review of the EO/IEO construct, Covin and Miller (2014) mention that much of the research that relates EO/IEO and international performance has focused on samples including, or solely restricted to, Chinese firms. Minimal

research has been conducted to date on other emerging market contexts. A country's wealth as well as its national industry composition, institutional voids, and cultural and religious values have an influence on the behaviour of its businesses (Covin & Miller, 2014). Sub-Saharan Africa (SSA) is characterised by low levels of gross domestic product (GDP) per capita, a generally low human development index (HDI), poor physical and technological infrastructure, and several unstable political regimes. Nonetheless, economic growth continues to accelerate in a larger number of countries within the region as the SSA economy grew 4.9 percent in 2013 (IMF, 2014). According to the International Monetary Fund (IMF) (IMF, 2014) report, this was underpinned by large investments in infrastructure and mining thus elevating current account deficits while improving fiscal balances. The IMF report states that external factors pose the biggest threat to the region as a whole although domestic risks remain significant in some countries. Factors presenting downside risks include lower export demand due to deteriorating growth in the largest emerging economies, especially China; reduced capital inflows due to tighter global financial conditions; rising fiscal imbalances in some countries; ongoing domestic conflicts in some countries particularly the Central African Republic and South Sudan.

The low GDP per capita values of most countries in SSA are an indication of limited consumer buying power. Furthermore, both the external and domestic downside risks faced by SSA threaten the revenue growth prospects and balance sheet stability of most firms doing business within the region. Therefore, entrepreneurial firms with ambitious expansion plans will be driven to search for opportunities beyond their SSA borders in order to increase their consumer base and diversify their financial and operational risks. The various EO dimensions are expected to influence, either individually or collectively, the internationalisation efforts of these firms over time. As such, this study aimed to examine the extent to which EO dimensions influence the scale and scope of internationalisation outcomes of firms in SSA.

1.3 Problem statement and research focus

The positive strength of the EO-performance relationship is evident in both meta-analyses by Frese et al. (2009) and Engelen et al. (2014). This strong, positive correlation is also evident in the link between EO/IEO and international performance as reviewed by Covin and Miller (2014). However, most of the research has focused on the influence of EO/IEO in its entirety as either a unidimensional construct (Miller, 1983; Covin & Slevin, 1989) or multidimensional construct (Dess & Lumpkin, 1996). In addition, the meta-analyses were based on overall business performance and not international performance per se. In order to improve our understanding of international ventures, Covin and Miller (2014) propose that a more fine-grained research approach be employed to understand which aspects of EO, to what degree and in what contexts do these aspects impact international ventures. Furthermore, Covin and Miller (2014) suggest that there may be a cascading effect of the various EO dimensions on the scale and scope of different internationalisation outcomes. They mention that it is possible that most of the EO components are present most of the time; however, to varying degrees and with increasing presence relative to each other. On the other hand, each of the EO dimensions may have a selective influence on the different aspects of internationalisation depending on the context in which EO occurs.

Most research studies that connect EO/IEO and international performance have focused on Chinese firms (Covin & Miller, 2014); hence, limited research has been conducted in other emerging market contexts such as SSA. Moreover, there are even fewer research studies concentrating on the impact of the individual EO dimensions on the scale and scope of internationalisation. Therefore, this study focused on the effect of the individual EO dimensions on the scale and scope of internationalisation of firms in SSA.

1.4 Purpose statement

The purpose of this research was to examine the effect of the individual EO dimensions of innovativeness, proactiveness and risk taking – as conceptualised by Dess and Lumpkin (1996) – on the scale and scope of internationalisation of firms in SSA. Furthermore, it investigated the moderating role of the macroeconomic factors – economic development, home market size, political stability, and regulatory quality – on the relationship between EO dimensions and the scale and scope of internationalisation of firms in SSA.

1.5 Contribution of the study

Based on the review by Gassmann and Keupp (2009), IB theory may not sufficiently reveal the early entrepreneurial stages of the internationalisation process. However, this gap in IB theory is not offset by corresponding knowledge in entrepreneurship research (Gassmann & Keupp, 2009). Even though EO is used to analyse performance differences during early stages of venturing, it is almost exclusively restricted to individuals and an overwhelming amount of EO research has excluded the international context (Gassmann & Keupp, 2009).

This study was based on one of the future IEO research directions, as proposed by Covin and Miller (2014), regarding how the notion of EO can be used to understand international ventures. It added to the understanding of how entrepreneurial processes and internationalisation interact, as suggested by Gassmann and Keupp (2009). By applying a fine-grained investigative approach, it contributes to the limited amount of research focusing on the role of individual EO dimensions on internationalisation outcomes. Considering that the majority of EO/IEO studies were conducted in developed countries with the exception of China as a developing country, this study added to the limited amount of research on IEO/EO versus internationalisation outcomes in SSA as an emerging market setting.

The credibility of EO research is questionable due to the methods employed in this research, particularly concerning the challenges associated with identifying and collecting relevant secondary data that might be used to substantiate EO measures based on primary data (Covin & Lumpkin, 2011). Moreover, Brigham, Broberg, Coglisier, and Short (2009) mention that EO studies often relied on perceptual measures of EO and firm performance, which could result in common method variance. Content analysis offers a narrative, text-based perspective of the link between EO and internationalisation outcomes, which differs from the traditional survey based measures of both constructs. This is beneficial to the credibility of EO research as the results are not subject to common method variance (Brigham et al., 2009).

Engelen et al. (2014) included many non-Western countries in their meta-analysis and found more nuanced moderators at the national level to explain the EO-performance relationship. Since this study was conducted across multiple SSA countries, it contributed to the limited amount of empirical EO research that had been conducted outside of the typical Western contexts. Furthermore, it served as a response to the call by Engelen et al. (2014) for more studies that could potentially reveal unidentified moderators of the EO-performance relationship at the national level.

1.6 Delimitations of the study

The sample utilised in this study included for-profit corporate entities that were listed on larger and more developed public securities exchanges in SSA. The larger and more developed securities exchanges tend to have stringent listing requirements that resulted in increased regulatory compliance, public disclosure and overall transparency. This led to the widespread availability of companies' detailed financial and operational information to existing and prospective investors. Furthermore, only firms with a market capitalisation below R3 billion were investigated. Nonetheless, the fact that most SSA countries are factor-driven, implies low levels of financial market development (Turton & Herrington, 2012). Hence, a notable number of smaller and larger private entities engaged in

internationalisation activities but not represented on any public securities exchange were not considered in this study.

The final sample included only firms with a primary listing on one of the SSA securities exchanges, and firms with a primary listing outside of SSA were not examined. In addition, for those firms listed on more than one securities exchange within SSA, only the primary listing was considered. Parent-subsidiary relationships were evaluated according to the primary listing of the parent company or the subsidiary in SSA. As such, only the parent or the subsidiary was included in the final sample.

1.7 Assumptions of the study

The EO-performance relationship has shown robustness to different measures of EO as well as differences in the measurement of performance including perceived financial indicators, perceived nonfinancial indicators of performance, and archival performance metrics. However, only a limited number of research studies – mostly involving Chinese firms – have linked EO/IEO to international performance specifically. Although the latter have also revealed strong, positive relationships between EO/IEO and international performance measures, the focus has been on one national setting. Hence, it was assumed that the link between EO dimensions and internationalisation outcomes does extend to other emerging market contexts such as SSA. Furthermore, this study assumed that publicly listed entities adequately represent entrepreneurial ventures that are currently operational in SSA. Implicit in this assumption was that such firms would display EO behavioural patterns that may affect internationalisation outcomes.

Notwithstanding the delimitations and assumptions, this study attempted to fill a knowledge gap regarding the individual role of innovativeness, proactiveness and risk taking on the scale and scope of internationalisation. Furthermore, the moderating influence of macroeconomic factors was taken into consideration. The study is structured according to several chapters as follows: Chapter 2

provides a comprehensive literature review detailing first the challenges in understanding IE, the criticisms that have emerged as a result, and the promise of EO as a theoretical framework for understanding IE, and second the unidimensional vs. the multidimensional conceptualisation of EO. This is followed by the contingency framework of EO versus performance, and lastly the development of hypotheses based on Dess and Lumpkin's (1996) multidimensional conceptualisation of EO. Chapter 3 explains the research methodology including the research paradigm, design, methods, analysis and limitations. Chapter 4 presents the study results in the form of descriptive statistics, Pearson correlations and the main-effects and moderated regression outcomes. Chapter 5 focuses on an in-depth analysis and discussion of the results based on the literature review in Chapter 2. This is followed by Chapter 6, which outlines the conclusion to the study as well as the implications and recommendations for future research.

CHAPTER 2: LITERATURE REVIEW

Dramatic changes in the global economy in recent years have resulted in internationalisation and innovation becoming the major options to achieve organisational growth (Denicolai et al., 2014). Internationalisation is defined as “a process of increasing involvement in international operations across borders” (Li, Liu, & Xue, 2011, p. 382). Thus international ventures are characterised by new entries that range in magnitude and scope (Covin & Miller, 2014) from simple licensing and exporting to original equipment manufacturing (OEM) and direct foreign investment. Internationalisation is considered a form of entrepreneurship as firm activity in a foreign country involves identifying and exploiting new business opportunity while taking on additional risk in an unknown competitive environment (Beamish & Lu, 2001; Menguzzato-Boulard, Ripollés-Meliá, & Sánchez-Peinado, 2007). Therefore, several studies have evaluated the antecedents, elements and outcomes of international entrepreneurship based on organisational, environmental or individual variables (Christofor & Kollmann, 2014). IB research has specifically focused on the choice of a market entry mode as one of the most important decisions in the internationalisation process (Morschett, Schramm-Klein, & Swoboda, 2010). IE research, on the other hand, has typically examined the role of EO (as an organisational variable) on the scale (degree), pace (speed) and scope of internationalisation (Covin & Miller, 2014). Nevertheless, IE is still plagued by knowledge gaps, theoretical inconsistencies and conflicting predictions that continue to hinder its advancement (Gassmann & Keupp, 2009). This is mainly attributed to the fact that IE is a relatively new research domain that lies at the intersection of entrepreneurship and IB (Gassmann & Keupp, 2009). As such, it is a complex phenomenon that internationalisation theories have thus far proved too limited to explain (Ibrahim, 2004).

The concept of EO or IEO has recently been suggested as one that can be utilised to understand international ventures (Covin & Miller, 2014). That is, different elements of EO may influence the degree and breadth of various

internationalisation activities. Hence, this chapter focuses on the development of hypotheses regarding the most commonly researched EO dimensions of innovativeness, proactiveness and risk taking (Covin & Miller, 2014) and their impact on international performance variables. The first section deals with criticisms of IE and counterarguments thereof, and their contribution to the advancement of the field. Moreover, it introduces EO as a theoretical framework that can be used to understand international ventures. The second section discusses the two dominant perspectives of EO; as a unidimensional or multidimensional construct, and multidimensional conceptualisation's enabling of a more fine-grained investigation of the effect of each EO dimension on various aspects of a firm's international performance. The third section provides a framework of EO versus performance as conceptualised by Dess and Lumpkin (1996), which is based on the contingency theory. It emphasises the contingent role of environmental and organisational factors on the EO-performance relationship. Based on the conceptual framework by Dess and Lumpkin (1996) and previous research findings, the final section involves the development of hypotheses that link individual EO dimensions (innovativeness, proactiveness and risk taking) to international performance variables. The scale and scope are considered to be the most representative variables of a firm's international commitment (Menguzzato-Boulard et al., 2007), hence these constitute the international performance variables examined in this study.

2.1 Challenges in understanding international entrepreneurship and the promise of EO as a theoretical framework

Earlier research studies have suggested that "international activity is a key element of entrepreneurship" (Ibrahim, 2004, p. 129). Therefore, numerous theories were advanced to explain the firm's internationalisation motive and process (Ibrahim, 2004). These include process-stage theories, IB theories, the network approach, resource-based theories, foreign direct investment theories and the population ecology approach. However, because entrepreneurship is a complex phenomenon, Ibrahim (2004) mentions that internationalisation theories

tend to be too limited and focus mostly on multinational enterprises. In particular, the process perspective of research on internationalisation is criticised for its inability to explain the entrepreneurial nature of 'born globals' or companies that rapidly engage in international activities early in their existence. That is, it "emphasises incrementalism and that individuals/companies are constrained by limited information about foreign markets, limited experience of international operations and a general concern not to be exposed to high levels of risk and uncertainty" (Welch, 2004, p. 138). Hence, the process view is inadequate for understanding rapidly internationalising entities as it ignores the importance of behavioural and network aspects of internationalisation. Nonetheless, despite the theoretical limitations, Welch (2004) asserts that internationalisation can be defined as entrepreneurial, particularly at the initial step into international operations but also in the later steps that are required to sustain international presence. Therefore, he concludes that internationalisation and international entrepreneurship share a common thread in that ideas about international entrepreneurship are conceptually rooted in the development of ideas about internationalisation. This means that concepts related to international entrepreneurship (IE) can be used to understand internationalisation and vice versa.

Scholars have acknowledged the importance of IE as a field that lies at the intersection of entrepreneurship and IB (Gassmann & Keupp, 2009). However, it is criticised for its fragmentation and lack of theoretical integration as articulated by Gassmann and Keupp (2009). They concur with McDougall and Oviatt (2000) that IE lacks a unifying paradigm, which has resulted in many theoretical and methodological approaches in its research. Accordingly, they argue that numerous knowledge gaps and theoretical inconsistencies continue to limit our understanding of the field. This is evident in the multitude of definitions and redefinitions of IE that have emanated since McDougall and Oviatt's (1994) study that focused on the international new venture. The study was republished as McDougall and Oviatt (2005) and defines the international new venture as "a business organisation that, from inception, seeks to derive significant competitive advantage from the use of resources from and the sale of outputs to multiple

countries” (p. 31). The ‘1994/2005 definition’ largely restricts IE to the study of the internationalisation of newly founded ventures and this has triggered the large amount of subsequent empirical research, which mainly examined how small and young new businesses venture abroad (Gassmann & Keupp, 2009). Furthermore, Gassmann and Keupp (2009) contend that the phenomenological – instead of the theoretical – approach to the definition of IE has led to empirical and conceptual studies that constitute the majority of IE literature. As such, their systematic content analysis reveals that empirical research has exclusively focused on analysing:

- “The propensity of small young firms to internationalise (the typical sampling criteria here are firms that employ less than 500 or less than 250, depending on the definition used);
- What small new ventures that have internationalized do to penetrate markets and/or to survive and how their international performance differs; and
- The demographic and cognitive characteristics of individual or groups of entrepreneurs and their actions in the course of internationalisation” (Gassmann & Keupp, 2009, p. 601).

A particular concern highlighted by Gassmann and Keupp (2009) is that the majority of IE studies are not based on any specific theoretical framework, neither from entrepreneurship nor from IB theory. They state that even those studies that explicitly quote a theoretical foundation use frameworks from mainstream IB theory and few are grounded in entrepreneurship theory. Hence they assert that almost no study strives to incorporate thinking from both IB and entrepreneurship theory. Gassmann and Keupp (2009) maintain that most studies have typically legitimised their presence in the IE domain by using samples, which largely consist of new ventures that obtain revenues from more than one country. Nevertheless, they argue that

...if IE is supposed to be the intersection of IB and entrepreneurship theory, then the study of how and why new ventures internationalise is a subset of possible IE research topics, but not equivalent to IE

itself, because neither IB nor entrepreneurship theory is specific to firm size or firm age. ... It is important to emphasise the uniqueness of IE as a theoretically legitimate field of study beyond entrepreneurship and IB theory in general (Gassmann & Keupp, 2009, p. 602).

Coviello et al. (2011) responded to criticisms that IE is fragmented, inconsistent and lacking in unifying paradigms and theory. They acknowledge that although such criticisms are provocative, they are somewhat premature since as a domain, IE is relatively new with just over two decades of scholarly research. Accordingly, Coviello et al. (2011) state that:

Such criticisms are often the result of efforts to evaluate a new scholarly domain by summarising a field's theoretical elements (e.g. data, variables, constructs, hypotheses) in a de-contextualised manner. However, theoretical elements alone do not signify theory nor do they necessarily reveal evidence of theory development, particularly when they are divorced from the phenomena they represent (p. 632).

The criticisms of IE may be attributed to the particularly different stages of development in which the fields of IB and entrepreneurship exist. That is, although IB research is an established field of research with relatively robust theoretical paradigms (such as foreign direct investment theory), entrepreneurship is a relatively young research field that is still emerging (Gassmann & Keupp, 2009). Therefore, it lacks theoretical explanations that are robust and satisfactory (Eckhardt & Shane, 2003). In fact, according to Gassmann and Keupp (2009), IB research receives extensive attention in conventional management journals, whereas entrepreneurship research accounts for less than two percent of all contributions in these journals. Hence, the fragmentation and inconsistency in the development of IE is to a notable extent due to the adolescence of the entrepreneurship domain where robust theoretical explanations are still evolving. In the end, it is important to realise that the process of theory development is gradual and incremental (Coviello et al.,

2011). So even though the IE domain is fragmented and lacking in unifying paradigms as the end-products of the normal science process, “it is equally important to understand its phenomena, issues and inconsistencies, as these constitute interim debates in theorising” (Coviello et al., 2011, p. 632).

The recent reviews by Gassmann and Keupp (2009), Annavarjula, Coombs, and Sadrieh (2009), and Coviello et al. (2011) are all important to the advancement of research in IE. Considering that this is a rather new field with a rapidly expanding body of knowledge on complex phenomena (Coviello et al., 2011), comprehensive reviews of IE literature contribute to an awareness and understanding of existing developments, assumptions, conflicting arguments and theoretical predictions, as well as overall knowledge gaps in its subject matter. This awareness and understanding is further enhanced by the difference in the systematic approach and methodology used to conduct each review. Gassmann and Keupp (2009) employ a deductive approach using content and cluster analysis of IE literature to derive an analytical, organising framework comprising three top-level categories namely, ‘antecedents of IE’, ‘elements of IE’, and ‘outcomes of IE’.

Contrary to the reviews by Gassmann and Keupp (2009) and Annavarjula et al. (2009), Coviello et al. (2011) adopt thematic coding principles to derive themes inductively from IE articles based on each article’s focus, theoretical basis, models or hypotheses. Thus, instead of using content-analytical approaches that normally extract de-contextualised information, they induct themes from their holistic understanding of each article. This approach takes into consideration “the relative newness of the field, the embryonic nature of some lines of inquiry and the gradual development of a vocabulary describing IE” (Coviello et al., 2011, p. 635). The result of this approach is an ontological organisation of IE and its patterns of research emergence, which are illustrated in a thematic map according to three types of research:

- [1] entrepreneurial internationalisation,
- [2] international comparisons of entrepreneurship, and

[3] comparative entrepreneurial internationalisation (where cross-border entrepreneurship is compared across countries or cultures).

Overall, even though the reviews of IE literature adopt different methodological approaches, they aid in the advancement of IE by prompting future research that seeks to improve our theoretical and practical knowledge of IE. However, the development of new theoretical foundations for empirical research must balance IB and entrepreneurship components (Gassmann & Keupp, 2009). In addition, research must be conducted with the understanding that good theory is built through an iterative process of debate and discussion as well as testing (Coviello et al., 2011; p. 48).

EO has been a subject of scholarly literature for more than three decades and its relevance to theory and practice in the IE domain has been documented by IE scholars from the earliest years of the field's development (Covin & Miller, 2014). It is regarded as one of the elements of IE together with firm strategy, resources and capabilities, competitive advantage, inter-firm organisation and organisational learning. According to the domain ontology by Coviello et al. (2011), EO is part of the thematic area pertaining to organisational issues, which constitutes 10.5 percent of the 323 research articles analysed in the domain ontology. The ontology shows that organisational issues began to appear almost in parallel with network research with EO – in particular – starting to emerge in 2000. IE research typically focused on investigating the effect of EO on internationalisation (Coviello et al., 2011). Examples of such research include the study by Knight (2000), which shows that EO influences the firm's response to globalisation developments, technology acquirement and preparation for internationalisation. Menguzzato-Boulard et al. (2007) found that firms with a noticeable EO have higher relative international sales and operate in a larger number of foreign countries. In addition, they found that, for established firms, EO is an outcome rather than an antecedent to internationalisation. Research by Zhou (2007) indicates that EO facilitates the direct relationship between foreign market knowledge and early and rapid internationalisation.

The above examples of empirical research support Covin and Miller's (2014) proposition that the notion of EO/IEO may be useful in understanding international ventures. They suggest that scholars begin to make more fine-grained connections between the different EO elements and internationalisation outcomes such as a firm's percentage of international revenues, geographic scope and cultural distance, the use of international resources and factors of production, and the speed of internationalisation. Although Covin and Miller (2014) acknowledge that some important work has begun in this rich area, they contend that there is room for further development, which was partly the reason for conducting this study.

2.2 Unidimensional versus multidimensional conceptualisation of entrepreneurial orientation

An entrepreneurial orientation (EO) refers to the processes, practices and decision-making activities that lead to new entry (Dess & Lumpkin, 1996). This concept was originally proposed and advanced as an answer to the question of what it means for a firm to "be entrepreneurial" in a practical or behavioural sense (Covin & Miller, 2014, p. 13). Nevertheless, inconsistency in defining EO within the literature (Covin & Lumpkin, 2011; Covin & Miller, 2014) has contributed to a degree of scepticism or even annoyance regarding the construct (Covin & Lumpkin, 2011). Furthermore, Covin and Lumpkin (2011) attribute the reluctance (by some scholars) to embrace the theoretical or practical significance of EO research to

- [1] ambiguity in the conceptualisation of EO,
- [2] limited evidence supporting the construct validity of EO measures, and
- [3] the tendency of EO research to focus on the phenomenon rather than the theoretical basis.

These three issues, highlighted by Covin and Lumpkin (2011), are interrelated considering that the conceptualisation of EO requires a firm understanding of the theoretical nature of the construct. Covin, Ireland, and Kuratko (2009)

acknowledge that EO is “an organisational state or quality that is defined in terms of several behavioural dimensions” (p. 24); EO is incorporated within their CE strategy model and is regarded as only partial evidence of a CE strategy. In that sense, Covin et al. (2009) regard EO as “an organisational state or quality that is manifested across the organisation by implementing a particular strategy” (p. 24). This is consistent with the view by Covin and Lumpkin (2011) that even though EO is a firm-level attribute, it is behavioural rather than dispositional in nature. As such, a firm’s disposition towards entrepreneurship – defined as a tendency to respond to situations in an entrepreneurial manner – does not guarantee the manifestation of entrepreneurial behaviour nor should it be regarded as essential to the EO construct. Therefore, EO ought to be conceptualised as “a firm-level attribute that is recognisable through the exhibition of sustained entrepreneurial behavioural patterns” (Covin & Lumpkin, 2011, p. 858).

EO research has relied on two dominant perspectives that view EO as either a unidimensional construct or a multidimensional construct (Covin & Lumpkin, 2011; Covin & Miller, 2014; Covin & Wales, 2012; Frese et al., 2009). The unidimensional or composite view is based on the conceptualisation by Miller (1983) and Covin and Slevin (1989), that EO is a unidimensional latent construct with three salient dimensions of innovativeness, proactiveness and risk taking – these must covary in order for an EO to be claimed (Covin & Wales, 2012). The multi-dimensional view of EO is commonly associated with the work of Dess and Lumpkin (1996) who conceptualise EO as a latent construct that exists as a set of independent dimensions, namely risk taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy. In this view, the independent dimensions that characterise EO need not strongly and positively covary to claim the existence of an EO (Covin & Wales, 2012). In acknowledgment of researchers' attempts to identify a more theoretically defensible EO perspective, Covin and Lumpkin (2011) propose that the unidimensional and multidimensional conceptualisations of EO are fundamentally distinct constructs that require separate definitions and measurement models. As such, “the Dess and Lumpkin (1996) conceptualisation is more domain-focused thus specifying where to look

for EO; whereas the Miller (1983) conceptualisation of EO is more phenomenon-focused as it specifies what EO looks like” (Covin & Wales, 2012, p. 681). Overall, Covin and Lumpkin (2011) suggest that future EO research will benefit from acknowledging the differences between the two conceptualisations and thus explicitly recognising and defending the conceptualisation employed. This must take into consideration that the manner in which EO is conceptualised has measurement-related implications (Covin & Wales, 2012).

Dess and Lumpkin (1996) suggest that innovativeness, proactiveness, risk taking, autonomy and competitive aggressiveness may vary independently depending on the organisational and environmental context (p. 137). They argue that conceptualising EO as a unidimensional construct – according to Miller (1983) and Covin and Slevin (1989) – may be too restrictive for explaining some types of entrepreneurial behaviour. For example, firms that engage in mergers and acquisitions (M&A) to gain new market entry may require little or no innovation. In addition, acquiring other established businesses may involve relatively low risk taking. Since the unidimensional view of EO requires the exhibition of all three dimensions (proactiveness, innovativeness and risk taking) at noticeable levels for an EO to be implied, firms that employ an M&A approach would not qualify as EO entities.

Adopting a multi-dimensional view of EO – as conceptualised by Dess and Lumpkin (1996) – enables a more fine-grained examination of the impact of each EO element on various aspects of a firm’s international performance. This is particularly applicable in an emerging market context, where firms involved in internationalisation activities may not necessarily exhibit all three EO dimensions at the same time. Therefore, for the purposes of this study, EO was assessed in accordance with Dess and Lumpkin’s (1996) conceptualisation as a multidimensional latent construct. However, the study focused on only three of the five dimensions namely, innovativeness, proactiveness and risk taking.

2.3 The contingency framework of the EO-performance relationship

“The relationship between EO and firm performance is among the best-researched topics in entrepreneurship research” (Engelen et al., 2014, p. 255). However, studies have shown significant variation in the magnitude of the EO-performance relationship that could not be explained by sampling error alone (Engelen et al., 2014; Frese et al., 2009). According to Frese et al. (2009), this is an indication that other variables moderate the strength of the EO-performance relationship. The latter is not surprising if one considers the conceptualisation of EO by Dess and Lumpkin (1996), which is based on the contingency theory. The underlying principle of the contingency theory is that congruence or ‘fit’ among key variables – such as industry conditions and organisational processes – is critical for the attainment of optimal performance (Dess & Lumpkin, 1996). It implies that the relationship between two variables is dependent on the magnitude of a third variable. Therefore “introducing moderators into bivariate relationships helps reduce the potential for misleading inferences and permits more precise and specific understanding” (Frese et al., 2009, p. 765). In order to effectively model the EO-performance relationship, Dess and Lumpkin (1996) take into consideration the role of contingent variables. They regard the investigation of environmental and organisational variables as critical to further our understanding of EO versus performance. Hence, they suggest a conceptual framework that incorporates these variables as shown in Figure 2.1. In addition, Dess and Lumpkin (1996) present alternative models that demonstrate how moderating, mediating, interacting and independent effects in the EO-performance relationship can be investigated. One such model is the moderating-effects model as shown in Figure 2.

In general, research that connects EO/IEO and international performance has shown strong, positive relationships between the predictor and outcome variables (Covin & Miller, 2014). However, much of this research was conducted on samples including, or solely limited to, Chinese firms (Covin & Miller, 2014). Considering the fact that SSA is characterised by a large number of developing

nations with diverse limitations in terms of financial, technological and human capital; it is essential that the contingent roles of environmental and organisational factors are regarded when investigating the EO-performance relationship. In light of this perspective, the conceptual framework (Figure 1) and moderating-effects model (Figure 2) by Dess and Lumpkin (1996), formed the grounding for this study and served as a basis for the development of the hypotheses.

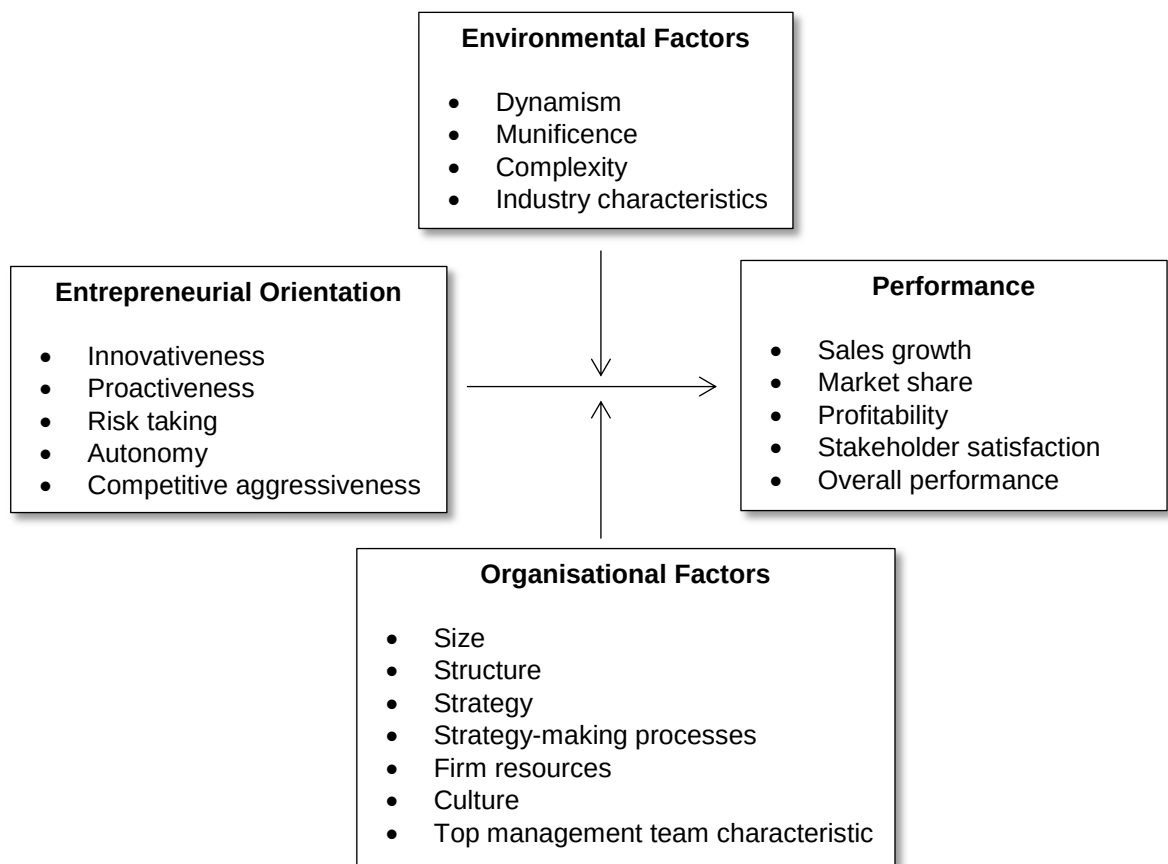


Figure 1: EO conceptual framework

(Dess & Lumpkin, 1996)

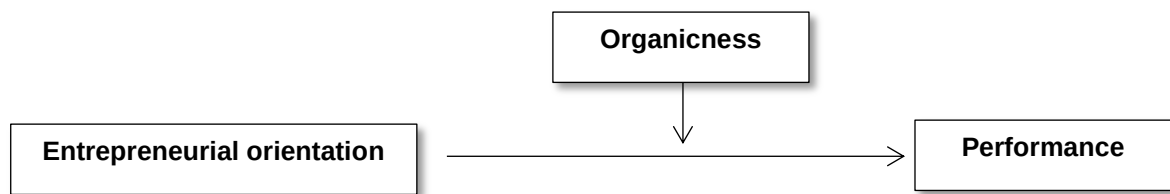


Figure 2: Moderating-effects model

(Dess & Lumpkin, 1996)

2.4 Hypotheses development

2.4.1 *EO and the scale of internationalisation*

The scale of internationalisation refers to a firm's foreign turnover as a percentage of its total turnover (Ma et al., 2012). Numerous studies have investigated the relationship between EO and the scale of internationalisation among firms in developed economies (Menguzzato-Boulard et al., 2007) and emerging economies (Javalgi & Todd, 2011; Li et al., 2011; Ma et al., 2012). Based on a sample of 155 Spanish firms, Menguzzato-Boulard et al. (2007) found that a positive direct relationship exists between a firm's EO and the propensity to internationalise. Moreover, although they could not establish a causal relationship between internationalisation speed and EO, their results indicate that firms that engaged in internationalisation activities sooner have higher levels of EO than firms that do so later. Li et al. (2011) focused on firms in several Chinese provinces (and the city of Shanghai) to evaluate the relationship between ownership, strategic orientation and internationalisation in emerging markets. They sought to find support for the view that although many firms from emerging markets are unable to compete on tangible resources (such as technology, funds and equipment), they excel in intangible resourcefulness involving new ideas, novelty and creative processes. Their results show that EO is positively related to internationalisation, however market orientation (MO) has an inverse U-shaped relationship with internationalisation. Javalgi and Todd (2011) analysed the entrepreneurial behaviour and internationalisation of 150

Indian SMEs. They found a strong link between EO and the scale of internationalisation of Indian SMEs.

More recently, Ma, Wang, & Zhang (2012) conducted a study on the EO, social capital and internationalisation of SMEs in China. Quantitative results from their study show that EO and social capital are important in the internationalisation efforts of Chinese SMEs. Furthermore, their results indicate that different dimensions of EO and different forms of social capital exert their influence independently. Apart from the study by Menguzzato-Boulard et al. (2007), most of the research reviewed in this study focused on SMEs in emerging economies. Depending on their political history and levels of technological and human development, emerging economies may have institutional voids, infrastructure constraints and a small consumer market that hinder an enterprise from expanding beyond its current size in the domestic market. Hence, an entrepreneurial firm will tend to seek opportunities in foreign markets in order to realise its growth potential. The firm's EO is thus expected to be a key variable in the degree of its expansion beyond domestic borders.

The innovativeness dimension of EO refers to the predisposition to engage in creativity and experimentation that will culminate in the introduction of new products, services, and technologies (de Villiers-Scheepers, 2012; Frese et al., 2009). Researchers have emphasised the influential role of innovation and technological capabilities to firm internationalisation and performance (Jantunen, Kylaheiko, Puumalainen, Saarenketo, & Tuppur, 2011). Jantunen et al. (2011) state that technological capabilities may facilitate the creation of unique products that allow the new international venture to overcome the indigenous advantages enjoyed by local firms. They found support for their hypotheses that technological capabilities are positively related to both innovation-based growth and growth through internationalisation. Several other studies also focused on the relationship between innovativeness and the scale of internationalisation of firms. Bruton, Lau, and Yiu (2007) found that innovation is positively related to the internationalisation of Chinese firms. Andersson and Frishammar (2009) mention that even if globalisation has made different national markets more

similar, there are still institutional and cultural differences that firms need to address in order to be globally competitive. As such, they expect innovativeness to be positively related to international performance as it implies a willingness to depart from existing firm practices. However, results from their study of 188 Swedish SMEs showed that no significant relationship existed between innovativeness and international performance dimensions. In a more recent study of Chinese SMEs, Ma et al. (2012) argue that the demand patterns of overseas customers are likely to differ from those in China's domestic market. Therefore, Chinese SMEs are required to produce innovative products to meet different demands. Nevertheless, Ma et al. (2012) obtained results that were similar to those obtained by Andersson & Frishammar (2009) and contrary to those attained by Bruton et al. (2007). They found no statistically significant relationship between innovativeness and international performance dimensions.

A firm's EO is influenced by the stage of national economic development of its home country (Covin & Miller, 2014). Considering that SSA economies are mostly factor-driven, firms operating in these economies are more likely to focus on basic industries such as energy, agriculture and mining exports. Hence, innovativeness is not expected to be the primary focus of the majority of firms in SSA. However, entrepreneurial firms that are innovative may find it difficult to sell new and advanced products/services due to limited customer interest in their home country. In order to remain profitable while developing new products, these firms will tend to expand outside their home borders to gain exposure to a wider variety of customers.

Hypothesis 1a (H1a): Innovativeness is positively related to the scale of internationalisation of firms in SSA.

The proactiveness dimension of EO "is an opportunity-seeking, forward-looking perspective characterised by the introduction of new products and services ahead of the competition and acting in anticipation of future demand" (Frese et al., 2009, p. 763). Kuivalainen et al. (2007) investigated the impact of individual IEO dimensions (i.e., EO dimensions whose indicators were modified using international verbiage) on the degree to which 185 Finnish exporting businesses

were 'born global'. They found that proactiveness is unrelated to the degree of born-globalness as indicated by the number of markets in which the firms were operating and the share of their turnover received from these global markets. Similarly, Ma et al. (2012) found no significant relationship between proactiveness and the scale of internationalisation (termed multinationality) of 117 Chinese firms. Andersson and Frishammar (2009) compared proactiveness to both quantitative (percentage of international sales) and qualitative (self-assessed company measures) international performance metrics. Contrary to the findings by Kuivalainen et al. (2007) and Ma et al. (2012), they found a statistically significant positive relationship between proactiveness and both quantitative and qualitative international performance metrics. The latter finding is related to the fact that young, small firms are often dominated by proactive entrepreneurs who leverage their personal networks to gain international expansion (Andersson & Frishammar, 2009).

Proactiveness reflects a willingness to engage in bold moves that enable a firm to attain a greater international reach than the competition (Dai et al., 2014). In addition, it often requires detailed planning to allocate managerial and financial resources for internationalisation efforts (Dai et al., 2014). SSA economies are characterised by low levels of GDP per capita, infrastructure development and human capital development. Furthermore, unlike a singular state like China, these economic factors are different between each country in SSA. Thus, firms based in SSA must overcome these national context-specific limitations to achieve international expansion. As such, the extent of a firm's internationalisation is related to the level of its proactiveness.

Hypothesis 1b (H1b): Proactiveness is positively related to the scale of internationalisation of firms in SSA.

Risk taking involves taking bold actions by making resources available for projects that have uncertain outcomes, venturing into the unknown, borrowing heavily, and/or committing substantial resources to ventures in uncertain environments (de Villiers-Scheepers, 2012; Frese et al., 2009). Kuivalainen et al. (2007) found that risk taking negatively related to the degree of born-globalness

with firms that receive a smaller share of their turnover from international markets being higher risk takers. They made sense of this by stating that true born-globals operating in many countries (more than 60 on average) may no longer qualify as 'risk takers'. That is, the firms' management already knows the environment they operate in and many of the market's operations are routine. Contrary to the findings by Kuivalainen et al. (2007), research results obtained by Andersson and Frishammar (2009) show no significant relationship between risk taking and international performance dimensions. Similarly, Ma et al. (2012) found no significant relationship between risk taking and the degree of internationalisation.

Risk taking occurs along a continuum from relatively low risks to significantly high risks (Andersson & Frishammar, 2009). There are risks associated with the institutional environment of each foreign country entered, uncertainty regarding the entry mode/s firms should employ, and the strength of foreign competition they will face (Dai et al., 2014). Thus, firms in SSA will have to overcome these risks in order for their internationalisation efforts to be successful. Even though some studies have found no significant relationship between risk taking and the scale of internationalisation, risk taking is expected to be an important dimension influencing the degree of internationalisation of SSA firms. This is especially considering the level of global competition they will encounter from firms operating in more advanced economies.

Hypothesis 1c (H1c): Risk taking is positively related to the scale of internationalisation of firms in SSA.

2.4.2 EO and the scope of internationalisation

The scope of internationalisation refers to the number of foreign countries in which the firm receives revenue for its products and/or services (Dai et al., 2014). The pursuit of international scope is regarded as a commendable achievement that reflects a firm's ability to develop global diversification and organisational flexibility (Menguzzato-Boulard et al., 2007). However, it has often

been sidelined in empirical research (Dai et al., 2014) hence, the importance of conducting more studies on the subject.

Since geographic expansion generally exposes the firm to high levels of international risk, “the firm can diminish the risk of its international operations by maintaining a balanced configuration in its international portfolio in terms of the number of countries in which it operates” (Menguzzato-Boulard et al., 2007, p. 69). Menguzzato-Boulard et al. (2007) found that a firm’s scope of internationalisation is influenced by its international experience and the type of industry the firm is in. Manufacturing firms with more international experience had a larger international scope. The higher international scope of manufacturing firms compared to service firms was attributed to the fact that “services are intangible in nature and their production and consumption occur at the same time” (Menguzzato-Boulard et al., 2007, p. 78). Increased international experience on the other hand enables the firm to have confidence to enter additional foreign markets. Overall, Menguzzato-Boulard et al. (2007) found a direct positive relationship between EO and the scope of internationalisation. Other research findings have shown low correlations between the three EO dimensions (innovativeness, proactiveness and risk taking), potentially diminishing returns characterising the EO dimensions, and non-linear relationships between EO dimensions and various indicators of firm performance (Dai et al., 2014). In particular, Kreiser, Parida, Patel, and Wales (2013) contend that EO dimensions have the potential to generate significant costs. Each dimension is resource-intensive and may be characterised by cost-benefit trade-offs (Dai et al., 2014). Non-linear returns to entrepreneurial initiatives may thus occur due to the costs associated with managing and coordinating resources in multiple foreign markets (Zahra & Garvis, 2000). In line with this notion, Dai et al. (2014) explored the non-linearity and independent effects of innovativeness, proactiveness, and risk-taking on a firm's ability to achieve international scope.

Ma et al. (2012) state that “the ability to innovate may become the most important source of competitive advantage in globalised markets” (p. 197). However, results from their study show no statistically significant relationship

between innovativeness and the international scope of Chinese SMEs. Hence they argue that the absence of innovation will become a major obstacle to the further expansion of Chinese SMEs from the initial mode of exporting to more sophisticated modes of internationalisation. While innovativeness is advantageous for establishing a strong international presence, there are significant costs associated with it (Dai et al., 2014). The trial and error involved in innovation may limit the firm's ability to meet short-term financial obligations and thus consume resources that are critical to other value-creating activities. It is thus argued by Dai et al. (2014) that at high levels of innovativeness, a firm has greater capacity to spread these upfront costs across foreign markets and is thus able to realise the benefits of greater international scope. On the other hand, they contend that low levels of innovativeness imply that products are less resource-intensive therefore facilitating a firm's internationalisation efforts by directing its resources toward the exploitation of competitively priced products that require minimal customisation abroad. Moreover, they maintain that at moderate levels of innovativeness, a firm's ability to broaden its international scope may be eroded. That is, the upfront investment costs needed to achieve even moderate levels of innovation may leave such a firm with limited resources to commit to expanding abroad. At the same time, its competitive position and subsequent ability to internationalise across multiple countries may be impeded relative to less innovative firms with lower costs. In their analysis of the potential trade-offs of EO dimensions, Dai et al. (2014) found that both high and low degrees of innovativeness are related to an increase in international scope. Similarly, Kreiser, Marino, Kuratko, and Weaver (2013) found evidence of a positive U-shaped relationship between innovativeness and SME perceived sales growth. These findings together with the literature reviewed led to the following hypothesis:

Hypothesis 2a (H2a): Innovativeness has a U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with high or low levels of innovativeness, and lowest for those with moderate levels of innovativeness.

Proactiveness is important for a firm's differentiation strategy as it involves anticipation of competitor moves thus enabling the firm to gain first-mover advantages (Gudmundsson & Lechner, 2014). First-mover advantage seeking efforts allow the firm to shape the environment by introducing new products and/or services ahead of the competition (Andersson & Frishammar, 2009). Proactiveness is thus expected to have a positive impact on a firm's international performance (Andersson & Frishammar, 2009) specifically on its ability to exploit opportunities in multiple foreign markets. Nonetheless, there are costs associated with proactiveness in international territories due to the time and resources involved (Dai et al., 2014). Firms need to attain market knowledge from foreign suppliers, customers and other relevant parties for each new market entry. Dai et al. (2014) state that "a highly proactive firm will seek out this knowledge independently" (p. 514). However, firms with low proactiveness can also acquire this knowledge as they often rely on being 'pulled' into international markets through existing networks instead of 'pushing' themselves into new markets using their own initiatives. Hence, these firms are able to expand efficiently into a larger number of foreign markets while maintaining minimal search costs associated with identifying potential foreign partners (Dai et al., 2014).

The results from previous studies (Dai et al., 2014; Kreiser, Marino et al., 2013) have shown that both high and low levels of proactiveness lead to greater international scope. These are in line with the argument that "at moderate levels of proactiveness, firms may lack the intentionality and market knowledge needed to identify market opportunities abroad" (Dai et al., 2014, p. 514). Accordingly, this may limit a firm's capacity to establish international presence and constrains its readiness to follow other firms abroad. It is therefore suggested that:

Hypothesis 2b (H2b): Proactiveness has a U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with high or low levels of proactiveness, and lowest for those with moderate levels of proactiveness.

Ma et al. (2012) mention that the risks of internationalisation are not only due to venturing into unfamiliar markets, however they arise through continuous investment and growth. Their study results indicate that risk taking is positively related to the number of foreign countries entered by a firm. According to Gudmundsson and Lechner (2014), higher investment requires strategic decision makers to have a high tolerance for affordable loss. As such, low risk-taking firms tend to under-invest. This view is supported by Dai et al. (2014), as they suggest that costly investments prompted by high risk-taking can erode the profitability needed to enter additional markets. Therefore, extreme risk-taking can potentially weaken a firm's competitive position abroad. On the other hand, a risk-averse firm is likely to opt for internationalisation into low cultural distance territories, which would also limit its expansion into a large number of foreign countries.

Research findings have shown that neither high nor low levels of risk-taking facilitate internationalisation across foreign markets, but rather a moderate level between these extremes enables firms to achieve greater international scope. Kreiser, Parida et al. (2013) found that in small firms, risk-taking assumes a predominantly negative U-shaped relationship. Similarly, empirical evidence from Dai et al. (2014) shows that the relationship between risk-taking and the scope of internationalisation has an inverted U-shape appearance. It is therefore hypothesised that:

Hypothesis 2c (H2c): Risk-taking has an inverse U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with moderate levels of risk-taking, and lowest for those with high or low levels of risk-taking.

2.4.3 Contextual moderators of EO versus international scale and scope

It is argued, “the performance impact of a strategic orientation like EO is strongest when strategic choices fit well with institutional variables” (Engelen et al., 2014, p. 258). A number of factors are important to understanding the EO-

performance relationship at the national level (Burgess & Steenkamp, 2006). These include the environmental factors as highlighted in the EO conceptual framework, which form part of the contextual moderators of EO versus performance. According to Engelen et al. (2014), the institutional viewpoint is often employed to investigate the prevalence and effectiveness of different strategies across national contexts. Examples of such studies include Bruton, Ahlstrom, and Li (2010) and Hoskisson, Eden, Lau, and Wright (2000). The institutional viewpoint supposes that there are formal institutions (the economic, regulatory, and political setting) and informal institutions (national cultural dimensions) that govern strategy implementation (Peng, Wang, & Jiang, 2008). Both formal and informal institutions are particularly deterministic in an emerging market setting like SSA where several of the national economies and cultures are distinctly diverse.

Culture as a moderator of EO versus performance

Culture is defined as the collective programming of the human mind or a collective system of values that distinguishes the members of one group from another (Engelen et al., 2014; Hofstede, 1981; Kreiser, Marino, Dickson, & Weaver, 2010). Engelen et al. (2014) contend that national cultural differences affect the EO–performance relationship in two significant ways:

Firstly, differences in national cultural dimensions influence the behaviour of buyers in markets such that buyers in national culture A could be more likely to buy products from entrepreneurial firms than are buyers in national culture B, improving the performance consequences of EO in national culture A over those in national culture B. Secondly, differences in national cultural dimensions lead to differences in the practices of individuals in firms, so the dimensions can influence the effectiveness with which a strategic posture like EO is implemented.

Most of the theoretical and empirical studies focus on how differences in national culture influence EO/IEO at the individual level (Hayton, George, & Zahra, 2002; Lee & Peterson, 2000), firm level (Kreiser et al., 2010; Lee & Peterson, 2000) or

country/regional level (Fayolle, Basso, & Bouchard, 2010; Kreiser et al., 2010) of analysis. Fayolle et al. (2010, cited in Covin & Miller 2014) conclude that national culture can position attitudes within an organisation or can affect EO at the country/regional level. Moreover, using Dess and Lumpkin's (1996) conceptualisation of EO, Lee and Peterson (2010) propose that low uncertainty avoidance, low power distance, high individualism, high masculinity, high achievement orientation and high universalism are conducive to EO at a societal level. In Lee and Peterson's (2010) case, a "culture's EO [is not regarded] as a separate dimension of culture but as a separate societal-level phenomenon induced by a particular combination of recognised cultural values" (Covin & Miller, 2014, p. 22). In other words, EO is not regarded as an element of culture; instead it is a manifestation of a recognised set of cultural values.

The recent meta-analyses of EO-performance research by Engelen et al. (2014) and Frese et al. (2009) emphasise the importance of contingency variables in the bivariate relationship. Frese et al. (2009) identify national culture (aggregated into continents), technological intensity of the industry and business size as three of the moderators of EO versus performance. These are incorporated in their meta-analysis, however no statistically significant differences are found in the EO-performance between the continents. This is despite point estimates for the continents ranging from .261 to .429. In the end, the authors conclude that the relationship between EO and performance is of similar magnitude in different cultural contexts. Engelen et al. (2014) complement the research conducted by Frese et al. (2009) with their meta-analysis that aims to determine whether national-level factors affect the EO-performance relationship. Their study is based on the theoretical reasoning that national institutions have an impact on the effectiveness of strategic postures as articulated by Scott (2001). It differs from the one conducted by Frese et al. (2009) as it utilises a different methodological approach, a larger number of studies and countries in which the studies were conducted. That is, Engelen et al. (2014) extend Frese's et al. (2009) research database of 51 studies from 14 countries to 177 studies from 41 countries. Furthermore, unlike Frese et al. (2009), their meta-analysis incorporates additional studies from non-Western countries that are outside

Europe and the United States. In order to assess the impact of national level factors on the EO-performance relationship comprehensively, Engelen et al. (2014) included the four major cultural dimensions (uncertainty avoidance, power distance, in-group collectivism and assertiveness) as well as economic, regulatory and political environments in their study. Contrary to the investigation by Frese et al. (2009), the empirical findings by Engelen et al. (2014) indicate that “the national-level dependence of the EO–performance relationship is complex since single factors at the national level appear to play individual roles in determining the relationship” (p. 280). In particular, their findings show that EO is strongly related to firm performance in developing nations whose national cultures are distinguished by high political stability, low uncertainty avoidance, low power distance, and high in-group collectivism (partially confirmed). This emphasises the importance of examining the EO construct in nations other than the typical Western contexts in which empirical research has traditionally been conducted (Engelen et al., 2014).

Despite the various studies conducted on EO/IEO versus culture, Covin and Miller (2014) note that empirical research, where culture is actually measured rather than simply recognised within the national context is very limited. The one major exception is the study conducted by Kreiser et al. (2010) across six countries in Australasia and Europe, which examined the impact of national culture on risk taking and proactiveness. Kreiser et al. (2010) found that uncertainty avoidance and power distance have a considerable negative effect on risk taking; while individualism, uncertainty avoidance and power distance have a negative impact on proactiveness. Apart from individualism, the results confirm Lee and Peterson’s (2010) postulation that low power distance and low uncertainty avoidance are conducive to dimensions of EO and the overall EO construct.

The literature reviewed in this study supports Covin and Miller’s (2014) assertion that the role of national culture is one of the dominant themes in EO/IEO research. As such, not many studies have evaluated the impact of macroeconomic factors on the relationship between EO and performance or

specifically EO versus international performance. Hence, the following section focuses on the influence of macroeconomic factors as contextual moderators of EO versus international scale and scope.

Macroeconomic factors as moderators of EO versus performance

The economic, regulatory, and political environment constitutes the formal institutions, which affect the EO-performance relationship. These have been included in previous studies, specifically meta-analyses that evaluated other types of strategic postures – such as market orientation – in different countries (Engelen et al., 2014). First, it is argued that the EO-performance relationship depends on the stage of economic development (Engelen et al., 2014). That is, the overall wealth of a country can be a determining factor of its entrepreneurial climate (Covin & Miller, 2014). Poverty cultivates its own type of entrepreneurship, which is driven by necessity as observed in factor-driven economies (Turton & Herrington, 2012). These countries typically have a large agricultural sector with the primary focus being subsistence farming and basic requirements such as infrastructure, health and primary education (Turton & Herrington, 2012). On the contrary, business operating in countries that are rich in knowledge, financial and technological resources may be required to be significantly innovative because the economy is developed and pioneering initiatives are likely to succeed (Covin & Miller, 2014). This is typically the case with innovation-driven economies where a relatively affluent population drives knowledge intensity along with research and development as they seek service/product variety and sophistication. Opportunity-driven entrepreneurial activity is therefore predominant (Turton & Herrington, 2012). In-between the two extremes of economic development lie efficiency-driven countries where priority is placed on higher productivity through economies of scale as the industrial sector develops. Hence, the primary focus of these economies is on higher education and training, labour market efficiency, goods market efficiency, financial market sophistication, technological readiness and market size (Turton & Herrington, 2012).

Dynamic environments provide an abundance of new, quality opportunities for entrepreneurial firms (Frese et al., 2009). That is, unlike developed economies, Burgess and Steenkamp (2006, cited in Engelen et al., 2014) state that developing economies are characterised by uncertain demand, dynamic market trends, rapid growth and relatively little market competition. This implies that the period in which an entrepreneurial firm can benefit from its first-mover advantages tends to be longer relative to a more competitive environment (Engelen et al., 2014). Developed nations, on the other hand, feature stable demand and thus fewer opportunities can be exploited as saturated customers tend to prefer existing products and services (Burgess & Steenkamp, 2006). However, even within developed economies, the intensity of competition in a given market may result in that market becoming more dynamic as innovation continues to influence consumer preferences. This is likely to be the case in technology-driven market segments where innovation and risk taking are critical to attain economic success. Therefore market dynamism should not necessarily be viewed as an attribute of an entire nation *per se*, however as more of an attribute that characterises an economy's industry or market segment. This is essentially the reason why global trade exists, as certain nations are more capable of achieving greater economies of scale and scope in certain industries than other nations.

Sundqvist, Kylaheiko, Kuivalainen, and Cadogan (2012) aggregated Dess and Lumpkin's (1996) five EO dimensions along Kirznerian and Schumpeterian characteristics in their study of EO behaviour in turbulent markets. In accordance with Kirzner (1997, cited in Sundqvist et al., 2012), Kirznerian firms are those that engage in entrepreneurial behaviour through the process of opportunity discovery and exploitation using different kinds of arbitrage opportunities opened up by fast-paced environments. Hence, they rely on proactiveness to gain competitive advantages (Sundqvist et al., 2012). However, because such firms operate in Kirznerian markets known as red-oceans, the exploitation of opportunities draws rivals and intensifies competition (Sundqvist et al., 2012). Therefore, such firms must be able to seize their new-found market opportunity rapidly and aggressively (Sundqvist et al., 2012). The Schumpeterian

perspective emphasises the firm's ability to create new combinations such as launching new products, opening up new markets, and pioneering new methods of production (Sundqvist et al., 2012, p. 206). Schumpeterian firms operate in so-called blue oceans where competition is less relevant because customer needs are unknown and the rules of engagement are yet to be defined. However, creating new market opportunities through innovations requires a certain level of risk taking. Moreover, the firms must exhibit a certain level of autonomy, which refers to independent actions aimed at bringing forth a new business concept or idea and carrying it to real action and completion (Dess & Lumpkin, 2001).

The present study argues that international success is dependent on the level of economic development of the firm's foreign markets. Hence, the firm's EO dimensions must be aligned to economic development as a contextual variable of every foreign country. This implies that Kirznerian EO dimensions are likely to result in greater international success when internationalisation initiatives involve a relatively developed country. Internationalisation into a developed country is essentially an extension of the firm's exploitation activities whereby the firm's biggest hurdle is to adapt its existing product/service offering to a new, yet economically and technologically advanced market. On the contrary, internationalisation activities involving a developing country will depend more on the exhibition of Schumpeterian EO behaviours. That is, internationalisation into a developing nation will require a greater modification of its product/service offering or even a new innovation in order to satisfy relatively unknown consumer needs. The developing nation is essentially a blue ocean where 'the rules of the game' are still to be defined as consumers become used to the new product or service. Success for the company will depend more on its ability to innovate, take risks and be autonomous as it explores foreign consumer demands.

In their meta-analytical review, Engelen et al. (2014) categorised countries into developing nations and developed nations based on whether a country received development assistance and aid in 2003. They found significantly stronger relationships between EO and firm performance in developing nations compared to developed nations. SSA comprises largely of developing nations whose firms

are most likely to internationalise into other developing countries. However, despite the growing similarities among national settings, there remains enough variation in national cultural and macroeconomic factors to create differences in the EO-performance relationship (Engelen et al., 2014). Hence, it is argued that firms in SSA will still require innovativeness and risk taking to thrive in Schumpeterian markets, while proactiveness will be an important factor in Kirznerian environments. Accordingly:

Hypothesis 3a (H3a): The relationship between innovativeness and international scale is stronger when the level of economic development – in international markets – is low than when it is high.

Hypothesis 3b (H3b): The relationship between proactiveness and international scale is stronger when the level of economic development – in international markets – is high than when it is low.

Hypothesis 3c (H3c): The relationship between risk taking and international scale is stronger when the level of economic development – in international markets – is low than when it is high.

Hypothesis 4a (H4a): The relationship between innovativeness and international scope is stronger when the level of economic development – in international markets – is low than when it is high.

Hypothesis 4b (H4b): The relationship between proactiveness and international scope is stronger when the level of economic development – in international markets – is high than when it is low.

Hypothesis 4c (H4c): The relationship between risk taking and international scope is stronger when the level of economic development – in international markets – is low than when it is high.

Covin and Miller (2014) suggest that the size of the home market may influence the relationship between EO and international performance. When domestic market conditions are favourable and there is an abundance of customers, there may be less of an incentive to export (Covin & Miller, 2014). However, as the domestic market becomes saturated and competition intensifies, internationalisation may be necessary for a company to expand and maintain profitability (Covin & Miller, 2014). Ellis (2006, cited in Engelen et al., 2014) suggests that large home markets expose firms to a larger variety of customers, which increases the probability that entrepreneurial firms will find customers who are willing to try innovative products that are introduced to the market. On the other hand, entrepreneurial firms operating in small home markets may be less successful since the target consumer group may be relatively minimal; this limits the potential reward from investments in resource-intensive entrepreneurial activities (Engelen et al., 2014).

Depending on the stage of a country's economic development and the type of industries that predominate its economy, certain market segments may be larger or smaller in size than others. A smaller home market may be a result of market saturation, unaffordability of the product/service, or lack of interest in the specific product/service. Due to the limited wealth of its economy, a developing country in SSA is generally expected to have smaller home markets compared to more developed countries, particularly in industries involving technologically advanced consumer products and services, which do not necessarily count as basic necessities. Engelen et al. (2014) mention that entrepreneurial firms in small home markets must achieve early internationalisation in order to be successful on a large scale. However, contrary to this assertion, they found that market size does not positively moderate the EO-performance relationship. This is attributed to recent technological advancements in communication and transportation,

which “reduce transaction costs to the extent that there are no longer differences between the cost of expanding in a larger home market and entering a foreign market after a small home market is exhausted” (Engelen et al., 2014, p. 282).

SSA countries feature low levels of gross domestic product (GDP) per capita and therefore lower consumer buying power relative to developed countries in Asia, Europe and North America. Moreover, SSA is synonymous with poor transportation and technological infrastructure. Hence, the combination of low consumer buying power and poor infrastructure is expected to influence a firm’s decision to explore foreign markets. This study argued that a smaller home market is not necessarily about the small size of the population, however it is more about a country’s GDP and consumers’ inability to spend on certain goods and services. Therefore, entrepreneurial firms operating in smaller home markets are incentivised to pursue international opportunities as they find it increasingly difficult to expand in their home market. This leads to the following hypotheses:

Hypothesis 5a (H5a): The relationship between innovativeness and international scale is stronger in smaller home markets than in larger home markets.

Hypothesis 5b (H5b): The relationship between proactiveness and international scale is stronger in smaller home markets than in larger home markets.

Hypothesis 5c (H5c): The relationship between risk taking and international scale is stronger in smaller home markets than in larger home markets.

Hypothesis 6a (H6a): The relationship between innovativeness and international scope is stronger in smaller home markets than in larger home markets.

Hypothesis 6b (H6b): The relationship between proactiveness and international scope is stronger in smaller home markets than in larger home markets.

Hypothesis 6c (H6c): The relationship between risk taking and international scope is stronger in smaller home markets than in larger home markets.

Political and regulatory stability are also important contextual moderators of the EO-performance relationship. Kaufmann, Kraay, and Mastruzzi (2010, cited in Engelen et al., 2014) define political stability as a situation in which the government is unlikely to be destabilised by unconventional means. Engelen et al. (2014) contend that the influence of EO on performance is stronger when political stability is high because entrepreneurial firms rely on a stable political environment to enable new innovations to be brought to the marketplace. This minimises the risk of losing intellectual and/or physical property as well as the financial benefit generated by entrepreneurial ideas (Engelen et al., 2014). Unstable political environments, however, may result in losses from entrepreneurial activities due to restricted access to critical resources such as financial capital, human capital, and raw materials (Engelen et al., 2014). That is, in countries with political instability, informal ways of assigning resources tend to dominate (Tang, Tang, Marino, Zhang, & Li, 2008). Therefore:

Hypothesis 7a (H7a): The relationship between innovativeness and international scale is stronger when the level of political stability – in international markets – is high than when it is low.

Hypothesis 7b (H7b): The relationship between proactiveness and international scale is stronger when the level of political stability – in international markets – is high than when it is low.

Hypothesis 7c (H7c): The relationship between risk taking and international scale is stronger when the level of political stability – in international markets – is high than when it is low.

Hypothesis 8a (H8a): The relationship between innovativeness and international scope is stronger when the level of political stability – in international markets – is high than when it is low.

Hypothesis 8b (H8b): The relationship between proactiveness and international scope is stronger when the level of political stability – in international markets – is high than when it is low.

Hypothesis 8c (H8c): The relationship between risk taking and international scope is stronger when the level of political stability – in international markets – is high than when it is low.

Kaufmann et al. (2010, cited in Engelen et al., 2014) refer to regulatory quality as the degree to which a government promotes policies that allow smooth development of the private sector. As such, high regulatory quality enables the private sector to develop and maintain its integrity as the benefits from entrepreneurial activities accrue to the individuals and firms that undertake such activities (Engelen et al., 2014). This is unlike countries with poor regulatory quality, where the government fails to provide regulations to ensure that the benefits of entrepreneurial activities accrue to individuals and firms that undertake them. Institutional voids occur when formal institutions of society do not function well (Covin & Miller, 2014); this may lead to poor regulatory quality. For instance, there may be a failure to adequately legislate or enforce laws and contracts, significant corruption in government, lack of securities exchange market integrity, an overloaded legal system, underdeveloped health and education systems, and insufficient communication and transportation infrastructure (Covin & Miller, 2014). Low regulatory quality will likely result in benefits from entrepreneurial activities being 'socialised' to a large extent, thus hindering the effect of EO on performance and restricting the development of the private sector (Covin & Miller, 2014).

Engelen et al. (2014) found that the degree of regulatory quality does not moderate the EO-performance relationship. A possible explanation given is that some entrepreneurial firms prefer minimal or no regulations that would limit their freedom in implementing and commercialising risky entrepreneurial ventures. However, this study viewed internationalisation as an already risky and costly undertaking. Therefore, entrepreneurial firms with limited resources may not afford to incur financial setbacks due to institutional voids that result from a lack of stringent regulation. As such, the potential financial losses will far outweigh the possible entrepreneurial benefits to be derived from regulatory inadequacies. It is thus suggested that:

Hypothesis 9a (H9a): The relationship between innovativeness and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.

Hypothesis 9b (H9b): The relationship between proactiveness and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.

Hypothesis 9c (H9c): The relationship between risk taking and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.

Hypothesis 10a (H10a): The relationship between innovativeness and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.

Hypothesis 10b (H10b): The relationship between proactiveness and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.

Hypothesis 10c (H10c): The relationship between risk taking and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.

This chapter presented a comprehensive review of research studies, which have contributed to the understanding of IE by relating the EO construct and its dimensions to several internationalisation outcomes. Researchers have noted that the majority of IE studies do not rely on any specific theoretical framework, neither from entrepreneurship nor from IB theory (Gassmann & Keupp, 2009). Hence, IE has been criticised for its fragmentation and lack of a unifying paradigm, which has resulted in many theoretical and methodological approaches in its research (Gassmann & Keupp, 2009; McDougall & Oviatt, 2000). This has led to numerous knowledge gaps and theoretical inconsistencies, which continue to limit the understanding of the field (Gassmann & Keupp, 2009). However, Coviello et al. (2011) responded to such criticisms by stating that they are somewhat premature since IE is a relatively new domain. Thus, taking into consideration the criticisms against IE and counterarguments thereof, the notion of EO or IEO has been suggested as a theoretical framework that can be utilised to understand international ventures (Covin & Miller, 2014). That is, various elements of EO may influence the degree and breadth of various internationalisation activities at different times and in different contexts (Covin & Miller, 2014).

The multidimensional conceptualisation of EO by Dess and Lumpkin (1996) enables a fine-grained investigation into the influence of each EO aspect on various internationalisation outcomes. Moreover, Dess and Lumpkin's (1996) contingency framework of the EO-performance relationship provides a basis for examining the moderating effect of various contextual variables. Therefore, using Dess and Lumpkin's (1996) EO theoretical framework and previous empirical findings, several hypotheses were developed regarding the impact of EO dimensions (innovativeness, proactiveness and risk taking) on the scale and scope of internationalisation. In addition, several hypotheses were developed concerning the moderating role of macroeconomic factors (economic

development, home market size, political stability, and regulatory quality) on the EO-international performance relationship. A schematic of the hypothesised research model is shown in Figure 3. The next chapter provides a detailed explanation of the research methodology employed to examine the hypotheses.

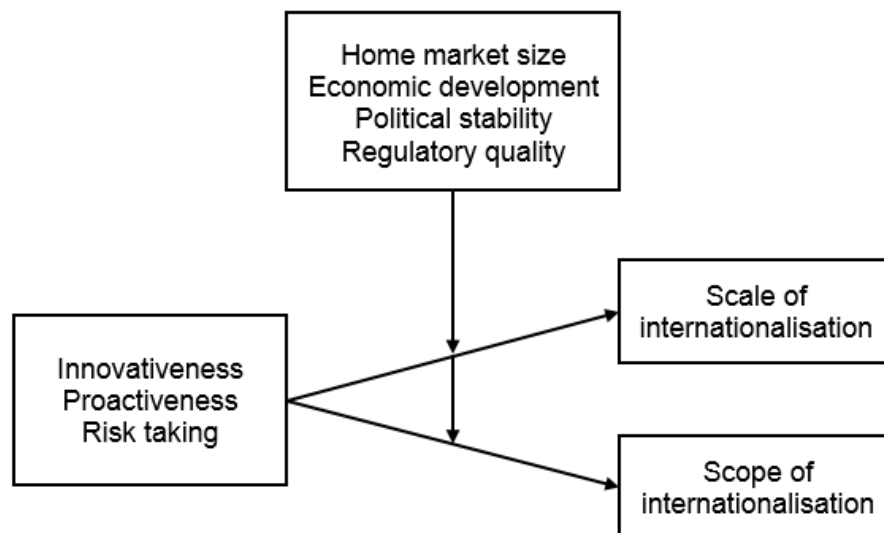


Figure 3: Model structure of the link between EO dimensions, macroeconomic moderators and the scale and scope of internationalisation

CHAPTER 3: RESEARCH METHODOLOGY

Several researchers emphasised that measurement models must be consistent with the underlying theoretical arguments and conceptual models of a construct in order to test the propositions and hypothesised relationships (Covin & Wales, 2012; George & Marino, 2011). Based on the Dess and Lumpkin (1996) conceptualisation, for the purposes of this study, EO was regarded as a multidimensional second-order reflective construct. In other words, EO was treated as a disaggregated set of constructs such that the independent relationships between EO dimensions and internationalisation could be evaluated.

The present study only focused on three of the five EO dimensions namely innovativeness, proactiveness and risk taking. Each dimension's impact on international scale and scope was evaluated for the 2013/2014 period using each company's integrated annual report and financial statements. This chapter outlines the methodological approach and the methods employed in conducting the research. First, the research paradigm and the research design are considered. Second, the target population is defined followed by a description of the sample and an explanation of the sampling method. Thereafter a detailed description of the research instrument is given; which includes brief summaries of the independent, dependent and control variables. Fourth, the procedure for data collection is outlined. This is followed by an in-depth explanation and discussion regarding all the study variables, the data analysis and interpretation, and the reliability and validity of the testing methods. Lastly, the limitations of the study are discussed.

3.1 Research paradigm

The research was based on the positivist paradigm using a quantitative statistical approach. This was appropriate considering that the purpose of the research was to examine the strength of positive and negative relationships between

variables based on theoretical hypotheses. Thus, archival data was utilised to investigate the relationship between individual dimensions of EO and the scale and scope of internationalisation. Since the knowledge gathered is objective, it can be verified and confirmed or disconfirmed.

3.2 Research design

The intent of the study was to ensure that the findings can be generalised in a given context thus contributing to subsequent research, there was no attempt to manipulate any of the variables in the study. Hence, EO was investigated using archival, qualitative and quantitative corporate information from publicly-accessible databases.

3.3 Population and sample

3.3.1 Population

According to Cooper and Schindler (2011), the definition of the population is not often apparent from the research question. Basso and Bouchard (2011) define the 'miniature large firm' type with a less central manager owner, more planning and information gathering activities, some formalisation of structure and processes, and specialisation. In this study, the latter definition was operationalised according to the Global Entrepreneurship Monitor (GEM) 2011 Extended Report's definition of established business ownership. GEM regards the payment of any wages for more than three months as the 'birth event' of a firm. This is followed by the 'owner-manager stage in a new firm' that has passed the birth event but has been operational for less than 42 months. The third stage, which is the 'owner-manager in an established firm', refers to an individual or a group of individuals in an organisation that has passed the two initial stages (Amorós, Bosma, & Wennekers, 2012). Thus, relying on the GEM classification, the target population for this study included all for-profit enterprises in Sub-Saharan Africa (SSA) that had been in operation for more than 42 months and were on an established growth trajectory. An enterprise's current listing or

readiness to list on a public securities exchange was regarded as an indicator of an established growth trajectory. This, together with the GEM description of an established firm, formed the basis of a target population from which an initial sampling frame was determined.

3.3.2 Sample and sampling method

When deciding on an initial sampling frame, consideration was given to the fact that there are numerous for-profit entities spread across SSA. However, the limited accessibility of corporate executives and time constraints for research completion did not allow for self-assessed responses related to EO across multiple foreign markets. Hence, the methodological objective was to obtain a representative sample of the target population such that the proposed relationships between EO dimensions and internationalisation variables could be evaluated. Based on the preceding discussion regarding the target population, the AltX was considered as representative of miniature large firms, classified according to GEM. The AltX was established in 2003 and is wholly owned by and operated in parallel with the Johannesburg Securities Exchange (JSE) in South Africa. According to the JSE website the AltX is the JSE's board for good quality, small and medium-sized high-growth companies. The AltX provides smaller companies with access to capital while providing investors with exposure to fast-growing smaller companies in a regulated environment (JSE, 2013).

The largest and reasonably well-developed securities exchanges in SSA were selected to form the initial sampling frame from which a representative sample could be obtained. These included the AltX, Botswana Stock Exchange, Zimbabwe Stock Exchange, Nairobi Securities Exchange (Kenya), and the Nigerian Stock Exchange. However, the largest market capitalisation (R3 billion) of all companies solely listed on the AltX was added as a limiting criterion for entities from other SSA public securities exchanges to be included in the initial sampling frame. As such, the sampling frame consisted of any company in SSA with more than 42 months in operation and a market capitalisation below

R3 billion that was listed on one of the aforementioned public securities exchanges.

A sample was drawn from the sampling frame based on the availability of the companies' annual reports for the 2013/2014 financial year (FY) that were convertible into the required format for content retrieval. The final sample consisted of 124 for-profit enterprises from all five securities exchanges.

3.4 The research instrument

3.4.1 Independent variables

The three EO dimensions of innovativeness, proactiveness and risk taking constitute the independent variables that were investigated. Brigham's et al. (2009) deductive word list (Appendix A) was used together with computer-aided text analysis (CATA) to measure the level of each dimension in companies' annual reports. The Chair's and CEO's narrative, in particular, served as an interview transcript from which evidence of each EO dimension could be deduced.

The procedure to conduct CATA was based on the study by Brigham et al. (2009), who chose EO as an example to illustrate how CATA could be employed for construct validity. The authors followed a stepwise process for content validation, which began with identifying a formal definition of the construct from literature. Accordingly, they adopted Dess and Lumpkin's (1996) definition of EO as previously articulated in this study. This was followed by an initial assessment of the content domain and dimensionality of the EO construct based on an extensive literature review. The third step involved the development of a discrete and exhaustive word list for each of the five EO dimensions according to their theoretical conceptualisation. Brigham et al. (2009) noted that the word lists used must be exhaustive, mutually exclusive, and at the appropriate level of measurement; this ensures that each word can be associated with one and only one dimension when working with a multidimensional construct. As such, the final step in their deductive analysis was to validate the word lists using a

multistep process that involved raters who had previously published in the field of entrepreneurship. Employing Holsti's (1969) method, they attained interrater reliability ranging from 0.75 to 0.88 thus demonstrating consistency between the raters. The final word list that was deemed representative of the EO construct included 244 words in total with each dimension having its own list words (innovativeness = 86, proactiveness = 27, risk taking = 37, autonomy = 36 words, and competitive aggressiveness = 58) as shown in Appendix A.

This study relied on QDA Miner software to conduct CATA using the word lists in Appendix A. Each word list corresponding to a specific EO dimension was used for thematic coding in QDA Miner. As such, the word lists served as the research instrument for measuring the EO dimensions.

3.4.2 *Dependent variables*

The scale of internationalisation was measured according to international revenue as a percentage of total revenue. The scope of internationalisation was measured as the number of foreign countries in which the firm obtains revenue for goods sold and/or services rendered.

3.5 Procedure for data collection

The main requirement for listing on a public exchange is that a particular listed entity must disclose to all current and potential investors any material information pertaining to its business activities including profitability and viability as a going concern. Specifically, the listed entity must disclose all material information related to its operational, financing and investing activities from the date of listing. Therefore, archival data related to EO and international performance was obtained from integrated annual reports, which were downloaded from either the relevant stock exchange website or the specific company's website.

The secondary data obtained from annual reports was formatted so that it could be analysed using QDA Miner and SAS statistical software. This involved coding the chair and CEO reviews in every report so that only those sections with EO-

specific content were examined. Thereafter, each EO dimension was added in QDA Miner as a separate theme with its own list of words as per Appendix A. The two aforementioned steps were followed by content analysis with QDA Miner being employed to retrieve the number of words associated with each theme. Accordingly, the numbers of text retrieval hits were aggregated under that particular theme for each sample member. The aggregated hits therefore served as the individual firm's score for that specific EO dimension. In addition to content analysis, information regarding the firm's international revenue (as a percentage of total revenue) and the number of countries from which the revenue is derived were extracted from the geographic segmentation section in the financial statements.

3.6 Data analysis and interpretation

3.6.1 *Dependent variables*

The scale of internationalisation and the scope of internationalisation were the two dependent variables analysed in the study. The scale of internationalisation was measured according to Ma et al. (2012) as a firm's international revenue as a percentage of its total revenue. Hence, domestic firms received zero percent for this variable while firms with international activities were scored between zero percent and 100 percent. The scope of internationalisation was measured according to Dai et al. (2014) as the number of foreign countries in which the firm received revenue for goods sold and/or services rendered over a three year period. Values for this variable could range from zero (domestic firms) to however many countries a specific company was actively transacting with.

3.6.2 *Independent variables*

QDA Miner's aggregated hits for all three independent variables – innovativeness, proactiveness, and risk taking – were used to calculate individual firm scores for each dimension. In accordance with Brigham et al. (2009), the aggregated hits for each EO dimension were divided by the total number of

words found in each Chairman/CEO narrative text. This resulted in the standardisation of the detected scores for all EO dimensions and controlled for the discrepancy in the total number of words utilised in the sampled Chairman and CEO letters to their shareholders. Furthermore, the standardised scores for each EO dimension were normalised on a scale of one to seven with a higher value indicating greater exhibition of a specific dimension.

3.6.3 Moderating variables

Economic development, home market size, political risk, and regulatory risk were used to evaluate the contextual moderation of the EO-internationalisation relationship. Based on Sen's (1999) articulation that development is about creating freedom for people and removing obstacles to greater freedom, this study regarded the human development index (HDI) as a more inclusive measure of economic development. The HDI, which was introduced in 1990 as part of the United Nations Development Programme (UNDP), measures economic development in three broad areas, income per capita, health and education. Therefore HDI values ranging from zero (no development) to one (complete development) were utilised as measures of economic development in the analyses.

In accordance with Ellis (2006, cited in Engelen et al., 2014), market size was operationalised as the sum of domestic market size and foreign market size. Domestic market size was calculated as the natural log of the sum of the gross domestic product (GDP) valued at purchasing power parity (PPP) plus the total value (PPP estimates) of imports of goods and services, minus the total value (PPP estimates) of exports of goods and services. The data was then normalised on a scale of one to seven, with one corresponding to the smallest home market and seven indicating the largest.

Political stability and regulatory quality were operationalised through the worldwide governance indicators (WGI) developed by Kaufmann et al., (2010) as part of the World Bank's governance project. These cross-country indicators measure six dimensions of governance in most of the countries in the world.

Political stability and regulatory quality were employed in the present study as they are considered to be the most closely associated with the understanding of moderating variables of EO versus performance (Engelen et al., 2014). Based on the WGI, composite measures of political stability and regulatory quality for each country are in units of a standard normal distribution with a zero mean value and a standard deviation of one. The values range from approximately -2.5 to 2.5, with higher values corresponding to better governance.

3.6.4 Control variables

Apart from EO dimensions and contextual moderators, there are industry-specific and firm-specific factors that may influence a firm's internationalisation activities (Ma et al., 2012). Hence, this study controlled for the firm's size and age as well as the type of industry. Firm size was measured as the number of employees and firm age was measured as the number of years of the firm's legal incorporation. Both control variables were log-transformed to correct for skewness as per Ma et al. (2012).

The firms' industries were classified according to the FTSE's industry classification benchmark (ICB), which is used to segregate markets into sectors within the macro economy. The ICB uses a system of 10 industries and is employed globally to compare industry trends between well-defined sectors and subsectors. However, for the ease of analysis and comparison, companies in this study were classified according to their broader industries and not their subsectors.

3.6.5 Hypothesis testing

In order to test the relationships hypothesised in Chapter 2, all the firms' scores for each EO dimension and the corresponding data for the scale and scope of internationalisation were statistically evaluated using the SAS software package. This included the attainment of descriptive statistics particularly the frequency of categorical variables (e.g. industry type) and the centrality, spread and

distributional features of continuous variables (e.g. innovativeness). Thereafter, testing of the hypotheses began with an initial focus on covariances between dependent and independent variables. This was followed by multiple regression where H1a to H1c (regarding EO versus internationalisation scale) were assessed. A second regression model evaluated H2a to H2c concerning EO dimensions versus internationalisation scope. Regression was appropriate in this case considering the hypothesised relationships and the continuous nature of the independent and dependent variables. Control variables were incorporated in both regression models. Furthermore, global fit diagnostics, namely the coefficient of determination (R^2) and analysis of variance (ANOVA) F-test, were used to assess whether a meaningful fit was obtained. As part of the analysis of model fit, the results obtained were checked for potentially serious multicollinearity, non-linearity, outlier effects, as well as the less serious homoskedasticity, normality of residuals and autocorrelation.

H3a to H10c involve testing for the moderated effects of macroeconomic factors namely, economic development, home market size, political stability and regulatory quality. This required several steps based on the principles of moderated regression by Aiken and West (1991). First, predictor variables including EO dimensions and the moderator variables were centred on a meaningful constant such as the variable's mean or minimum value. The purpose of centring was to reduce the correlation between the interaction term and the individual predictor scores so that the effects of the predictors could be distinguishable from their interaction (Warner, 2013). Second, in order to detect interaction in the regression, a main effects-only (i.e. without predictor interaction) model was created that incorporated each EO dimension (innovativeness, proactiveness and risk taking) and a macroeconomic factor as predictor variables. Thus, only the dependent, independent, and moderator variables were included in each main-effects model. The next step involved creating a main effects plus interaction model where interaction terms between the EO dimension and the moderator were incorporated without any of the control variables. The final step included the control variables to ensure that the model was specified to the best extent possible.

The ANOVA F statistic was used to assess the goodness of model fit based on the level of its statistical significance. In addition, the R^2 provided an indication of the explanatory power of the predictor variables. Thus following the addition of the explanatory terms, a statistically significant ANOVA F and a noticeable increase in the adjusted R^2 (Adj R^2) served as the criteria for improvement of overall model fit compared to the main-effects only model. However, in order to determine whether moderation had occurred, the slope coefficient/s of the interaction term/s (between the EO dimension and the macroeconomic moderator) were evaluated. A first-order interaction term (for international scale models) or second-order interaction term (for international scope models) that was statistically significant indicated a certain degree of moderation.

Based on the overall statistical significance of moderated regression models, graphical plots were generated to examine the linearity or non-linearity of the hypothesised relationships. Moreover, the plots utilised to determine the strength and direction of moderation between EO dimensions and macroeconomic factors internationalisation outcomes. This was the final step of the testing procedure, which resulted in the rejection or non-rejection of specific hypotheses.

3.6.6 Reliability

Reliability refers to the consistency of results attained in construct measurement (Kerlinger & Lee, 2000). It is concerned with the extent to which a measurement is free of random or unstable error (Cooper & Schindler, 2011). To enhance reliability, the use of CATA is recommended as it minimises human coder error and bias, for example due to rater fatigue or inadequate coder training (Brigham et al., 2009). CATA techniques have demonstrated greater accuracy than human coders (Rosenberg, Schnurr, & Oxman, 1990) and high test–retest reliability when examining transcripts over time (Oxman, Rosenberg, Schnurr, & Tucker, 1986).

3.6.7 External validity

The Chairman and CEO letters in integrated annual reports were selected as the organisational narratives that are specifically applicable to the measurement of EO for similar reasons as articulated by Brigham et al. (2009):

First, letters to shareholders are excellent sources of managerial cognitions as they provide a means for reconstructing perceptions and beliefs of authors. Shareholder letters in particular signal the major topics and themes to which managers attend. Second, the letter is the most widely read section of the annual report and provides a forum for the CEO to voice thoughts on important issues affecting the organisation. Moreover, the rhetoric in these texts has been related to organisational actions and outcomes. Third, the use of annual reports from publicly traded firms allows for the collection of additional variables through a secondary source without the threat of introducing common method variance.

In order to assess external validity, Brigham et al. (2009) compared two samples from the S&P 500 (large, mature firms) and the Russell 2000 stock index (small, high growth firms). After content analysis, they conducted sample t tests (compared to a test statistic of zero) for each EO dimension to examine the occurrence of language consistent with an EO in shareholder letters. Their findings indicate that all dimensions are significant, which suggests that language consistent with an EO was communicated in the shareholder letters across both samples (Brigham et al., 2009). Furthermore, they conducted a one-way ANOVA from which no significant differences in the mean values of EO dimensions were found except for proactiveness, where higher levels were measured in the shareholder letters of Russell 2000 firms.

3.7 Limitations of the study

The majority of studies conceptualised and investigated EO as a self-assessed measure of a firm's performance in each dimension. As such, the studies relied on collecting primary data using research instruments that were specifically designed to obtain key respondents' opinion of their firm's EO. This study

employed content analysis of chair and CEO/MD annual reviews of individual firm performance. As the annual firm reviews were not particularly intended to respond to EO-related questions, their content may be somewhat limited in terms of EO-specific text that can be retrieved.

Empirical EO/IEO research studies have mostly adopted Miller's (1983) and Covin and Slevin's (1989) unidimensional conceptualisation of EO. These have relied on the M/C&S scale as a common measure of EO thus examining the shared covariance of the salient dimensions namely, innovativeness, proactiveness and risk taking. Since this study was based on Dess and Lumpkin's (1996) multidimensional conceptualisation of EO, focusing on the individual variance of each dimension, the results obtained were not be entirely comparable with some results from previous EO/IEO studies.

Only 47 percent of the firms sampled had internationalisation engagements, therefore moderation tests involved only the 58 firms with international operations. Warner (2013) states that sample size decisions should ideally consider three recommendations: First, in accordance with Tabachnick and Fidell (2007), the ratio of n (number of cases) to k (number of predictors) should be reasonably high. Based on the work by Green (1991), a minimum of $n > 50 + 8k$ for tests of multiple R and a minimum of $n > 104 + k$ for tests of statistical significance of individual predictors are recommended. Second, Aiken and West's (1991) table in Appendix C should be utilised to estimate the minimum sample size required for statistical power of 0.80 to detect interaction in regression using $p = 0.05$ as the criterion for statistical significance. Third,

... if regression lines to predict Y from X_1 are estimated separately for several different categories (with categories based on scores of X_2 , the other predictor), it is desirable to have sufficient cases within each group or category to estimate regression coefficients reliably (Aiken & West, 1991, p. 619).

The sample size utilised in this study was above the minimum requirement suggested by Aiken and West (1991) to detect interaction effects between risk

taking and macroeconomic factors (particularly economic development and regulatory quality). However, it was insufficient to satisfy all the recommendations by Warner (2013). As such, the generalisability of the findings is limited due to loss of statistical power from the smaller sample size.

Covin and Miller (2014) allude to a cascading effect of different aspects of EO on the scale and scope of internationalisation outcomes. This may be exhibited differently, depending on the context and the period of evaluation. Although quantitative EO research is dominated by cross-sectional studies, longitudinal studies may reveal that EO dimensions have a positive long-term effect on internationalisation outcomes. Due to the reliance on secondary data and the limited time permitted to complete this study, the cascading and longitudinal effects of EO dimensions on international scale and scope were not investigated. Hence, the effect of EO dimensions on international scale and scope could have been underestimated.

A summary of the main literature references (used to develop the hypotheses), the hypotheses derived, sources and types of data, as well as analysis methods is presented in Appendix B. Taking into account the above limitations, the results of the methodology detailed in this chapter are presented in the Chapter 4. This is followed by the results analysis and discussion in Chapter 5.

CHAPTER 4: PRESENTATION OF RESULTS

This chapter presents the findings of the methodology outlined in Chapter 3. The first section provides descriptive statistics of the sample utilised and the Pearson correlations of key variables. The second section deals with the analysis of the main and sub-hypotheses derived in Chapter 2. It involves the presentation and description of the results obtained from multiple regression models, which were used to test the hypothesised relationships between innovativeness, proactiveness and risk taking and the scale and scope of internationalisation. The third section presents the results obtained from moderated multiple regression models where macroeconomic factors were included in the regression analysis as moderators of the relationship between EO dimensions and the scale and scope of internationalisation. The chapter ends with a summary of the key findings and their usefulness for further discussions and conclusions.

4.1 Descriptive statistics and Pearson correlations

This study utilised a sample of 124 firms that were listed on securities exchanges in Botswana, Kenya, Nigeria, South Africa and Zimbabwe. The companies sampled represent a wide cross-section of industries to enable generalisability of the results. Sample characteristics from the study are presented in Table 1 and Table 2. The firms investigated were relatively mature with an average 35 years in operation and 1158 mean number of employees. Kenya and Zimbabwe had the oldest entities averaging 49 years in operation while South African firms had the lowest average number of years in operation (18) and the lowest average number of employees (699). The largest portion of all firms in the sample were active in the financial services (24 percent), industrial (23 percent), and consumer goods (15 percent) sectors. The consumer services, technology and basic materials sectors were reasonably equally represented at 11 percent, eight percent, and eight percent, respectively. Health care, oil and gas, and utilities

were the least represented in the sample with only 1.5 percent of firms active in each sector.

Only 47 percent of the sampled firms were involved in international activities ranging from exporting to designing, manufacturing and direct selling in a foreign market. Approximately 70 percent of these were involved in exporting with only a few having foreign direct subsidiaries. Firms with cross-border operations derived an average 10 percent of their total revenue from these international activities and were active in two countries on average. Most of their internationalisation activities were concentrated within SSA especially Southern Africa (Botswana, Namibia, Mozambique, Zimbabwe and Zambia) followed by West Africa (Ghana and Nigeria) and Central Africa (Democratic Republic of the Congo). Less than six percent of the internationally-active firms had operations in other contents mainly Europe, North America and South America. Companies in Botswana and Kenya showed the largest scale of internationalisation averaging 27 percent and 20 percent of total revenue, respectively. On the contrary, Nigerian and Zimbabwean entities had the lowest average scale (three percent and four percent, respectively) and the lowest scope (averaging one percent for each country) of internationalisation. More or less similar levels of innovativeness were observed in all the countries at an average 2.4.

Average proactiveness was highest in Nigeria (2.4) and lowest in Botswana (1.8) and Zimbabwe (1.9). Average risk taking was highest in Botswana (2.7) and Kenya (2.9) while Zimbabwe exhibited the least risk taking (2.0). As expected (based on the size of their total GDPs), South Africa and Nigeria had the largest home markets whereas Kenya, Botswana and Zimbabwe had the smallest.

Table 2 results indicate that the majority of correlations were not statistically significant at the one percent, five percent or 10 percent confidence level. Most importantly, there were no significant correlations between EO dimensions and the scale and scope of internationalisation. However, the results show a highly positive (0.59) and significant correlation ($p < 0.01$) between the scale and scope of internationalisation. In addition, international scope was positively and significantly related to economic development (0.40, $p < 0.01$) and regulatory risk

(0.33, $p < 0.05$). Home market size had statistically significant negative correlations with firm age (-0.41, $p < 0.01$), the scale of internationalisation (-0.15, $p < 0.10$) and political risk (-0.25, $p < 0.10$). The two moderators – political risk and regulatory risk – were related positively and significantly to each other (0.62, $p < 0.01$) and to economic development (0.59 and 0.69, $p < 0.01$; respectively). This indicates improvement in political and regulatory conditions as economies develop, which was generally expected. Overall, the results showed statistically significant correlations between the various moderators and the scope of internationalisation. Still, in order to evaluate the hypothesised relationships properly, multiple regression analyses were conducted and the results are presented in the sections that follow.

Table 1: Sample characteristics^a

	Botswana	Kenya	Nigeria	South Africa	Zimbabwe
Number of sample firms	10	26	22	38	28
Annual report word count	1874	2633	2124	2184	1965
Firm age (years)	23	49	34	18	48
Firm size (employees)	572	1413	1417	699	1552
Scale of internationalisation	.27	.20	.03	.08	.04
Scope of internationalisation	2	3	1	2	1
Innovativeness	2.2	2.3	2.2	2.4	2.4
Proactiveness	1.8	2.1	2.4	2.2	1.9
Risk taking	2.7	2.9	2.3	2.5	2.0
Home market size	2	3	7	7	1
Economic development	.59	.49	.59	.57	.53
Political risk	.21	-.50	-.22	-.13	.11
Regulatory risk	-.22	-.36	-.04	-.31	-.08

Notes: ^aAll variables except number of firms and home market size are average values.

Table 2: Descriptive statistics and Pearson correlations for key study variables^{b,c}

	Mean	Std Dev	1	2	3	4	5	6	7	8	9	10
Firm size	1158	1751										
Firm age	35	23	.25***									
Market size	4.42	2.55	-.10	-.41***								
Economic development	.54	.08	-.12	-.40***	.17							
Political stability	-.14	.43	-.09	-.21	-.25*	.59***						
Regulatory quality	-.24	.49	-.06	.00	-.074	.69***	.62***					
Scale	.10	.17	-.12	-.10	-.15*	.14	-.11	.08				
Scope	1.73	2.98	-.14	-.08	.02	.40***	-.04	.33**	.59***			
Innovativeness	2.31	0.82	-.06	.07	-.04	-.14	.15	.15	-.05	.00		
Proactiveness	2.13	1.29	.04	.01	.14	-.09	-.21*	-.17	.03	-.09	.04	
Risk taking	2.44	1.40	.08	-.01	.03	.01	-.12	-.17	-.05	.00	-.02	.10

Notes: ^b $n = 124$ for correlations between independent, dependent and control variables; ^c $n = 58$ for correlations involving economic development, political and regulatory risk; * $p < .10$; ** $p < .05$; *** $p < .01$.

4.2 Hypothesis testing

4.2.1 EO dimensions versus scale and scope of internationalisation without moderation

Regression results for the initial hypotheses (without moderation) are shown in Tables 3 and 4. Model 1 served as the base model with only the control variables and the scale of internationalisation. The overall fit of the model was not good with $R^2 = .05$ and an ANOVA F statistic that was not significant at the ten percent, five percent or one percent confidence level. Models 1a to 1c each had either innovativeness, proactiveness or risk taking as the independent variable and international scale as the dependent variable; the control variables were also included in all three models. The overall fit of each model, 1a to 1c, was not good with $R^2 = .05$ (similar to the base model) and an ANOVA F that was not statistically significant. Therefore, no support was found for H1a, H1b, and H1c

Table 3: Multiple regression results for EO dimensions versus international scale^d

Variable	Model 1		Model 1a		Model 1b		Model 1c	
Constant	-.11	(.08)	.12	(.08)	.10	(.08)	.11	(.08)
First-order terms								
Innovativeness			-.01	(.02)				
Proactiveness					0	(.01)		
Risk taking							0	(.01)
Controls								
Firm age	0	0	0	0	0	0	0	0
Firm size	0	0	0	0	0	0	0	0
Basic materials	.06	(.09)	.06	(.09)	.06	(.07)	.09	(.09)
Consumer goods	.02	(.08)	.03	(.08)	.02	(.08)	.02	(.08)
Consumer services	.09	(.08)	.09	(.08)	.09	(.08)	.09	(.08)
Financials	.01	(.08)	.01	(.08)	.01	(.08)	.01	(.08)

Variable	Model 1		Model 1a		Model 1b		Model 1c	
Health care	-.10	(.15)	-.10	(.15)	-.10	(.15)	-.10	(.15)
Technology	.02	(.09)	.03	(.09)	.02	(.09)	.02	(.09)
Industrials	.03	(.08)	.04	(.08)	.03	(.08)	.03	(.08)
Oil and gas	-.01	(.14)	-.01	(.14)	0	(.14)	0	(.15)
Utilities	0	(.15)	.01	(.15)	.01	(.15)	0	(.15)
F	.54		.52		.50		.50	
R ²	.05		.05		.05		.05	
Adj R ²	-.04		-.05		-.05		-.05	

Notes: ^dStandard errors are in parantheses. Coefficients are unstandardised.
Diversified investment holdings is the reference industry.

Regression analyses for the scope of internationalisation included a second-order term to test the quadratic nature of the hypotheses. Model 2 was the base model with only the control variables whereas Models 2a to 2c each had first order and second order-terms for each EO dimension. International scope was the dependent variable in all four models and the control variables were also included. The regression results for all four models were similar to those obtained for EO dimensions versus international scale as indicated by the low R² values (.02 to .04) and ANOVA F values that were not significant at the one percent, five percent and ten percent confidence levels.

Table 4: Multiple regression results for EO dimensions versus international scope^e

Variable	Model 2		Model 2a		Model 2b		Model 2c	
Constant	2.11*	(1.26)	2.26	(1.39)	2.26*	1.28	1.74	(1.35)
First-order terms								
Innovativeness			-.25	(.85)				
Proactiveness					.04	(.54)		
Risk taking							.43	(.50)
Second-order terms								
Innovativeness			.05	(.17)				
Proactiveness					.05	(.13)		
Risk taking							-.10	(.12)
Controls								
Firm age	0	(.01)	0	(.01)	0	(.01)	0	(.01)
Firm size	0	0	0	0	0	0	0	0
Basic materials	.17	(1.47)	.20	(1.49)	.26	(1.50)	.36	(1.51)
Consumer goods	-1.08	(1.32)	-1.11	(1.36)	-1.07	(1.33)	-.94	(1.35)
Consumer services	-.30	(1.37)	-.27	(1.39)	-.36	(1.38)	-.14	(1.39)
Financials	-.96	(1.26)	-.92	(1.28)	-.99	(1.28)	-.94	(1.28)
Health care	-2.11	(2.40)	-2.13	(2.42)	-2.16	(2.41)	-1.96	(2.41)
Technology	2.18	(1.50)	2.25	(1.53)	2.26	(1.51)	2.32	(1.41)
Industrials	.08	(1.25)	.14	(1.29)	.08	(1.26)	.27	(1.28)
Oil and gas	2.40	(2.37)	2.41	(2.39)	2.21	(2.39)	2.71	(2.42)
Utilities	-.93	(2.47)	-.89	(2.51)	-1.14	(2.49)	-1.07	(2.49)
F	1.41		1.18		1.27		1.24	
R ²	.12		.12		.13		.13	
Adj R ²	.04		.02		.03		.02	

Notes: ^e $n = 124$; * $p < .10$. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry.

4.2.2 Moderated results for EO dimensions versus the scale and scope of internationalisation

Testing for moderation followed the approach outlined in section 3.6.5 of Chapter 3. Initially, models for the main effects in the regression were generated. Each model incorporated one of the EO dimensions and one of the contextual moderators as independent variables. This was followed by testing for interaction effects where an interaction term between the EO dimension and the moderator was included in the model without the control variables. Thereafter the control variables were included in the final step in order to assess the complete model fit.

Economic development

Economic development was the first moderator to be tested, results for the main effects of EO dimensions versus international scale are shown in Table 5. The overall fit of Models 3a to 3c was not good with very low R^2 values (.02 – .06) and ANOVA F values that were statistically non-significant. According to models 3d to 3i (Table 6), the R^2 values for all three EO dimensions increased with the addition of economic development (as a moderator) and the control variables. However, the overall fit for all models remained non-significant and deteriorated based on the decrease in the Adj R^2 values. Therefore, H3a, H3b and H3c were not supported by the findings.

Table 5: Regression results of main effects of EO dimensions and economic development on international scale^f

Variable	Model 3a		Model 3b		Model 3c	
Constant	.21**	(.07)	.14**	(.06)	.18**	(.06)
First-order terms						
Innovativeness	-.02	(.03)				
Proactiveness			.03	(.02)		
Risk taking					-.01	(.02)
Moderator						
Economic development	.32	(.33)	.40	(.32)	.35	(.32)
F	.92		1.76		.64	
R ²	.03		.06		.02	
Adj R ²	0		.03		-.01	

Table 6: Moderated regression results for economic development influence on EO versus international scale^f

Variable	Model 5a		Model 5b		Model 5c		Model 5d		Model 5e		Model 5f	
Constant	.37***	(.11)	.22***	(.09)	.30***	(.10)	.34*	(.18)	.15	(.16)	.23	(.17)
First-order terms												
Innovativeness	-.07	(.05)					-.09*	(.05)				
Proactiveness			.08*	(.05)					.09*	(.05)		
Risk taking					-.02	(.04)					-.02	(.04)
Moderator												
Economic development	-.54	(.64)	.44	(.40)	.01	(.49)	-.98	(.71)	.31	(.44)	-.26	(.56)
Interaction												
Economic development and first-order term	.49	(.40)	-.46	(.36)	.10	(.28)	.70	(.43)	-.53	(.39)	.20	(.30)
Controls												
Firm age	0	0	0	0	0	0	0	0	0	0	0	0
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Basic materials							.02	(.16)	.19	(.16)	.10	(.09)
Consumer goods							.09	(.14)	.04	(.14)	.03	(.08)
Consumer services							.10	(.14)	.12	(.14)	.09	(.08)
Financials							.03	(.13)	.05	(.14)	.01	(.08)

Variable	Model 5a	Model 5b	Model 5c	Model 5d	Model 5e	Model 5f
Technology				.23 (.18)	.23 (.18)	.05 (.09)
Industrials				.03 (.13)	.03 (.13)	.05 (.08)
Oil and gas				-.01 (.19)	-.03 (.19)	0 (.14)
F	1.08	1.42	.70	.96	.97	.91
R ²	.09	.12	.06	.20	.21	.10
Adj R ²	.01	.04	-.03	-.01	-.01	-.01

Notes: ^f*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. Health care and utilities industries have zero coefficients.

In contrast to the results for international scale, the main effects Models 4a to 4c, testing EO dimensions versus international scope (Table 7), had a good overall fit with comparatively higher R^2 values (averaging .16) and ANOVA F values that were statistically significant ($p < .05$). Moreover, the regression coefficient for economic development in all three models was highly positive (averaging 16.21) and significant ($p < .01$). The inclusion of economic development as a moderator of EO versus international scope (Models 3d to 3f in Table 8) yielded an increase in R^2 values, however overall model fit was only significant ($p < .05$) for risk taking. Due to the poor overall fit of Models 3d and 3e, H3a and H3b were not accepted. Model 3f for risk taking showed an increase in R^2 (.28) relative to the main effects Model 3c ($R^2 = .17$). In addition, the second-order interaction term between economic development and risk taking (in Model 3f) was statistically significant ($p < .05$) and more negative than the second-order term for risk taking in Model 3c. Incorporating control variables in all three models resulted in considerably higher R^2 values (averaging .65) with the technology industry having a positive and significant ($p < .01$) slope coefficient as shown in Models 3g to 3i (Table 8).

Table 7: Regression results of main effects of EO dimensions and economic development on international scope^g

Variable	Model 4a		Model 4b		Model 4c	
Constant	1.27	(1.52)	1.35	(.94)	1.22	(.93)
First-order terms						
Innovativeness	.13	(1.30)				
Proactiveness			.41	(.78)		
Risk taking					.55	(.75)
Second-order terms						
Innovativeness	-.02	(.23)				
Proactiveness			-.11	(.17)		
Risk taking					-.11	(.17)
Moderator						
Economic development	16.64***	(5.29)	16.27***	(5.25)	15.72***	(5.37)
F	3.35***		3.51**		3.56**	
R ²	.16		.16		.17	
Adj R ²	.11		.12		.12	

Table 8: Moderated regression results for economic development influence on EO versus international scope⁹

Variable	Model 6a		Model 6b		Model 6c		Model 6d		Model 6e		Model 6f	
Constant	1.61	(3.26)	1.7	(1.69)	3.17*	(1.68)	4.25	(3.00)	2.02	(2.02)	3.87*	(1.99)
First-order terms												
Innovativeness	.09	(3.03)					-1.39	(2.34)				
Proactiveness			1.05	(1.66)					1.97	(1.31)		
Risk taking					-1.14	(1.35)					-1.10	(1.06)
Second-order terms												
Innovativeness	.20	(.55)					.42	(.42)				
Proactiveness			-.02	(.43)					-.21	(.34)		
Risk taking					.44	.29					.28	.23
Moderator												
Economic development	12.3	(22.04)	18.09**	(7.33)	5.32	(8.61)	-8.99	(17.24)	13.17**	(5.78)	-6.18	7.18
Interaction												
Economic development and first-order term	10.92	(25.34)	-2.76	(12.76)	22.54**	(10.04)	23.73	(19.54)	-12.27	(9.88)	20.62**	(8.15)
Economic development and second-order term	-5.11	(6.05)	-1.62	(4.03)	-7.48**	(2.81)	-6.69	(4.64)	.65	(3.06)	-5.43**	(2.28)
Controls												

Variable	Model 6a		Model 6b		Model 6c		Model 6d		Model 6e		Model 6f	
Firm age	-.01	(.02)	-.01	(.02)	-.01	(.02)	0	(.02)	0	(.02)	0	(.02)
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Technology							8.55***	(2.16)	9.68***	(2.16)	9.07***	(2.04)
F	1.83		1.79		2.83**		5.12***		5.45***		6.20***	
R ²	.20		.20		.28		.63		.64		.67	
Adj R ²	.09		.09		.18		.50		.52		.56	

Notes: ⁹*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. All industry coefficients (except for technology) are non-significant.

The overall fit for Models 3g to 3i was highly significant ($p < .01$) and the Adj R^2 values were almost three times higher than those for the main effects Models 3d to 3f. This indicated that the increase in R^2 values was not due to an increase in the number of predictors. The second-order interaction between risk taking and economic development remained negative (-5.43) and significant ($p < .05$) following the inclusion of control variables. Nevertheless, although the inverted U-shaped relationship between risk taking and international scope was supported, Figure 4 shows that the relationship was stronger at higher levels of economic development rather than lower levels. Therefore, H4c was rejected.

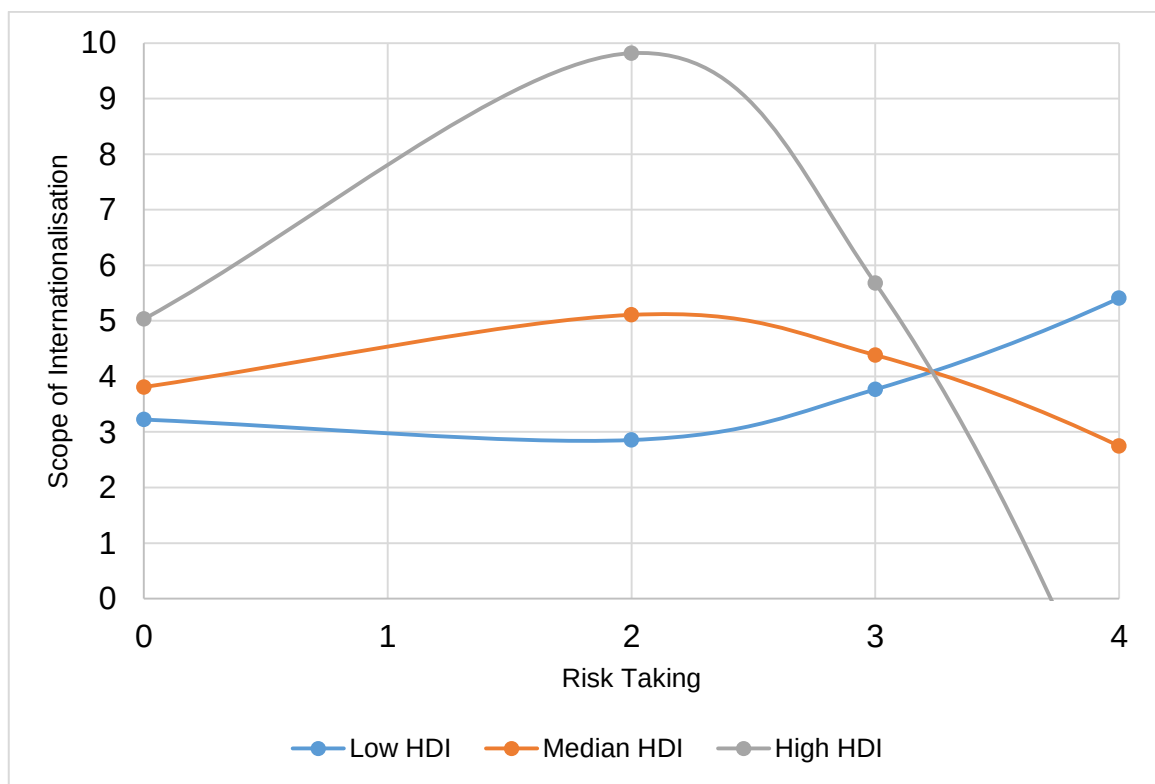


Figure 4: Economic development as a moderator of risk taking versus international scope

Home market size

The results concerning home market size as a moderator of EO dimensions versus international scale were similar to those obtained for economic development. That is, main effects Models 5a to 5c (in Table 9) showed poor overall fit with very low R^2 values (.01 - .04) and ANOVA F values that were non-significant. The overall model fit for all three dimensions (Models 5d to 5i, Table 10) does not improve with the addition of interaction terms and control variables. As such, H5a, H5b and H5c were rejected.

Table 9: Regression results of main effects of EO dimensions and home market size on international scale^h

Variable	Model 3a		Model 3b		Model 3c	
Constant	.24**	(.09)	.18**	(.04)	.21**	(.05)
First-order terms						
Innovativeness	-.03	(.03)				
Proactiveness			.03	(.02)		
Risk taking					-.01	(.02)
Moderator						
Home market size	.01	(.01)	0	(.01)	.01	(.01)
F	.60		1.04		.31	
R^2	.02		.04		.01	
Adj R^2	-.01		0		-.02	

Table 10: Moderated regression results for home market size influence on EO versus international scale^h

Variable	Model 7a		Model 7b		Model 7c		Model 7d		Model 7e		Model 7f	
Constant	.35**	(.09)	.27**	(.08)	.30**	(.08)	.27**	(.15)	.22	(.14)	.21	(.15)
First-order terms												
Innovativeness	-.03	(.04)					-.04	(.04)				
Proactiveness			.07*	(.04)					.07*	(.04)		
Risk taking					.01	(.03)					.01	(.03)
Moderator												
Home market size	-.01	(.02)	.01	(.02)	.01	(.02)	-.02	(.02)	0	(.02)	0	(.02)
Interaction												
Home market size and first-order term	0	(.01)	-.01	(.01)	-.01	(.01)	.01	(.01)	.01	(.01)	-.01	(.01)
Controls												
Firm age	0	0	0	0	0	0	0	0	0	0	0	0
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Basic materials							.25	(.17)	.22	(.17)	.24	(.17)
Consumer goods							.11	(.15)	.02	(.14)	.08	(.15)
Consumer services							.14	(.14)	.12	(.14)	.12	(.14)
Financials							.06	(.14)	.02	(.13)	.06	(.14)

Technology				.25	(.19)	.22	(.19)	.24	(.19)
Industrials				.07	(.14)	.04	(.13)	.06	(.14)
Oil and gas				-.05	(.19)	-.04	(.19)	-.04	(.19)
F	.76	1.50	.71	.79		1.05		.71	
R ²	.07	.13	.06	.17		.22		.16	
Adj R ²	-.02	.04	-.03	-.05		.01		-.07	

Notes: ^h*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. Health care and utilities industries have zero coefficients.

The results for market size as a moderator of EO dimensions versus international scope were similar to those obtained for economic development. The main effects of Models 6a to 6c (Table 11) each showed a good overall fit with a moderate R^2 value (averaging .19) and an ANOVA F value that was significant at the five percent (innovativeness) or one percent confidence level (proactiveness and risk taking). Furthermore, the slope coefficient for market size was positive (averaging .64) and significant ($p < .01$) for all three EO dimensions.

Table 11: Regression results of main effects of EO dimensions and home market size on international scopeⁱ

Variable	Model 4a		Model 4b		Model 4c	
Constant	1.66	(1.41)	2.32***	(.67)	1.86***	(.75)
First-order terms						
Innovativeness	.39	(1.28)				
Proactiveness			-.31	(.79)		
Risk taking					.47	(.74)
Second-order terms						
Innovativeness	-.05	(.23)				
Proactiveness			-.03	(.17)		
Risk taking					-.09	(.17)
Moderator						
Home market size	.64***	(.18)	.68***	(.19)	.60***	(.19)
F	4.05**		4.76***		4.18***	
R^2	.18		.21		.19	
Adj R^2	.14		.17		.14	

Adding first- and second-order terms of the interaction between EO dimensions and market size resulted in higher R^2 values (averaging .31) and Adj R^2 values (as shown in Models 6d to 6f, Table 12) while overall model fit remained significant at the one percent level. Moreover, second-order terms for the

interaction between EO dimensions (innovativeness and risk taking) and market size were negative and significant ($p < .05$).

The inclusion of control variables in the regression Models 6g to 6i resulted in a two-fold increase of the R^2 value for all three EO dimensions, which was influenced by the positive and significant slope coefficient of the technology industry. Although the overall model fit for all three dimensions remained significant, only the second-order coefficient for the interaction between risk taking and market size fitted the hypothesis (H6c) as it was negative and significant. Although the second-order coefficient of the interaction between innovativeness and market size was significant (Model 8a), the negative sign implies an inverted curvilinear relationship. Therefore, H6a was not supported, and H6b was rejected due to non-significant interaction terms. With regard to Model 8c, Figure 5 shows that the inverted U-shaped relationship between risk taking and international scope was strengthened by a larger home market instead of a smaller home market. This means H6c was not supported.

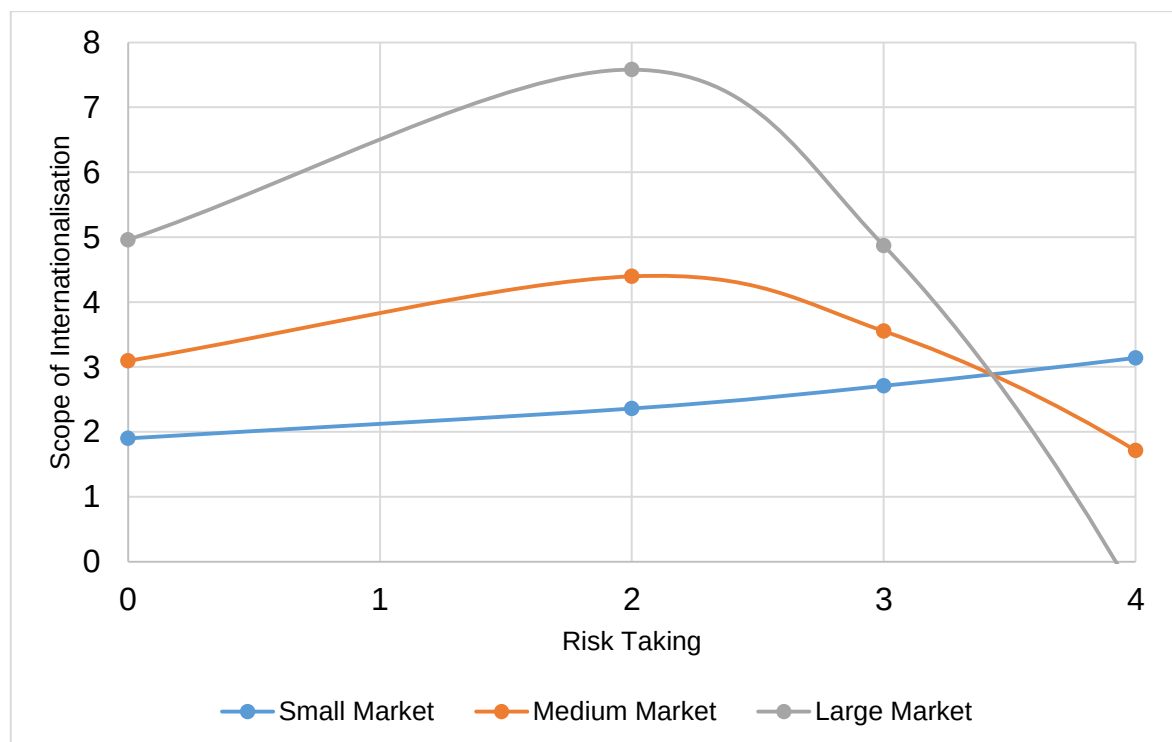


Figure 5: Market size as a moderator of risk taking versus international scope

Table 12: Moderated regression results for home market size influence on EO versus international scopeⁱ

Variable	Model 8a		Model 8b		Model 8c		Model 8d		Model 8e		Model 8f	
Constant	2.83	(2.47)	1.66	(1.26)	1.90	(1.31)	4.09*	(2.20)	3.69**	1.59	3.38*	(1.82)
First-order terms												
Innovativeness	-.85	(2.06)					-.38	(1.69)				
Proactiveness			1.16	(1.26)					1.63*	(.96)		
Risk taking					.15	(.98)					.24	(.80)
Second-order terms												
Innovativeness	.14	(.32)					.08	(.26)				
Proactiveness			-.21	(.34)					-.33	(.26)		
Risk taking					.04	(.20)					-.01	(.16)
Moderator												
Home market size	-.19	(.56)	1.18***	(.28)	0.51*	(.27)	-.38	(.46)	0.83***	(.23)	.13	(.22)
Interaction												
Home market size and first-order term	1.58**	(.73)	-.56	(.40)	.64*	(.34)	.85	(.60)	-0.69**	(.30)	0.58**	(.26)
Home market size and second-order term	-.51**	(.22)	.07	(.11)	-.23**	(.10)	-.24	(.18)	.12	(.09)	-0.18**	(.08)
Controls												
Firm age	.01	(.02)	.01	(.02)	.01	(.02)	.01	(.02)	.01	(.02)	.01	(.02)

Variable	Model 8a		Model 8b		Model 8c		Model 8d		Model 8e		Model 8f	
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Technology							7.56*** (2.30)		6.95*** (2.12)		7.83*** (2.20)	
F	3.10***		3.55***		3.26***		5.32***		6.56***		6.24***	
R ²	.30		.33		.31		.63		.68		.67	
Adj R ²	.21		.24		.22		.52		.58		.56	

Notes: ⁱ*n* = 58; * *p* < 0.10, ** *p* < 0.05, *** *p* < 0.01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. All industry coefficients (except for technology) are non-significant

Political stability

The results in Table 13 and Table 15 indicate that the overall fit of each model used to evaluate the main effects of EO dimensions and political stability on international scale and scope was not good based on the very low R^2 values (0 to .04) and non-significant ANOVA F statistics. Models 7d to 7f (Table 14) and Models 8d to 8f (Table 16) showed that even with the inclusion of interaction terms for moderation, overall model fit remained poor and no significant interaction between any of the EO dimensions and political stability was detected. Furthermore, according to Models 7g to 7i, the control variables had no influence on the moderated model fit between EO dimensions and international scale. On the other hand, adding control variables in Models 8g to 8i resulted in good overall model fit as indicated by the significant ANOVA F values ($p < .01$). This was largely due to the positive and significant slope coefficient of the technology industry. Still, no significant interaction between EO dimensions and political stability was observed. Therefore, all hypotheses (H7a to H7c and H8a to H8c) related to political stability as a moderator of EO dimensions versus internationalisation were rejected.

Table 13: Regression results of main effects of EO dimensions and political stability on international scale^j

Variable	Model 3a		Model 3b		Model 3c	
Constant	.29**	(.07)	.22**	(.06)	.27**	(.06)
First-order terms						
Innovativeness	-.03	(.03)				
Proactiveness			.03	(.02)		
Risk taking					-.01	(.02)
Moderator						
Political stability	-.04	(.06)	-.03	(.06)	-.05	(.06)
F	.69		1.12		.42	
R^2	.02		.04		.02	
Adj R^2	-.01		0		-.02	

Table 14: Moderated regression results for political stability influence on EO versus international scale^j

Variable	Model 9a		Model 9b		Model 9c		Model 9d		Model 9e		Model 9f	
Constant	.49***	(.14)	.31***	(.09)	.41***	(.10)	.43**	(.20)	.23	(.17)	.34**	(.16)
First-order terms												
Innovativeness	-.09	(.10)					-.10	(.11)				
Proactiveness			.06	(.04)					.06	(.05)		
Risk taking					-.02	(.04)					-.03	(.05)
Moderator												
Political stability	-.16	(.12)	-.02	(.08)	-.10	(.09)	-.19	(.13)	-.02	(.09)	-.14	(.10)
Interaction												
Political stability and first-order term	.06	(.08)	-.05	(.05)	.02	(.05)	.08	(.09)	-.06	(.06)	.03	(.05)
Controls												
Firm age	0	0	0	0	0	0	0	0	0	0	0	0
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Basic materials							.14	(.16)	.16	(.16)	.18	(.17)
Consumer goods							.06	(.14)	.03	(.14)	.07	(.14)
Consumer services							.12	(.14)	.11	(.14)	.12	(.14)
Financials							.03	(.13)	.04	(.14)	.04	(.14)

Variable	Model 9a	Model 9b	Model 9c	Model 9d	Model 9e	Model 9f
Technology				.23 (.17)	.25 (.18)	.24 (.18)
Industrials				.05 (.13)	.03 (.13)	.04 (.13)
Oil and gas				-.12 (.19)	-.06 (.19)	-.08 (.19)
F	1.17	1.47	1.03	.94	1.03	.88
R ²	.10	.12	.09	.20	.22	.19
Adj R ²	.01	.04	0	-.01	.01	-.03

Notes: ⁱ*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. Health care and utilities industries have zero coefficients.

Table 15: Regression results of main effects of EO dimensions and political stability on international scope^k

Variable	Model 4a		Model 4b		Model 4c	
Constant	3.97**	(1.68)	3.93***	(1.16)	3.33***	(1.15)
First-order terms						
Innovativeness	0	(1.41)				
Proactiveness			.44	(.86)		
Risk taking					1.04	(.79)
Second-order terms						
Innovativeness	-.03	(.25)				
Proactiveness			-.15	(.19)		
Risk taking					-.23	(.18)
Moderator						
Political stability	-.24	(1.10)	-.33	(1.10)	-.15	(1.07)
F	.06		.30		.62	
R ²	0		.02		.03	
Adj R ²	-.05		-.04		-.02	

Table 16: Moderated regression results for political stability influence on EO versus international scope^k

Variable	Model 10a		Model 10b		Model 10c		Model 10d		Model 10e		Model 10f	
Constant	6.76	(5.33)	6.23***	(1.96)	5.90**	(2.21)	10.11**	(4.34)	5.01**	(2.18)	6.58***	(2.27)
First-order terms												
Innovativeness	-1.36	(7.69)					-5.09	(5.51)				
Proactiveness			-.49	(1.93)					1.29	(1.48)		
Risk taking					-.84	(2.45)					-1.58	(1.82)
Second-order terms												
Innovativeness	.50	(2.53)					1.48	(1.79)				
Proactiveness			.16	(.47)					-.20	(.35)		
Risk taking					.36	(.66)					.39	.51
Moderator												
Political stability	-1.23	(4.96)	-.94	(1.52)	-1.17	(1.92)	-5.65	(3.73)	-5.56	(1.15)	-3.00**	(1.38)
Interaction												
Political stability and first-order term	.86	(6.40)	1.30	(2.52)	1.95	(2.60)	4.98	(4.67)	-1.70	(1.91)	2.73	(1.90)
Political stability and second-order term	-.34	(1.89)	-.51	(.77)	-.64	(.72)	-1.21	(1.35)	.22	(.57)	-.65	(.54)
Controls												
Firm age	-.03	(.02)	-.04	(.02)	-.03	(.02)	-.01	(.02)	-.01	(.02)	-.01	(.02)

Variable	Model 10a		Model 10b		Model 10c		Model 10d		Model 10e		Model 10f	
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Technology							9.98***	(2.10)	10.72***	(2.20)	10.44***	(2.04)
F	.53		.70		.86		5.18***		5.26***		5.62***	
R ²	.07		.09		.11		.63		.63		.65	
Adj R ²	-.06		-.04		-.02		.51		.51		.53	

Notes: ^k*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. All industry coefficients (except for technology) are non-significant.

Regulatory quality

Regulatory quality was the final moderator tested and the results attained were largely similar to those for economic development and market size. Regression results from testing the effect of regulatory quality on EO dimensions versus international scale are presented in Table 17 and Table 18. Based on the very low R^2 values and the statistical non-significance of ANOVA F values corresponding to the main effects Models 9a to 9c (Table 17) and the subsequent moderated regression Models 9d to 9i (Table 18), no support was found for H9a to H9c.

Table 17: Regression results of main effects of EO dimensions and regulatory quality on international scale¹

Variable	Model 3a		Model 3b		Model 3c	
Constant	.20**	(.09)	.12	(.09)	.18*	(.10)
First-order terms						
Innovativeness	-.03	(.03)				
Proactiveness			.03	(.02)		
Risk taking					0	(.02)
Moderator						
Regulatory quality	.05	(.05)	.05	(.05)	.03	(.06)
F	.71		1.33		.19	
R^2	.03		.05		.01	
Adj R^2	-.01		.01		-.03	

The results for international scope are presented in Table 19 and Table 20. Unlike the results for international scale, the main effects Models 10a to 10c (Table 19) showed good overall fit with significant ANOVA F values ($p < .10$ for Model 10a, and $p < .05$ for Models 10b and 10c). The slope coefficient of regulatory quality in all the main effects models was positive and highly significant ($p < .01$). When the first- and second-order interaction terms were added to the initial models, only the risk taking Model 10f (Table 20) maintained

a good overall fit as indicated by the significant ANOVA F ($p < .05$) and the higher $R^2 = .26$ (compared to .15 for the main effects Model 10c). Moreover, the second-order interaction term was more negative (compared to Model 10c) and significant ($p < .10$).

Table 18: Moderated regression results for regulatory quality influence on EO versus international scale^l

Variable	Model 11a		Model 11b		Model 11c		Model 11d		Model 11e		Model 11f	
Constant	.32	(.21)	.15	(.15)	0.34**	(.16)	.31	(.26)	.12	(.20)	.33	(.21)
First-order terms												
Innovativeness	-.06	(.15)					-.10	(.16)				
Proactiveness			.08	(.09)					.08	(.10)		
Risk taking					-.05	(.07)					-.08	(.08)
Moderator												
Regulatory quality	.01	(.11)	.08	(.08)	-.02	(.10)	-.04	(.13)	.06	(.09)	-.09	(.11)
Interaction												
Regulatory quality and first-order term	.02	(.07)	-.03	(.06)	.03	(.05)	.04	(.08)	-.03	(.06)	.05	(.05)
Controls												
Firm age	0	0	0	0	0	0	0	0	0	0	0	0
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Basic materials							.20	(.16)	.18	(.16)	.22	(.16)
Consumer goods							.09	(.14)	.03	(.14)	.08	(.15)
Consumer services							.13	(.14)	.09	(.14)	.13	(.14)
Financials							.04	(.14)	.02	(.14)	.04	(.14)

Variable	Model 11a	Model 11b	Model 11c	Model 11d	Model 11e	Model 11f
Technology				.21 (.19)	.17 (.18)	.24 (.19)
Industrials				.07 (.13)	.02 (.13)	.06 (.13)
Oil and gas				-.07 (.19)	-.05 (.19)	-.05 (.19)
F	.84	1.22	.78	.72	.82	.76
R ²	.07	.11	.07	.16	.18	.17
Adj R ²	-.01	.02	-.02	-.06	-.04	-.05

Notes: ¹*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. Health care and utilities industries have zero coefficients.

The incorporation of control variables (Models 10g – 10i) resulted in even higher R^2 values (averaging .63) because of the positive and highly significant slope coefficient ($p < .01$) for the technology industry. Model 10f, in particular, had the highest $R^2 = .66$ and significant first- ($p < .05$) and second-order ($p < .10$) interaction terms for the moderating impact of regulatory quality on EO dimensions versus international scope. In addition, Figure 6 indicates that the U-shaped relationship between risk taking and international scope increased with higher levels of regulatory quality. Therefore, partial support was found for H10c, while H10a and H10b were rejected.

Table 19: Regression results of main effects of EO dimensions and regulatory quality on international scope^m

Variable	Model 4a		Model 4b		Model 4c	
Constant	.34	(1.99)	-.61	(1.64)	-.72	(1.60)
First-order terms						
Innovativeness	-.35	(1.33)				
Proactiveness			.99	(.82)		
Risk taking					1.09	(.74)
Second-order terms						
Innovativeness	-.14	(.24)				
Proactiveness			-.24	(.18)		
Risk taking					-.21	(.17)
Moderator						
Regulatory quality	2.52***	(.92)	2.54***	(.92)	2.40***	(.90)
F	2.55*		2.87**		3.07***	
R^2	.12		.14		.15	
Adj R^2	.08		.09		.10	

Table 20: Moderated regression results for regulatory quality influence on EO versus international scope^m

Variable	Model 12a		Model 12b		Model 12c		Model 12d		Model 12e		Model 12f	
Constant	-2.41	(8.44)	.04	(2.71)	2.37	(1.98)	6.22	(7.21)	0.96	(2.52)	5.37**	(2.65)
First-order terms												
Innovativeness	3.84	(11.55)					-4.25	(9.21)				
Proactiveness			.53	(3.55)					1.75	(2.73)		
Risk taking					-4.21						-3.83	(2.40)
Second-order terms												
Innovativeness	-.47	(3.58)					1.30	(2.82)				
Proactiveness			.45	(1.23)					.16	(.95)		
Risk taking					1.64*						1.00	(.69)
Moderator												
Regulatory quality	4.79	(4.54)	3.07**	(1.49)	1.37	(.71)	-.90	(3.75)	2.33**	(1.15)	-1.15	(1.33)
Interaction												
Regulatory quality and first-order term	-2.30	(5.72)	.16	(2.25)	3.76*		2.43	(4.58)	-.94	(1.72)	3.33**	(1.61)
Regulatory quality and second-order term	.26	(1.64)	-.42	(.79)	-1.34*		-.66	(1.30)	-.14	(.61)	-0.86*	(.50)
Controls												
Firm age	-.03	(.02)	-.03	(.02)	-.03	(.02)	0	(.02)	-.01	(.02)	0	(.02)

Variable	Model 12a		Model 12b		Model 12c		Model 12d		Model 12e		Model 12f	
Firm size	0	0	0	0	0	0	0	0	0	0	0	0
Technology							8.87*** (2.26)		8.75*** (2.21)		9.30*** (2.13)	
F	1.59		1.79		2.51**		4.66***		5.15***		5.95***	
R ²	.18		.20		.26		.60		.63		.66	
Adj R ²	.07		.55		.16		.47		.50		.55	

Notes: ^m*n* = 58; * *p* < .10, ** *p* < .05, *** *p* < .01. Standard errors are in parentheses. Coefficients are unstandardised. Diversified investment holdings is the reference industry. All industry coefficients (except for technology) are non-significant.

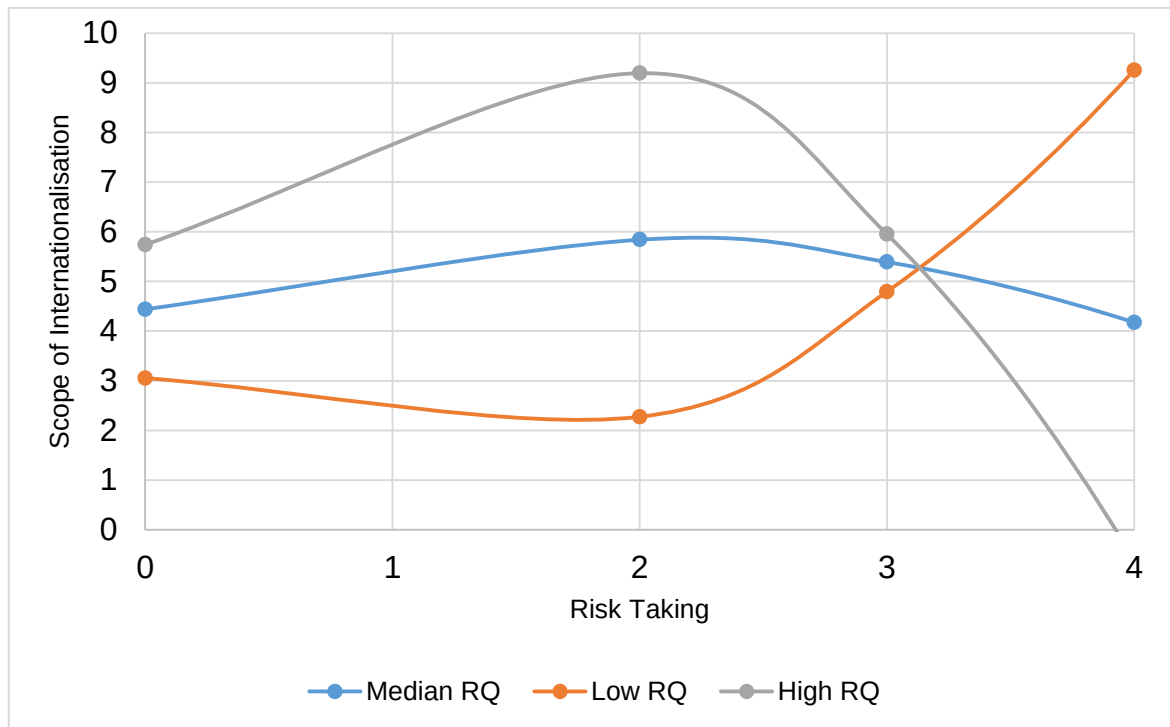


Figure 6: Regulatory quality (RQ) as a moderator of risk taking versus international scope

Overall, no statistical support was found for the majority of the hypotheses. Innovativeness, proactiveness and risk taking were not significantly related to the scale and scope of internationalisation. In addition, economic development, home market size, political stability, and regulatory quality did not have a significant moderating effect on the relationship between EO dimensions and international scale. Even though economic development, home market size and regulatory quality were positively related to the scope of internationalisation, no support was largely found for the moderating effect of these macroeconomic factors (and political stability) on the relationship between EO dimensions and international scope. Only partial support was found for the moderating role of regulatory quality on the U-shaped relationship between risk taking and international scope. The overall model fit, as indicated by the R^2 value and ANOVA F statistic, was highest when the technology sector was incorporated as a control variable in the moderated regression analyses. Table 21 is a summary of the regression analyses results for all the hypotheses. These are discussed in Chapter 5.

Table 21: Summary of hypotheses and results

No.	Hypothesis	Supported or Not Supported
H1a	Innovativeness is positively related to the scale of internationalisation of firms in SSA.	Not supported
H1b	Proactiveness is positively related to the scale of internationalisation of firms in SSA.	Not supported
H1c	Risk taking is positively related to the scale of internationalisation of firms in SSA.	Not supported
H2a	Innovativeness has a U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with high or low levels of innovativeness, and lowest for those with moderate levels of innovativeness.	Not supported
H2b	Proactiveness has a U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with high or low levels of proactiveness, and lowest for those with moderate levels of proactiveness.	Not supported
H2b	Risk-taking has an inverse U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with moderate levels of risk-taking, and lowest for those with high or low levels of risk-taking.	Not supported
H3a	The relationship between innovativeness and international scale is stronger when the level of economic development – in international markets – is low than when it is high.	Not supported
H3b	The relationship between proactiveness and international scale is stronger when the level of economic development – in international markets – is high than when it is low.	Not supported
H3c	The relationship between risk taking and international scale is stronger when the level of economic development – in international markets – is low than when it is high.	Not supported
H4a	The relationship between innovativeness and international scope is stronger when the level of economic development – in international markets – is low than when it is high.	Not supported
H4b	The relationship between proactiveness and international scope is stronger when the level of economic development – in international markets – is high than when it is low.	Not supported
H4c	The relationship between risk taking and international scope is stronger when the level of economic development – in international markets – is low than when it is high.	Not supported
H5a	The relationship between innovativeness and international scale is stronger in smaller home markets than in larger home markets.	Not supported

No.	Hypothesis	Supported or Not Supported
H5b	The relationship between proactiveness and international scale is stronger in smaller home markets than in larger home markets.	Not supported
H5c	The relationship between risk taking and international scale is stronger in smaller home markets than in larger home markets.	Not supported
H6a	The relationship between innovativeness and international scope is stronger in smaller home markets than in larger home markets.	Not supported
H6b	The relationship between proactiveness and international scope is stronger in smaller home markets than in larger home markets.	Not supported
H6c	The relationship between risk taking and international scope is stronger in smaller home markets than in larger home markets.	Not supported
H7a	The relationship between innovativeness and international scale is stronger when the level of political stability – in international markets – is high than when it is low.	Not supported
H7b	The relationship between proactiveness and international scale is stronger when the level of political stability – in international markets – is high than when it is low.	Not supported
H7c	The relationship between risk taking and international scale is stronger when the level of political stability – in international markets – is high than when it is low.	Not supported
H8a	The relationship between innovativeness and international scope is stronger when the level of political stability – in international markets – is high than when it is low.	Not supported
H8b	The relationship between proactiveness and international scope is stronger when the level of political stability – in international markets – is high than when it is low.	Not supported
H8c	The relationship between risk taking and international scope is stronger when the level of political stability – in international markets – is high than when it is low.	Not supported
H9a	The relationship between innovativeness and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.	Not supported
H9b	The relationship between proactiveness and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.	Not supported
H9c	The relationship between risk taking and international scale is stronger when the level of regulatory quality – in international	Not supported

No.	Hypothesis	Supported or Not Supported
	markets – is high than when it is low.	
H10a	The relationship between innovativeness and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.	Not supported
H10b	The relationship between proactiveness and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.	Not supported
H10c	The relationship between risk taking and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.	Partially supported

CHAPTER 5: DISCUSSION OF THE RESULTS

This study focused on the relationship between three individual EO dimensions – innovativeness, proactiveness and risk taking – and the scale and scope of internationalisation. Based on the multidimensional conceptual framework of EO by Dess and Lumpkin (1996), a more fine-grained approach was applied to investigate the individual EO dimensions on the scale and scope of internationalisation. The moderating role of several macroeconomic factors – namely, economic development, home market size, political stability and regulatory quality – was also examined.

Pearson correlations indicated that the size of the firm is moderately related to its number of years in operation. This was expected as successful firms generally tend to expand over time. In addition, the results showed that older firms reside in smaller home markets and were associated with internationalising into less economically developed markets. This suggests that smaller home markets may not have a dynamic environment that provides an abundance of new, quality opportunities for entrepreneurial firms (Frese et al., 2009). As such, the period in which an entrepreneurial firm can benefit from its first-mover advantages tends to be longer relative to a more competitive environment (Engelen et al., 2014). Smaller home markets may also be too saturated thus preventing entrepreneurial firms from expanding and new comers from entering. Therefore it is not surprising that the scale of internationalisation was higher in smaller home markets hence Botswana and Kenya had significantly higher levels of international scale than the other countries in this study. In smaller home markets, internationalisation may be necessary for a company to expand and maintain profitability as the domestic market becomes saturated and competition intensifies (Covin & Miller, 2014).

As expected, the results indicated that international scope was positively related to the scale of internationalisation. That is, companies operating in multiple countries were expected to receive a larger portion of their total revenue from international markets compared to companies that operated in one or two

jurisdictions. It is interesting though that the scope of internationalisation increased with higher levels of economic development, which in turn was positively related to political stability and regulatory quality. Political stability should have a positive influence on economic development as higher regulatory quality is prioritised when economies become more efficiency-driven (Turton & Herrington, 2012).

Based on multiple regression analysis, the initial hypotheses (H1a to H1c) regarding individual EO dimensions and international scale were not supported. This result was in line with the contradictory nature of previous findings. Although Bruton et al. (2007) found a positive relationship between innovativeness and international scale, Andersson and Frishammar (2009) and Ma et al. (2012) found no statistically significant relationship between innovativeness and the scale of internationalisation. This study argued that innovative enterprises could pursue international opportunities due to a lack of consumer interest or purchasing power for their products and/or services. This notion relied on the fact that most economies in SSA (including Botswana, Kenya, Nigeria and Zimbabwe) were factor-driven and therefore focused on basic industries such as agriculture and mining. However, the majority of firms (62 percent) sampled in this study were active in the industrial, financial services and consumer goods sectors. A growing financial services sector is indicative of an economy that is becoming more efficiency-driven as the focus shifts towards improving and formalising private and public organisations (Turton & Herrington, 2012). Under such economic advancement, entrepreneurial firms will likely have strong domestic demand for their innovative products or services as industries develop and society's living standards improve.

Similar to innovativeness, previous research findings on proactiveness versus international outcomes also lack consistency. Andersson and Frishammar (2009) found a positive relationship between proactiveness and international scale, whereas this study's finding was in line with research evidence by Kuivalainen et al. (2007) and Ma et al. (2012) that shows no relation between proactiveness and the scale of internationalisation. Proactiveness is considered to reflect a

willingness to engage in bold moves that enable a firm to attain a greater international reach than the competition (Dai et al., 2014). It is associated with Kirznerian firms that engage in entrepreneurial behaviour through the process of opportunity discovery and exploitation thus relying on proactiveness to gain competitive advantages (Sundqvist et al., 2012). This implies that proactiveness is an important behavioural trait when a firm operates under an intensely competitive environment. Although certain industries in SSA may be highly competitive, intense competition is generally expected in a developed market context where industries are firmly established. According to the sample characteristics in this study, SSA firms engaged mostly in international activities within the African continent. Hence, they were mainly exposed to emerging market contexts where industries are still developing and rivalry is minimal or non-existent. As such, proactiveness was not a key determinant of the scale of their international expansion.

Since risk taking involves venturing into the unknown, it would be expected to have a positive impact on the scale of internationalisation. However, this study's finding was similar to empirical evidence by Andersson and Frishammar (2009) and Ma et al. (2012). Their findings also show no significant relationship between risk taking and the scale of internationalisation. According to Dai et al. (2014), internationalisation risks arise from the institutional environment of each foreign country entered, uncertainty regarding the entry model/s that firms should employ, and the strength of foreign competition they will face. Therefore, in the absence of intense foreign competition (as in SSA), the main risks are associated with initial market or product entry. Once a firm has entered a foreign market, it would have overcome the initial risk hurdle. An increase in revenue from that specific market may not necessarily require significant levels of risk taking. Risk taking is thus expected to have a positive impact on the firm's scale of internationalisation if the latter involves increasing the firm's scope of internationalisation. That is, increasing the percentage of international revenue by expanding into more foreign territories would entail substantial risk taking.

The results attained for the initial hypotheses (H2a to H2c) on EO dimensions versus the scope of internationalisation were similar to the findings on the scale of internationalisation. Again, no statistical support was found for the U-shaped relationship between innovativeness, proactiveness and risk taking and international scope. This contradicts findings by Dai et al. (2014) and Kreiser et al. (2013), which indicate that innovativeness and proactiveness have a positive U-shaped relationship with international scope, whereas risk taking predominantly assumes an inverted U-shaped relationship. Like these studies, this study adopted a cost-benefit perspective regarding EO dimensions and international scope. However, due to the limited number of studies that have explored the non-linear effects of EO dimensions on international scope (Dai et al., 2014), it should not be assumed that previous findings will apply in every context. For instance, a firm's international scope of internationalisation is influenced by its international experience and the type of industry in which it operates (Menguzzato-Boulard et al., 2007). Technology or manufacturing firms with more international experience may have a competitive edge allowing them to attain greater international scope without incurring significant costs. Furthermore, environmental factors (such as national culture and the macro economy) have an influence on the EO-performance relationship in general (Dess & Lumpkin, 1996; Engelen et al., 2014; Frese et al., 2009). The same influence applies to EO dimensions versus international scope as indicated by the results in this study.

Evidence from past research has shown significant variation in the magnitude of the EO-performance relationship that could not be explained by sampling error alone (Engelen et al., 2014; Frese et al., 2009). The contingent nature of the EO-performance relationship depends on the congruence among key variables – such as industry conditions and organisational processes – for the attainment of optimal performance (Dess & Lumpkin, 1996). Although moderated regression results indicated that economic development was positively and significantly related to international scope, no support was found for H3a to H3c concerning economic development as a moderator of EO dimensions versus international scale. Furthermore, the results showed that economic development was not a

significant moderator of innovativeness and proactiveness versus international scope, therefore H4a and H4b were rejected. Unlike the other two dimensions, risk taking showed a significant and positive U-shaped relationship with international scope that existed below a certain threshold of economic development. An inverse U-shaped relationship was observed above this threshold, whose strength increased with higher levels of economic development (at low to moderate levels of risk taking). H4c was thus rejected as it stated that the inverse U-shaped relationship between risk taking and international scope was stronger when the level of economic development – in international markets – was low than when it was high. The results obtained differ from the moderated EO-performance findings by Engelen et al. (2014). Using a dichotomous approach to distinguish between developed nations and developing nations, their findings show that the EO-performance relationship is stronger in developing nations than in developed nations. Considering the generally low levels of economic development in SSA, significant differences in HDI ratings between SSA countries were not expected. This was evident in this study's descriptive sample statistics, which indicated similarly low levels of economic development ($M = .54$, $SD = .08$) across the international markets where most SSA firms were actively involved. Contrasting the dichotomous classification by Engelen et al. (2014), this study employed the HDI as a continuous measure of economic development. Since the majority of firms in SSA target other SSA countries – with similar HDI ratings – for internationalisation opportunities, the role of economic development as a moderator of EO dimensions versus international scope was not completely apparent.

Hypotheses 5a to 5c and 6a to 6c considered home market size as a moderator of EO dimensions versus internationalisation outcomes. However, no support was found for any of these hypotheses, which state that the relationship between EO dimensions and international scale and scope (respectively) was stronger in smaller home markets than in larger home markets. All statistics concerning the main effects and interaction effects of EO dimensions and home market size on the scale of internationalisation were non-significant. Instead, home market size is positively and significantly related to international scope. Moreover, it has a

significant moderating effect on innovativeness and risk taking versus international scope. However, plotting the results shows that innovativeness has a positive U-shaped relationship with international scope below a certain home market size and a negative U-shaped relationship above that market size threshold. In addition, the strength of the relationship increases with a larger market size. Similar results were attained for risk taking versus international scope. Therefore, despite the significance of the model fit for H6a and H6c, the hypotheses were rejected.

Engelen et al. (2014) attributed the lack of moderation of the EO-performance relationship by market size to the recent technological advances in communication and transportation, which have reduced the cost of expansion either domestically or internationally. This offers a possible explanation for the increase in strength of the relationship between EO dimensions (innovativeness and risk) and international scope as market size increases. SSA countries with a larger home market (e.g. South Africa) were likely to have better communication and transportation infrastructure thus reducing an entrepreneurial firm's cost of expanding into international markets. Since larger home markets expose firms to a greater variety of customers (Ellis, 2006), depending on the type of industry, a firm's decision to internationalise may be driven more by its internal entrepreneurial nature than a lack of domestic customer demand. On the other hand, in smaller home markets, internationalisation may be necessary for a company to expand and maintain profitability as the domestic market is quick to saturate and competition rapidly intensifies (Covin & Miller, 2014). This was evident in the present study's negative correlation between market size and international scope, which was related to the higher scope of internationalisation of firms in smaller markets namely, Botswana and Kenya. In this case, a firm's internationalisation was driven more by a saturated domestic market than the firm's own innovativeness and risk taking.

Higher political stability was expected to strengthen the relationship between EO dimensions and internationalisation. However, no statistical support was found for H7a to H7c and H8a to H8c. This contradicts the findings by Engelen et al.

(2014), which indicate that higher political stability positively moderates the EO-performance relationship. This study suggested that unstable political environments may result in losses from entrepreneurial activities due to restricted access to critical resources such as financial capital, human capital, and raw materials (Engelen et al., 2014). Hence, the lack of statistical support for political stability as a moderator of EO dimensions versus international scale and scope was related to the accessibility of critical resources. That is, since SSA firms' internationalisation activities were mostly concentrated within SSA, similar levels of political stability in these markets were sufficient for firms to have access to human capital, financial capital and other essential resources.

Contrary to Engelen et al. (2014), regulatory quality was found to be positively related to international scope. However, the moderating effect of regulatory quality on EO dimensions versus the scale of internationalisation was not significant hence the rejection of H9a to H9c. Similarly, no support was found for H10b and H10c concerning regulatory quality as a moderator of innovativeness and proactiveness versus international scope. The results showed support for the inverted U-shaped relationship between risk taking and international scope above a minimum level of regulatory quality. Therefore, H10c was partially supported because – beyond a certain threshold – the strength of the negative U-shaped relationship between risk taking and international scope increases with higher levels of regulatory quality. Engelen et al. (2014) attributed the non-significance of regulatory quality as a moderator (of the EO-performance relationship) to entrepreneurial firms' preference for minimal or non-existent regulations in order to have the freedom to implement and commercialise risky entrepreneurial endeavours. This may explain this study's lack of support for H4a and H4b as innovative and proactive firms may attain better results when regulatory quality is low. However, since expanding into multiple countries is already a risky undertaking, the current findings supported the view that companies were only willing to take entrepreneurial risks in countries with good regulatory quality. In such countries, the government implements regulations that ensure that the benefits of entrepreneurial activities accrue to the individuals and firms that undertake them (Covin & Miller, 2014).

None of the control variables including firm age, firm size and the majority of industry types had a significant influence on the relationship between EO dimensions and international scale and scope. However, the moderated relationship between EO dimensions and the scope of internationalisation was highly apparent in the technology industry as indicated by the significant increase in overall model fit when industry type was included in the regression analyses. This further supports the contingent nature of the EO-performance relationship (Dess & Lumpkin, 1996) and that a firm's scope of internationalisation is influenced by the type of industry (Menguzzato-Boulard et al., 2007). The technology industry is normally at the forefront of innovation with technological capabilities that facilitate the creation of unique products and growth through internationalisation (Jantunen et al., 2011). Technology firms in SSA may exhibit innovative capabilities that imply a willingness to depart from existing firm practices (Andersson & Frishammar, 2009). This may provide a competitive edge that enables them to overcome the indigenous advantages enjoyed by firms in international markets (Jantunen et al., 2011).

This study only focused on the formal institutions (the economy, regulatory and political environment) as moderators of EO decision-making. However, the institutional perspective considers both formal and informal institutions (such as national culture) as factors that govern strategy implementation (Peng et al., 2008). Some research findings have shown that uncertainty avoidance and power distance have a considerable negative effect on risk taking; and individualism, uncertainty avoidance and power distance have a negative impact on proactiveness (Kreiser et al., 2010). Although the majority of SSA firms pursue internationalisation activities across the African continent, they mostly interacted mostly with countries in close geographical proximity to their home country. For instance, Kenyan firms were more active in other East and Central African countries than they were in Southern African countries. Similarly, firms based in Botswana were more active in Southern Africa than in East and West Africa. As much as this may be related to lower transaction costs and logistical convenience, it may also be driven by low cultural distance between neighbouring countries. That is, the geographical proximity of neighbouring

countries was likely to enhance cross-border cultural similarities that affect EO behaviour versus internationalisation outcomes.

Overall, the results were consistent with previous research findings that found no statistical support for the relationship between some EO dimensions and internationalisation outcomes. Instead, the role of macroeconomic factors was more evident as a larger home market size, more economic development and higher levels of regulatory quality appeared to have a significant and positive influence on the scope of internationalisation. More importantly, the strength of the U-shaped relationship between risk taking and international scope was positively moderated by these factors. This reflects the contingent nature of the relationship between EO dimensions and internationalisation outcomes, which is dependent on both environmental and organisational factors.

Engelen et al. (2014) assert that even with globalisation and the growing similarities among national contexts, there is sufficient variation in national cultural and macroeconomic moderators to create differences in the EO–performance relationship. Considering the limited amount of research on EO versus performance in SSA, and even less research on EO versus international performance, this study could only contribute to the understanding of EO’s influence on internationalisation outcomes. The findings may serve to illustrate why it is important to examine the EO construct in nations other than the typical Western contexts in which empirical research has traditionally been conducted (Engelen et al., 2014).

CHAPTER 6: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

“International activity is a key element of entrepreneurship” (Ibrahim, 2004, p. 129) and scholars have acknowledged the importance of IE as a field that lies at the intersection of entrepreneurship and IB (Gassmann & Keupp, 2009). Although numerous theories have been advanced to explain the firm’s internationalisation motive and process (Ibrahim, 2004), the majority of IE studies are not based on any specific theoretical framework, neither from entrepreneurship nor from IB theory (Gassmann & Keupp, 2009). The present study acknowledges that the development of new theoretical foundations for empirical research must balance IB and entrepreneurship components (Gassmann & Keupp, 2009). Furthermore, it is a humble contribution to the proposal by Covin and Miller (2014) of how EO can be used as a theoretical framework towards the understanding of international ventures.

The majority of previous studies on EO have conceptualised EO as a unidimensional construct and have relied on the Miller (1983) and Covin and Slevin (1989) scale (M/C&S) to assess the level of EO in organisations. This study viewed the unidimensional conceptualisation of EO as too restrictive to enable adequate understanding of a complex process like internationalisation. Therefore, a fine-grained approach based on the multidimensional conceptualisation of EO by Dess and Lumpkin (1996) was adopted to evaluate the individual role of innovativeness, proactiveness and risk taking on the scale and scope of internationalisation. In addition, the contingent nature of the EO-performance conceptual framework by Dess and Lumpkin (1996) was taken into account and macroeconomic factors were investigated as contextual moderators of EO versus international scale and scope.

The results show that the level of innovativeness is approximately the same across SSA countries, however proactiveness and risk taking vary between the countries. All hypotheses regarding the positive relationship between EO dimensions (innovativeness, proactiveness and risk taking) and international

scale were not accepted. Similarly, the curvilinear relationships between EO dimensions and international scope were not supported. Based on Dess and Lumpkin's (1996) contingency framework and recent meta-analytical reviews by Engelen et al. (2014) and Frese et al. (2009), the lack of statistical support was considered as an indication that other variables moderate the strength between EO dimensions and the scale and scope of internationalisation. However, only partial support was obtained for the hypothesis that the inverted U-shaped relationship between risk taking and international scope was stronger when the level of regulatory quality – in international markets – was high than when it was low.

The findings revealed that economic development, home market size and regulatory quality were positively related to international scope. In addition, the technology industry was associated with greater international scope. However, economic development, home market size and political stability were not significant moderators of the hypothesised relationships between EO dimensions – innovativeness and proactiveness – and the scale and scope of internationalisation. The relationships between risk taking and international scale were not significantly moderated by any of the macroeconomic factors. Instead, economic development and home market size were significant moderators of risk taking versus international scope. The inverted U-shaped relationship between risk taking and international scope was stronger when the level of economic development was high than when it was low. Furthermore, the relationship between risk taking and international scope was stronger in larger home markets than in smaller home markets. Both of these results, however, contradicted the initial hypotheses.

Overall, although the majority of the hypotheses were not supported by the findings, the study holds promise for EO as a theoretical framework in understanding international ventures. Disaggregating the EO construct into its individual dimensions is particularly relevant in an emerging market context like SSA, where limited research has been conducted on internationalisation outcomes. Therefore, each dimension may influence the scale and scope of

internationalisation at different times and in a different manner, depending on various organisational and environmental factors. Considering the relatively small sample size of international ventures evaluated in this study, future researchers should consider aiming for larger sample sizes of entities that have international operations to improve the reliability and generalisability of the findings.

The findings have implications for organisational managers of companies based in larger home markets as they indicate that such companies may benefit from additional risk taking that leads to greater international scope and improved overall performance. Moreover, pursuing internationalisation activities in countries with higher levels of economic development and greater regulatory quality may contribute to the success of such activities. That is, higher levels of economic development and regulatory quality may reduce the institutional and infrastructural hurdles, risks and costs associated with expanding into multiple markets.

Policy makers should consider that the relationship between risk taking and international scope is strengthened by higher regulatory quality. This implies that foreign investors and entities may not be willing or may not have the resources to overcome the risks of poor regulatory quality in addition to the inherent economic risks of conducting business in a foreign country. Thus, together with improved political stability and economic development, higher regulatory quality may lead to an increase in international trade and foreign direct investment.

Even though a multidimensional conceptualisation of EO was adopted in this study, only three of the five dimensions were investigated. Future research should attempt to investigate the individual impact of all five EO dimensions including autonomy and competitive aggressiveness. Researchers should especially consider examining the impact of other organisational and environmental moderators on the relationship between EO and internationalisation outcomes. Although cultural factors were acknowledged in this study as contextual moderators, it would be beneficial to incorporate them, together with macroeconomic factors, in a single study focusing on firms in SSA.

Furthermore, the role of firm-specific factors such as management's international experience, organisational culture or an ambidextrous organisational structure on EO versus internationalisation has not been extensively investigated. Such a study would be a significant contribution to the understanding of IE in an emerging market context.

The credibility of EO research has been questioned due to the challenges associated with identifying and collecting relevant secondary data (Covin & Lumpkin, 2011). It is hoped that this study will inspire more EO research that employs alternative methods such as CATA to investigate the prevalence of EO dimensions. Findings from such research studies may be used to substantiate EO measures based on primary data (Brigham et al., 2009). This will minimise common method variance and add to the credibility of EO research.

Since the majority of quantitative EO research is based on cross-sectional studies (Engelen et al., 2014), more longitudinal studies are required to add to the limited knowledge regarding the long-term effects of EO dimensions on internalisation outcomes. The cascading effect of the different elements of EO on internationalisation outcomes – as suggested by Covin and Miller (2014) – should be considered in such longitudinal studies.

In closing, this study was intended to aid in the advancement of IE by using the concept of EO to enhance the theoretical and practical knowledge of IE. It is hoped that future research will adopt EO as a theoretical framework to investigate internationalisation processes and outcomes. This will contribute to new theoretical foundations for empirical research that balance IB and entrepreneurship components. However, in agreement with Coviello et al. (2011), future research must be conducted with the understanding that good theory is built through an iterative process of debate and discussion as well as testing.

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APPENDIX A: Deductive EO Word List

EO Dimension	Content Analysis Words With Expert Validation
Innovativeness	Ad-lib, adroit, adroitness, bright-idea, change, clever, cleverness, conceive, concoct, concoction, concoctive, conjure-up, create, creation, creative, creativity, creator, discover, discoverer, discovery, dream, dream-up, envisage, envision, expert, form, formulation, frame, framer, freethinker, genesis, genius, gifted, hit-upon, imagination, imaginative, imagine, improvise, ingenious, ingenuity, initiative, initiator, innovate, innovation, inspiration, inspired, invent, invented, invention, inventive, inventiveness, inventor, make-up, mastermind, master-stroke, metamorphose, metamorphosis, neoteric, neoterism, neoterise, neoterize, new, new-wrinkle, innovation, novel, novelty, original, originality, originate, origination, originative, originator, patent, radical, recast, recasting, resourceful, resourcefulness, restyle, restyling, revolutionise, revolutionize, see-things, think-up, trademark, vision, visionary, visualize, visualise
Proactiveness	Anticipate, envision, expect, exploration, exploratory, explore, forecast, foreglimpse, foreknow, foresee, foretell, forward-looking, inquire, inquiry, investigate, investigation, look-into, opportunity-seeking, proactive, probe, prospect, research, scrutinization, scrutinisation, scrutiny, search, study, survey
Risk Taking	Adventuresome, adventurous, audacious, bet, bold, bold-spirited, brash, brave, chance, chancy, courageous, danger, dangerous, dare, daredevil, daring, dauntless, dicey, enterprising, fearless, gamble, gutsy, headlong, incautious, intrepid, plunge, precarious, rash, reckless, risk, risky, stake, temerity, uncertain, venture, venturesome, wager

Adapted from Brigham et al. (2009).

APPENDIX B: Consistency Matrix

Main problem	Literature review	Hypothesis	Source of data	Type of data	Analysis
Examine the effect of individual EO dimensions on the scale of internationalization of firms in SSA	Andersson & Frishammar (2009); Dess & Lumpkin (1996); Ma, Wang, & Zhang (2012)	H1a: Innovativeness is not related to the scale of internationalisation of firms in SSA	Integrated annual company reports	Interval Categorical Continuous	CATA Multiple regression analysis
	Dess & Lumpkin (1996); Kuivalainen, et al. (2007); Andersson & Frishammar (2009); Ma, et al. (2012); Dai, et al. (2014)	H1b: Proactiveness is positively related to the scale of internationalisation of firms in SSA			
	Dess & Lumpkin (1996); Kuivalainen, et al (2007); Andersson & Frishammar (2009); Ma, Wang, & Zhang (2012); Dai, et al (2014)	H1c: Risk taking is positively related to the scale of internationalisation of firms in SSA			

Main problem	Literature review	Hypothesis	Source of data	Type of data	Analysis
Examine the effect of individual EO dimensions on the scope of internationalization of firms in SSA	Dess & Lumpkin (1996); Ma, et al. (2012); Kreiser, et al. (2013); Dai, et al. (2014)	H2a: Innovativeness has a U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with high or low levels of innovativeness, and lowest for those with moderate levels of innovativeness	Integrated annual company reports	Interval Categorical Continuous	CATA Multiple regression analysis
	Dess & Lumpkin (1996); Andersson & Frishammar (2009); Gudmundsson & Lechner (2014); Dai, et al. (2014)	H2b: Proactiveness has a U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with high or low levels of proactiveness, and lowest for those with moderate levels of proactiveness.			
	Dess & Lumpkin (1996); Ma, et al. (2012); Gudmundsson & Lechner (2014); Dai, et al (2014)	H2c: Risk-taking has an inverse U-shaped relationship with the scope of internationalisation of firms in SSA, hence the scope will be highest for firms with moderate levels of risk-taking, and lowest for those with high or low levels of risk-taking			

Main problem	Literature review	Hypothesis	Source of data	Type of data	Analysis
Examine the moderating effect of economic development on the relationship between individual EO dimensions and the scale and scope of internationalisation of firms in SSA	Dess & Lumpkin (1996); Sundqvist, et al. (2012); Engelen, et al. (2014)	H3a: The relationship between innovativeness and international scale is stronger when the level of economic development – in international markets – is low than when it is high.	Integrated annual company reports	Interval Categorical Continuous	CATA Multiple moderated regression analysis
		H3b: The relationship between proactiveness and international scale is stronger when the level of economic development – in international markets – is high than when it is low.			
		H3c: The relationship between risk taking and international scale is stronger when the level of economic development – in international markets – is low than when it is high.			
		H4a: The relationship between innovativeness and international scope is stronger when the level of economic development – in international markets – is low than when it is high.			
		H4b: The relationship between proactiveness and international scope is stronger when the level of economic development – in international markets – is high than when it is low.			
		H4c: The relationship between risk taking and international scope is stronger when the level of economic development – in international markets – is low than when it is high.			

Main problem	Literature review	Hypothesis	Source of data	Type of data	Analysis
Examine the moderating effect of home market size on the relationship between individual EO dimensions and the scale and scope of internationalisation of firms in SSA	Covin & Miller (2014); Dess & Lumpkin (1996); Ellis (2006); Engelen, et al. (2014)	H5a: The relationship between innovativeness and international scale is stronger in smaller home markets than in larger home markets.	Integrated annual company reports	Interval Categorical Continuous	CATA Multiple moderated regression analysis
		H5b: The relationship between proactiveness and international scale is stronger in smaller home markets than in larger home markets.			
		H5c: The relationship between risk taking and international scale is stronger in smaller home markets than in larger home markets.			
		H6a: The relationship between innovativeness and international scope is stronger in smaller home markets than in larger home markets.			
		H6b: The relationship between proactiveness and international scope is stronger in smaller home markets than in larger home markets.			
		H6c: The relationship between risk taking and international scope is stronger in smaller home markets than in larger home markets.			

Main problem	Literature review	Hypothesis	Source of data	Type of data	Analysis
Examine the moderating effect of political stability on the relationship between individual EO dimensions and the scale and scope of internationalisation of firms in SSA	Dess & Lumpkin (1996); Engelen, et al. (2014); Kaufmann, et al.(2010); Tang, et al. (2008)	H7a: The relationship between innovativeness and international scale is stronger when the level of political stability – in international markets – is high than when it is low.	Integrated annual company reports	Interval Categorical Continuous	CATA Multiple moderated regression analysis
		H7b: The relationship between proactiveness and international scale is stronger when the level of political stability – in international markets – is high than when it is low.			
		H7c: The relationship between risk taking and international scale is stronger when the level of political stability – in international markets – is high than when it is low.			
		H8a: The relationship between innovativeness and international scope is stronger when the level of political stability – in international markets – is high than when it is low.			
		H8b: The relationship between proactiveness and international scope is stronger when the level of political stability – in international markets – is high than when it is low.			
		H8c: The relationship between risk taking and international scope is stronger when the level of political stability – in international markets – is high than when it is low.			

Main problem	Literature review	Hypothesis	Source of data	Type of data	Analysis
Examine the moderating effect of regulatory quality on the relationship between individual EO dimensions and the scale and scope of internationalisation of firms in SSA	Covin & Miller (2014); Dess & Lumpkin (1996); Engelen, et al. (2014); Kaufmann, et al. (2010)	H9a: The relationship between innovativeness and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.	Integrated annual company reports	Interval Categorical Continuous	CATA Multiple moderated regression analysis
		H9b: The relationship between proactiveness and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.			
		H9c: The relationship between risk taking and international scale is stronger when the level of regulatory quality – in international markets – is high than when it is low.			
		H10a: The relationship between innovativeness and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.			
		H10b: The relationship between proactiveness and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.			
		H10c: The relationship between risk taking and international scope is stronger when the level of regulatory quality – in international markets – is high than when it is low.			

APPENDIX C: Sample size required for statistical power of .80 to detect interaction in regression using $p = .05$

R ² for Main Effects Only	R ² for Model with Main Effects and Interaction						
	.05	.10	.15	.20	.25	.30	.35
.05		143	68	43	32	24	19
.10			135	65	41	29	22
.15				127	60	39	27
.20					119	57	36
.25						111	53
.30							103

Adapted from Warner (2013)