



Competitiveness of International New Ventures in Uganda

By: Annet K Nabatanzi-Muyimba

Student No. 584629

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Wits Business School
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South Africa

Supervised by: Prof. Boris Urban

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DEDICATION

This thesis is dedicated to my late grandparents who started my education, to my parents for empowering me, my husband for his support and my children who have endured my absences.

ABSTRACT

International competitiveness is the ability of a firm to sustain its international performance relative to competitors over time and in the future. This research examined the firm level factors that contribute to competitiveness of international new ventures (INVs). Specifically, the study investigated whether entrepreneurial and branding resources and capabilities greatly contribute to competitiveness of INVs.

The study followed a positivist and quantitative methodological approach to establish the causalities and social order of competitiveness of INVs in Uganda. The purpose of the study was actualized through adopting a cross-sectional survey design. The study focused on INVs which are firms that internationalized their operations within the first ten (10) years of their establishment. These firms were drawn from the three major business sectors in Uganda including agribusiness, manufacturing and service firms involved in international activities ranging from exports, input sourcing (imports), foreign subsidiaries, franchises to international subcontracting. The survey instrument was delivered to 405 firms and information required was provided by three different groups of respondents in each firm. Owners-managers and employees assessed their firm's entrepreneurial and branding resources and capabilities and international competitiveness in the last five (5) years and for the next three (3) years whereas customers evaluated brand advantage of firms and their products or services. The data collection process achieved a 77 percent response rate to the study. The study was non-experimental and adopted structural equation modelling and Average Moments of Structures (AMOS) to establish the causal relationships between the study variables.

The study results reveal that brand orientation greatly contributes to international competitiveness whereas the interaction between entrepreneurial and branding resources and capabilities significantly enhances brand advantage of INVs. In addition, the study indicates that in the short run, brand advantage constrains the contribution of entrepreneurial and branding capabilities to competitiveness of INVs. The findings of this research provide knowledge on building and sustaining international competitiveness with specific implications for improving marketing and/or branding capabilities and utilization of entrepreneurial resources. The findings further support the dynamic capabilities theory in explaining competitiveness of INVs in Uganda.

DECLARATION

I Annet Kabugo Nabatanzi-Muyimba declare that this thesis is my own research work. It is submitted in fulfillment of the requirements for the award of the Degree of Philosophy in Management at the Wits Business School, University of Witwatersrand Johannesburg, South Africa. I am confident that it has not been submitted for examination or any degree in any other university. I further declare that I have properly acknowledged all sources of information, received all the necessary authorization and consent to carry out this research.

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LIST OF ACROMYNS

AGFI	-	Adjusted goodness of fit index
AGOA	-	Africa Growth Opportunity Act
AIC	-	Akaike Information criterion
AMA	-	American Marketing Association
AMOS	-	Analysis of Moment Structure
AVE	-	Average variance extracted
BA	-	Brand Advantage
BG	-	Born global firms
BiD	-	Business in Development
BO	-	Brand Orientation
BSC	-	Balanced Score Card
CBV	-	Competence Based View
CFA	-	Confirmatory Factor Analysis
CFI	-	Comparative Fit Index
CICS	-	Competitiveness and Investment Climate Strategy
CMB		Common Methods Bias
CMM	-	Capability Maturity Model
CMV	-	Common Methods Variance
COMESA	-	Common Market of Eastern and Southern Africa
CR	-	Construct Reliability
DCT	-	Dynamic Capabilities Theory
DCV	-	Dynamic Capabilities View
DNV	-	Domestic New Venture
DOI	-	Degree of internationalization
EAC	-	East African Community
EBA	-	Everything but Arms
EC	-	Entrepreneurial Capital
ECVI	-	Expected Cross Validation Index
EFA	-	Exploratory factor analysis
EFQM	-	European Foundation of Quality Model

EO	-	Entrepreneurial Orientation
EVA	-	Economic Value Added
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
GEM	-	Global Entrepreneurship Matrix
GFI	-	Goodness Fit Index
GSP	-	Generalized System of Preference
IC	-	International Competitiveness
IFC	-	International Finance Corporation
IFI	-	Increment Fit Index
INV	-	International New Ventures
IVM	-	Integrated Value Management
KBV	-	Knowledge Based View
KMO	-	Kaiser-Meyer-Olkin
LDC	-	Less Developed Country
MCAR	-	Missing Completely At Random
MPED	-	Ministry of Finance, Planning and Economic Development
ML	-	Maximum Likelihood
MNC	-	Multinational Corporations
MNCAR	-	Missing Not Completely At Random
MSME	-	Micro Small to Medium Enterprises
MTIC	-	Ministry of Trade, Industry and Co-operatives
MTIC	-	Ministry of Trade, Industry and Co-operatives
NBV	-	Network Based View
NDP	-	National Development Plan
NFI	-	Normed Fit Index
NGO	-	Non-governmental Organization
NNFI	-	Nonnormed Fit Index
NPO	-	Non-Profit Organization
OECD	-	Organization for Economic Co-operation and Development
PCA	-	Principle Component Analysis
PMA	-	Plan for Modernization of Agriculture

PSFU	-	Private Sector Foundation Uganda
R & D	-	Research and Development
RBT	-	Resource based Theory
RBV	-	Resource Based View
RMR	-	Root Mean Square Residual
RMSEA	-	Root Mean Square Error Approximation
ROA	-	Return on Assets
ROI	-	Return on Investment
ROS	-	Return on Sales
SEM	-	Structural Equation Modeling
SME	-	Small to Medium Enterprises
SPSS	-	Statistical Package for Social Scientists
SRMR	-	Standardized Root Mean Square Residual
SSA	-	Sub-Saharan Africa
STV	-	Sample to Variable Ratio
TEA	-	Total Early Stage Entrpreneurial Activity
TLI	-	Tucker Lewis Index
TNC	-	Transnational corporations
TSR	-	Total Shareholders' Return
UBOS	-	Uganda Bureau of Statistics
UEPB	-	Uganda Export Promotion Board
UIA	-	Uganda Investment Authority
UMA	-	Uganda Manufacturers Association
UNCTAD	-	United Nations Conference on Trade and Development
USA	-	United States of America
USEA	-	Uganda Service Exporters Association
USSIA	-	Uganda Small Scale Industry Association
VC	-	Value Curve
VIF	-	Variance Inflation Factor
VP	-	Value Pyramid
WEF	-	World Economic Forum

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Uganda, like many other developing countries, depends heavily on small and young enterprises for exports, gross domestic product (GDP), employment and economic growth. With over one million small to medium enterprises (SMEs), Uganda was globally ranked the second highest in total entrepreneurial activity (GEM, 2004). Certainly, more than 50 percent of all firms in Uganda are new or less than one year old (GEM, 2003; UBOS, 2011) and 18 percent of them are engaged in some international activity (GEM, 2010). These facts reveal the existence of a considerable number of young SMEs involved in international business in Uganda. This class of international firm is commonly referred to as international new ventures (Oviatt & McDougall, 1994). The population of INVs in Uganda is likely to increase due to the discovery of significant oil deposits in the Albertine region; expanding regional markets including EAC and COMESA, bilateral and special trading relations such as EBA and AGOA with the European Union and USA respectively; efficient and sophisticated telecommunication sector; fully liberalized economy and improving investment environment, availability of low cost raw materials and labour; flourishing private sector; investment and export promotion with focus on service exports, especially IT-enabled services; organic products and agro-processing for traditional and new markets. Other enabling factors include government policies and strategies such as macroeconomic stabilization, plans for the modernization of agriculture, national development plan, and competitiveness and investment climate strategy.

According to existing literature, international new ventures (INVs) generally constitute a significant segment of successful international firms and/or SMEs in many economies of the world (Aspelund, Madsen, & Moen, 2007; Mort, Weerawardena, & Liesch, 2012; Oviatt & McDougall, 1994; Rennie, 1993; Rialp, Rialp, & Knight, 2005). They are particularly important for growth and development of small and open economies (Luostrarinen & Gabrielsson, 2006) and/or emerging and transition economies (Ivanova & Castellano, 2011; H. Li & Miller, 2006) and their emergence and popularity is attributed to the reduction in entry barriers to foreign markets as a result of increasing globalization, technological innovations and communication advancements. However, it is reported that globally over 40 percent of all new businesses close in the first two years and over 70 percent by the fifth year of operation (Bowen, Murara, & Mureithi, 2009; J. Li & Guisinger, 1991; Pansiri & Temtime, 2010; Song, Podoynitsyna, Van

Der Bij, & Halman, 2008). Similarly, more than 30 percent of all new businesses started in Uganda, close in the same year of establishment (Bakunda, 2008; GEM, 2004, 2010).

This premature closure of new business ventures is generally attributed to a number of challenges (Gleason, Madura, & Wiggenghorn, 2006; Lu & Beamish, 2001; Neupert, Baughn, & Dao, 2006; Shrader, Oviatt, & McDougall, 2000). Because INVs are young and new in the market, they lack established business relationships with foreign clients or suppliers, internal organizational structures, systems and processes and have limited know-how, have little or no prior market experience, proprietary assets and reputation (Neupert et al., 2006; Oviatt & McDougall, 1994; Shrader et al., 2000). This fact indicates specifically the difficulty INVs encounter in accessing resources, acquiring and retaining customers for their products in international markets. In addition, INVs generally face problems of being relatively small in size (Oviatt & McDougall, 1994; Shrader et al., 2000). As a result these firms lack resources such as finance, technology, human and other tangible resources which are necessary to develop competitive advantage and succeed in any market.

Although, evidence in the existing literature indicates that new ventures have successfully internationalized despite these challenges (Oviatt & McDougall, 1994), lack of such important resources seems to be one of the factors that affects their ability to effectively compete with large and well established firms in the long run (Knight, Madsen, & Servais, 2004). For instance, it is argued that to fully exploit global market opportunities, success of new ventures would depend on entrepreneurs' experience, an innovative product, market knowledge and a network of information to deal with complexities in new and advanced markets (Aspelund et al., 2007; Oviatt & McDougall, 1994).

In Uganda, generally small and young enterprises have limited access to finance and capital markets (BiD Network, 2008; Briggs, 2009; GEM, 2003; MoFPED, 2011; UBOS, 2011). In addition, owners and managers of SMEs lack access to timely and accurate information (KPMG, 2011; Okello-obura, Minishi-Majanja, Cloete, & Ikoja-Odongo, 2008) and technology (Bbaale, 2011). Further, SMEs are characterized by low productivity and high production costs due to poor infrastructure and inadequate power supply which negatively affects their competitiveness in terms of export volume, prices and speed of supply (Hatega, 2007). However, SMEs have no control over infrastructure development and power supply in the economy whereas existing laws and government support seem not to reflect the current SME needs (Briggs, 2009). Other challenges include low integrity of entrepreneurs and, as a result, low market

patronage, poor product quality, due to technological gaps and lack of recognizable brands (Briggs, 2009; Kata, 2005; PSFU, 2007).

Beyond challenges relating to the inherent nature of INVs is the context of country of origin (Ivanova & Castellano, 2011). This particular challenge faces INVs moving from transitional to more advanced markets. The transitional environment is unstable, not organized or planned and lacks established institutional frameworks, hence firms originating from such environments lack supportive systems and resources, regulation, experience and maturity in decision making, especially regarding uncertainty in international markets (Hoxha & Capelleras, 2010; Ivanova & Castellano, 2011). In addition, the international or global market environment is dynamic and ever changing, which creates further uncertainty about future survival and growth of young ventures (Gregorio, 2005). Furthermore, the increasing liberalization of trade and opening up of world markets has increased international competition which makes it difficult for many governments to protect young ventures (Bakunda, 2008; Briggs, 2009; Gleason et al., 2006; Ivanova & Castellano, 2011; Knight et al., 2004; Oviatt & McDougall, 1994). Overall, these facts imply that INVs are affected by double or multiple layers of market environments as well as their inherent organizational characteristics and hence, understanding how they overcome related challenges and enhance their competitiveness is crucial.

A review of existing literature reveals that little is known about competitiveness of INVs (Knight et al., 2004; Kocak & Abimbola, 2009; Kropp, Lindsay, & Shoham, 2006). Much of what is known relates to the definition, start-up, entry strategies and the factors that accelerate early internationalization (S Andersson & Evangelista, 2006; Coviello & Jones, 2004; Coviello & Munro, 1995; Gregorio, Musteen, & Thomas, 2008; Kropp, Lindsay, & Shoham, 2008; Oviatt & McDougall, 1994; Oviatt & McDougall, 2005a; Rialp et al., 2005; Shrader et al., 2000; Svensson & Payan, 2009). The high intensity of research on these issues is justified because the phenomenon of INVs is relatively new, and existing process theories can not explain it sufficiently (Aspelund et al., 2007). The traditional theories are criticized for promoting the view of a slow and incremental internationalization process of firms whereas INVs exhibit empirical evidence of rapid international market expansion at or shortly after establishment (Aspelund et al., 2007; Oviatt & McDougall, 1994; Rialp et al., 2005). Specifically, this fact reveals great variation between new and older firms in regard to the process, time and speed of internationalization, hence the need for new theoretical explanations of the phenomenon (Oviatt & McDougall, 1994). While previous studies have contributed to the debate on rapid and/or early internationalization of firms, they are less

adequate in explaining the ability of such firms to sustainably compete and survive in dynamic international or global markets. The importance of this knowledge gap is further backed up by a number of scholars who have raised similar questions. For instance, what happens to INVs after their initial establishment in foreign markets (Bloodgood, 2006; Gregorio et al., 2008; Lierch, Weerawardena, Sullivan, Knight, & Kastalle, 2007; Melen & Nordman, 2009; Spence & Crick, 2009) or even after international exit (Welch & Welch, 2009), and how do these firms overcome foreign competition to survive and grow (Aspelund et al., 2007; Sapienza, Autio, George, & Zahra, 2006).

Attempts to answer these questions have focused on the influence of either entrepreneurship or international business constructs with little integration of other theoretical perspectives (Keupp & Gassmann, 2009; Rialp et al., 2005). Notably, the influence of entrepreneurial orientation has been explored (Kropp et al., 2006; Lee, Lee, & Pennings, 2001; O'Cass & Weerawardena, 2009). However, it is argued that INVs need more than a rapid internationalization strategy to attain and sustain their competitive advantage (Aspelund et al., 2007; Oviatt & McDougall, 1994). Scholars are also puzzled with the increasing rate of inconsistent results regarding the impact of entrepreneurial orientation on firm performance (Andersen, 2010; Wang & Poutziouris, 2010). These inconsistencies lead to the question of the contexts in which entrepreneurial orientation works best and the appropriate theoretical and methodological framework to adopt (Coviello & Jones, 2004; Rialp et al., 2005). Therefore, it is the contribution of this study to develop and test an integrative model that policy makers and practitioners can use to understand the factors that influence competitiveness of INVs in Uganda, which is a key antecedent to firm growth and survival and national competitiveness.

1.2 Knowledge Gap

Although there are many studies on international competitiveness, the focus has been on large and older multinational firms originating from advanced economies (Cerrato & Depperu, 2011; Chikan, 2008; Liu & Hsu, 2009; Momaya, 1998; Momaya, Ajitabh, & Shee, 2001; Moon & Cho, 1998; Porter, 1990; Rugman & Oh, 2008) and very few studies have been conducted in developing economies, and these mainly in Asia (Dutta, 2007; Jin & Moon, 2006; Rugman & Oh, 2008; Singh, Garg, & Deshmukh, 2008). However, there is a general agreement in the literature that theories of big firms are not fit for small firms due to the unique nature of small firms (Abimbola, 2001; S Andersson & Tell, 2009; Chetty & Stangl, 2010; Gilmore, Carson, & Grant, 2001). Similarly, traditional theories of older firms fail to sufficiently explain international operations of new ventures (Oviatt & McDougall, 1994). It is also

important to note that most previous studies on international competitiveness focus on manufacturing firms with the majority of contributions from the textile industry whereas service firms and/or cross sector research is lacking (Bbaale, 2011; Dutta, 2007; Jin & Moon, 2006; Kenny & Fahy, 2011; Mesquita, Lazzarini, & Cronin, 2007; Momaya, 1998, 2001; Momaya et al., 2001; Singh et al., 2008).

Specifically, while empirical research on international new ventures is growing, it is still lacking in terms of theoretical models explaining their competitiveness in dynamic market environments (Kocak & Abimbola, 2009). In addition, literature reveals a critical lack of integration of theoretical perspectives other than international business and entrepreneurship in explaining INV performance (Keupp & Gassmann, 2009; Rialp et al., 2005). Although the potential impact of marketing on behaviour and performance of international new ventures is revealed in the literature (Knight et al, 2004; Rialp et al, 2005; Aspelund, Madsen & Moen, 2007), empirical studies examining and/or integrating marketing factors are still very few (Evers, Andersson, & Hannibal, 2012; Kocak & Abimbola, 2009; Kropp et al., 2006; Mort et al., 2012; Ripolles & Blesa, 2011). Moreover, exclusive adoption of a single theoretical framework in explaining what enables INVs to compete globally is discouraged (Rialp et al., 2005). These scholars argue that the use of a single theoretical perspective is reductionist and would hinder further theory development. Therefore, a combination of core theories and/or frameworks may significantly contribute to holistic and robust understanding of competitiveness of INVs (Oviatt & McDougall, 1994; Rialp et al., 2005).

Furthermore, methodological gaps generally exist in the study of international entrepreneurship. Despite the research attention INVs have attracted in the last two decades since McDougall (1989)'s pioneering study, most studies have been conducted in the advanced economies of North America and Europe (Coviello & Jones, 2004; Rialp et al., 2005) and very few studies have been conducted in developing economies (Kropp et al., 2008; Kropp et al., 2006). For that matter, it is advised that more research on INVs be conducted in other territories, particularly in developing countries, to balance geographical specificity and generalization of findings (Rialp et al., 2005). Further review of the existing literature on INVs reveals the general use of small samples which makes the generalization of causal explanations and testing of hypotheses difficult (Keupp & Gassmann, 2009). It is also important to note that the majority of previous studies on INVs have been conducted in high-technology or knowledge based sectors (Coviello & Jones, 2004; Madsen, Neergaard, & Ulhøi, 2008; Oviatt & McDougall, 1994; Rialp et al., 2005; Ripolles & Blesa, 2011; Rothaermel & Deeds, 2006; Song et al., 2008; Spence & Crick,

2009), which highlights the general lack of studies in other sectors and/or cross-sector studies. The high volume of research is attributed to the large and increasing number of INVs in knowledge based industries (Oviatt & McDougall, 1994). There are several factors underlying the higher density of INVs in technology or knowledge based sectors (Aspelund et al., 2007), which include insufficient domestic market size, technology being highly imitable, and having short time windows of opportunity that push firms to pursue rapid internationalization to benefit from their innovation. In addition, the mobility of competitive advantages associated with intangible assets has made transfer of technology easy across national borders. It is these factors that have made the technology-based sector more globalized than other industries and prone to INVs' birth. However, the concentration of research on the technology-based sector does not mean non-existence of INVs in other sectors. In fact, literature review reveals the presence of INVs in other sectors with low technology intensity. Thus, the need for more research on INVs' growth patterns in more traditional sectors which are less volatile (Spence & Crick, 2009). This call seems to suggest that factors influencing technology based INV performance and growth differ from those in more traditional sectors. The other pertinent trend is that born global firms originating from advanced economies tend to be technology oriented whereas those in smaller economies or developing countries often belong to other sectors (Rialp et al., 2005). This fact explains the high density of research on technology based INVs originating from advanced economies. Therefore, the current research will endeavour to cover this gap in knowledge.

1.3 Research Problem Statement

International new ventures in transitional and/or developing countries are less competitive and run the risk of failure in international markets (Ivanova & Castellano, 2011; H. Li & Miller, 2006). This risk is possibly caused by intensive competition, environmental uncertainty, complexity and turbulence and lack of adequate tangible resources to effectively compete with established multinationals with large size advantages (Ivanova & Castellano, 2011; Kocak & Abimbola, 2009; Melen & Nordman, 2009; Oviatt & McDougall, 1994; Oviatt & McDougall, 2005a; Spence & Crick, 2009). Hence, there is an urgent need to address the general question of "how INVs overcome such challenges to attain and sustain their competitiveness?"

There is a growing literature suggesting that in situations of inadequate tangible resources, firms may rely on intangible resources and capabilities to attain and sustain competitive advantage (Barney, 1991; Wernerfelt, 1984), especially in the case of independent ventures with no such parent to provide

tangible resources necessary to sustain international operations (Knight et al., 2004; Oviatt & McDougall, 1994; Rialp et al., 2005; Ripolles & Blesa, 2011; Sapienza et al., 2006). However, little knowledge is documented on the influence of intangible resources embedded in the attitudes, skills, personality, experience and networks of the entrepreneur or managers on competitiveness of INVs (Kocak & Abimbola, 2009).

Further, in competitive and rapidly changing market environments, firms need to possess capabilities that are dynamic to sustain their competitive advantage (Ambrosini, Bowman, & Collier, 2009; Day, 1994; Ray, Barney, & Muhanna, 2004; Teece, Pisano, & Shuen, 1997; Winter, 2003). However, there is little knowledge in the existing literature on dynamic capabilities that enable INVs to successfully compete, grow and/or survive in competitive and turbulent markets (Kocak & Abimbola, 2009; Melen & Nordman, 2009; Sapienza et al., 2006; Weerawardena, Mort, Liesch, & Knight, 2007).

While the impact of entrepreneurial orientation on INV success has been previously investigated, these studies reveal inconsistent results (Andersen, 2010). For instance, only innovative activities have a significant effect on the success of INVs (Kropp et al., 2006). Andersen, (2010) further reveals a negative effect of risk oriented actions whereas proactive behaviour has a significant relationship with only growth in sales. In addition, the effect of entrepreneurial orientation has been analyzed at the individual components level and the international context has not been given much attention (Keupp & Gassmann, 2009).

Literature further reveals limited knowledge regarding the interface between entrepreneurship and marketing factors in explaining competitive performance of INVs (Aspelund et al., 2007; Fillis, 2010; Kocak & Abimbola, 2009; Kropp et al., 2006; Mort et al., 2012). In particular, knowledge on the impact of brand orientation on competitive performance of INVs is still lacking. Moreover, the interface between entrepreneurship and marketing is said to create change and innovations, drive opportunity recognition and exploitation and is a primary medium through which differentiation advantages are gained (O'Cass & Weerawardena, 2009). As such, this study adopts a configuration of theories and perspectives to address the research question of ***“How and to what extent do entrepreneurial and branding resources and capabilities influence competitiveness of INVs in Uganda?”***

1.4 Purpose of the Study

The study provides an understanding of 'how and the extent to which entrepreneurial and branding resources and capabilities explain competitiveness of international new ventures in Uganda'. The research was guided by the following specific research questions:

1. To what extent do entrepreneurial and branding resources and capabilities directly influence competitiveness of INVs?
2. To what extent do entrepreneurial and branding resources and capabilities directly influence brand advantage of INVs?
3. To what extent does brand advantage mediate the relationship between entrepreneurial and branding resources and capabilities and competitiveness of INVs?
4. To what extent does brand advantage and competitiveness of INVs improve when entrepreneurial and branding resources and capabilities interact?

1.5 Delimitation of the Study

The field of international entrepreneurship covers studies on SME internationalization, entrepreneurship in established MNEs and international new ventures (Coviello & Jones, 2004; Dimitratos & Jones, 2005; Gregorio, 2005; Hutchinson, Quinn, & Alexander, 2006; Lu & Beamish, 2001; Mort & Weerawardena, 2006; Oviatt & McDougall, 1994; Oviatt & McDougall, 2005a, 2005b). Likewise, the act of entering new country markets is entrepreneurship regardless of whether the firm is established or new and whether it is small or large (Gregorio, 2005). Hence, the study of international entrepreneurship does not distinguish between international firms in terms of age and/or size but focuses on their international entrepreneurship activity (Keupp & Gassmann, 2009).

However, this study focuses on INVs of small to medium size and young in age. In addition, the study focuses on firms that internationalized within the first 10 years of their establishment (Coviello & Jones, 2004; Coviello & Munro, 1995; Knight et al., 2004; Shrader et al., 2000) and have at least been in international operations for the past five years (Loane & Bell, 2006). The five (5) year survival threshold enables assessment of sustainability of performance, which is a key condition for measuring competitiveness. This implies that, on average, firms that were 5 to 15 years old were observed.

This study further focuses on INVs originating from developing countries of Sub-Saharan Africa (SSA), in particular, Uganda. This selection is relevant in addressing the general lack of studies and knowledge on INVs in a developing country context (Coviello & Jones, 2004). The study also adopts a cross-sector analysis approach and covers all the three major economic sectors of Uganda, that is, agriculture, manufacturing (industry) and services (MoFPED, 2011). This coverage addresses the lack of cross-sector studies among INVs as a methodological gap commonly highlighted in the literature (Coviello & Jones, 2004; Ripolles & Blesa, 2011).

1.6 Significance of the Study

International business is one of the main drivers of economic growth and development for many economies. Hence, international entrepreneurship and competitiveness have become important development issues for many developing countries. Therefore findings from this study are envisaged:

- 1) To provide guidance to owners or managers of new ventures originating from developing countries with possible strategies that enhances their competitiveness in international markets.
- 2) The research findings inform government policy on competitiveness of international entrepreneurship. This study further offers some answers to various questions that have been raised regarding the promotion of international entrepreneurship activity and how to enhance international competitiveness. The study, in addition, provides strategic insights into how developing countries can enhance competitiveness of international activities of new firms.
- 3) The results of the study provide insights into growth trends and the state of competitiveness of Ugandan firms, which information can be used by decision makers in planning, designing and integrating activities of INVs in the overall national competitiveness strategy and policies.
- 4) In particular the findings are relevant for government and development organizations in designing competitiveness and support programs for international new ventures and other international business types.
- 5) This study further provides important information on INVs in Uganda as a benchmark for further studies in developing countries.
- 6) The findings of the study further provide a guide to investors, equity funders and business developers. Investors and funders may use the results to determine high growth and internationally competitive ventures and/or sectors to invest in.

- 7) The study findings provide practitioners with strategies in addressing performance challenges and in implementing marketing capabilities, in particular brand orientation that would make their businesses more competitive in international markets.

1.7 Structure of the Thesis

This introductory chapter provides a background to the research problem and gap examined in this thesis, the purpose, the main research questions and scope of investigation.

Chapter 2 provides a detailed account and analysis of existing literature on INVs, theoretical foundations of competitiveness, measurements of the main constructs and the relationships between these constructs upon which hypotheses are developed. In addition, this chapter presents the conceptual model that guided this study. It illustrates the relationships between the constructs and propositions tested in this study.

Chapter 3 addresses the philosophical foundation and methodology of the research. It specifies the research design and target population, sampling plan, unit of analysis, questionnaire development and measurement strategy. The chapter further lays out the data collection and analysis strategy, controls for potential biases and the overall research plan for the study.

Chapter 4 presents results of data analysis in relation to the research questions and hypotheses. In addition, the chapter presents results of exploratory factor analysis (EFA) and confirmatory factor analysis (CFA).

Chapter 5 discusses the results according to the main hypotheses of the study and comparisons with previous studies are made. The chapter further discusses the underlying theoretical and empirical explanations and justifications for the findings.

Chapter 6 draws conclusions based on the main research questions and the problem statement. In addition, theoretical, methodological, and managerial and policy implications, recommendations, limitations and suggestions for future research are drawn.

CHAPTER 2: LITERATURE REVIEW

This section presents existing knowledge on the topic of study from previous research works. The review is meant to define, analyze and identify important theories, themes, concepts, variables, links between variables and significant findings, which are then used to generate hypotheses.

2.1 International New Ventures

International new ventures are businesses that from, or near inception, strive to attain competitive advantage through use of resources and sale of goods and services in multiple countries (Oviatt & McDougall, 1994). Specific definitions of INVs emphasize form, degree and time of internationalization and the geographical scope of operations. For instance, INVs are defined as firms that, on average, enter foreign country markets within the first six to ten years of their establishment (McDougall, Oviatt, & Shrader, 2003; Oviatt & McDougall, 1994; Shrader et al., 2000); generate at least 25 percent of their total sales from foreign markets (Knight et al., 2004; Melen & Nordman, 2009) and that these firms compete internationally rather than in domestic markets (Gregorio et al., 2008; McDougall et al., 2003).

A review of the literature reveals differences in characteristics of international new ventures (Gregorio et al., 2008; Oviatt & McDougall, 1994; Oviatt & McDougall, 2005a). For instance, they are categorized in terms of co-ordination of value chain activities across a number of foreign markets (Oviatt & McDougall, 1994). In this view, four distinct types of INVs basing on the number of value chain activities and the number of countries entered are described in **Table 2-1** below. These types of INVs include export or import start-ups and multinational traders' co-ordinating inbound and outbound logistics in few and multiple markets respectively; geographically focused start-ups involved in more than logistical co-ordination in a specialized region; and global start-ups involved in extensive co-ordination of organizational activities in many country markets. In addition, this particular definition describes the nature of international expansion strategy each type of INV pursues as either market intensity or diversity.

Table 2-1: Types of INVs by Number of Activities and Foreign Markets

Type	No. of activities	No. of Foreign Markets
Import or export start-ups	Only logistics	Few
Multinational traders	Only logistics	Many
Geographically focused start-ups	Multiple	Single/few
Global start-ups	Multiple	Many

Source: Oviatt and McDougall, (1994)

Literature in addition reveals different categories and development stages of INVs basing on degree of internationalization (percentage sales) and/ or globalization (Luostrarinen & Gabrielsson, 2006). The development stages that INVs go through to become fully globalized, include domestic or research and development stage with domestic sales or without any sales; starting or entry stage (below 25%); growth stage (between 25% and 50%); and mature stage with international sales constituting between 50 and 75 percent of total sales. These types of INVs based on the degree of internationalization or globalization are presented in Table 2-2 below.

Table 2-2: Categories of INVs according to Degree of Internationalization

Category	Definition
Internationalized new ventures	- International business is their largest source of sales revenue (over 50 percent of total sales) - Operates with domestic continent or regional market - Comprise 35 percent of INVs
Internationalizing new ventures	- Domestic business is the largest source of revenue (over 50%) - Have started entering other markets on the domestic continent - Form 50 percent of INVs
Globalizing new ventures	- Started their international operations on the domestic continent - Started entering markets outside the domestic continent - Constitute 10 percent of born globals
Global new ventures	- Started their international operations on the domestic continent - Have entered several markets and continents outside the domestic region - Constitute about 1 percent of born globals or INVs

Source: Luostrarinen and Gabrielsson, (2006)

Other scholars define INVs using both sales and the degree of combining resources across national borders through importing, offshoring, staffing and international financing (Gregorio et al., 2008). In this case, four types of INVs have been distinguished as shown in Table 2-3 below. These types include domestic new ventures without any international sales or resources; INVs with cross border combination of resources such as technology and human resources; INVs that use domestic resources to sell internationally and INVs with both international sales (outward internationalization) and resource combination (inward internationalization). Therefore, these scholars advocate for a consideration of both international sales and resource combination in defining international new ventures.

Table 2-3: Type of INV according to combination of Resources and Sales

Type	Source of Resources	Scope of Sales
Domestic new ventures	Domestic	Domestic
International resource-based ventures	International	Domestic
International sales-based ventures	Domestic	International
Fully globalized or internationalized ventures	International	International

Source: Gregorio et al, (2008)

International new ventures have also been distinguished from domestic new ventures (DNVs) (McDougall et al., 2003). It is suggested that they are different in terms of entrepreneurial team experience, strategy and industry factors. INVs were found to compete in globally integrated industries with more aggressive strategies. In particular, they emphasize differentiation, especially product innovations, quality, service and marketing as their key competitive strategies. INVs are also said to operate in niche markets with less competition, mostly self-financed, work more with distribution channels and focus on emerging rather than western markets (Spence & Crick, 2009).

In terms of firm size, INVs are described as small to medium enterprises (Mort et al., 2012). Although there are other measures of firm size, evidence indicates that international new ventures are mainly small to medium sized firms with fewer than 250 employees (Keupp & Gassmann, 2009; Oviatt & McDougall, 1994; Oviatt & McDougall, 2005a). Size further distinguishes between international new ventures and born global firms (Svensson & Payan, 2009). Although the terms international new ventures and born global firms have been used interchangeably, the two seem to be different in terms of size. While INVs are small to medium sized firms operating in fewer countries or regional markets, born global firms are described as large businesses that internationalize their value chains at or near inception and possess a presence in multiple countries and/or regions (Gleason et al., 2006; Gregorio et al., 2008; Oviatt & McDougall, 1994). This distinction has actually led to the emergence of two streams of research on the early internationalization phenomenon, including one on INVs (Oviatt & McDougall, 1994) and the other on born global firms (Rennie, 1993). It should be noted that the majority of born globals are established in more industrialized and advanced countries with high demand and purchasing power for innovative products whereas INVs with limited financial and managerial resources are mostly found in small and open economies (Luostrarinen & Gabrielsson, 2006). It is also stated that INVs of small size face the most challenges in international competition and have to utilize exceptional strategies to grow and survive (Luostrarinen & Gabrielsson, 2006).

The type of business sector and/or industry has also been used to characterize INVs (Luostrارين & Gabrielsson, 2006). Most prominent category is technology based born global or INVs and sometimes called high technology start ups, knowledge intensive ventures and many others. The technology industry is further divided into high-tech; high-design, high-service, high-knowhow and high-system business types(Luostrارين & Gabrielsson, 2006). In Uganda, the service sector is estimated to have the largest number of businesses that contribute to exports (UEPB, 2005).

The age of the firm is another key defining characteristic. INVs are defined as relatively young firms of less than twenty years of age (Altshuler & Tarnovskaya, 2010; Melen & Nordman, 2009). They are also defined as new business start-ups that have not been in existence previously (Oviatt & McDougall, 1994). Consistent with existing literature (Ibeh & Young, 2001; Ivanova & Castellano, 2011; Knight et al., 2004; Kocak & Abimbola, 2009; Kropp et al., 2008; Kropp et al., 2006; Melen & Nordman, 2009; Oviatt & McDougall, 1994; Shrader et al., 2000), other criteria used in defining INVs include: 1) being independent of any established or large firm. This means that INVs must not be a branch or subsidiary of any other firm or group and 2) the owner or founder is still an important symbol in the management of the firm.

In summary therefore, the INVs are mainly defined in terms of time, form, scope and scale of internationalization (Aspelund et al., 2007) and characterized in terms of size, age, type of industry or business sector, degree of internationalization, source of resources and sales, ownership, number of value chain activities and foreign markets . For purposes of this study the following definition guides the discussion.

Definition 1: *INVs are independent small to medium enterprises that began using inputs (resources) and/or sale of outputs (products or services) in multiple countries while not more than ten(10) years old (McDougall et al., 2003; Oviatt & McDougall, 1994).*

Accordingly to existing literature, international new ventures (INVs) constitute a significant segment of successful international entrepreneurship and SMEs in many economies of the world (Aspelund et al., 2007; Mort et al., 2012; Oviatt & McDougall, 1994; Rennie, 1993; Rialp et al., 2005; Weerawardena et al., 2007). They are particularly important for growth and development of small and open economies (Luostrارين & Gabrielsson, 2006) and/or emerging and transition economies (Ivanova & Castellano,

2011; H. Li & Miller, 2006). INVs are a source of new jobs, innovations and contribute to GDP and foreign earnings of many economies (Madsen et al., 2008; O’Cass & Weerawardena, 2009). The rise of INVs is attributed to the reduction in entry barriers to foreign markets due to increasing globalization and liberalization of economies, advanced information technology and communication that enable firms to access information, customers, organize resources and rapidly diffuse innovations in foreign markets (Gleason et al., 2006; Knight et al., 2004; Spence & Crick, 2009).

Evidence indicates that INVs represent a sizable business cluster in Uganda with potential to contribute to employment, innovations and exports, which in turn would contribute to economic growth and national competitiveness. It is estimated that 18 percent of the total early stage entrepreneurial activity in Uganda is engaged in the exporting business (GEM 2010). In addition, more than 50 percent of all businesses in Uganda are young, new or less than one year old (GEM, 2003; UBOS, 2011). This is because most businesses were started in the postwar period, that is in the 1990s, and the majority fall in the range of 5 to 10 years old (Bbaale, 2011). Further, most manufacturing businesses involved in exporting were established by entrepreneurs rather than bought or inherited (Bbaale, 2011). Although, the medium to large firms account for a larger share (67%) of exports of agriculture and manufactured products (Bbaale, 2011), the service sector has the largest number of MSMEs that contribute to exports in Uganda (UEPB, 2005). It is also worth noting that many manufacturing businesses in Uganda are engaged in the importation of capital goods, inputs and expertise (Bbaale, 2011).

The increasing number of INVs in Uganda may be attributed to the Government philosophy of private sector and export-led economic growth; relatively stable macroeconomic environment; liberalization of economy, tax reforms, investment and export development strategies (Bbaale, 2011; Kasekende & Opondo, 2003; MoFPED, 2012; Nahamya & Mitala, 2004). The number of INVs is expected to increase due to the discovery of significant oil deposits, expanding regional markets including EAC and COMESA, markets on bilateral trade agreements such as South Sudan, China, India, Iran, Libya, Pakistan and South Africa, and special trading relations such as Everything But Arms (EBA) and Africa Opportunity Growth Act (AGOA) with the EU and USA respectively (Nahamya & Mitala, 2004). In addition, Uganda enjoys LDC duty free market access from a number of countries under the Generalized System of Preference (GSP) including Canada, Japan, China, Switzerland, Russia, Turkey, Morocco and Norway.

Other factors that build confidence for investors include political stability; government policies and strategies such as Plan for Modernization of Agriculture (PMA), National Development Plan (NDP) and Competitiveness and Investment Climate Strategy (CICS) are expected to improve investment climate with tax incentives, guaranteed profit repatriation and protection against expropriation of assets; availability of low cost raw materials and labour; export promotion programmes with a focus on diversification and export of non-traditional products such as organic products, agro-processed products and services especially IT enabled services, tourism and labour exports (UEPB, 2005) and the presence of functional telecommunication and financial sectors that support other businesses.

In spite of the successful macroeconomic interventions, Ugandan businesses remain less competitive and prone to failure. For instance, over 30 percent of all new businesses close in the same year of their establishment (GEM, 2004). This rate of failure is worrying when compared to the global failure rate of 40 percent of new businesses in the first two years and over 70 percent by the fifth year of operation (Bowen et al., 2009; J. Li & Guisinger, 1991; Pansiri & Temtime, 2010; Song et al., 2008). Similarly, Uganda is ranked among the most difficult business environments (World Bank, 2013) and among the least competitive countries in terms of basic economic requirements, efficiency and innovation factors (WEF, 2010, 2012, 2013).

The early failure of international new ventures is generally attributed to a number of challenges (Gleason et al., 2006; Lu & Beamish, 2001; Neupert et al., 2006; Shrader et al., 2000). Because INVs are young and new in the market, they lack established business relationships with foreign clients or suppliers, internal organizational structures, systems and processes and have limited know-how, little or no prior market experience, proprietary assets and reputation (Neupert et al., 2006; Oviatt & McDougall, 1994; Shrader et al., 2000). This fact indicates specifically the difficulty INVs have in accessing resources, acquiring and retaining customers.

In addition, INVs generally face problems of being relatively small in size (Oviatt & McDougall, 1994; Shrader et al., 2000). INVs lack adequate resources, including finance, technology, human and other tangible resources which are necessary to develop competitive advantage and succeed in any market. Although, evidence in the existing literature indicates that new ventures have successfully internationalized despite these challenges (Oviatt & McDougall, 1994), lack of such important resources seems to be one of the factors that affects their ability to effectively compete with large and well

established firms in the long run (Knight et al., 2004). It is argued that to fully exploit global market opportunities in the absence of adequate tangible resources, success of new ventures would depend on leveraging a constellation of other fundamental resources and capabilities such as entrepreneurs' experience, innovative product, market knowledge, customer orientations and marketing competencies and a network of information to deal with complexities in new and advanced markets (Aspelund et al., 2007; Knight et al., 2004; Oviatt & McDougall, 1994).

In Uganda, limited access to finance and capital markets is so far the greatest hindrance to business growth and competitiveness (BiD Network, 2008; Briggs, 2009; GEM, 2003; Kasekende & Opondo, 2003; MoFPED, 2011; UBOS, 2011). This problem is further accelerated by lack of adequate collateral and financial records by many MSMEs, which seem to explain the limited access and high cost of finance available to these firms. In fact, it is almost impossible for a new venture to access credit from commercial banks in Uganda (Kasekende & Opondo, 2003). In addition, there is lack of access to timely and accurate information (KPMG, 2011; Okello-obura et al., 2008) and advanced technology to manufacture quality products for export markets (Bbaale, 2011). Further, businesses are characterized by low productivity and high production costs due to poor infrastructure and an inadequate power supply which negatively affect their competitiveness in terms of export volume, prices and speed of supply (Hatega, 2007). Other challenges include inadequate technical, management and marketing skills due to gaps in higher education and enterprise training; low integrity of entrepreneurs, low market patronage, poor product quality and lack of recognizable brands (Briggs, 2009; Kasekende & Opondo, 2003; Kata, 2005; PSFU, 2007).

Beyond challenges relating to the inherent nature of INVs is the context of country of origin (Ivanova & Castellano, 2011). This particular challenge faces INVs moving from transitional to more advanced markets. The transitional environment is unstable, not organized or planned and lacks established institutional frameworks, hence firms originating from such environments lack supportive systems and resources, regulation, experience and maturity in decision making, especially regarding uncertainty in international markets (Hoxha & Capelleras, 2010; Ivanova & Castellano, 2011). In particular, SMEs in LDCs lack production inputs and advanced technology, efficient financial, transportation, and communication systems and supportive government economic policies that would facilitate business in the current competitive and globalized markets. For example, Uganda lacks a targeted government policy and strategy on MSMEs and early international entrepreneurship, which is a key hindrance to

competitiveness of INVs. Hence, INVs in poor countries without supportive institutions, subsidies and enabling environment find it difficult to favourably compete with resourceful MNCs. In addition, the international or global market environment is dynamic and ever changing especially exchange rate volatility, which creates further uncertainty about future survival and growth of young ventures (Gregorio, 2005). Furthermore, the increasing liberalization of trade and opening up of world markets has increased international competition which makes it difficult for many governments to protect young ventures (Bakunda, 2008; Briggs, 2009; Gleason et al., 2006; Ivanova & Castellano, 2011; Knight et al., 2004; Oviatt & McDougall, 1994).

Overall, these facts imply that INVs are affected by double or multiple layers of market environments as well as their inherent organizational characteristics and hence, understanding how they overcome related challenges to attain and sustain competitiveness is crucial.

2.2 International Competitiveness

2.2.1 Levels of Competitive Analysis

Competitiveness is defined at different levels such as firm, industry, and nation (Ambastha & Momaya, 2004; Depperu & Cerrato, 2005; Dutta, 2007; Momaya, 1998). For instance at the firm level, competitiveness focuses on comparing performance of the firm to other competing firms in the same industry. Competitiveness of an industry is analyzed by comparison with the same industry in other regions or countries and finally country, regional or trading block performance comparisons are relevant, especially due to globalization (Balkyte & Tvaroviciene, 2010; Ogreaan & Herciu, 2009). Regional competitiveness relates to a region having and maintaining a competitive position relative to other regions. The other type is institutional competitiveness which is new thinking relating to the idea that nations compete on good governance and by reforming their institutional contexts, including the legal, political, economic and cultural frameworks attempt to create competitive advantage. Hence, competitiveness is generally the economic strength of a country, region, block, industry or firm relative to its competitors in the market of either goods, services, people, skills and ideas. However, to be more specific, firms compete in markets for goods and services; industries compete in different countries, and countries, regions or blocks compete in the world market (Balkyte & Tvaroviciene, 2010).

Regarding the question of what factors influence competitiveness at the different levels, it is suggested that at the firm level, the focus should be on identifying factors or resources that create competitive advantage, and capabilities and processes that help to sustain the advantage. At the regional level, the focus is on supportive institutions, firm clusters, spillovers, forward and backward linkages, whereas at the national level, the focus should be on the role of the wide environmental factors such as innovation and technology, the quality of health and education, physical and intangible infrastructure, institutions, financial markets and others (Ogrean & Herciu, 2009; Porter, 1990; WEF, 2013). In terms of goals, it is distinguished that firms compete on market share and profitability whereas nations compete on productivity and welfare of its citizens (Chikan, 2008).

In relation to the level of economic development of countries or regions (WEF, 2010, 2012), it is affirmed that companies in factor-driven economies are characterized by low productivity and low wages, hence compete on price and market basic products or commodities as key driving strategies. Companies originating from efficiency-driven economies with efficient production processes, compete on product quality while companies in innovation driven economies with high wages and standards of living, compete on new and unique products. Although literature reveals the importance of the country and industry levels (Porter, 1990; Rugman & Oh, 2008), the focus of the current study is on firm level competitiveness. This is justified by the belief that it is the industries or firms and not countries that compete in international markets (Porter, 1990, 1998). Hence, competitiveness of a nation depends on competitiveness of its firms.

Secondly, competitiveness can be treated as an independent or dependent variable depending on the perspective from which the issue is approached (Ambastha & Momaya, 2004; Cerrato & Depperu, 2011; Man, Lau, & Chan, 2002). The former defines competitiveness as a driver of firm performance and the latter views competitiveness as the outcome of a firm's competitive advantages. As a driver, analysis of competitiveness focuses on identifying the sources of competitive advantage and as an outcome, the focus is on performance measurement. According to literature, resources and capabilities are the main sources of competitive advantage of a firm (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984) whereas market and economic based indicators are common measures of firm competitive performance (Depperu & Cerrato, 2005). These two levels of analysis have further been classified as "ex ante competitiveness" and "ex post competitiveness" respectively (Cerrato & Depperu, 2011).

2.2.2 Defining Firm-Level Competitiveness

Firm-level competitiveness has been defined in many different ways and there is no universally accepted definition as yet. For the firm, competitiveness is productivity reflected in either low costs or differentiated products that fetch premium prices (Porter, 1985), whereas from the customer's point of view, competitive advantage is the value a customer derives out of purchasing and using a product or service in excess of its cost (Porter, 1985). Firm level competitiveness is also defined as the firm's ability to design, produce and/or market products superior to those offered by competitors, considering price and non-price qualities (D'Cruz, 1992, as cited by Ambastha and Momaya, 2004), where non-price advantages may include quality, differentiation and brand image (Depperu & Cerrato, 2005; Dutta, 2007; Jin & Moon, 2006; Mersha, 2000; Momaya, 1998; Spyropoulou, Skarmas, & Katsikeas, 2011); innovation, technology and internet connectivity (Kocak & Abimbola, 2009; Moodley, 2002; O'Cass & Weerawardena, 2009); productivity (Bbaale, 2011; Porter, 1985); agility; flexibility, adaptability and heritage (Jin & Moon, 2006; Momaya, 1998). Hence, competitive advantage is a firm's position of superiority or differential within the industry relative to its competitors (Cerrato & Depperu, 2011). In other words, firm-level competitiveness is related to the concept of competitive advantage, which is the heart of strategic management (Cerrato & Depperu, 2011; Raduan, Jegak, Haslinda, & Alimin, 2009).

Secondly, the term competitiveness often represents business comparison and rivalry among firms for market share and/or the economic strength of a business entity relative to its competitors in the market or industry (Dutta, 2007; Momaya, 1998). With this view, the meaning of competitiveness seems to be synonymous with competition. However, Garelli, (2004) as cited in Dutta, (2007) suggests that "competition and competitiveness are two sides of the same coin". This implies that although competition and competitiveness are related, the two concepts are different in one way or another. According to Garelli, (2004), competition is an external environmental factor over which the firm may not have control whereas competitiveness is an internal capability or characteristic of the firm that can be developed, maintained and improved. Thus, competitiveness is a capability that enables a firm to sustainably meet customer requirements at a profit (Chikan, 2008). It is further stated that this capability is achieved through offering goods and services with high customer value compared to competing ones (Chikan, 2008). In other words, the two concepts are differentiated as outer and inner factors respectively (Dutta, 2007). Consequently, in accordance with Dutta, (2007), competitiveness has become a fundamental force in strategic management just like "gravity in physics".

2.2.3 Defining International Competitiveness

Due to increasing globalization, the debate in the literature has shifted from domestic to international competitiveness (Cerrato & Depperu, 2011). The OECD attempted to standardize the definition of international competitiveness as the ability of the firm to retain and expand its global market share as it increases its profits and expands over time (OECD, 1993). However, this specific definition seems to refer to competitiveness of large and well established multinational firms originating from advanced economies that have the capacity to operate and expand globally. It is further observed that most scholars at the time determined international competitiveness of a nation based on performance of the largest firms (Momaya, 1998; Moon & Cho, 1998; Moon, Rugman, & Verbeke, 1998; Porter, 1990, 1998; Rugman & D'Cruz, 1993).

Further, the definition of international competitiveness is often confused with that of internationalization. However, international competitiveness and internationalization are theoretically and conceptually different (Cerrato & Depperu, 2011). Internationalization relates to the firm's presence abroad whereas international competitiveness refers to how such presence abroad is achieved and sustained. This distinction collates with several scholars' views, for instance that competitiveness is an on-going process which ends in firm performance (Momaya, 1998) and it denotes long-term and/or sustainable performance of the firm relative to competitors in international markets (Cerrato & Depperu, 2011). Thus, international competitiveness is the firm's capability to achieve and sustain higher performance relative to competitors in foreign markets over time. The definition therefore regardless of the indicator, emphasizes sustainability of competitive performance in international markets over time and in the future. For the purposes of this study, the following definition was adopted

Definition 2: *International competitiveness is the ability of the firm to sustain its international performance relative to competitors over time and in the future (Cerrato & Depperu, 2011).*

2.2.4 Theories of International Competitiveness

Theory is a simplification of reality through description and explanation of the complexity and dynamics of a phenomenon, behaviour or situation across contexts and over time (Svensson, 2013). The role of theory is to provide a structure of the study in terms of framework or model, measurement properties (constructs or variables), and structural properties in terms of associations or causal relationships

between constructs and variables. Theory may be presented in written text, graph and/or mathematical equation form. Thus, scientific theory is a system of ideas and observations that are related in meaningful ways (Bagozzi, 1994).

Consequently, existing literature indicates some theories that attempt to explain international competitiveness specifically at the firm level and international entrepreneurship (Oviatt & McDougall, 1994). Literature indicates that researchers have drawn upon various theoretical frameworks from international business, entrepreneurship, anthropology, economics, psychology, sociology, strategic management, finance and marketing to explain successful and sustainable international entrepreneurship (Oviatt & McDougall, 2005a, 2005b). This theory borrowing and integration from different disciplines to explain a phenomenon of interest creates greater understanding as well as opportunities to extend and refine the source theory (Haugh, 2012). While many theories exist, few practitioners use them in making decisions regarding enhancing and sustaining competitiveness of their firms (Ambastha & Momaya, 2004).

Further, efforts to understand competitiveness of INVs through literature review reveal very few theoretical studies that attempt to address the problem (Knight et al., 2004; Kocak & Abimbola, 2009). However, literature generally suggests that competitiveness depends on both internal and external contexts in which the company operates (Man et al., 2002). Hence, firm-specific, industry-specific and country-specific factors may all affect international competitiveness of the firm (Cerrato & Depperu, 2011). However, the level of importance and/or influence of the different theoretical frameworks and specific factors may vary depending on the size (Man et al., 2002) and age of the firm at the time of internationalization (Oviatt & McDougall, 1994).

2.2.4.1 Early Internationalization Theory

First and foremost, the theory of early internationalization is important to our understanding of the nature and existence of INVs and facilitates our ability to explain and predict their competitiveness. International new ventures have their origin in early internationalization theory contrary to the traditional theories of internationalization of the firm (Oviatt & McDougall, 1994). In contrast, past explanation of international firm development mainly relies on traditional process theories of internationalization. These theories state that firms go through stages in the development of successful international business (Johanson & Vahlne, 1977; Johanson & Vahlne, 1990). Ideally this means that

complete internationalization is achieved over time as firm managers and employees learn and gain experience and knowledge of foreign markets. It also implies that the firm's commitment of resources to internationalization increases gradually as more learning is gained. These facts are congruent with multinational enterprises but not international new ventures which rapidly increase resource commitment towards internationalization without much prior firm experience or learning from the market (Oviatt & McDougall, 1994).

In summary therefore, stages theories fail to explain why new ventures start and compete internationally rather than just in the domestic markets. In addition, these traditional theories of internationalization do little in helping us understand the path breaking and/or entrepreneurial strategies of international new ventures in their pursuit of competitiveness (Gregorio, 2005; Gregorio et al., 2008; Kocak & Abimbola, 2009).

According to early internationalization theory, new ventures successfully enter international markets early or rapidly due to enabling forces such as improved technology in production, transport and communication, entrepreneurs with international experience and knowledge, vision, ambitions, networks and motivating factors such as increased trade liberalization and intense competition at home that push firms to international markets (Oviatt & McDougall, 2005a). This theory integrates three perspectives including international business, entrepreneurship and strategic management to explain the formation of sustainable INVs (Oviatt & McDougall, 1994). It specifies four necessary conditions for the formation of INVs that include internalization of transactions in order to enjoy cost advantages; adoption of alternative governance structures such as networks to gain access to external or lacked resources; presence and exploitation of foreign location advantages and/or having control over unique resources such as innovations, technology and/or brands for sustainable competitive advantage.

Despite the fact that this theory provides an understanding of early and/or rapid internationalization and performance of new ventures in the initial stage of international development, it does not account for what happens after initial internationalization of new ventures (Gregorio et al., 2008; Melen & Nordman, 2009; Welch & Welch, 2009).

2.2.4.2 Industrial Organizational Theory

The industrial organization theory specifically attributes competitiveness to the influence of factors in the industry or sector the firm belongs to (Grant, 1991) and specifically Porter's five forces model plays a very important role in analyzing and explaining competitiveness in this perspective (Day, 1994; Wills-Johnson, 2008). The idea here is that the firm's behaviour and competitiveness is driven by the market structure and/or intensity of competition in the industry. In other words, superior performance is achieved when the firm is positioned in an attractive market that it can defend against competitors.

However, industrial organization theory has been faulted for attributing firm competitiveness more to the external environment, disregarding the influence of internal firm factors (Grant, 1991; Wernerfelt, 1984), entrepreneur specific factors (Man et al., 2002; Ojeda-Gomez, Simpson, Koh, & Padmore, 2007; Oviatt & McDougall, 1994) and network specific factors (Ruzzier, Hisrich, R., & Antoncic, 2006). In fact, Porter's, (1980) approach and others that explain profitability from product-market positions have been criticized for emphasizing defensive strategies against competitive forces, ignoring the entrepreneurial or innovative and collaborative side of strategic management (Alvarez & Barney, 2005; Alvarez & Busenitz, 2001; Teece et al., 1997). Defensive strategies are appropriate when the firm is the market leader with a large market share which is not the case for INVs which are small and young firms.

Empirical evidence also indicates that most interventions for enhancing international competitiveness focus on external factors or government policy relating to the macro business environment, human resource and innovation development, access to finance and international markets, development of entrepreneurial culture, tax and social security systems, license, laws and intellectual property rights, infrastructure and trade agreements (OECD, 2008). However, SMEs are never considered as an important and unique sector when governments and supporting institutions are planning such policies (Ojeda-Gomez et al., 2007). For instance, Uganda has up to now not enacted the national policy and strategy on MSMEs development, support and competitiveness. Similar situations are also decried in other developing country environments (Chikan, 2008). Where they exist, SME policies are neither cost effective nor sufficiently stable over time and they primarily target existing and/or older SMEs. In addition, it is highlighted that public policy is usually formulated and implemented in industrial restructuring programmes whereas international trade agreements are relevant to specific industries. Hence, external environment and in particular government policies may not foster internationally competitive SMEs (OECD, 2008).

Further, external environmental factors are believed to have more or less the same influence on all competing firms whether small or large in a particular industry and/or market (Ambastha & Momaya, 2004; O. Jones, Macpherson, Thorpe, & Ghecham, 2007; Porter, 1998). In other words, there is no single firm that has influence or control over external industry or market forces (Depperu & Cerrato, 2005). This implies that externally focused theories and models may not appropriately explain competitiveness of firms that are relatively small, young and new in foreign markets.

2.2.4.3: Resource-Based Theory

Resource-based theory (RBT) shifts the focus from external to internal sources of competitiveness (Cerrato & Depperu, 2011; Raduan et al., 2009) and posits that competitive advantage is the primary source of superior firm performance relative to competitors (Grant, 1991). According to this theoretical framework, competitiveness is derived through deployment of internal resources and capabilities that allow the company to perform activities better than competitors in terms of low cost and/or differentiated strategies that enable firms to competently and differently respond and adapt to the external environmental forces and changes (Barney, 1991; Collis & Montgomery, 1995; Fahy & Smithee, 1999; Grant, 1991; Porter, 1985; Wernerfelt, 1984). In particular, the resource based view promotes the significance of resources and capabilities the firm has control over and/or can access as a source of sustainable competitiveness (Barney, 1991; Kor & Mahoney, 2004). Although resources have been named differently to include competences (core or distinctive) and capabilities which is sometimes interchanged with skills, literature consistently classifies the firm's internal resources to include both tangible and intangible resources and capabilities (Fahy & Smithee, 1999; Wernerfelt, 1984).

The theory assumes that resources and capabilities are in position to generate competitive advantage when they are heterogeneously distributed across firms and the differences are sustained over time (Barney, 1991; Barney, Wright, & Ketchen, 2001). Most important is that these resources and capabilities should be highly valuable, rare, non-substitutable and difficult to imitate by other competing firms (Barney, 1991). In particular, a valuable resource may be an organizational capability embedded in a company's routines, processes and culture (Collis & Montgomery, 1995). Other characteristics of advantage generating resources and capabilities highlighted in the literature include durability, appropriability, complementarity, transparency, transferability and replicability (Collis & Montgomery, 1995; Grant, 1991). However, based on the overlap in the different classifications, Fahy and Smithee,

(1999) suggest that these resource characteristics should be broadly viewed in terms of value, barriers to duplication and appropriability.

Literature review reveals some specific resources and capabilities relating to SMEs and international entrepreneurship. Man et al, (2002) highlights that competitiveness of SMEs is highly influenced by entrepreneurial factors, in particular, entrepreneurial competencies. The OECD (2008) recommends that innovation and marketing capabilities should be given prominence in explaining international competitiveness of SMEs, whereas education, experience and learning from exporting, information, networks, sincerity, innovation and risk taking capability; marketing skills including marketing research, pricing, and sales techniques are some of the resources and capabilities recommended for businesses in Uganda (Bbaale, 2011; Briggs, 2009). The need for Ugandan businesses to build recognizable brands to compete favorably in domestic, regional and global market has also been highlighted (Kata, 2005). However, studies on the impact of resources and/or capabilities relating to branding in INVs are still rare (Altshuler & Tarnovskaya, 2010; Gabrielsson, 2005). Several scholars promote the role of knowledge and marketing-based resources and capabilities in driving international performance of new ventures. For instance, international capability (Rialp et al., 2005), market, innovation, learning and entrepreneurial orientations, networking capabilities and marketing competences have been emphasized (Knight et al., 2004; Kocak & Abimbola, 2009; Kropp et al., 2006; Maklan & Knox, 2009; Mort & Weerawardena, 2006; Weerawardena et al., 2007). .

The appropriateness of a resource based view in explaining competitiveness of INVs is argued specifically because: first, entrepreneurs or managers of these firms have little or no control over external industry or market environment (Syropoulou et al, 2011). Hence, success in such a situation may be achieved through resource based strategies over which the firm has control (Wernerfelt, 1995). Second, there is evidence in the existing literature confirming the positive relationship between firm-specific resources and competitiveness (Collis & Montgomery, 1995; Maklan & Knox, 2009). For instance, existing literature shows that a significant percentage of profitability in international markets is attributed to firm level factors (Collis & Montgomery, 1995; Fahy & Smithee, 1999; Rumelt, 1991; Wernerfelt, 1984).

Despite the improvements in theoretical understanding and empirical measurement of such resources as organizational culture and structure, resources continue to have no specific shape (Wernerfelt, 1995)

and their value is specific to certain industries and period of time (Collis & Montgomery, 1995). Literature also highlights two different perspective of RBT, that is, the static and dynamic views. Traditionally RBT assumes a static view that the firm's resources, capabilities and market environment will remain stable over time. This view has been criticized for attributing less importance to future resource development, renewal and/or regeneration (Ambrosini et al., 2009; Eisenhardt & Martin, 2000; Priem & Butler, 2001; Teece et al., 1997). Consequently, the static view of the theory fails to explain how competitiveness will be sustained in the presence of market changes and/or threats to the firm in the future (Barth, 2010; Ojeda-Gomez et al., 2007).

In addition, the theory promotes a focus on deployment of internal resources (supply side) to gain competitive advantage without giving mechanisms through which congruence with demand or market changes can be achieved (Eisenhardt & Martin, 2000; Priem & Butler, 2001). Despite the fact that the customer is the only purpose for existence and continued survival of any business, the static RBV emphasis of resource based strategies maximizes attainment of firm-level goals at the expense of customer value and satisfaction (Priem & Butler, 2001; Srivastava, Fahey, & Christensen, 2001). This implies that the resource-based theory lacks market focus, which is a key factor in creating and sustaining competitiveness. Therefore, the static RBV seems to offer a partial explanation of competitiveness of INVs in dynamic market environments (Camison & Villar-Lopez, 2010; Ivanova & Castellano, 2011; Kocak & Abimbola, 2009; Loane & Bell, 2006; Zhang & Bruning, 2011). In particular, it addresses issue of whether INVs have the capacity to take advantage of market opportunities and compete favourably.

2.2.4.4 Dynamic Capability Theory

The dynamic capability theory (DCT), an extension of the RBV, provides a theoretical explanation of the source of sustainable competitive advantage in complex, competitive, uncertain and turbulent market environments where customer preferences and technology are changing rapidly (Ambrosini et al., 2009; Eisenhardt & Martin, 2000; Ojeda-Gomez et al., 2007; Pertusa-Ortega, Molina-Azorin, & Claver-Cortes, 2010; Smart, Bessant, & Gupta, 2007; Teece et al., 1997). Dynamic capabilities are defined as organizational processes, practices, systems, routines and/or activities that build, renew, integrate and/or reconfigure firm resources through internal and external competences to generate new sources of competitive advantage or value creating strategies in order to adapt to the rapidly changing and complex environment (Eisenhardt & Martin, 2000; Teece et al., 1997), whereas the main objective of the

dynamic capabilities is to drive future resource creation, recombination and re-engineering in order for the firm to survive and stay ahead of competitors in the rapidly changing market environment.

Teece et al, (1997) assert that capabilities are embedded in organizational and managerial processes of 'one kind or another'. In particular Teece et al, (1997) specify four examples of dynamic processes according to their respective roles within the firm. These processes include those focusing on reconfiguration, leveraging, learning and integration of resources. Leveraging refers to the replication of a successful process, system, and practice from one part of the organization into another and/or from external sources into the organization. In case of marketing, leveraging may relate to extension of a resource into a new domain such as adopting an existing brand name to introduce a new product into the market. Learning as a dynamic capability is an outcome of experimentation and experience or repetition, continuous scanning of the environment and of recent networks, which allows tasks to be performed better and quicker, development of new skills and new opportunities to be identified (Eisenhardt & Martin, 2000; Kocak & Abimbola, 2009; Ojeda-Gomez et al., 2007), whereas integration refers to the ability of the firm to efficiently and effectively integrate and coordinate its assets and resources, locations and activities both internal and external that creates interdependency and coherence, congruence and complementarities among processes in order to achieve lead time, cost and quality advantages (Eisenhardt & Martin, 2000; Teece et al., 1997).

On the other hand, reconfiguration capabilities relate to the transformation and combination of the firm's existing resources and/or capabilities into new resource bases or applications in order to adapt to rapidly changing market environments (Teece et al., 1997). It is suggested that new combinations of resources and capabilities drive innovations and economic value creation, which in turn leads to profitable and sustainable firm growth (Kor & Mahoney, 2004). However reconfiguration must be done ahead of competition, which necessitates constant scanning of markets, competitors and technological environments and quick response to the changes (Teece et al., 1997). Similarly, previous study results confirm the synergetic role of strategic management processes in enhancing international competitiveness (Momaya, 1998).

Literature review also reveals specific dynamic capabilities relating to the marketing function. Examples include new product development (Eisenhardt & Martin, 2000), brand management (Aaker, 1991), customer relationship management (Maklan & Knox, 2009), customer service management (Ray et al.,

2004) and market orientation (Jaworski, Kohli, & Sahay, 2000). Marketing capabilities are classified as inside-out, outside-in and/or boundary spanning depending on the orientation and the focus of the defining process (Day, 1994). Inside-out capabilities are deployed from within the firm to produce the low cost and custom products on a timely basis. Outside-in capabilities facilitate the understanding of the changing needs of customers and enable the firm to adapt them whereas boundary spanning capabilities integrate the inside-out and outside-in capabilities, for instance, pricing setting capabilities. Day (1994) further distinguishes between market-sensing and customer-linking capabilities in market driven organizations and mentions that marketing capabilities may be focused on providing superior value to external or internal customers. Marketing capabilities are of two types (N. A. Morgan, Vorhies, & Mason, 2009). These are: 1) capabilities relating to the marketing mix such as new product development, branding, selling and promotions, pricing and channel management, and 2) capabilities relating to marketing strategy development and implementation.

In addition, literature review reveals examples of marketing capabilities specific to INVs including new product development, branding, market creation, distribution, promotions and relationship building, market intelligence and reputation building (Evers et al., 2012). Other dynamic processes that generally drive competitiveness in challenging environments include improvement and up grading of brands, human resources, technology, research and knowledge development (Ambrosini et al., 2009; Eisenhardt & Martin, 2000).

It is also important to note that the nature and relevance of dynamic capabilities varies with the level of market dynamism and the need to change as perceived by managers (Eisenhardt & Martin, 2000; Winter, 2003). For instance, in moderately stable environments, dynamic capabilities are complicated, rigid, detailed and analytical processes that feed on existing knowledge and routine execution to produce predictable outcomes, whereas in high-velocity markets, dynamic capabilities are simple, flexible, experiential and unstable processes that utilize quickly developed or new knowledge to creatively produce adaptive but unpredictable outcomes.

As a result, dynamic capabilities may be categorized as incremental, renewing and/or regenerative (Ambrosini et al., 2009). Incremental capabilities apply to relatively stable environments whereas renewing and regenerative capabilities work in dynamic and volatile markets (Ambrosini et al., 2009). In stable environments, changes are largely predictable and the rate of change is low. It is assumed that

the resource base will remain relatively stable requiring incremental changes. Incremental dynamic capabilities constitute continuous, simple and/or small improvements to maintain the current value of firm's resource base in relatively stable environments. However, in increasingly dynamic market environments where firms are facing rapid changes, resource advantages are likely to be eroded. In such situations, the ability of the firm to create, adapt and reconfigure resources becomes a very important factor to attaining and sustaining competitive advantage. Hence, in such markets periodical renewing capabilities are applied to refresh the resource base as well as infrequently experienced regenerative dynamic capabilities to refresh incremental and renewing dynamic capabilities. Hence, it can be concluded that dynamic capabilities are not only relevant in volatile market conditions but also in stable environments to differentiate the firm's offer and keep ahead of competitors (Eisenhardt & Martin, 2000). Further, it can be understood that incremental and renewing dynamic capabilities impact on the resource base whereas regenerative capabilities change or transform processes and capabilities that use the resources (Ambrosini et al., 2009).

Dynamic capabilities have also been categorized as zero-level, first-order (low) and high-order depending on the rate of change in the market environment, speed and level of decision making (Altshuler & Tarnovskaya, 2010; Winter, 2003). In particular, survival and success in very volatile markets requires high-order capabilities that facilitate creation and modification of low level capabilities to effectively respond and adapt to the market changes. In a creative way, marketing capabilities have also been categorized along the different levels of dynamism or change in INVs (Evers et al., 2012). These scholars specify incremental dynamic capabilities to include incremental product development and promotion; renewing dynamic capabilities to constitute branding and reputation building and regenerative dynamic capabilities as comprising radical product development, market creation, distribution and relationship building. In summary therefore, the literature suggests that long term competitiveness depends on the ability of the firm to continuously improve and maintain reliable strategic management processes to meet the changes in the market environment (Singh et al., 2008).

On the issue of appropriateness, the dynamic capabilities view is very useful in explaining sustainable competitive advantage. First and foremost, by thinking from 'an action and results perspective', Momaya (1998) argues that competitiveness is primarily driven by actions and not just results. Hence, actions are more embedded in processes than assets and/or performance. He further argues that whereas assets and performance are historical in nature, processes are future oriented and ensure that

assets are transformed into long term and sustainable performance. Secondly in a dynamic capabilities perspective, firms are able to strengthen existing internal and external resources and/or capabilities as well as develop new ones (Teece et al., 1997). Further, Priem and Butler, (2001) assert that the dynamic capabilities view complements the static RBV by integrating in demand or market oriented aspects. On the market or demand side, a dynamic model also endeavours to balance the firm, customer and society needs (Dutta, 2007).

However, it is argued that internal resources and capabilities do not directly influence firm performance (Eisenhardt & Martin, 2000; Pertusa-Ortega et al., 2010; Winter, 2003). For instance, Eisenhardt and Martin (2000) categorically state that 'dynamic capabilities are necessary but not sufficient conditions for firm performance'. In particular, dynamic capabilities have greater equifinality, homogeneity and substitutability across firms (Eisenhardt & Martin, 2000). This means that the functionality of dynamic capabilities can be duplicated across firms and that dynamic capabilities themselves are unstable processes that are difficult to sustain overtime (Eisenhardt & Martin, 2000). Scholars further argue that dynamic capabilities can only facilitate new combinations and transformation of resources into new resource bases or capabilities, strategic options and product or service advantages or characteristics that seek to satisfy customer needs better than competitors (Eisenhardt & Martin, 2000; Ray et al., 2004; Srivastava et al., 2001; Zhang & Bruning, 2011).

Similarly, it is argued that although there are two main sources of competitive advantage for the firm (that is resources and products), external stakeholders, in particular customers, can only evaluate, perceive and value product characteristics and/or advantages compared to internal resources and capabilities that are not visible to them (Pertusa-Ortega et al., 2010; Srivastava et al., 2001). For instance, there are several cultural and structural factors antecedent to firm's innovative capability however consumers perceive firm's innovativeness by considering the information that is readily available, which is usually communicated through the product or brand and accompanied by marketing mix messages (Kaplan, 2009). Hence, superior firm performance is only achieved if resources and capabilities are converted into something of value to customers such as product attributes, benefits, attitudes and/or network effects (Srivastava et al., 2001)

Consequently, scholars concur that a firm's international competitiveness effectively occurs when customers are satisfied with the company's products or service (Momaya, 1998; Porter, 1990, 1998)

and/or when customers perceive higher value for the firm's goods and services relative to competitors (Chikan, 2008). For instance, brand recognition and customer loyalty are the key drivers of international competitiveness (Cerrato & Depperu, 2011). Consumer's brand value perceptions have also been cited as a major driving force for retailers pursuing competitive performance in India (Sagheer, Yadav, & Deshmukh, 2009). Further, customer perceived product innovativeness and quality have also been found to be key parameters that help Indian firms gain international competitiveness (Dutta, 2007; Sagheer et al., 2009), whereas brand image is the key driver of competitiveness for Korean products in international markets (Jin & Moon, 2006).

Furthermore, scholars suggest that the value of resources and capabilities for competitive advantage lies more in their configurations than in themselves (Eisenhardt & Martin, 2000). Hence, it is recommended that future research in international entrepreneurship should focus on the study of capabilities and resource reconfigurations in particular (Keupp & Gassmann, 2009). Competitiveness is a complex phenomenon and a single factor may not be powerful enough to predict it. It is also argued that firms which are configured on many constructs perform better than those that are aligned on one or two constructs (Wiklund & Shepherd, 2005). It is believed that dynamic interaction of resources and capabilities creates resources interconnectedness, tacitness, causal ambiguity and social complexity that makes it difficult for competitors to duplicate the source of competitive advantage (N. A. Morgan et al., 2009; Srivastava et al., 2001). In particular, the interaction between resources and marketing capabilities enables the firm to match its resource deployment with the market needs better than its competitors (Eisenhardt & Martin, 2000).

In summary therefore, the general focus of many theories has been on explaining international competitiveness of large and older multinational firms originating from developed economies (Chikan, 2008; Jin & Moon, 2006; Liu & Hsu, 2009; Moon & Cho, 1998; Porter, 1990, 1998; Ross, 1996; Rugman & D'Cruz, 1993; Rugman & Oh, 2008; Smith, 1995) whereas empirical evidence in developing economies is lacking (Ambastha & Momaya, 2004; Kumar & Chadee, 2002; Man, Lau, & Chan, 1998; Momaya, 1998). It seems further that resources and capabilities on their own cannot effectively explain competitiveness of INVs but requires a configuration of a number of them. There is need also to explore both direct and indirect influence of various resources and capabilities on competitiveness of international new ventures. In fact, the competitiveness process is assumed to be incomplete until the resources and

capabilities are transformed into product or brand advantages, which are observed and ultimately perceived by customers.

2.2.5 Models of International Competitiveness

Various models or frameworks for analyzing firm-level competitiveness have been presented in the literature. In particular, these models define competitiveness in terms of a process, which is divided into stages and groups of factors or dimensions used in analyzing and predicting it. These models are ideal in identification of the relevant sources of competitive advantage and in turn sustainable firm performance (Ambastha & Momaya, 2004; Raduan et al., 2009).

2.2.5.1 PPP-Model of Firm level competitiveness

According to Buckley et al, (1988) as cited in (Cerrato & Depperu, 2011; Momaya, 1998), there are generally three main stages of competitive processes. These stages include: 1) the ability of the firm to perform well; 2) ability to maintain and improve existing competitive advantages and 3) management processes through which decisions are made. These stages form the PPP-model for analyzing firm level competitiveness based on three dimensions, namely, competitive potential, management processes and competitive performance. According to the model, competitive potential and management processes are the drivers of competitive performance. Performance provides the past and present perspective of competitiveness. Competitive potential in the model represents the firm's ability to defend and renew its sources of competitive advantage that ensures future competitiveness. Management processes on the other hand are the processes, strategies, decisions or actions, choices, activities, practices and/or systems that transform competitive potential into higher performance.

2.2.5.2 OLI-Model of International Competitiveness

The other model of international competitiveness is the OLI or eclectic paradigm (Dunning, 1979, 1988, 1996, 1998, 2001; Nachum, 1999). This theoretical framework argues that firms or their subsidiaries can successfully compete in foreign markets only if they possess ownership, location and/or internalization advantages over their competitors. First, ownership advantages are specific to the company and include accumulation of proprietary intangible assets such as patents and brands, technology and product innovations and advantages of common governance (J. Li & Guisinger, 1991). These firm specific ownership advantages are normally equated to strategic resources (Barney, 1991). It is argued that ownership advantages have a positive influence on firm's performance. The limitation however is that

investment in proprietary assets, technology and product innovations that enable successful entry and profitability in foreign markets are expensive for INVs that are generally resource constrained. Moreover, ownership advantages must be sufficient to offset the cost of operating in foreign markets given the geographical and cultural distance (J. Li & Guisinger, 1991). In addition, although ownership advantages may be acquired through buying foreign firms, they are mainly developed over time (path dependant). Hence, ownership advantages may not be achievable in the short run to influence firm competitiveness since INVs are relatively young in age and generally lack accumulated financial and other tangible resources. Furthermore, since INVs are mainly described as independent entities and not subsidiaries of MNEs, they are not in position to enjoy ownership advantages of parent companies.

Internalization advantages specifically relate to the ability of the firm to manage and integrate its foreign direct investment activities internally into a value-added chain, vertical linkages or multinational hierarchical organizational structure. This particular type of advantage illustrates why firms internalize, that is why use equity investment rather than for instance exporting to compete in foreign markets (S. Li, Tallman, & Ferreira, 2005). In particular, firms internalize activities, processes and systems in order to minimize transaction costs and gain control over resources and management of their operations in foreign markets. However, INVs may not be in position to enjoy internalization advantages due to lack of adequate resources to invest in subsidiaries and control systems, whereas location advantages are the favorable institutional, legal, political and productive factors present in a specific geographical area. This particular type of advantage tends to address the question of why a firm enters a specific host country through FDI (S. Li et al., 2005). However, the location advantages have limitations in explaining competitiveness of INVs. For instance due to lack of necessary resources, INVs are unlikely to enjoy location advantages as a result of FDI. In conclusion therefore, the OLI model is inadequate in explaining competitiveness of INVs due to lack of resources to invest in ownership of assets, internalizing activities and taking advantage of location factors through FDI.

2.2.5.3 Resource Based Model of Competitive Advantage

As shown in Table 2-4 below, Barney, (1991) stipulates that the fundamental sources of sustainable competitive advantage and superior performance are the valuable, rare, inimitable and non-substitutable resources and/or capabilities of the firm. The model specifies the nature and cause of competitive advantage and in turn illustrates that competitive advantage is the source of firm's superior performance.

Table 2-4: Constructs of the Model of Competitive advantage

Sources of Competitive Advantage	Competitive Advantage	Superior performance
- Resources - Capabilities - Competences - Knowledge	- Cost - Differentiation	- Subjective/objective - Financial/market - Quantitative/qualitative

According to the model, the generic sources of competitive advantage include ownership of assets or resources (RBV); knowledge (KBV), competences and/or capabilities (CBV) and recently networks (NBV) in the operations of the firm. Most prominently, competitive advantage has been conceptualized in the form of low cost and differentiation (Porter, 1998). It is also advanced that assessing the sources of competitive advantage helps a firm to identify, create and gain advantage whereas investigating the effect of competitive advantage enables the firm to utilize the advantage (Raduan et al., 2009). However, many scholars have suggested improvements on Barney (1991)'s basic Resource based model. For instance, the moderating role of management has been highlighted (Fahy & Smithee, 1999). These scholars argue that resources are effectively transformed into sustainable competitive advantage by management's role of identifying, organizing, developing, deploying and protecting the firm's resource base.

2.2.5.4 Assets-Processes-Performance (APP-Model)

According to the APP-model (Momaya, 1998) as illustrated in **Table 2-5** below, competitive performance is driven by a combination of assets and processes. Assets are the firm's 'inherited' natural resources and/or created resources that include factor costs, brands, firm structure and culture, human resources, infrastructure, technology, demand conditions and government policy whereas processes transform assets into economic gains through sales of goods and services to customers (Ambastha & Momaya, 2004). Such competitive processes include strategic management responsible for planning and implementation, human resource management, marketing management, research and development synergies, technological processes (innovation, systems and information technology), operations (manufacturing, design and quality) and many others. Accordingly, performance constitutes productivity, price, quality and cost effectiveness, finance, market share, differentiation, profitability, variety and product range, new product development, value creation and customer satisfaction. This APP model is similar to Buckley et al, (1988)'s PPP-model.

Table 2-5 Facets and Factors of APP Model

Facets	Factors
Competitive Assets	Factor costs, human resources, industry infrastructure, technology, demand conditions, government
Competitive processes	Strategic management, marketing management; human resource development and management, research and development
Competitive performance	Productivity, cost, quality effectiveness, human resources, financial, international, technology advantage

Source: Momaya, (1998)

In comparison with the APP frameworks, Ambastha and Momaya (2004) consider a number of selected models including the European Foundation of Quality Model (EFQM), balanced scorecard (BSC), Integrated Value Management (IVM), Total Shareholder's Return (TSR), Value Curve (VC), Economic Value Added (EVA), Value Pyramid (VP), and Capability Maturity Model (CMM). However these scholars conclude that most of these frameworks and models are specialized and hence useful in evaluating some specific dimension of competitiveness and hence may not be appropriate for INVs.

2.2.5.5 International Strategy Model of Competitiveness

The international strategy model is argued based on the distinction between internationalization and international competitiveness (Cerrato & Depperu, 2011) as illustrated in Table 2-6 below. These scholars suggest that analysis of international competitiveness should be divided into three different but related dimensions. These dimensions include "ex ante competitiveness" which describes the nature and source of competitive advantage; "degree of internationalization" which indicates a firm's presence in international markets and "ex post competitiveness" which comprises past and present market and economic performance of the firm in foreign markets. In particular, these scholars claim that Buckley's competitive performance relates to their dimension of 'ex post' competitiveness whereas competitive potential is coined 'ex ante' competitiveness. They further posit that it is the competitive strategy (in this case internationalization) that transforms competitive potential into future or higher performance.

Table 2-6 Components and Measures of International Competitiveness

Components	Factors and Measures
'ex ante' Competitiveness	• Quality of international customers • Brand recognition in international markets • Listing in foreign stock exchange • Number of international patents and trademarks
Internationalization	• Demand- foreign to total sales, • Resources-ratio of foreign to total assets, foreign to total subsidiaries, foreign to total employees • Business networks-number of international alliances or partnerships • Finances - number of foreign owners, percentage of foreign debts • Geographical scope -number of regions or countries of operation • International orientation of top managers- number of managers with international work experience to total number
Competitiveness ex post	Quantitative measures include: • International market share/profitable market share • Rate of growth of the ratio 'foreign to total sales' • Return on foreign investment Qualitative measures: • Capacity to attract skilled human resources at the international level • Imitation attempts by competitors • Quality of international partners • Quality of management staff involved in international activities

Source: Adopted from Cerrato and Depperu, (2011)

In conclusion therefore, these models all seem to have limitations in effectively analyzing competitiveness of INVs. First and foremost, these competitiveness models were developed with a focus on large and older multinational firms in advanced economies such as Japan, USA and Canada (Cerrato & Depperu, 2011; Momaya, 1998; Momaya et al., 2001). Hence, they have low flexibility to be directly adopted in developing country contexts (Ambastha & Momaya, 2004). Moreover, it is always necessary to analyze some specific dimensions of competitiveness in context. For instance, Man et al, (2002) in modeling competitiveness of SMEs emphasizes the influence of the entrepreneurial competences in the process. Further, these models ignore the role of customer perceptions of the product or brand in driving competitiveness of the firm. Furthermore, because competitiveness is determined based on past and present performance, these models fail to provide information on whether and to what extent the firm will remain competitive in the future (Ambastha & Momaya, 2004; Cerrato & Depperu, 2011; Singh et al., 2008). Thus when adopting any of these models, there is need for improvements or modification in order to address the issue of firm's competitiveness in the future and market context (Ambastha &

Momaya, 2004; Cerrato & Depperu, 2011), the size of the firm (Man et al., 2002) and age or speed at which the firm internationalized (Oviatt & McDougall, 2005a, 2005b).

2.2.6 Measurement of International Competitiveness

According to literature, a firm's international competitiveness differs from its competitiveness in the home country (Cerrato & Depperu, 2011). For instance a firm may have high profitability and large market share back home but may be performing poorly in foreign markets. To the contrary however, INVs sacrifice competitiveness in domestic markets for greater performance in foreign markets by entering these markets at an early stage in their establishment. This implies that competitiveness of international firms is unique and should be measured differently from the domestic one.

2.2.6.1 Conditions for Measuring International Competitiveness

The analysis and measurement of a firm's international competitiveness must meet the key conditions of sustainability, relativity, controllability and dynamism (Man et al., 2002). Sustainability focuses on measuring long term performance of the firm. In other words, competitiveness is a time-based construct and therefore cannot be measured using single period measurements (Cerrato & Depperu, 2011). For instance, profitability or market share must be measured and compared over a specified period of time and in this case medium to long term period is recommended. Hence, growth in various indicators of performance must be considered to effectively measure sustainable competitiveness of a firm.

Relativity concerns competitiveness relative to other firms in the same industry signifying the importance of benchmarking or competitive strategy approach (Man et al, 2002). In addition, relativity in analyzing and measuring competitiveness should consider time and spatial dimensions. This is comparing competitiveness to different time periods, firms and/or countries. On the other hand, controllability requires that the firm takes charge of the various resources and capabilities other than attributing superior performance to the favorable external conditions (Man et al., 2002). This ideally represents the view that competitive advantage is internally sourced, created and controlled (Barney, 1991). In particular, internal resources and capabilities over which a firm has control should provide competitive potential.

Dynamism refers to continuous creation and development of new sources of competitive advantages to overcome the effects of the ever changing market environment (Eisenhardt & Martin, 2000; Teece et al., 1997). This is because the static view of competitive advantage based on existing firm resources and capabilities may not be sustainable in the long term (Man et al., 2002). Thus sustainable competitive advantage is achieved for instance through adaptation to outside factors, out of the sphere of the firm and out of control of the firm and the home government and through continuous upgrading or combinations of firm's resources and/or capabilities. In fact Man et al (2002) relates dynamism to the competitive processes in Buckley et al (1988)'s model, which transform competitive potential into competitive performance of the firm. Furthermore, dynamic analysis of international competitiveness considers the extent to which the firm will be competitive in the future and requires adoption of a number of indicators to measure and compare international performance over time including expected growth in the future (Cerrato & Depperu, 2011).

2.2.6.2 Measurement Approaches for Firm Competitiveness

Literature review reveals several categories of competitiveness measures. The first one categorizes measures of international competitiveness into two divisions, that is the degree of internationalization (DOI) and performance measures. Cerrato and Depperu (2011) suggest that in order to analyze a firm's international competitiveness, it is important to consider the degree of internationalization of the firm. However, they clearly point out that international competitiveness is a broader concept than internationalization. They posit that the degree of internationalization is intended to measure the firm's presence abroad but cannot show whether such presence is sustained in the long term or not. This means that DOI such as the ratio of foreign to total sales cannot fully measure a firm's international competitiveness. As a result DOI should be combined with other performance indicators such as profitability to fully capture international competitiveness. Notably, literature reveals that superior economic or market performance is a common measure of international competitiveness ex post (Cerrato & Depperu, 2011). Hence, indicators such as sales turnover, profitability, return on investment, return on sales and return on assets of the firm; market share, percentage of loyal customers, loyal suppliers, and staff turnover are usually used to measure firm's international competitiveness (Ambastha & Momaya, 2004; Cerrato & Depperu, 2011; Chikan, 2008; Kumar & Chadee, 2002). In addition, growth achieved over a period of time in the various parameters such as sales, profits, employees and market share is a dynamic measure of long-term international competitiveness (Cerrato & Depperu, 2011; Wang & Poutziouris, 2010). In particular, growth in sales is considered a better

measure for small ventures and is argued to reflect the venture's ability to cope with competition in the market (Wang & Poutziouris, 2010). Other measures include new product and technology introductions, price levels, perceived value and quality, customer satisfaction and loyalty, employee, brand and social performance (Ambastha & Momaya, 2004; Cerrato & Depperu, 2011; Momaya, 1998; Porter, 1985, 1990).

In measuring international competitiveness, there should be a balance between ex-ante (future projections) and ex-post competitiveness (past performance) measures (Wang & Poutziouris, 2010). However, scholars argue that performance in previous studies is not measured in such a way to provide insights into the future (Cerrato & Depperu, 2011; Singh et al., 2008). Moreover, both past and future sustainability is a key condition for measuring international competitiveness (Man et al., 2002). In addition, the use of a single indicator of firm performance as a measure of international competitiveness is highly discouraged. International competitiveness is a multi-dimensional construct which has to be measured using a combination of indicators (Ambastha & Momaya, 2004; Cerrato & Depperu, 2011; Dutta, 2007; Man et al., 2002; Momaya, 1998). The purpose of adopting a number of indicators to measure competitiveness is to improve the validity of the measurement and the quality of research (Cerrato & Depperu, 2011). This necessitates that both financial and non-financial performance of the firm are considered in measuring competitiveness in foreign markets. Specifically, existing literature shows that international competitiveness is measured using a combination of financial, market and other operational indicators (Cerrato & Depperu, 2011; Singh et al., 2008). However, accounting and market-based financial measures are the most adopted whereas few scholars use operational performance indicators such as operating costs to sales ratio (Cerrato & Depperu, 2011; Singh et al., 2008).

Further, scholars suggest that both quantitative and qualitative performance measures should be used concurrently in measuring international competitiveness (Cerrato & Depperu, 2011; Momaya, 1998). In particular, qualitative criteria related to measuring effectiveness and efficiency in satisfying customer, employee and other stakeholders needs is necessary (Momaya, 1998). The balance between quantitative and qualitative measures is intended to increase reliability and multi-dimensionality of the construct (Maurel, 2009). Although qualitative measures are criticized for lack of objectivity since they are based on managers' perceptions or attitudes, scholars argue that qualitative measures are more appropriate in studies where the industry of firms under study is heterogeneous (Pertusa-Ortega et al.,

2010). This is because performance levels may vary considerably across sectors or industries which might obscure any relationship between the independent variable and company performance (Dawes, 1999). In addition, qualitative information supplements quantitative performance measures by providing the reasons for success (Cerrato & Depperu, 2011). Further, qualitative measures are said to be relevant where comparative statistics regarding the firm's performance in foreign markets are limited (Momaya, 1998). Qualitative measures are also relevant in situations where the managers are reluctant to disclose actual performance data whereas it is possible for them to respond if they are providing relative performance in their industry (Dawes, 1999).

In terms of geographical scope, measurement of international competitiveness of firms may also consider the firms' regional engagement (international scope) and not necessarily global scope (Rugman & Oh, 2008). This is true for technologically and resource poor firms in underdeveloped regions that find it difficult and expensive to expand globally. In particular, the relatively small size, limited marketing skills and lack of market knowledge, make it costly and cumbersome for INVs to export to or operate in remote markets than the regional ones. In fact the psychic distance makes it difficult for smaller and young firms to raise relative quantities and quality of the product to compete favorably in distant or more globalized markets (Rugman & Oh, 2008).

Similarly, international competitiveness may be measured within the domestic market, if the firm is facing competition from foreign or global firms operating within the domestic market or from sourcing for inputs globally. Therefore, the domestic domain seems to be applicable in assessing international competitiveness in the case of inward or import-based international new ventures. For instance, the influx of global retailers in India has increased competition into the domestic market which necessitates analysis of international competitiveness of local firms in the industry (Sagheer et al., 2009). Hence, international competitiveness can be categorized as regional or global depending on the extent of geographical presence abroad.

Competitiveness of the firm may also be measured from the input or output side (Hitchens, Clausen, Trainor, Keil, & Thankappan, 2004). From the input side, competitiveness is measured based on the strength in physical and human resource endowment, R & D spending and others. Particular to the firm is the resource inputs or capabilities, for instance, management capability to respond to the competitive forces or environmental changes and pressures, whereas the output side focuses on indicators of

competitive performance such as profitability, market share, productivity, patents, new product introductions and firm growth. Competitiveness can also be measured using both output and input sides (Hitchens et al., 2004). This approach not only measures the consequences of strategy and processes but it also provides resources and capabilities used.

In conclusion therefore, international competitiveness of a firm can be reflected by several factors other than through only quantitative and past performance measures, and can take on different perspectives and contexts.

2.2.6.3 Indicators of International competitiveness

As summarized in **Table 2-7** below, the literature projects two main categories of indicators of international competitiveness. First and foremost, the degree of internationalization (DOI) which is the presence in international markets is a commonly adopted dimension of a firm's international competitiveness over other firms in the same industry (Depperu & Cerrato, 2005). Literature review reveals both quantitative and qualitative indicators of DOI. Quantitatively DOI can be indicated using either one-dimensional or aggregated indexes. One-dimensional indicators that can be adopted include foreign sales volume, foreign to total sales ratio, share of foreign employees, number of foreign subsidiaries and number of countries in which the firm operates (Cerrato & Depperu, 2011). On the other hand, aggregated DOI indexes include Sullivan (1994)'s DOI index, UNCTAD Transnationality index, and Letto-Gillies (1998)'s Transnationality spread index. However, these aggregated indices seem to focus on measuring the DOI of large and older firms. Hence, the volume of firm's exports or international sales is the most adopted indicator of DOI among exporting firms (Crick, Bradshaw, & Chaudhry, 2006; Maurel, 2009; Spyropoulou et al., 2011). This indicator may be appropriate for measuring competitiveness of INVs since most of their international involvement is through exports (Loane & Bell, 2006; Lu & Beamish, 2001; Oviatt & McDougall, 1994). The proposition is consistent with the fact that exporting is the mode of internationalization preferred among small enterprises since it requires less time for planning and making the decision, resource commitment and legal requirements (Rutashobya & Jaensson, 2004).

However, the most reliable indicators of DOI are ratios (Cerrato & Depperu, 2011). Hence, export intensity which is the ratio of exports to total sales is believed to be a better measure of international competitiveness (Momaya, 1998). This is because ratios reduce size effects and allow for comparisons

between companies of different sizes, industries and countries (Maurel, 2009; Rastogi, 2003). Export intensity however captures only the demand performance component of internationalization without providing any other information on either the structure and/ or resources committed to foreign markets (Cerrato & Depperu, 2011). These scholars further criticize the traditional DOI measure for being too quantitative in nature and limited in terms of providing detailed information required for effective policy formulation. As a result, a six dimensions measure of the degree of internationalization has been proposed (Cerrato & Depperu, 2011). These dimensions include the degree of internationalization of demand (foreign to total sales), resources (ratio of foreign to total assets, foreign to total subsidiaries, foreign to total employees), business networks (number of international alliances or partnerships) and finances (number of foreign owners, percentage of foreign debts), geographical scope (number of regions or countries of operation) and international orientation of top managers (number of managers with international work experience to the total number). Hence, this new framework shifts the focus from quantitative to incorporating the qualitative component in the measure of DOI.

It is also important to note that DOI has other limitations in measuring international competitiveness. Although export intensity is important in indicating policy implications for countries promoting exports, it is less relevant at the firm level. Despite the fact that high intensity indicates that exports are high relative to domestic sales, it fails to provide additional information on how a firm's foreign presence affects its profitability. Moreover, at the firm level the interests of owners and/or managers are in high profits (Cerrato & Depperu, 2011). This implies that in addition to DOI, profitability should be determined. In fact literature seems to indicate that profits are a prerequisite to realization of competitiveness by any firm (Kocak & Abimbola, 2009; Momaya, 1998).

Other financial indicators such as return on foreign investment are also better alternatives to measuring international competitiveness. However, their adoption by INVs is limited due to the difficulty in collecting data which separates performance of foreign assets within the return on the overall firm investments (Cerrato & Depperu, 2011). Moreover, this indicator has been mainly adopted in measuring international competitiveness of large and multinational firms in advanced markets with systems and resources to capture financial data and monitor trends separately (Rugman & Oh, 2008). In addition, FDI, number of foreign owners, number of foreign stock exchange listings and ownership of assets within and across regional markets are powerful indicators of a firm's international competitiveness (Cerrato & Depperu, 2011; Rugman & Oh, 2008). Firm-level international competitiveness can also be

measured in terms of operational performance and/or efficiency using costs and productivity especially where the industry is characterized by homogenous products (Cerrato & Depperu, 2011; Mesquita et al., 2007; Porter, 1990; M. Wong & Au, 2007).

Market and/or non-financial indicators including market share have also been adopted in measuring international competitiveness (Cerrato & Depperu, 2011). In fact firms should not only adopt financial criteria of cost and profits to evaluate international competitiveness but also the effectiveness and efficiency in satisfying its customer and other stakeholder's needs (Momaya, 1998). Since market share is a relative measure, it is most appropriately applied in comparing firm performance when the industry is not homogeneous.

However, market share has been criticized for lack of absolute value as a measure of performance (Cerrato & Depperu, 2011). It is claimed that market share is achieved at the expense of firm profitability. This is because to achieve the required market shares, in most cases prices have to be reduced at the expense of profitability (Cerrato & Depperu, 2011). Consequently, "profitable market share" is recommended as measure of international competitiveness since it captures both profitability and market share. Market share is also regarded as a less appropriate measure of performance for smaller firms since it tends to favor large scale firms and/or firms in larger economies (Cerrato & Depperu, 2011). In addition, market share as a benchmark requires selection of an appropriate reference group or standard. However, small firms may find it difficult to identify the appropriate comparative group, especially in the context of INVs that are new in the market (Singh et al., 2008). This inappropriateness is attributed to lack of performance measurement systems that would provide information necessary for both qualitative and quantitative analysis and comparative purposes (Cerrato & Depperu, 2011).

Overall, it is suggested that profitability, cost and production efficiency and market share are the key indicators of international competitiveness of a firm (Cerrato & Depperu, 2011). However, high costs, low productivity levels, lack of FDI, market share and asset ownership overseas remain key challenges to small and young international ventures (Shrader et al, 2000). Consequently, these factors may not be good measures of international competitiveness of new ventures. In fact including them in the measure may indicate good performing firms as non performers. Furthermore, it should be remembered that appropriateness and relevancy of these factors in measuring international competitiveness varies from

firm to firm and industry to industry (Cerrato & Depperu, 2011). However, selected parameters for measuring competitiveness of INVs should be congruent with their small size and young age.

Table 2-7 Summary of Measures and Indicators of International competitiveness

Dimension	Quantitative Indicators	Qualitative Indicators	Authors
DOI	Sales- ratio of foreign to total sales; Resources- ratio of foreign to total assets, foreign to total subsidiaries, foreign to total employees; Finances- number/ratio of foreign owners, percentage of foreign debts	- Business networks - manager's international orientation; - geographical scope	Cerrato & Depperu, (2011);
Performance (Competitiveness ex post)	- Profitability - ROA, ROI, ROS; - costs and productivity levels	- Market share, - loyal customers, - loyal suppliers, and staff turnover - Product differentiation and innovativeness, - technology advantage, - price levels, - perceived value and quality, - customer satisfaction and loyalty, - brand and social performance	Buckley et al, (1998) Momaya, (1998); Ambastha & Momaya, 2004; Cerrato & Depperu, (2011); Wong and Au, 2007; Mesquita et al, (2007); Singh et al, 2008

Source: Literature review

2.2.7 Importance of International Competitiveness

A review of the literature suggests a number of reasons why international competitiveness has gained strategic significance today. First and foremost, several scholars argue that many organizations build competitiveness to be able to grow and survive in an increasingly global and competitive market (Dutta, 2007). In fact firms that are highly competitive are said to be winners in the global game (Singh et al., 2008). In particular, it is the firm's competitiveness in the form of customer satisfaction and profits that contributes to national competitiveness by increasing the welfare of citizens and factor productivity (Chikan, 2008). Indeed, there is a general agreement in the literature that when firms of a nation achieve international competitiveness, the nation earns more foreign exchange through exports which is further invested in developing the infrastructure such as roads, telecommunication and social service

systems, which in turn improve the general welfare and standards of living of the citizens. Furthermore, attainment of international competitiveness means increased demand for the firm's products (Mersha, 2000), which in turn boosts production, resulting in the creation of more jobs for the nation. In summary therefore, international competitiveness of firms greatly contributes to national competitiveness, economic growth and development through different ways such as exports and foreign exchange earnings, job creation, improved standards of living and factor productivity.

2.3 Brand Advantage

2.3.1 Theoretical Conceptualization

First and foremost, it is important to understand what a brand is. In the existing literature, there are quite a number of definitions relating to what a brand is, represents and/or does. Physically, it is defined as a name, term, design, symbol, sign or any other feature that identifies one seller's products from those of competitors in a market (AMA, 2003). However, this definition has been criticized for being too tangible. Hence, intangible characteristics of the organization, personality and symbolic value have been suggested as important components of a brand (Kapferer, 2004). This is in line with arguments that a brand is more than a trademark or physical attributes and broadly conveys the symbolic meaning and/or unique design of the product or service (Jin & Moon, 2006). In fact, building brands based on benefits is more profitable and sustainable than focusing on physical attributes such as product characteristics that can be claimed by other competitors (Aaker, 2003). Hence, strong brands possess more symbolic than physical value while strengthening brands in terms of symbolic benefits has become a critical issue in SME marketing (Mowle & Merrilees, 2005).

According to the eclectic paradigm, firms successfully compete in foreign markets only if they have ownership, internalization and/or location advantages (Dunning, 1979, 1988). In particular, ownership advantages such as brands are specific assets to the firm. In addition, the RBV argues that sustainable competitive advantage is created primarily from intangible resources and capabilities which are specific to the firm (Barney, 1991). Hence, a brand is described as intangible, knowledge-based, transferable and non-location bound firm-specific asset (Cerrato & Depperu, 2011). Scholars explicitly suggest that a brand is the single most important intangible asset that influences international competitiveness of firms (Porter, 1998; Wernerfelt, 1984) and generates differentiation advantage in particular (Grant, 1991; Wood, 2000). Therefore, the term is used to define an asset or resource that enables a firm to

differentiate its products and satisfy customer needs or wants better than competitors (Spyropoulou et al., 2011; Urde, 1994; H. Y. Wong & Merrilees, 2008). It is also defined as a mechanism for achieving competitive advantage for firms through differentiation (Wood, 2000). In particular, Wood (2000) explains that the attributes that differentiate the brand generate satisfaction that customers are willing to pay for and which in turn generates competitive advantage in terms of revenue, profit, added value and market share.

Accordingly, branding advantage has been defined as a firm's competitive advantage in the form of brand strength and/or equity among customers relative to competitors (Spyropoulou et al., 2011). Brand equity refers to brand assets or liabilities associated with a brand name or symbol that adds or subtracts value from a product or service (Aaker, 1991) whereas brand strength refers to the level of brand knowledge in the consumers' minds manifested in brand awareness and associations (Keller, 1998). Brand equity has been defined from both accounting and marketing perspectives. The accounting perspective refers to brand equity as the economic value of a brand that accrues to the company when it is sold or included on the balance sheet while marketers perceive it as the relationship between the customers and the brand known as customer based brand equity (Wood, 2000; Yoo & Donthu, 2001). Brand equity has also be categorized as a market based asset and/or customer based advantage (Srivastava et al., 2001; Srivastava, Shervani, & Fahey, 1998). Market based assets are defined as those assets that develop out of the firm's relationships with its external stakeholders or partners (Srivastava et al., 1998). In particular, it represents the strength of relationship between the firm and its customers in terms of knowledge, attitude, beliefs, perceptions and/or feelings about the brand. Therefore in consideration of various terms and definitions, it can be summarized that customer based brand equity are the perceptions, attitudes, feelings, and behavior patterns towards a brand in the consumer's minds (Altshuler & Tarnovskaya, 2010; Keller, 1993; Najafizadeh, Dadgar, Mahmoodi, & Mirzaee, 2013; Spyropoulou et al., 2011; H. Y. Wong & Merrilees, 2005, 2007, 2008; Wood, 2000; Yoo & Donthu, 2001) and the strength represents the description, magnitude or quantification of brand equity.

There are recommendations that firms, especially SMEs, need to think about the advantages of branding to ensure long term survival of the business (Ojasalo, Natti, & Olkkonen, 2008). Advantages of brands are classified as both internal and external. For instance brand identity belongs to the company but brand equity or image does not. This means that brand identity may be assessed within the firm (Baumgarth, 2010) whereas brand equity derives from accumulated brand awareness and personal

brand images embedded in the customer's mind and responses (Rode & Vallaster, 2005). Traditionally, externally strong brands are conceptualized as comprising awareness, perceived quality, image, and loyalty advantages that add to the value of the product (Aaker, 1991; Keller, 1993). However, more recent models include customer satisfaction (Spyropoulou et al., 2011); brand trust and reputation (Delgado-Ballaster & Hernandez-Espallardo, 2008; Delgado-Ballaster & Munuera-Aleman, 2005), brand distinctiveness (H. Y. Wong & Merrilees, 2005, 2008) and brand performance (Napoli, 2006; H. Y. Wong & Merrilees, 2007, 2008); brand commitment, perceived brand value and many other dimensions depending on the context adopted in conceptualization of brand value, assets and/or strength. For instance, Altshuler and Tarnovskaya (2010) measures brand value using both tangible and intangible elements of product, company, distribution and support service dimensions.

Brands are important to customers as well as firms in different ways. For instance, customers view a brand as a company's value promise and differentiation to be received consistently in terms of features, benefits and services (Aaker, 2003; Kotler, 2003). In fact customers buy brands and not products (Najafizadeh et al., 2013). In addition, benefits of brands to consumers may be real, illusory, rational or emotional, tangible or intangible (Wood, 2000). However, it is the emotional or symbolic benefits that are more intangible and difficult to imitate that companies should target to develop in the customer's mind. Thus a brand serves as a guide to customers' expectations of the company, point of differentiation and the benchmark for evaluating performance. Further, a brand communicates the company's core values at every point of contact with customers and other stakeholders (Tarnovskaya, Elg, & Burt, 2008). In situations of little experience and knowledge of the product, the brand builds trust and reduces perceived risk, creates transparency, differentiation and added value for customers (Aaker, 1991; Keller, 1993, 1998). Thus, brands inform customers' purchase decision, making processes and induce trial, create preference, satisfaction and eventually loyalty.

However to the firm, the primary benefit of brands is to identify and differentiate a company's products from competing ones in the market (Aaker, 2003; Jin & Moon, 2006; H. Y. Wong & Merrilees, 2005, 2007, 2008). Brands are the unique value added to the physical products as an identifier that is difficult to copy or imitate (Wood, 2000). Brands are a symbol of ownership that legally differentiates and protects a firm from its competitors (Baumgarth, 2010). Literature also recognizes that firms view the value of brands in terms of their financial contribution, hence form part of the firm's assets on the balance sheet (Kim, Kim, & An, 2003; Wood, 2000).

Specifically, scholars suggest that where competition is intense such as in global markets and where consumers are so demanding for instance in terms of quality, variety and flexibility, and in situations of reduced lead times, rapidly changing tastes and preferences and shortened product life cycles, companies should compete on brands (Porter, 1998). This is because strongly valued brands usually generate higher profit margins since they can attract premium prices, attract loyal customer and referrals which lower the sales and service costs, provide access to better distribution channels as well as enabling product line extensions, resilience to competitors' pressures and impose switching costs for customers and channels which eventually create barriers to competitive entry (Srivastava et al., 1998; Wood, 2000).

Scholars further suggest that if firms have low capacity to create internationally competitive brands, they may have to outsource foreign experts in marketing to promote the brand image or purchase well known foreign brands (Ille, 2009; Jin & Moon, 2006). However, this particular strategy seems to apply to large and well established multinational firms in advanced countries with ample resources to invest in brand development and acquisition. As a result the question of how to build strongly valued brands by new ventures operating in competitive global or international markets remains a challenge.

Review of literature provides some indications on the subject matter whose impact further requires empirical testing in the context of INVs. Several scholars of branding in SMEs and new ventures advocate for adoption of unconventional, targeted, innovative and/or entrepreneurial approach to brand development (Abimbola, 2001; Boyle, 2003; Bresciani & Eppler, 2010; Delgado-Ballaster & Hernandez-Espallardo, 2008; Krake, 2005; Merrilees, 2007; Ojasalo et al., 2008; Rensburg, 2012; Spence & Essoussi, 2010). The role of branding capabilities in building an international brand for technology-born global firms is recognized (Altshuler & Tarnovskaya, 2010) while entrepreneurs' financial and experiential resources and communication capabilities are identified as key determinants of branding advantage in export ventures (Spyropoulou et al., 2011). Other scholars emphasize implementation of brand orientation in SMEs, business to business, and services ventures right from the start (Baumgarth, 2010; H. Y. Wong & Merrilees, 2005, 2008).

Definition 3: *Brand advantage is the strength of customers' perceptions of a brand relative to competing ones in the market (Spyropoulou et al., 2011)*

2.3.2 Brand Advantage and International Competitiveness

Brand advantage is believed to influence international competitiveness since it directly influences the firm's sales or revenue, profits, growth and market share (Baldauf, Cravens, & Binder, 2003; Jin & Moon, 2006; Kim et al., 2003; Porter, 1998; Spyropoulou et al., 2011; H. Y. Wong & Merrilees, 2005, 2007, 2008). This is because strongly valued or well known brands attract repeat purchases and premium prices against unbranded or generic products, which in turn reduce marketing cost, increase sales, market share and profit margins (Aaker, 1991, 2003; Abimbola, 2001; Baldauf et al., 2003; Boulding, Lee, & Staelin, 1994; Srivastava et al., 1998; Vrontis & Papasolomou, 2007). For instance, brand image, product quality and customer loyalty are important factors in the success of UK Agri-food enterprises in international markets (Ibeh, Ibrahim, & Panayides, 2006). In particular, brand loyalty creates stability and captures market share and attains satisfactory profitability (Urde, 1994), whereas possession of an international brand was the reason why Western European MNCs quickly penetrated into the central and Eastern European emerging markets and captured more than 50 percent share of the fast moving goods market (Schuh, 2007). It is also reported that brand image greatly influences international sales of Korean apparel products (Jin & Moon, 2006). In particular, Korean apparel firms that own internationalized brands in such markets as Vietnam, China and the USA have earned international visibility even in sensitive and high end markets such as those in Beverly Hills, California and New York City. These Korean prestigious apparel brands include E-land Kids and Deco. Other Korean brands with global recognition and position include Samsung, LG and Hyundai. For China, the globally recognized brands include Lenovo, Haier, Cosco, Tsingtao beer, Geely automobiles, Suntech solar power and Li Ning sportswear (Ille, 2009).

H1: the higher the level of brand advantage, the higher the international competitiveness

2.4 Entrepreneurial Capital

2.4.1 Theoretical Conceptualization

The concept of entrepreneurial capital or resources develops from the interface between resource based theory and entrepreneurship (Alvarez & Busenitz, 2001). Hence, the resource based view of entrepreneurship (RBV) may offer an explanation of competitiveness of INVs (M. V. Jones & Coviello, 2005; Knight et al., 2004; Kocak & Abimbola, 2009; Kropp et al., 2006; Kwon, 2010; Loane & Bell, 2006; Moen & Servais, 2002; O'Cass & Weerawardena, 2009; Rialp et al., 2005; Ripolles & Blesa, 2011; Spence & Crick, 2009).

First and foremost, the concept of entrepreneurial resources reflects the role of the individual entrepreneurs in firm-level strategy formulation and implementation (Kor, Mahoney, & Micheal, 2007), firm's international development (Welch & Welch, 2009) as well as reputation and firm performance (E. Shaw, W Lam, & S Carter, 2008a). Because INVs are generally small and young enterprises, they tend to lack adequate financial and other tangible resources that large and older firms utilize to compete successfully in international markets (Kocak & Abimbola, 2009). Thus, entrepreneurial capital may be the alternative resource and is defined as the total tangible and intangible resources possessed and controlled by entrepreneurial firms (Hitt, Ireland, Camp, & Sexton, 2002; Song et al., 2008). In fact, entrepreneurial resources are equivalent to the firm's heritage and venture resources during the initial stages of international development (Welch & Welch, 2009). These resources and capabilities are described as firm-specific, potentially valuable, heterogeneous and difficult to imitate that contribute to a firm's competitive advantage (Alvarez & Busenitz, 2001). The concept also describes alternative uses, new creations or combinations of resources out of entrepreneurial actions in the firm (Alvarez & Busenitz, 2001). Therefore, the concept of entrepreneurial resources applies to individuals as well as firm level of strategic management.

In regard to what resources and capabilities influence competitiveness of INVs, it is recommended that different forms of capital, both financial and non-financial, resources need to be considered (Kocak & Abimbola, 2009), since resources that facilitate and accelerate the entrepreneurial processes are not only finances (Firkin, 2003). However, the critical resources of a firm are actually non-financial including skills, expertise, knowledge and experience possessed by entrepreneurs, managers and employees (Kocak & Abimbola, 2009; Shaw et al., 2008a).

Subsequently, the term entrepreneurial capital was used to refer to those resources or capitals used in the entrepreneurial process (Firkin, 2003). Based on Bourdieu's (1986) four forms of capital including economic, social, human or cultural and symbolic capital, entrepreneurial capital is conceptualized as the sum of economic, personal, and social capital an individual possesses (Firkin, 2003). It is argued that entrepreneurial capital comprises a person's total capital and that rather than present this total capital as the sum of Bourdieu's four forms of capital, it should be viewed as spread across three domains of economic, social and personal capital (Firkin, 2003). He contends that cultural or human capital may reside both in the individual and in the structure of relationships.

It is also required that the capital possessed by individual entrepreneurs must be recognized and valued by others in order to contribute to the competitive advantage of the firm (Bourdieu, 1986) and which is in itself a form of capital, commonly referred to as symbolic capital. Symbolic capital implies that even when entrepreneurs possess identical capital the value placed on them will be different (Shaw et al., 2008a). It is this difference in value as perceived and recognized by others that makes entrepreneurial capital heterogeneous and valuable in predicting competitive advantage of the firm. However, the externalized nature of symbolic capital makes its operationalization difficult since it requires that perceptions of outsiders or peers about the entrepreneur have to be sought (Stringfellow & Shaw, 2009).

The forms of capital are overlapping and need convertibility into an effective power (Bourdieu, 1986). However, it is a complicated process to isolate and separate the different forms of capital. Scholars suggest that the entrepreneurial capital model illustrates the many resources that people require, possess and utilize in the process of entrepreneurship rather than being limited to the individual forms of capital (Firkin, 2003; Stringfellow & Shaw, 2009). They also state that the concept of entrepreneurial capital describes the total makeup and interrelationships of the various forms of capital an individual may possess rather than the common trend where the forms of capital are studied in isolation and whose influence is separately examined. It is argued that the selective approach creates problems where components are often different in every study, which results into different interpretations of the same term and/or fragmented definitions of the forms of capital (Firkin, 2003).

Firkin (2003) further asserts that the forms of capital are interrelated, each of them can be transformed into another and therefore, all of them need to be included in an entrepreneurial capital model (Firkin, 2003; Stringfellow & Shaw, 2009). For instance, high levels of human capital in terms of education and experience usually results into possession of high levels of social capital in terms of networks and contacts; each form of non-financial capital converts into economic capital well as all other forms of capital transform into symbolic capital. In fact, the transformation of economic, human and social capital into symbolic capital, which in turn significantly influences firm reputation and performance is previously illustrated (Shaw et al., 2008a), whereas in recent developments, entrepreneurial capital was dimensionalized as economic, human, symbolic and social capital to understand the impact of dynamic interrelationship on performance of small professional service firms (Stringfellow & Shaw, 2009).

Furthermore, the combination of capital among firms may be different depending on the nature of the enterprise and the entrepreneur; firm's life cycle stage as well as internal and external environmental conditions (Firkin, 2003). This ideally implies that entrepreneurial capital is not always static or not the same across firms but may change since it can be acquired, re-organized, renewed, specialized and can become idle or obsolete (Firkin, 2003). For instance, forms of capital required for starting a business may differ from those necessary for running and sustaining a business. In that case, it is suggested that possession of financial resources and information from previous employment increases the ability to exploit discovered opportunities (Shane & Venkataraman, 2000). However, as the firm matures, entrepreneurs need to upgrade their capital through continuous mobilization, learning and networking (Stringfellow & Shaw, 2009).

Existing literature highlights other unique characteristics of entrepreneurial capital. It is emphasized that entrepreneurial capital is made up of those aspects of a person's total capital that have entrepreneurial value (Firkin, 2003). This implies that the forms of capital possessed by the firm should be relevant to the entrepreneurial context and process. Secondly, the capital possessed or accessed by any entrepreneur is always limited or constrained (Firkin, 2003). This ideally means that entrepreneurs operate within various limits of resources such as information, finance and others. Therefore, the ability of entrepreneurs to utilize their limited capital in various forms to overcome challenges and realize their business goals is very important. Therefore, it can be concluded that firms and entrepreneurs may possess different forms and amounts of capital depending on the nature of the enterprise and entrepreneur, firm's life cycle stage and environment.

Definition 4: *Entrepreneurial capital is the total sum of personal resources used in starting and running a business (Firkin, 2003).*

2.4.2 An Analysis of the Individual Components of Entrepreneurial Capital

2.4.2.1 Human Capital

According to human capital theory, owner-manager's education and experiential knowledge are valuable intangible resources to the firm (Firkin, 2003; McDougall et al., 2003). Still on what constitutes human capital, age is considered a key component, although age itself is not a resource. However, it is an indicator of the amount of experience or knowledge possessed by an individual (Shaw et al., 2008a). Consequently, old age of the entrepreneur was found to be a non significant predictor of growth of the firm where as businesses managed by the youngest entrepreneurs were found to be growing (Littunen

& Virtanen, 2009). Human capital of entrepreneurs has also been differentiated from that of wage workers. Entrepreneurs are described as generalists whereas wage workers as specialists (Lazear, 2005). Hence, recommending a balanced set of general and specialized knowledge and skills as necessary for entrepreneurs to succeed in the market. He further contends that a balanced set of skills is possibly acquired from both years of formal schooling and wage-work experience. It is hypothesized that entrepreneurial human capital is accumulated from both managerial and non-managerial work experience (Iveren, Malchow-Moller, & Sorensen, 2009). In addition, the theory of human capital applies to self-employed entrepreneurs as well as managers in incorporated firms (Lazear, 2005). Furthermore, literature reveals different ways of measuring entrepreneurial human capital including earnings (Iveren et al., 2009) and the need for achievement (Zhang & Bruning, 2011).

However, in this study human capital will be measured in terms of outcomes of education and training and experience and not the number of years. Resources such as knowledge and skills are outcomes of the investment in education and training and work experience. The justification for this choice is that the measure of number of years of education and experience may include idle years of unemployment (Iveren, Malchow-Moller & Sorensen, 2009). Previous studies also assume that one finds a job immediately after formal schooling, which is not the case in reality. Previous research findings reveal differences between the self-employed and manager's human capital (Iveren et al., 2009). The results show that the self-employed have fewer years of formal education compared to managers. In addition, the effect of formal education is insignificant in the absence of work experience. Hence, knowledge as an indicator of human capital is one way to measure the interaction effect between formal schooling and work experience, which neutralizes the differences between self-employed and managers (Iveren et al., 2009). For instance, practical skills can be acquired from formal education as well as wage work and self-employment.

Similarly, possession of significant international experience by top managers is a firm-specific resource in the form of tacit knowledge which is difficult to imitate (Barney et al., 2001). Because INVs generally lack tangible resources to invest in research and development, they rely on the owner-manager's experiential knowledge for their success in international or globalized markets. Experiential resources include general employment, entrepreneurship; firm, industry and market-specific; domestic and international experiential knowledge. Notably, market knowledge acquired by the entrepreneur or manager from abroad includes information about foreign markets environment, business and financial

opportunities, payment and documentation, foreign cultures, consumer tastes, quality and legal requirements and international business management skills. In a dynamic perspective of the knowledge based theory, international experience or market knowledge is acquired through international learning (Camison & Villar-Lopez, 2010; Spence & Crick, 2009) and renewed through international networks (Welch & Welch, 2009). In particular, INVs are able to develop international experience by initiating operations in a foreign market (Melen & Nordman, 2009). It is also important to note that the inventory of knowledge in a new firm is determined based on entrepreneurs' past experience or by employing experienced managers and employees. Hence experience accumulated can be used to overcome lack of market knowledge, which reduces the perceived level of uncertainty or risk and in turn, increases commitment to international business (Kenny & Fahy, 2011; Lu & Beamish, 2001).

Generally, human capital has been found to positively influence other forms of capital, reputation and performance of the firm (Shaw et al., 2008a). In addition, human capital has both direct and indirect influence on firm performance (Zhang & Bruning, 2011). Superior human capital boosts capabilities to process information, make decisions, innovate and network. For instance, human capital resources were found to be highly relevant for international performance of service firms (Kenny & Fahy, 2011), whereas lack of education among wine producers in Cyprus is a major constraint to brand development and the country's international competitiveness (Vrontis & Papasolomou, 2007). Further, a high level of education is a success factor for knowledge intensive ventures, especially those in the natural sciences, engineering, and information and communication technology (Madsen et al., 2008). Furthermore, vocational training was a differentiating factor between growing and non-growing new ventures (Littunen & Virtanen, 2009) while specialized information is more useful than general information in activities relating to the discovery and exploitation of entrepreneurial opportunities (Shane & Venkataraman, 2000).

According to existing literature, a number of studies have been specifically conducted on the impact of international experiential knowledge. For instance, it has been found that international experience greatly influences possession of both internationally exploitable and transferable financial and intangible assets and has a significant effect on foreign and economic performance of the firm (Camison & Villar-Lopez, 2010). It is a key driver of the firm's re-internationalization process (Welch & Welch, 2009). Re-internationalization is possible, since psychic distance and foreign risk propensity are reduced by previous experience (Roudini & Osman, 2012). International experience is a source of customer

knowledge and brand advantage (Spyropoulou et al., 2011), which greatly influence the success of INVs. It assists new ventures to access international markets and innovations, reduce uncertainty, secure supply contracts and reduces the cost of financing from international sources such as development organizations, banks and foreign direct investors (Camison & Villar-Lopez, 2010; Spence & Crick, 2009). These particular advantages are possible since entrepreneurs and managers with extensive international experience are in a better position to analyze cultural differences and deal with market changes.

International experience is also responsible for generating a higher level of confidence and continued interest and commitment in internationalization and re-internationalization among owner-managers (Melen & Nordman, 2009; Welch & Welch, 2009). Similarly, the firm learns directly from the international experience of the entrepreneur or manager through sharing and making decisions (Zou & Ghauri, 2010). In summary, entrepreneurs or managers are in a position to overcome the firm's liability of newness and lack of market knowledge, transfer assets, build brand advantage and re-internationalize as a result of international experience gained during pursuit of education, travel, residence and working abroad or with an international firm. Therefore the higher the owner-manager's human capital in form of knowledge and skills gained from training and experience, the greater the firm's capability to develop brand advantage and succeed in international markets.

2.4.2.2 Social Capital

The success of international new ventures is also closely associated with networks or social relationships of the entrepreneur and/or manager with all stakeholders such as customers, competitors, suppliers and financiers, government and education institutions (Chetty & Stangl, 2010; Kwon, 2010). Because international new ventures lack important resources such as technology, established organizational structures, human and financial resources and are vulnerable to external environmental changes, they require interactions with a wider range of stakeholders than just customers to gain access to external and complimentary resources (Kenny & Fahy, 2011). Hence, networks or social relationships are common sources of resources and capabilities that enhance the success of newly internationalized firms (Lu & Beamish, 2001). These resources are referred to as social capital (Bourdieu, 1986; Lin, 1999, 2001).

In accordance with the RBV, social capital is a strategic and sustainable resource because it is cheaper to access and build since the entrepreneur is a key player in the network; requires less financial investment and is an intangible asset difficult to access, measure and imitate (Bourdieu, 1986; Gilmore et al., 2001).

Social capital is defined as social networks in terms of weak and strong ties (Granovetter, 1973), pattern of relations among contacts within an individual's network (Burt, 1992) and/or resources embedded within the network that the individual can access regardless of the strength or the pattern of the ties in the network (Lin, 1999, 2001). Of particular importance to this study are social resources, which include information, skills and/or knowledge, finance, influence and power, social credentials such as interpersonal and communication skills, status, identity and reputation (Lin, 1999, 2001). Other social network gains include reduced transaction cost and increased speed, market power, shared risks, access to finance, technology and access to partners or network resources. In addition, social networks facilitate the creation of trust between and among actors (Gordon & Jack, 2010).

Social capital is also defined as the total resources derived from possession of a network of relationships of mutual acquaintance and association (Bourdieu, 1986), further, stating that the volume of social capital is determined based on the size of the network connections and the volume of capital generated from networks. Others have defined social capital as "something extra" greater than the individual contributions in a network (Coleman, 1988). It is also described as a measure of synergies networks create and/or network value which is the net utility after costs of forming links or ties (Wills-Johnson, 2008). The idea that social capital is embedded in both the network structure and social relations of the entrepreneur is also supported (Shaw et al., 2008a). Therefore, social capital is either embedded in the structures, relations and resources or competences in a network (Stringfellow & Shaw, 2009). It is also important to note that social capital may be created deliberately through investment strategies in terms of time or gifts and membership fees, and may be individually or collectively possessed (Bourdieu, 1986). However, generation of lasting social capital requires legitimized and institutionalized social relationships. Furthermore, membership and engagement in social networks and relations influences other capitals such as symbolic capital in terms of social position or status of the actors in a number of ways (Siisiainen, 2000).

Social capital can also be classified according to the context of the network, for instance, based on the distinction between international and domestic network relationships in terms of the value added to the firm (Gilmore et al., 2001). These scholars state that international networks are a source of market knowledge and opportunities, and that domestic networks provide collaborations through which speed or agility, quantity and quality demands of international customers are met. Network relationships are also distinguished between formal and informal ones (Littunen & Virtanen, 2009). Informal networks

consists of personal relationships, family and business contacts. On the other hand, formal networks comprise venture capitalists, lawyers, banks and trade associations. Hence, social capital derived from both formal and informal relationships and networking forms part of an entrepreneur's resources that supplement his or her education, training and experience (Littunen & Virtanen, 2009; Shaw et al., 2008a). It is further forwarded that social capital derived from informal networks is very important in the initial stages of international expansion of the business whereas formal networks are helpful in consolidating a presence in foreign markets (Hutchinson et al., 2006). However, the disadvantage with networks is in being less controllable since they involve a range of stakeholders (Littunen & Niittykangas, 2010; Ripolles & Blesa, 2011). Other challenges include the difficulty in co-operation and co-ordination of two or more partners, goal conflict, lack of trust and understanding, cultural differences and disputes over division of control (Lu & Beamish, 2001).

Drawing upon findings of previous studies, social capital enhances competitiveness of international new ventures. Specifically, this hypothesis is based on a positive relationship between network resource combinations and international performance of high tech SMEs (Kenny & Fahy, 2011); the positive contribution of social relationships to product innovation and internationalization of young and small firms at early stages of growth (Chetty & Stangl, 2010) and the fact that Korean apparel firms achieve international competitiveness through business network resources and opportunities more than through technology (Jin & Moon, 2006). In addition, it is recommended that future conceptualizations of the relationship between branding advantage and performance of export ventures should include relational or network antecedents (Spyropoulou et al., 2011).

Social capital further facilitates the development of brand advantage through co-branding opportunities, innovations and knowledge, media publicity, financial support and word-of-mouth within the network. In particular, corporate brand image is developed and delivered through network relationships with suppliers and partners, who become an important part of the brand proposition (Wills-Johnson, 2008). In addition, business relationships and positive word of mouth by all stakeholders contribute to the reputation and perception of the brand for SMEs and new ventures (Bresciani & Eppler, 2010; Merrilees, 2007; Petkova, Rindova, & Gupta, 2008; Wills-Johnson, 2008). According to the social network theory, stakeholders should not only be viewed as targets but also partners or co-creators in the development of corporate brand image (Malaska, Saraniemi, & Tahtinen, 2010). For instance customers through their brand communities, such as social media, contribute to building both functional and emotional

associations whereas close relationships with well reputed channel members contribute to gaining brand legitimacy in the market, reduced risk and promotion of the business.

Further, social network theory argues that brand building is a communicative interaction process that is externally driven rather than an internally driven process of brand development. In particular, interaction with external stakeholders and network actors contributes to co-creation of brand meaning, awareness and competitive positioning especially through word-of-mouth and above all, provides access to financial resources, expertise and knowledge of other actors in the network to develop brands (Malaska et al., 2010). Hence, social capital in the form of financial support, knowledge, expertise and other resources is crucial for INVs to be able to conduct any branding activities.

2.4.2.3 Symbolic Capital

Reputation, personality or character of the owner as externally perceived in society or social networks plays an important role in the success of entrepreneurial businesses (Boyle, 2003; Fuller & Tian, 2006; Krake, 2005; Merrilees, 2007; Rode & Vallaster, 2005)(Boyle, 2003; Krake, 2005; Rode & Vallaster, 2005; Fuller & Tian, 2006; Merrilees, 2007;). In accordance with Pfeffer (1981)'s views on management as a symbolic action, it is hypothesized that how top managers or entrepreneurs are perceived and how their personality, competencies, behaviour, or actions are interpreted externally by others may constitute a capital that impacts a firm's competitiveness.

Symbolic capital is defined as a form of capital possessed by entrepreneurs or employees that is only recognized by others (Bourdieu, 1986). Symbolic capital is also referred to as symbolic power, reputation, capital of recognition or credit of renown (Bourdieu, 1986) and is similar to social identity (Lin, 1999). Symbolic capital is also equated to trust (Putman, 1993) and is reflected by mutual reciprocity in voluntary associations and/or non-intended consequence of behaviours among actors (Coleman, 1988). Symbolic capital is also defined as the individual actor's legitimized distinction and classification in society (Siisiainen, 2000; Zott & Huy, 2007). Hence, scholars that subscribe to this school of thought conceptualize symbolic capital in terms of social class or status. Symbolic capital as reflected in reputation or prestige comprises perceived trustworthiness and credibility, reliability and responsibility of the manager, the owner or founder of the firm (Fuller & Tian, 2006; Omar, Williams, & Lingelbach, 2009; Zott & Huy, 2007).

Overall, symbolic capital is what differentiates the total capital an individual entrepreneur possesses compared to another one (Firkin, 2003). Symbolic capital is acquired through the practices of power, influence, relations and exchange and is only determined by others (Siisiainen, 2000). However, the effectiveness, perception and legitimization of symbolic capital are driven by institutional systems and communication practices, such as public relations, that facilitate the flow of information and communication among actors in a network or society (Boyle, 2003; Bresciani & Eppler, 2010; Krake, 2005; Merrilees, 2007; Ojasalo et al., 2008; Siisiainen, 2000).

However, there is a general lack of studies that include symbolic capital as a type of entrepreneurial resource. A number of research studies reviewed seem not to distinguish between symbolic and social capitals (Kocak & Abimbola, 2009; Madsen et al., 2008). Although, these two types of capital may both be embedded in social networks, they are distinct concepts (Bourdieu, 1986). Further, literature reveals that reputation studies are most popular among large firms in which reputation of the owners or shareholders is very different from that of the firm. Moreover, in the case of small firms characterized by flatter organizational structures, informal management styles, and insufficient financial resources, corporate brand image and/or reputation is highly dependent on the reputation of the owner (Boyle, 2003; Krake, 2005). On this note, owner's reputation was found to influence firm reputation and performance (Shaw et al., 2008a). Symbolic behaviour of entrepreneurs, such as personal credibility, professionalism, organizational achievement and quality of stakeholder relationships build legitimacy to acquire resources during the early stages of venture creation (Zott & Huy, 2007). In addition, reputation and credibility of the entrepreneur with stakeholders such as business partners, financiers, suppliers and customers was found to contribute greatly to acquiring the first customers or contracts, access to finance and expanding business opportunities for new ventures (Merrilees, 2007).

Further, the impact of symbolic capital in the form of owner's reputation on brand advantage is reflected in cases where the entrepreneur's name is associated with the brand (Boyle, 2003; Krake, 2005; Merrilees, 2007; Ramesh, 2001; Rode & Vallaster, 2005; Spence & Essoussi, 2010). This view seems to hold that small and/or new brands rely on the entrepreneur's personality and reputation for brand recognition and differentiation. Furthermore, the entrepreneur's personal qualities and character such as speed of decision making, trust and respect for staff were found to be factors in building brand image in successful SME new ventures (Merrilees, 2007). In addition, entrepreneur's character and personality is an important factor in the personification of SME brands (Krake, 2005). Whereas Rode &

Vallaster (2005)'s results reveal that the founder strongly imbued the firm with distinctiveness. In fact the Dyson brand's international success was a result of its association and naming after its innovator (Boyle, 2003). However, the entrepreneur's name association may be disadvantageous in another unrelated business or different market hence brand extension and stretching may be difficult (Buske, 2007). Secondly, in case of losing credibility, the entrepreneur may be associated with the business which may cause brand failure. In summary therefore, SME marketing literature reveals that building brand, identity, equity and reputation is a major responsibility of the entrepreneur and is associated with his or her innovativeness, character and personality (Abimbola, 2001; Abimbola & Kocak, 2007; Abimbola & Vallaster, 2007; Boyle, 2003; Kocak & Abimbola, 2009; Krake, 2005; Rode & Vallaster, 2005).

2.4.2.4 Economic Capital

Economic capital is defined in terms of finance or monetary value and other economic possessions such as shares, physical property for collateral and borrowings that increase an actor's capacity and influence in business, society and networks (Bourdieu, 1986; Firkin, 2003)(Bourdieu, 1986; Siisiainen, 2000; Firkin, 2001). Economic capital is also commonly related to initial or start-up financial capital of the owner. Existing literature specifies two main sources of economic capital that is personal and external sources. Personal finances include savings, borrowings and financial support from family, friends as well as bank loans based on personal collateral. External sources of finance include business angels, venture capitalists, banks, governments and others. Personal savings are the main source of initial capital for small and new ventures whereas the type of industry and size of investment may cause a variation in the financing requirements and sources. For instance, more knowledge intensive ventures are started with higher levels of capital and the main sources included government loans, personal savings and venture capital (Madsen et al., 2008). This implies that the higher the knowledge intensity of the venture, the higher the level of capital requirement and hence the externality of the source.

Although, entrepreneurship research provides adequate understanding on the potential sources of finance, there is little knowledge on "how" entrepreneurs gain access to various sources of finance and "why" they choose one form over the others (Madsen et al., 2008). It is therefore concluded that entrepreneurs easily and quickly gain access to finance using their symbolic and social capital and effectively select one form of finance over the other if they possess specific human capital (Madsen et al., 2008).

In addition, literature reveals two main perspectives of economic capital, that is, financial wealth and constraints (Parker & Praag, 2006). However, the lack of financial capital has been identified as a major barrier to new venture development and sustainable performance among small firms, especially in transitional and/or developing countries (Ivanova & Castellano, 2011; KPMG, 2011; Spyropoulou et al., 2011). Financial resource constraints have also been cited as a key source of business closures (Firkin, 2003), whereas, the level and nature of start-up financing was found to be a significant factor in differentiating growing and non-growing new firms (Littunen & Virtanen, 2009). In conclusion therefore, the amount, ability and speed of accessibility and the nature of financing seem to greatly impact the growth and success of international new ventures (Littunen & Virtanen, 2009; Spyropoulou et al., 2011).

2.4.3 Entrepreneurial Capital and International Competitiveness

According to existing literature, entrepreneurial resources are as important to new ventures as to established firms (Hitt et al., 2002), especially since entrepreneurial capital is often utilized in recognizing and taking advantage of market opportunities (Chetty & Stangl, 2010; Stringfellow & Shaw, 2009). Although most studies emphasize financial capital, more recently scholars have found a relationship between non-financial capital and performance of small firms (Firkin, 2003; Kocak & Abimbola, 2009; Shaw et al., 2008a; Spyropoulou et al., 2011; Stringfellow & Shaw, 2009). In particular, Alvarez and Busenitz (2001) argue that new ventures with limited financial capability are started based on accumulation of a variety of socially complex resources which are difficult to imitate. Shaw et al (2008) reports the interplay and effect of the human, economic and relational capital on firm reputation and performance. Similarly, Spyropoulou et al, (2011) found that financial and experiential resources contributed significantly to brand advantage and international performance of export ventures.

Petkova et al (2008)'s study illustrates how symbolic activities, human and social capital assist in building reputation for new ventures, while Welch and Welch (2009) assert that entrepreneurial resources not only drive the initial stages of internationalization but also survival and the lack of them may lead to the firm's exit. Although a number of studies report a positive impact of entrepreneurial resources on early internationalization, there is a paucity of research on the influence of the same resources on competitiveness of INVs long after establishment, whereas the lack of studies testing the impact of the dynamic interrelationships between the different forms of capital on performance of firms is obvious (Shaw et al., 2008a). However based on the findings of previous studies, it is hypothesized that INVs with

a configuration of entrepreneurial resources including finance, human, symbolic and social capital, are more internationally competitive.

H2: *the higher the level of entrepreneurial capital, the higher the competitiveness of INVs*

H5: *INVs with high levels of entrepreneurial capital are more likely to have higher levels of brand advantage*

2.5 Entrepreneurial Orientation

2.5.1 Theoretical Foundations

The concept of entrepreneurial orientation has been defined in the existing literature as the ability of the owner-manager or firm to take entrepreneurial decisions comprising proactive, innovative and risk oriented actions (Andersen, 2010; Covin & Slevin, 1991; Lumpkin & Dess, 1996; Rauch, Wiklund, Lumpkin, & Frese, 2009). It also relates to the strategy making processes, practices and management styles of firms engaged in entrepreneurial activities characterized by autonomy, competitive aggressiveness, proactive, innovative and risk taking tendencies (Lumpkin & Dess, 1996, 2001). The concept concerns the ability to plan, analyze, and implement the organizational vision, purpose, and culture in order to create competitive advantage (Rauch et al., 2009). Despite some differences in the terms used, literature review shows a great deal of consistency in the definition and conceptualization of entrepreneurial orientation. Thus, it can be summed up that entrepreneurial orientation is a top management strategy, style, philosophy, culture or norm, capability or behaviour, which emphasizes proactiveness, innovativeness and risk taking in decision making and implementation of the firm's activities (Covin & Wales, 2011).

Entrepreneurial orientation is a crucial organizational capability in making effective decisions in situations of scarce resources, dynamism, unpredictability and uncertainty about the future and/or market environment (Kocak & Abimbola, 2009; Kropp et al., 2008; H. Li & Miller, 2006), in that adopting an entrepreneurial perspective allows for a fresh approach to dealing with competition and other risks in foreign markets (Gregorio, 2005). It allows the firm to quickly seek and exploit opportunities, predict competitors' actions, change and/or adapt its resources and technology, processes, capabilities, strategies and product to the market. In particular, managers' entrepreneurial orientation plays a very important role in performing tasks and processes requiring action, flexibility, speed, creativity and resource commitment. It is suggested that EO is relevant to new venture creation as well as influencing performance of existing ones (Zhang & Bruning, 2011). Literature further reveals that when compared to

big firms, small ventures have an advantage in exercising entrepreneurial orientation (Andersen, 2010). This is because small business entrepreneurs are not affected by organizational inertia, have fewer routines, flexible structures and processes which promote entrepreneurial and innovative activities (Abimbola & Vallaster, 2007; Gregorio, 2005; Hill & Wright, 2001; Ivanova & Castellano, 2011; Krake, 2005; Rode & Vallaster, 2005; Shrader et al., 2000).

On the issue of conceptualization, there are two main perspectives in the literature, including one with three dimensions (Covin & Slevin, 1989; D. Miller, 1983) and the other with five dimensions (Lumpkin & Dess, 1996). Entrepreneurial orientation is commonly described as constituting proactive, innovative and risk taking actions (Covin & Slevin, 1989; Covin & Slevin, 1991; D. Miller, 1983), where proactiveness is the opportunity-seeking and forward-looking behaviour such as launching of new or modified products before competitors and keeping informed of the changing market environment at all times. Proactive behaviour comprises opportunity recognition, alertness and exploitation and this behaviour differentiates between high and low performing internationalized firms (Crick & Spence, 2005). It has also been defined as help-seeking behaviour such as the ability to recognize a knowledge gap and actively seeking for information, assistance or possible solutions to the problem (Studdard & Munchus, 2009). Literature review further reveals that proactive behavior is an important dynamic capability which recognizes that the environment is ever changing and therefore there is a need to learn, initiate and innovate faster (Aldrich & Martinez, 2001; Dimitratos & Jones, 2005). Hence, speed, flexibility and initiative of the entrepreneur or manager in seeking and responding to international market opportunities and changes are relevant proactive capabilities to achieving high performance.

Innovativeness is the ability of the firm or managers to create and introduce new products, markets, or uses, processes and technology or ways of production, processing and marketing of a product. In particular, the ability to continuously develop new products designs, distribution and strategic partnerships in foreign markets greatly contributed to the success of small Agri-food companies in UK (Ibeh et al., 2006). Other innovative initiatives include investments in research and development, quality improvement and cost reduction (Singh et al., 2008). However when compared to large-sized firms, the innovative process in SMEs is more informal and less structured (Singh et al., 2008) and although, managerial competencies, finances and skills are a prerequisite for innovative activity, these are usually lacking among SMEs. Despite these inadequacies, small firms are generally responsible for the high

proportion of innovations in products and services globally (Singh et al., 2008). This is probably due to the high level of flexibility in the organizational structures and systems.

On the other hand, risk-taking behavior reflects the ability and/or readiness to venture into the unknown, to borrow and commit significant amounts of resource into uncertain environments and tasks (Scheepers, Hough, & Bloom, 2008; Wang & Poutziouris, 2010). However, entrepreneurship not only involves willingness to take risks but also searching for possibilities of minimizing risks (Kor et al., 2007). For instance, foreign market risks faced by smaller and newer firms can be minimized by utilizing the entrepreneur's inventory of knowledge on the market and/or opportunities, which knowledge may be sourced from previous experience and/or networks. Entrepreneurial or risk oriented decision making is specifically important in an uncertain business environment where there is incomplete information for business judgment. Hence, risks may be minimized through experiments, testing markets and trials. Further, it is from these risky trials that entrepreneurs or firms learn failures or successes.

Other dimensions of entrepreneurial orientation include competitive aggressiveness and autonomy (Lumpkin & Dess, 1996). Competitive aggressiveness is the intensity or effort by the firm or entrepreneur to out-compete rivals and aggressively respond to competitors' threats. Autonomy is the independence on the part of the employees or teams in making decisions and actions that generate innovations in the firms. Recent research developments seem to suggest other components of entrepreneurial orientation such as employee or leadership orientation and communication (Kropp et al., 2006; Peters, Wong, & Kraus, 2009). Entrepreneurial leadership orientation is characterized as respecting and trusting employees in the execution of tasks through delegation and allowing employees to take responsibility for the consequences of their decisions. This seems to be a significant characteristic in fostering competitive performance of the firm (Peters et al., 2009). However, leadership capability seems to be synonymous with employee autonomy which is not a common characteristic of entrepreneur's behavior in smaller and newer firms. In contrast however, (Scheepers et al., 2008) consider strategic leadership as an antecedent of corporate entrepreneurship. These scholars argue that strategic leadership, support and employee autonomy are a prerequisite for corporate entrepreneurial activity to take place especially in terms of encouraging employees to solve problems in innovative and proactive ways and take on moderately risky opportunities.

Other scholars have examined the effect of communication as a key component of entrepreneurial orientation which is necessary during the start-up decision of international new ventures (Kropp et al., 2008). Communication generally refers to the ability to communicate with others including customers, employees, suppliers and partners during the entrepreneurial process. In particular, the vision of the new venture should be internally communicated to encourage the employee team to collaborate, promote and foster the innovative project (Kropp et al., 2006). Further, communication among team members is important for building trust and teamwork. However, it was established that communication does not affect long term performance of international new ventures (Kropp et al., 2006). These scholars argue that communication is more important during the start-up stages of international venture development and that it is not as important as other elements of entrepreneurial orientation at the growth and survival stages (Kropp et al., 2008; Kropp et al., 2006). They further explain that although communication is important, limited financial resources dictate that “action rather than talk” drive success in competitive international markets.

Consequently, most studies on SMEs and/or INVs define entrepreneurial orientation as a three dimensional construct in terms of proactive, innovative and risk taking behaviour (Covin & Slevin, 1991; Keh, Nguyen, & Ng, 2007; Lee et al., 2001; Peters et al., 2009; Scheepers et al., 2008; Wiklund & Shepherd, 2005). In addition, the majority of previous studies analyze entrepreneurial orientation at the individual entrepreneur level neglecting operationalization of the construct at the firm and international level (Keupp & Gassmann, 2009). It is also argued that manager’s or leader’s entrepreneurial orientation is equal to that of the firm especially in the early stages of internationalization (Kropp et al., 2008). Although the issue of whether the effect of EO construct can be reduced to its constituent elements is still debatable, firms can only be entrepreneurially oriented and attain profitability and competitiveness, if they are simultaneously proactive, innovative and risk taking (Urban & Barreira, 2009). Therefore, consistent with previous studies, the current study conceptualized entrepreneurial orientation as an aggregate concept comprising proactive, innovative and risk taking behaviour.

Definition 5: *Entrepreneurial orientation is the ability to plan and implement the firm’s activities with a degree of proactiveness, innovativeness and risk taking behaviour (Covin & Slevin, 1991).*

2.5.2 Entrepreneurial Orientation and International competitiveness

According to extant literature, entrepreneurial orientation plays an important role in the development of competitive advantage and long term performance of firms (Covin, Green, & Slevin, 2006; Keh et al.,

2007; Lumpkin & Dess, 1996; Rauch et al., 2009; Wiklund & Shepherd, 2005; Zhang & Bruning, 2011). Some scholars suggest specific significant relationships between entrepreneurial orientation components and performance of international new ventures (Keupp & Gassmann, 2009; Kocak & Abimbola, 2009; Kropp et al., 2006; O'Cass & Weerawardena, 2009). In particular, innovative behaviour is the most significant factor in driving the success of international new ventures (Kropp et al., 2006). Similarly, most high performing exporters are more innovative and proactive in either production, marketing and/or exporting (Ibeh & Young, 2001; Maurel, 2009). Although most previous results are inconsistent, risk taking propensity has been found to positively stimulate sales performance (Wang & Poutziouris, 2010). Furthermore, in cases of resource deficiencies and stiff competition, proactiveness and risk taking actions are managerial qualities that would enable firm performance in international markets (Fillis, 2001). Therefore, the relationship between entrepreneurial orientation and international competitiveness is inferred.

However, some studies have not found a significant relationship between entrepreneurial orientation and performance of the firm in terms of sales growth and profitability (Andersen, 2010). This is attributed to taking high risks, which are likely to cause losses for companies and eventually their closure (Andersen, 2010; Wang & Poutziouris, 2010). Although proactiveness was found to have a significant relationship with growth in sales, researchers are cautioned on the type of data used in measuring the effect of entrepreneurial orientation on performance. It is argued that subjective data is most likely to indicate false significant effects than objective or actual performance data (Andersen, 2010). This seems to result from the fact that the more entrepreneurial an individual is, the more optimistic they are in terms of performance and therefore are likely to assign high ratings to their performance. In summary therefore, literature review reveals mixed and/or inconsistent results regarding the effect of entrepreneurial orientation on performance. These inconsistencies are attributed to methodological mistakes in using its constituent elements and therefore more research is needed to examine its aggregate effect on firm performance.

Furthermore, most previous studies and empirical tests on EO-Performance relationship have been done in North America and Europe (Rauch et al., 2009). This reveals lack of empirical studies in developing country contexts. In addition, most of the studies on the relationship between entrepreneurial orientation and performance, have rarely considered the effect of moderators (Rauch et al., 2009) and/or mediators in the relationship (Kocak & Abimbola, 2009). Therefore, there is need to

examine the effect of mediating and/or moderating variables in the EO-performance relationship. Furthermore, few studies point to the impact of entrepreneurial orientation in combination with other factors among international new ventures (Keupp & Gassmann, 2009; Kocak & Abimbola, 2009; Kropp et al., 2006). Hence, there might be an urgent need to examine the interaction effect of EO with other factors on firm performance.

H3: the higher the level of entrepreneurial orientation, the higher the international competitiveness.

2.5.3 Entrepreneurial Orientation and Brand advantage

Although, branding is synonymous with large and established multinational companies, several scholars suggest that branding is also beneficial to small and new firms' performance (Abimbola, 2001; Boyle, 2003; Krake, 2005; Merrilees, 2007; Petkova et al., 2008). However, establishment of strong brands in recognition, image and quality is a costly process, resulting in the need for intensive and expensive marketing communications and research and development (G. Hankinson, 2004; Spence & Essoussi, 2010; Spyropoulou et al., 2011). Notably, SMEs and in particular, new ventures, cannot practice conventional marketing due to inadequate resources and because owner-managers lack expertise knowledge, behave and think differently from managers in large companies (Gilmore et al., 2001; Rode & Vallaster, 2005). Since entrepreneurial orientation is a strategy applied in situations of resource constraints, it has the ability to enhance the development of brands in INVs (Merrilees, 2007). This potential relationship between entrepreneurial orientation and brand development is referred to as entrepreneurial branding (Boyle, 2003; Krake, 2005; Merrilees, 2007; Peters et al., 2009). It is defined as the nature of brand development and management that applies to situations of serious resource limitations, which necessitates entrepreneurs or managers to take on unconventional and cost effective approaches to brand building (Abimbola, 2001; Boyle, 2003; Gilmore et al., 2001; Krake, 2005).

Consequently, the influence of entrepreneurial orientation in new ventures and SMEs includes adoption of non-traditional and creative branding methods such as online, public relations and word-of-mouth rather than expensive television and press media amidst competition from big firms (Ojasalo et al., 2008; Rode & Vallaster, 2005; Simmons, 2007). Other entrepreneurial branding means include creation of innovative and differentiated brands through brand venturing (Rensburg, 2012), co-branding (Young, Hoggatt, & Paswan, 2001), and brand partnerships or alliances (Delgado-Ballaster & Hernandez-Espallardo, 2008). Brand venturing involves a large firm taking an equity stake in promising new brands or small companies run by entrepreneurs. Whereas co-branding, brand alliances or partnerships refer to

circumstances in which two or more brand names are jointly presented to the consumer (Delgado-Ballaster & Hernandez-Espallardo, 2008). Co-branding can take place in the form of product combinations, bundled products, joint sales promotions and/or advertisement. This type of entrepreneurial branding strategy improves corporate image through signaling greater product quality and enhances trust and reputation of a new brand (Delgado-Ballaster & Hernandez-Espallardo, 2008). It is also believed that proactive business ventures can easily establish brand recognition and quickly attract high returns (Lee et al., 2001). Other scholars intimate that the success of brands or extensions for small and new ventures requires entrepreneur or manager's innovative, proactive and risk taking propensity in allocation of resources, target market selection, message and communication development (Abimbola, 2001; Boyle, 2003; Krake, 2005; Merrilees, 2007; Peters et al., 2009; Simmons, 2007). Therefore, development of brand advantage in international new ventures may be influenced by entrepreneurial orientation of the managers (Merrilees, 2007).

H6: INVs with high levels of entrepreneurial orientation are more likely to have higher levels of brand advantage.

2.6 Brand Orientation

2.6.1 Theoretical Conceptualization

The importance of brands as a source of competitive advantage in international or global market is well recognized (Schuiling & Kapferer, 2004; Urde, 1994). Brands are legally protected intangible assets and cannot be easily copied by competitors (Urde, 1994). Hence, they are a source of intellectual property and immutable assets for sustainable competitiveness (Abimbola, 2001). Branding is generally defined as the process of creating and delivering value to customers better than the competitors in order to attract and win back customers (Aaker, 1991; Keller, 1993). The value of branding is realized when recognizable brands, organizational identity and reputation are created (Abimbola & Vallaster, 2007).

Brand orientation is considered a vital strategic resource for firms to succeed in international markets (Urde, 1994; H. Y. Wong & Merrilees, 2007). In particular, it is a survival strategy for firms facing decreasing product differentiation, escalating media costs and increasing globalization of markets (Urde, 1994). This is because it has the ability to turn threats into opportunities by focusing the company's operations on the development, differentiation and protection of brands relative to competing ones. Scholars have however, argued against adopting a narrow perspective of branding such as just having a brand name and recommend a more comprehensive and strategic approach to branding in particular, a

brand orientation that prioritizes both customers and brands in strategy development (Urde, 1994, 1999).

Brand orientation is also considered a dynamic organizational capability that drives and ensures sustainability of competitive advantage in competitive market environments (Bridson & Evans, 2004). The act of building brands for products, services and organizations is one of the four principal dynamic capabilities in marketing (Maklan & Knox, 2009). In particular, branding builds product brands that facilitate transactions; corporate brands which are the cornerstones of one-to-one relationships between the firm and consumers and networked based brands resulting from the growth and popularity of internet and networks between the firm, customers and the supply chain. The latest type has facilitated development of consumer brand communities and co-brands in franchise relationships such as those between McDonalds and Wal-Mart and Little Caesars and Kmart in the USA (Young et al., 2001) (Young, Hoggat and Paswan, 2001). Therefore, branding is an entrepreneurial and/or innovation act that enables fast paced introduction of innovations, continuous renewal and re-launch of existing products in the market (Abimbola, 2001; Merrilees, 2007).

Further, scholars suggest that brand orientation is a type of marketing orientation and culture within the firm, characterized by high relevance and priority accorded to branding by top management and/or employees (Urde, 1994; 1999; Hankinson, 2001; Wong and Merrilees, 2005; 2007; 2008; Baumgarth, 2010). In fact, brand orientation is “market orientation plus”(Urde, 1994) or an additional degree of sophistication to market orientation (Baumgarth, Urde, & Merrilees, 2013). These descriptions seem to suggest that firms that are brand oriented simultaneously consider the strategic importance of satisfying customer needs and wants (outside-in perspective) as well as building strong brand identity in the customers’ mind (inside-out perspective).

The review of extant literature further reveals a number of operational definitions of brand orientation. Brand orientation is defined as “an approach or strategy in which the processes and activities of the organization revolve around the creation, management and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantage in the form of brands” (Urde, 1994). Brand orientation is also defined as the “degree to which the firm values brands and its practices are oriented towards building brand capabilities” (Bridson & Evans, 2004) whereas Wong and Merrilees (2008) assert that brand orientation is “a mindset or attitude that ensures that the

brand is recognized, featured and favoured in the overall marketing strategy” (H. Y. Wong & Merrilees, 2008). All in all, these definitions portray brand orientation as the extent to which a firm’s marketing strategy and activities are focused on building brand advantage and its strategic importance.

Hence, brand orientation represents the strategic approach in which the brand is the centre and/or starting point in the whole planning process, for example in corporate and marketing planning (H. Y. Wong & Merrilees, 2008). In addition, brand orientation reflects top management responsibility in making branding decisions and ensuring that there is total understanding of brand values among all staff in the company (P. Hankinson, 2001a; Urde, 1999; H. Y. Wong & Merrilees, 2005, 2007, 2008). It is also important to note that brand manifestations are not only embedded in objects such as products but also in the activities such as corporate communications and designs, culture, people and patterns of behavior in the organization (Baumgarth, 2010; Rode & Vallaster, 2005). Hence, brand orientation is also reflective of the degree to which the brand is expressed in the company’s core values and beliefs, strategy, products, service and in every internal and external activity in which the company is involved (Baumgarth, 2010; Krake, 2005; Simoes & Dibb, 2001; H. Y. Wong & Merrilees, 2007). This reflection, in particular, indicates the extent of strategic use of the brand or the level of integration of the brand in all corporate activities, culture, and behaviour patterns as an important dimension of brand orientation.

Brand orientation can also be understood from different points of views. First and foremost customers view a brand oriented firm as one that consistently delivers its promise of value through the way the product is developed, produced, presented, sold, serviced and advertised. In this view, brand orientation is a prerequisite for attaining brand distinctiveness relative to competitors in the market (H. Y. Wong & Merrilees, 2008). In other words, customers have no basis to choose a company’s brand if it is not perceived as unique and different from other brands in the market. The other is the traditional organizational view, which considers the corporate name as the brand. This view can be referred to as corporate brand orientation which is synonymous with big and older multinational firms, service and business to business context (Baumgarth, 2010). In this view, corporate image is the key outcome of brand orientation (Baumgarth, 2010; Rode & Vallaster, 2005). Further, this view puts emphasis on corporate culture, size of marketing budget, product quality, competence of sales team and the use of expensive conventional advertising to build corporate image (Abimbola, 2001; Krake, 2005). For instance, in a business to business context, brand orientation is conceptualized by integrating market orientation and corporate culture (Baumgarth, 2010). In this context, the size of the marketing budget,

the belief in the brand and the understanding of the principles of brand management at top management level are important factors in the success of the company (Baumgarth, 2010).

In SMEs however, brand orientation signifies the entrepreneur's branding awareness, vision and understanding of a brand and its core values (Bresciani & Eppler, 2010; Peters et al., 2009; H. Y. Wong & Merrilees, 2008). Particularly in SME marketing, the responsibility of entrepreneurs or managers is to make sure that the product has a clear brand name and identity to differentiate it from competing brands, and emphasize its advantages and personality through innovative communication initiatives (Abimbola, 2001; Krake, 2005). Therefore in this particular context, it is important to measure brand orientation through evaluation of the entrepreneurs' branding knowledge, perceptions and initiatives (Bresciani & Eppler, 2010; Peters et al., 2009; Spence & Essoussi, 2010). Brand orientation in the SME context further constitutes the degree of managerial responsibility in rallying the entire organization and its resources towards building and promoting a cohesive brand (Abimbola, 2001; P. Hankinson, 2001a; Urde, 1994). It is also important to emphasize personal service by the owner him or herself in SMEs, which advantage is highly valued by customers but absent in large firms (Krake, 2005).

In a service context, a brand is interpreted as everything experienced by the customer, hence employee behaviour during service interaction is very important in indicating brand orientation. This is what is referred to as behavioural branding (Bresciani & Eppler, 2010) and/or internal branding (Baumgarth, 2010). In service marketing, the strongest impressions of a brand come from the service encounter and every interaction affects the service brand image (De Chernatony & Drury, 2006). Aaker (2004) argues that people in an organization, especially in a firm with a heavy service component, provide the basis for the corporate brand image. If employees appear engaged, interested in customers, empowered, responsive, honest and competent, the corporate brand will tend to attract greater respect, liking, desire and ultimately loyalty (De Chernatony & Drury, 2006). Consequently in a service context, brand orientation is actualized when a total understanding of what branding is and means among all staff in the firm is achieved (H. Y. Wong & Merrilees, 2005).

Branding is not only important to older firms but also new ones (Ojasalo et al., 2008; Rode & Vallaster, 2005; H. Y. Wong & Merrilees, 2007). This area of branding specific to new ventures is called start-up branding (Bresciani and Eppler, 2010) and/or entrepreneurial branding which refers to branding in entrepreneurial, smaller and younger firms as well as the adoption of innovative methods of branding

activities (Krake, 2005; Peters et al., 2009). Brand orientation for new ventures is reflected in the entrepreneur and/or managers' understanding and perceived relevance of branding and the nature of branding activities employed (Bresciani & Eppler, 2010). These scholars further discuss that a new venture with branding capability is one that crafts a clear brand vision and values right from the start, warning that the costs of subsequent changes to corporate identity are very high. The study reports that usually new ventures perceive the relevancy of branding as being secondary to financing and production. In addition, it is recommended that new ventures adopt unconventional and innovative approaches to branding such as events, and on-line branding since they are cost effective (Bresciani & Eppler, 2010). On the contrary, new ventures scarcely employ public relations and co-branding activities which would further minimize costs of marketing. However, this study focused on the largest and most successful start-up companies in a domestic context of Switzerland. Hence, the value of these findings in small to medium sized international new ventures originating from a developing country context is limited. Literature further reveals that in most cases, decisions regarding brands in entrepreneurial firms are managed by the owner manager and the venture may possess both corporate and product brands (Abimbola & Kocak, 2007; Bresciani & Eppler, 2010; Krake, 2005; Rode & Vallaster, 2005). Finally, Rhode and Vallaster, (2005) recommend four dimensions of corporate branding to be emphasized in developing identity of new ventures that include corporate culture, design, behaviour and communications.

Definition 6: *Brand orientation is the degree to which a firm values brands and ability to focus its resources, processes and activities on the creation, management and protection of brand identity (Bridson & Evans, 2004; Urde, 1994).*

2.6.2 Types of Brand orientation

Several scholars have developed different clusters or typologies of brand orientation. These reflect the different approaches to branding in different firms, industry or market contexts. The topologies ranging from minimalist, embryonic to integrated brand orientation were developed based on the approach to branding and level of performance (H. Y. Wong & Merrilees, 2005). Mowle and Merrilees (2005) suggested two approaches to branding among Australian SME wineries that is product-driven and market-driven branding. More recently, four clusters of branding classified based on industry expectations and firm's attitude towards branding and the nature of branding activities among new ventures in Switzerland have been suggested (Bresciani & Eppler, 2010). These archetypes include damned to brand with no choice but to brand since they perceive branding a constraint rather than an

opportunity; tech-marketers are technological firms with a clear brand vision who mostly utilize innovative and online branding activities; far sighted are firms in industries which do not really require great branding to survive but choose creative branding as a long term competitive advantage; and traditionalist who do not believe that branding contributes to company development and emphasize traditional and product driven approaches to communication. Further, branding in new ventures can be classified as either descriptive (suggestive) or fanciful based on choice of name (Bresciani & Eppler, 2010). While a fanciful name is unique and sustainable, a descriptive name is difficult to protect from duplication and may not differentiate the product from competing ones which is the ultimate goal of branding.

2.6.3 Approaches to Measuring Brand Orientation

Scholars have also advanced research work on the measurement of brand orientation (Ewing & Napoli, 2005; Gromark & Melin, 2011; P Hankinson, 2001a; P Hankinson, 2001b), which seem to follow Urde (1994)'s advice on the transition from product to brand orientation. The eight (8) advices on the core of brand orientation includes making brand issues management issues, developing a brand vision, an inventory of company brands and patents, defining company added value, formulating a branding strategy, synchronization of communication, investing in marketing communication and developing branding competences. Previous works on concept development of brand orientation have taken various perspectives including an industry-perspective such as the charity sector (P Hankinson, 2001a; P Hankinson, 2001b) whereas others have taken context-specific focus such as SMEs (H. Y. Wong & Merrilees, 2005); business-to-business sector (Baumgarth, 2010) and largest companies (Gromark & Melin, 2011).

Non-profit brand orientation is conceptualized in terms of three dimensions including attitudes, behaviour and capabilities (P Hankinson, 2001b). The concept is further operationalized as a combination of branding practices that include understanding a brand and its values, brand communication initiatives, strategic use of a brand and brand management responsibilities. Literature review reveals another similar measure of non-profit brand orientation (Ewing & Napoli, 2005). These scholars define brand orientation as the ability of the organization to generate and maintain a brand meaning that induces superior value to stakeholders and organizational performance. According to them, the construct of brand orientation comprises three dimensions of orchestration (ability to implement marketing activities that deliver consistent brand messages to both internal and external

stakeholders); interaction (ability of the organization to use market information to create and deliver superior value to stakeholders) and affect (the organization's understanding of stakeholders' brand attitudes and feelings including likes and dislikes).

Brand orientation is also measured in terms of attitudes by investigating how essential branding is to the company's overall strategy (H. Y. Wong & Merrilees, 2005, 2007, 2008). Some scholars have emphasized the existence and size of marketing budget as a key indicator of brand orientation (Krake, 2005), whereas other conceptualizations parameterize brand orientation into functional, value added, distinctive and/or symbolic orientations (Bridson & Evans, 2004). However, the conceptualization by Bridson and Evans, (2004) and Krake, (2005) focus on brand capabilities or attributes and resources respectively excluding managers or employee capabilities, behaviour and attitudes toward branding.

Gromark and Melin (2011) identified eight dimensions of brand orientation including approach to branding, implementation of brands in strategy, brand goals and follow-up, relationships, identity development and protection, use of brand values in operational development, top management participation in brand development and responsibilities and roles. However, Bridson and Evan (2004) and Gromark and Melin (2011)'s conceptualizations are more aligned to big and well established multinational firms rather than small and new firms. Therefore, the relevance of their definitions and measurement of brand orientation seems to be limited in an entrepreneurial perspective where the manager or entrepreneur's attitude, behaviour or actions and capabilities play a central role in management of the venture.

Literature review further reveals a customer based measure of brand orientation with underlying dimensions of uniqueness, reputation and orchestration (Mulyanegara, 2010). Furthermore, based on the argument that previous empirical research efforts have conceptualized brand orientation as a single construct, ignoring other components of the brand, another measure of brand orientation based on its internal structure in terms of culture (values, norms, and artifacts) and behaviour in a business to business context has emerged (Baumgarth, 2010). This approach emphasizes corporate culture and behaviour as critical components of branding in a business to business context. The scholar further suggests that when deciding on the measurement of brand orientation to adopt, it is important to distinguish between fundamental and situational differences. Situational differences that researchers should pay attention to include the nature of the product (goods or services), customers (individual

consumers or business) and market (domestic or international). He states that his model of brand orientations is not only relevant for business-to-business contexts but also where internal branding is a key success factor, such as in the service sector. It is also important to consider the fundamental firm differences such as firm size (H. Y. Wong & Merrilees, 2005) and age (Bresciani & Eppler, 2010). A summary of different measurement scales and approaches for brand orientation is presented in Table 2-8 below.

Table 2-8 Operationalization and Measurement Scales of Brand Orientation

Context	Perspective	Dimensions	Authors
Non-profit	Attitudes, behavior & capabilities	- Understanding the brand, - Communicating the brand - strategic use of the brand - brand management responsibilities	Hankinson, 2001b
Large	Brand capabilities	- functional - value added - distinctive - symbolic	Bridson & Evans, 2004
SMEs	Resources	- size of the marketing budget	Krake, 2005
Non-Profit	Capabilities	- Ochestration - Interaction - Affect	Ewing & Napoli, 2005
SMEs	Attitudes	- the brand flows through all marketing activities - branding is relevant to overall strategy - branding is essential in management of this firm - Long term brand planning is essential to our firm - The brand as an important asset to our firm	Wong & Merrilees, 2007
B2B	Corporate culture & behavior	- Values, norms, artifacts & behavior	Baumgarth, 2010
Non-profit	Customer perceptions	- Uniqueness - Reputation - Orchestration	Mulyenegera, 2010
Large	Organizational activities	- brand approach; - implementation; - goals and follow-ups; - relationships; - identity development & protection; - operational development, - top management participation; - responsibility & roles	Gromark & Melin, 2011

Source: Literature review

In accordance with Hankinson (2001a)'s dimensions and as summarized in table 2.8 above, it can be concluded that most previous research works have variously conceptualized brand orientation and most

popularly in terms of either attitude and/or behaviour, ignoring the relevancy of capabilities component. Hence, the current study addresses this gap in measurement of brand orientation.

2.6.4 Brand Orientation and International competitiveness

Brand orientation has both direct and indirect influence on firm's performance (H. Y. Wong & Merrilees, 2008). Brand orientation as a survival strategy generates synergy in production and marketing and achieves cost reduction through co-ordination of all resources towards the same goal, differentiates and adds value to the product, which forms an effective protection against competition and increases sales which are the basis of long term profitability and competitiveness (Urde, 1994). Brand orientation as a strategic asset has the ability to enhance firm competitiveness, generate firm growth and profitability (Urde, 1999). It also contributes positively to the achievement of company objectives (P Hankinson, 2001a). In addition, some previous studies have found a specific positive relationship between top manager brand orientation and firm's performance (Baumgarth, 2010; P Hankinson, 2002; H. Y. Wong & Merrilees, 2005, 2008). For instance, Baumgarth (2010)'s findings provide evidence of a positive influence of brand orientation on company performance. Brand orientation greatly contributes to small firm's competitive performance and survival in the market (H. Y. Wong & Merrilees, 2005).

Other scholars also agree that development of brands among new ventures is important for customer acquisition, satisfaction and retention and survival in dynamic market environments (Boyle, 2003; Merrilees, 2007). In addition, being brand oriented right from the start has advantages for low budget new ventures in terms of reducing costs associated with branding mistakes especially in the choice of name or logo and as result of subsequent changes (Bresciani & Eppler, 2010). Other scholars have categorically established that brand orientation positively influences both subjective and objective firm financial performance (Gromark & Melin, 2011; H. Y. Wong & Merrilees, 2008). However, very few empirical studies have to date investigated the effect of branding on the success of international new ventures in particular (Altshuler & Tarnovskaya, 2010; Gabrielsson, 2005). Hence, the current study endeavours to close this gap in knowledge.

H4: the higher the level of brand orientation, higher the international competitiveness.

2.6.5 Brand Orientation and Brand Advantage

Branding is a source of competitive advantage (Aaker, 2003). In particular, brand orientation is a means of differentiation that contributes to successful development of a strong brand that can withstand

pressures in increasingly competitive environments (P Hankinson, 2001a; P Hankinson, 2001b). Brand orientation increases a firm's visibility and position in international markets, which in turn influences the firm's competitiveness (Jin & Moon, 2006). Accordingly, effective design, execution and management of marketing communications directly influences branding advantage of export ventures (Spyropoulou et al., 2011). Notably, the information provided through brand communications contributes to the development of brand awareness and image whereas the brand design directly influences perceived quality and customer emotional responses (Kaplan, 2009).

The benefits of focusing on building successful brands include creating a differential advantage, commanding premium prices and building long term loyalty (O'Loughlin & Szmigin, 2005). Brand orientation creates brand distinctiveness or differentiation and positively influences brand performance of small firms (Tuominen, Laukkanen, & Reijonen, 2009; H. Y. Wong & Merrilees, 2005). It is responsible for developing specific qualities that make the brand offer consistent and relevant to buyers as well as competitive in the market (Delgado-Ballaster & Munuera-Aleman, 2005). Brand oriented marketing greatly contributes to development of corporate identity and reputation for new ventures (Petkova et al., 2008; Rode & Vallaster, 2005; Steiner, 2003). Baumgarth, (2010) highlights the need to examine the relationship between internal brand orientation and external brand equity. In conclusion therefore, attainment of brand advantage as felt and perceived by customers requires entrepreneurs or top manager's brand focus, involvement, support, motivation and initiatives (Bresciani & Eppler, 2010; Spence & Essoussi, 2010; Urde, 1994; H. Y. Wong & Merrilees, 2005, 2007, 2008).

H7: INVs with high levels of brand orientation are more likely to have high levels of brand advantage

2.7 Mediating Role of Brand Advantage

According to existing literature, brand advantage plays a significant role in the relationship between resources, capabilities and firm performance. For instance, a study hypothesized that export ventures with branding advantage are likely to counteract and withstand the global competitive pressures to sustain their superior performance over time (Spyropoulou et al., 2011). In particular, that study established that branding advantage enhances the relationship between firm's financial and experiential resources, communication capabilities and performance of export ventures. Similarly, the relationship between market orientation and performance of international new ventures transmits through product quality and differentiation (Knight et al., 2004). Further, brand distinctiveness was found to have a significant positive effect in the relationship between brand orientation and performance of relatively

small firms (H. Y. Wong & Merrilees, 2005, 2008) while brand performance is said to have a significant positive influence in the relationship between brand orientation and performance of international firms (H. Y. Wong & Merrilees, 2007). However, a review of existing literature reveals the extreme lack of knowledge on the impact of brand advantage in the relationship between resources, capabilities and competitiveness of INVs. Therefore, modelling competitiveness of INVs may be incomplete without consideration of the mediating effect of brand advantage.

H8: *to a great extent brand advantage mediates the relationship between entrepreneurial capital and international competitiveness*

H9: *Brand advantage greatly influences the relationship between entrepreneurial orientation and competitiveness of INVs.*

H10: *to a large extent brand advantage influences the relationship between brand orientation and international competitiveness.*

2.8 Configuration of Entrepreneurial and Branding Resources and Capabilities

A configuration is defined as “any multidimensional constellation of conceptually distinct characteristics that commonly occur together” (Meyer, Tsui, & Hinings, 1993). Thus the main tenet of configuration theories is that a combination of several organizational attributes has a greater effect on organizational performance than the individual effects of the same attributes (Andrevski, Brass, & Ferrier, 2013), whereas configuration analysis relates to testing for the effect of a combination of multiple independent variables on the dependent variable (Delery & Doty, 1996). Hence, the approach adopts a system’s view of analysis rather than testing for individual independent effects of attributes on an outcome.

It is also stated that effective configurations are those that achieve both horizontal and vertical fit (Delery & Doty, 1996) and in some cases external fit. Fit relates to an important uniting aspect of the various elements configured (Meyer et al., 1993). Horizontal fit refers to internal consistency of attributes of the same type when combined while vertical fit is the congruence of different organizational attributes when combined. Fit is also classified as internal or external fit. External fit refers to alignment of internal systems to external or market forces (Delery & Doty, 1996) whereas internal fit is the congruence of one system with others within the organization (Takeuchi, Wakabayashi, & Chen, 2003).

Configurations are built on a number of assumptions including holistic inquiry, nonlinearity, synergistic effects, equifinality and theoretical construct type (Delery & Doty, 1996; Fiss, 2007; Meyer et al., 1993).

First, configurations are posited through holistic inquiry through which unique combinations of factors that possess the maximum effect on the dependent variable are identified and hence, they are nonlinear; synergistic effects and high order interactions. They are characterized with equifinality, which means that there exist multiple configurations out of a set of relevant factors identified and each can result into maximum effect on the outcome and ideal configurations are of theoretical construct type rather than empirically observable variables.

Literature further provides options on the methods of configuration analysis, which include two-way and three-way interactions; cluster analysis, deviation scores and a set-theoretic approach (Fiss, 2007). In particular, multiplicative three-way interactions are suitably used in testing for the effect of configurations consisting of three theoretical constructs (Andrevski et al., 2013; Dess, Lumpkin, & Covin, 1997). Therefore, the three-way interaction helps us to further understand the relationship between entrepreneurial and branding resources and capabilities and competitiveness of INVs. This is premised on the argument that the value of resources and capabilities for competitive advantage lies rather in their configurations than in themselves (Eisenhardt & Martin, 2000). Secondly, competitiveness is a complex phenomenon and a single factor may not be effective in predicting it. Scholars contend that firms which are configured on many constructs perform better than those that are aligned on one or two constructs (Dess et al., 1997; Wiklund & Shepherd, 2005). Thirdly, since entrepreneurial orientation is a necessary but not sufficient influencer of firm performance (Andersen, 2010), configuration with other resources or capabilities may address its weakness.

Configuration theories have been previously applied to various fields of management including human resource management (Chow, Huang, & Liu, 2008; Delery & Doty, 1996; Takeuchi et al., 2003), organizations (Fiss, 2007; Meyer et al., 1993), strategy (Dess et al., 1997), alliances (Andrevski et al., 2013) and these studies provide evidence of multivariate configurations being more predictive of firm performance. However, we should be mindful that not all configurations present competitive advantages (Andrevski et al., 2013).

As a development in RBV, configuration of sources of competitive advantage and, in particular, resources and capabilities is highly recommended (Dess et al., 1997; Fiss, 2007; Teece et al., 1997). It has also been recommended that research in international entrepreneurship should focus on the study of capabilities and resource reconfigurations in particular (Keupp & Gassmann, 2009). This is because

dynamic interaction of resources and capabilities are thought to create resources interconnectedness, tacitness, causal ambiguity and social complexity that makes it difficult for competitors to duplicate the source of competitive advantage (N. A. Morgan et al., 2009; Srivastava et al., 2001). In particular, the interaction between resources and marketing capabilities enables the firm to match its resource deployment with the market needs better than its competitors (Eisenhardt & Martin, 2000). Hence, the speculation that when entrepreneurial capital, entrepreneurial orientation and brand orientation work together, brand advantage and competitiveness of INVs significantly improve.

H11: *the interaction between EC, EO and BO greatly increases brand advantage of INVs*

H12: *International competitiveness significantly improves when EC, EO and BO interact.*

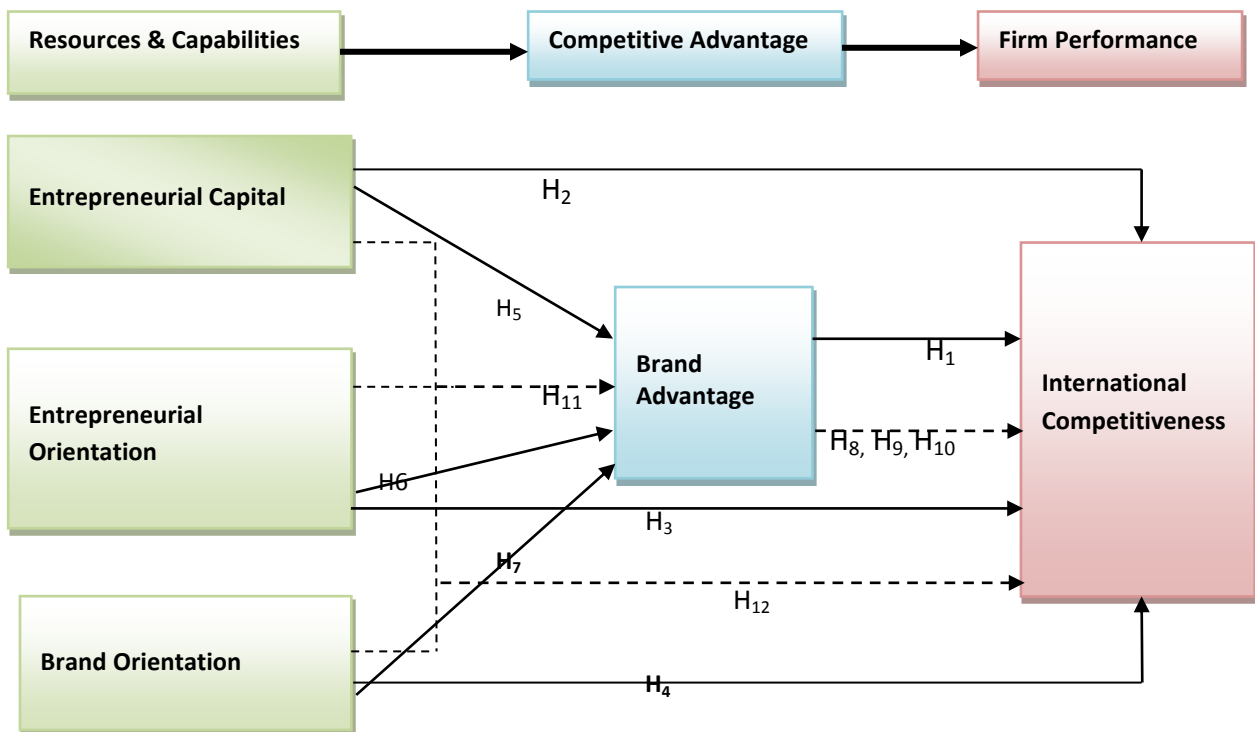
2.9 Conceptual Framework

According to the resource based theory (RBT), possession of strategic resources and capabilities creates competitive advantage in terms of either low cost and/or differentiation, which in turn generates superior firm performance relative to competitors (Barney, 1991; Porter, 1998; Wernerfelt, 1984). As a result, the current study posits that competitiveness of international new ventures is highly dependent on internal firm resources and capabilities (Knight et al., 2004; Rialp et al., 2005). In particular, intangible resources and capabilities embedded in the entrepreneurs' or managers' attitudes, personality or character, knowledge, skills and experience, relationships and/or networks (Kocak & Abimbola, 2009; Welch & Welch, 2009). It is these resources that entrepreneurial firms deploy to take advantage of market opportunities (Stringfellow & Shaw, 2009) and develop competitive advantage of international new ventures (Kocak & Abimbola, 2009).

The dynamic capabilities view provides a theoretical explanation of international competitiveness in unpredictable and turbulent market environments. This theoretical framework postulates that firms, to create sustainable competitive advantage in turbulent and unpredictable market environments, ought to possess dynamic capabilities to ably respond and adapt to rapid changes (Teece et al., 1997). In particular, dynamic capabilities relating to marketing (Day, 1994; Eisenhardt & Martin, 2000; Srivastava et al., 2001) and entrepreneurship (Kocak & Abimbola, 2009; Lee et al., 2001; Scheepers et al., 2008; Weerawardena et al., 2007). Adoption of a dynamic capabilities theory is justified by evidence in existing literature indicating that INVs operate in turbulent markets where conditions change very rapidly and require flexibility in decision making and/or in adapting strategy (Kocak & Abimbola, 2009; Melen & Nordman, 2009; Oviatt & McDougall, 1994). Therefore, the proposed conceptual framework below

blends insights from the resource based view (Barney, 1991; Wernerfelt, 1984), dynamic capabilities view (Ambrosini et al., 2009; Eisenhardt & Martin, 2000; Teece et al., 1997) and the concept of customer value (Srivastava et al., 2001), in explaining competitiveness of international new ventures. Figure 1 below depicts a conceptual framework linking entrepreneurial and branding resources and capabilities, brand advantage and international competitiveness, whereas Table 2-9 below summarizes hypotheses tested alongside the research questions

Figure 1: Conceptual Framework



Source: Researcher's own model developed based on Literature Review. Entrepreneurial Capital (Firkin, 2003; Stringfellow & Shaw, 2009); entrepreneurial orientation (Covin & Slevin, 1989; 1991); brand orientation (Urde, 1994; 1999); brand advantage (Spyropoulou et al, 2011) and international competitiveness (Porter, 1998; Momaya, 1998; 2001; 2004; Cerrato and Depperu, 2011)

According to Figure 1 above, brand advantage directly influences competitiveness of INVs (H_1). Brand advantage is believed to influence competitiveness since it directly influences firm's performance relative to competitors in terms of sales or revenue, profits, growth and market share (Baldauf et al., 2003; Jin & Moon, 2006; Kim et al., 2003; Spyropoulou et al., 2011; H. Y. Wong & Merrilees, 2005, 2007, 2008). Strong brands comprise quality, awareness or recognition, distinctive image, and loyalty advantages (Aaker, 1991). Therefore, possession of a strong perceived and well known brand among customers positively influences competitiveness of INVs.

In addition, Figure 1 above shows that entrepreneurial capital causes a positive impact on competitiveness of INVs (H_2). This proposition is drawn based on empirical studies that suggest a significant and positive relationship between some forms of capital and success of international new ventures (Madsen et al., 2008; Song et al., 2008). Therefore, it is argued here that entrepreneurial capital not only ensures successful launch but also on-going competitiveness of INVs.

Figure 1 above also shows that entrepreneurial orientation influences competitiveness of INVs (H_3). This proposition is based on empirical studies that have found a positive relationship between entrepreneurial orientation and performance of INVs (Ibeh & Young, 2001; Keh et al., 2007; Kropp et al., 2006; Lee et al., 2001; Wiklund & Shepherd, 2005). Entrepreneurial orientation allows the firm to identify and exploit opportunities, predict and respond to competitors' actions, allocate scarce resources, improve and change its resources, strategies, processes and products or services in response to market and/or technological changes.

From figure 1 above, it is proposed that brand orientation influences competitiveness of INVs (H_4). This proposition is backed by empirical studies that have found a positive relationship between top managers brand orientation and firm's performance (Baumgarth, 2010; Urde, 1994, 1999; H. Y. Wong & Merrilees, 2005, 2007, 2008). Brand orientation ensures the development, management and protection of strong brands as a competitive advantage in new and rapidly changing market environments.

Further, Figure 1 shows that EC, EO and BO, each influences brand advantage of INVs (H_5 , H_6 , and H_7 respectively). This proposition is based on the fact that building strong brand advantage among customers requires high costs of designing, advertising and communicating the brand (Boulding et al., 1994), moreover INVs are financially constrained. Hence, entrepreneurial capital, entrepreneurial

orientation and brand orientation provide alternative resources and capabilities, cost effective and innovative ways of building brand advantage for INVs.

Furthermore, it is proposed that brand advantage mediates the relationship between entrepreneurial and branding resources and/or capabilities (EC, EO and BO) and competitiveness of INVs (H_8 , H_9 , and H_{10}). This proposition is derived from the argument that internal resources and capabilities do not directly influence firm performance (Chikan, 2008; Eisenhardt & Martin, 2000; Kocak & Abimbola, 2009; Pertusa-Ortega et al., 2010; Srivastava et al., 2001) and that competitive advantage is the basis of superior performance (Barney, 1991; Grant, 1991; Raduan et al., 2009). Several scholars suggest that firm's international competitiveness effectively occurs when customers are satisfied and/or perceive higher brand value for the firm's goods and services relative to competitors in the market (Porter, 1998; Spyropoulou et al., 2011; H. Y. Wong & Merrilees, 2008).

Finally, in accordance with the dynamic capabilities view and in particular, configuration approach, the study speculates that when entrepreneurial capital, entrepreneurial orientation and brand orientation work together, brand advantage and competitiveness of INVs significantly improve (H_{11} and H_{12}). This proposition is based on the argument that competitiveness is a complex phenomenon and a single factor may not be powerful enough to predict it. It is also believed that interaction of resources and capabilities creates resources interconnectedness, tacitness, causal ambiguity and social complexity that makes it difficult for competitors to duplicate the source of competitive advantage (N. A. Morgan et al., 2009; Ray et al., 2004; Srivastava et al., 2001).

Therefore, the current study also envisions contributing to knowledge by combining entrepreneurial and marketing resources and capabilities in explaining competitiveness of INVs in a developing country context. The specific hypotheses as displayed in Figure 1 above are summarized in Table 2-9 below.

Table 2-9 Summary of Research Questions and Hypotheses

Research Questions	Research Hypotheses
To what extent do entrepreneurial and branding resources and capabilities directly influence competitiveness of INVs?	H₁: The higher the level of brand advantage, the higher the international competitiveness H₂: The higher the level of entrepreneurial capital, the higher the international competitiveness H₃: The higher the level of entrepreneurial orientation, the higher the international competitiveness H₄: The higher level of brand orientation, the higher the international competitiveness
To what extent do entrepreneurial and branding resources and capabilities directly influence brand advantage of INVs?	H₅: INVs with high levels of entrepreneurial capital are more likely to have high levels of brand advantage H₆: INVs with high levels of entrepreneurial orientation are more likely to have high levels of brand advantage H₇: INVs with high levels of brand orientation are more likely to have higher levels of brand advantage
To what extent does brand advantage mediate the relationship between entrepreneurial and branding resources and capabilities and competitiveness of INVs?	H₈: To a great extent brand advantage mediates the relationship between entrepreneurial capital and international competitiveness H₉: Brand advantage greatly influences the relationship between entrepreneurial orientation and international competitiveness. H₁₀: To a large extent brand advantage mediates the relationship between brand orientation and international competitiveness
To what extent do BA and IC improve when entrepreneurial and branding resources and capabilities interact?	H₁₁: The interaction between EC, EO and BO greatly increases brand advantage of INVs H₁₂: International competitiveness significantly improves when EC, EO and BO interact.

2.10 Conclusion

In this chapter, literature review provides a background to the main research problem and a foundation for understanding the characteristics of INVs, available theories, models and frameworks and their importance and limitations in explaining firm competitiveness. From the review, it can be concluded that there is scarcity of research on competitiveness of international new ventures. In particular, there is lack of robust theoretical frameworks that can be used to understand competitiveness of INVs and where they exist, are more inclined to international business and/or entrepreneurship theory. While these perspectives and their interface may be relevant, they have limitations in explaining competitiveness of INVs long after start-up.

In addition, it is clear that existing literature offers very few strategic options that international new ventures can pursue to attain and sustain competitive performance. In particular, there are very few indications on the influence of marketing aspects. Indeed, an integrative theoretical framework modelling competitiveness of INVs in a developing country context has not been demonstrated in the existing literature. Therefore, it is the objective of the current research to close this gap in knowledge.

The review has also provided knowledge on various concepts, constructs and structural relationships between them, which has been useful in developing a conceptual framework for competitiveness of INVs in Uganda. In addition, from the studies reviewed, it can be concluded that INVs in developing countries such as Uganda should adopt entrepreneurial and marketing approaches to overcome their resource constraints and increase their competitiveness in international markets.

Furthermore, the review has been very helpful in providing insights into research philosophy and methodology. More importantly, in developing the research design including research question, hypotheses and unit of analysis, research strategy, operationalization and measurement of concepts, data collection and analysis.

CHAPTER 3: RESEARCH METHODOLOGY

The purpose of this section is to address the philosophical foundation and methodology of the current research. It specifies the research design and target population. The section also includes a discussion of the sampling plan to be followed, unit of analysis, questionnaire development and measurement strategy. The section concludes with the layout of the data collection and analysis strategy, controls for potential biases and overall research plan for the study. The section was designed in focus of the research questions and/or objectives.

3.1 Philosophical Foundation

The current study is framed by a functionalism paradigm. The ontological perspective of this study is an objectivist or realist standpoint. This perspective assumes that there is a single reality in the social world, which is external to individual researcher cognition. Therefore, the study maintains researcher's independence from the observed (Ardalan, 2009). To achieve this, the research was conducted from the perspectives of those who are involved in management and/or marketing activities (in this case entrepreneurs or managers) in international new ventures. This reality is assumed to be made of "hard, tangible and relatively immutable structures" (Burrell & Morgan, 1979). Accordingly, these could be mere labels and/or perceived structures, however, the fact that they exist, they comprise empirical entities. Some important structures may lack names or labels but they still form reality. Therefore, this study adopts an objectivist's view that the social world is as hard and concrete as the natural world (Ardalan, 2009; Burrell & Morgan, 1979).

The epistemology of the current research is positivist, which focuses on explaining and predicting what happens in the social world by revealing regularities and causal relationships between its elements or variables (Burrell & Morgan, 1979). The positivist approach is applied to research where the overall aim is to record, measure and predict reality through a set of predetermined variables and/or constructs (Coviello & Jones, 2004). Positivist approach to research accounts for events through investigating the process, mechanism, and structure of the events (Coviello & Jones, 2004). In addition, the approach has the ability to provide a causal description and explanation of the forces at work. Further, the positivist approach adopts the traditional approaches of natural science to understand and analyze the causal interrelationships between variables. Positivists assume that the reality in the social world is concrete

and its meaning can be identified, studied and measured using the approaches of natural science (Ardalan, 2009).

Furthermore, because of much portrayed emphasis on subjective or interpretative insights and context specific issues in previous studies on international new ventures (Keupp & Gassmann, 2009), a positivist approach was necessary to close the gap. In particular, evidence indicated that more than 50 percent of previous studies on international entrepreneurship with Oviatt and McDougall (1994)'s work as the base, have not adopted any specific theoretical framework at all, not even international business or entrepreneurship theory (Keupp & Gassmann, 2009). Literature analysis also revealed many exploratory contributions in international entrepreneurship, which needed to be confirmed with hypothesis testing. This gap also calls for theoretical configuration in explaining competitiveness of INVs and elaboration on which theory has better predictive power. Hence, development of hypotheses from the existing knowledge on the relationship between the various resources and capabilities, strategic orientations, competitive advantage and international competitiveness guided the research process. The process provides insights into new knowledge on the nature and structure of interrelationship between the variables of the study and false hypotheses are eliminated (Burrell and Morgan, 1979). Further, data collection in many previous studies was based on small samples making causal explanations and generalization of findings difficult (Keupp & Gassmann, 2009). These revelations call for both theoretical and methodological rigor in the study of international entrepreneurship. Therefore, this research adopted the positivist philosophy and sought to explain the nature and structure of the interrelationships between the variables of the study through a large cross sector survey research design.

The study is also rooted in the sociology of regulation, which focuses on establishing the status quo, social cohesion and solidarity. As a result, this study targeted to establish the social order of how international new ventures are able to attain and sustain competitiveness. Consequently, this epistemological and sociological approach demands that a quantitative methodological approach and a large sample size are adopted to identify the causalities and social order of competitiveness of INVs.

3.2 Research Approach

In the existing literature, there are mainly two approaches to scientific research including inductive and deductive. Inductive research focuses on theory building using exploratory and/ or qualitative

techniques to establish patterns or relationships among constructs, whereas a deductive approach focuses on theory testing using explanatory techniques (Malhotra & Grover, 1998). A new development is the interaction between inductive and deductive approaches, which appreciates both theory building and testing by adopting mixed research methodology (Malhotra & Grover, 1998).

The current research follows a deductive research approach. The deductive approach to scientific research begins with general knowledge (i.e. from experiences, existing theories and empirical studies) and works towards substantiating and/or contributing to theory (Kekale, 2001). It is used in constructing general themes and structural relationships about an observation which are then verified or falsified through empirical evidence. Hence, it takes the route moving from theory to empirical findings commonly referred to as theory testing. The major aim of deductive research is to test how well the aspects of the empirical world fit the theory or concept defined (Gerring, 2012). Further, within this approach, triangulation of methodology was emphasized through adopting multi-item measures and multiple respondents to reduce measurement error and ensure reliability and validity of results.

3.3 Research Design

The study adopted a cross-sectional survey research design (Andersen, 2010; Kropp et al., 2006; Ripolles & Blesa, 2011; Spyropoulou et al., 2011). A survey is defined as the collection of information from a large or representative section of the population (Malhotra & Grover, 1998). It is characterized as involving asking for information from people through mail, face to face or telephone interviews, a quantitative research method that uses structured or standardized format and uses a sample. This design enables the researcher to obtain facts and answers from a large sample of respondents which increases the validity and generalizability of findings. The cross-sectional survey design was adopted for this study because it is in position to provide answers to the research question of how and to what extent do entrepreneurial and branding resources and capabilities influence competitiveness of international new ventures in Uganda in a timely and cost effective manner (Yin, 2009). Hence, its success depends on a well articulated population, sample size, sampling frame, sampling method and procedure.

3.3.1 Population and Sample Size

The focus of this study was on international new ventures originating from developing countries. In particular, the study was carried out in Uganda. Registered companies engaged in an international

business activity such as exporting, importing, supply or value chain, franchises, outsourcing and contracting or that owned, if any, subsidiaries such as retail or distribution facilities and production in other countries, formed the target population of the study. While the bulk of internationalization and entrepreneurship literature, defines international activity in terms of international sales, this study recognizes inward international activity and investments such as imports of raw materials, capital and consumer goods, technology, expert personnel, financing and others as key forms of the firm's international activity (Gregorio et al., 2008; Oviatt & McDougall, 1994; Welch & Welch, 2009).

In Uganda, businesses with some form of exporting activity comprise 18 percent of the total early-stage entrepreneurial activity (GEM, 2010). As a result, total export entrepreneurship activity is estimated at 180,000 businesses. Despite the fact that most early internationalization for SMEs goes through exporting, there are numerous modes of internationalization, such as licensing and franchising, international partnerships or network alliances and foreign direct investment (Oviatt and McDougall, 1994). Hence, the actual total population of INVs in Uganda remains unknown, which fact makes sample size determination for this study complicated.

Given that this study adopts structural equation modeling (SEM), sample size should be large enough to achieve high statistical power to reject alternative models (Bentler, 2004). In this case, Krejcie and Morgan's (1970) method of determination that maximizes sample size would be most appropriate. However, other scholars argue against maximization and advocate for optimization of sample size. They argue that apart from being costly and time wasting, when sample size hits a certain level, extra benefit resulting from additional numbers is minimal. Consequently, to determine the optimal size, attention was paid to the minimum sample size to achieve the desired level of statistical power in SEM (Hoe, 2008; Schreiber, Stage, King, Nora, & Barlow, 2006). The minimum return sample size is 200 (Garver & Mentzer, 1999) or a minimum of 10 participants per estimated parameter as a general rule (Schreiber et al., 2006).

However, in survey research which is normally characterized with voluntary participation, lost mails and uncooperative participants, the response rate is likely to be below 100 percent (Bartlett, Kotrlik, & Higgins, 2001). As a result, the chances of obtaining a return sample that is smaller than the target or minimum sample required are high. Moreover, the danger in obtaining a smaller return sample size is that of increasing the variances of estimates (Cochran, 1977). To overcome this problem in the current

study, the target return sample size of 200 participants was adjusted by using the likely response rate for the survey (Barletta et al, 2001). This study adopts the average response rate of 60 percent obtained in previous research surveys in Uganda (Briggs, 2009; Sejjaaka, 2010). Therefore, the optimal sample size targeted for this study was 333 international new venture firms.

3.3.2 Sampling Frame

Since there was no known sampling frame for international new ventures in Uganda, this study used different lists of membership of trade or industry associations, which included Uganda Export Promotions Board (UEPB), Uganda Manufacturers Association (UMA), Uganda Small Scale Industry Association-(USSIA), Uganda Exporters and Importers Association, Uganda Service Exporters Association (USEA), Uganda National Association of Building and Civil Engineering Contractors, Uganda Coffee Development Authority, Uganda Dairy Development Authority, Uganda Investment Authority, Uganda Tour and Travel Operators Association (UTOA), and other trade associations to draw participants in the study. This is in line with recommendations on developing a sampling frame for INVs (Coviello & Jones, 2004).

3.3.3 Sampling Method and Procedure

Stratified sampling based on the three main economic sectors of Uganda was adopted for this study. In accordance with (World Fact Book, 2012), sub-samples were determined using the percentage contribution of each sector to Gross domestic product (GDP) that is Agriculture (22%), manufacturing (26%) and services (52%). Stratification takes into account the differences in population across the three sectors (Hoxha & Capelleras, 2010).

Consequently, due to lack of a sampling frame, a pre-qualification survey was conducted through telephone calls to members in co-operation with the various associations to screen out firms that met the sampling criteria. Consistent with previous studies, the total number of firms that emerged out of this phase formed the sample of the study (Loane & Bell, 2006; Maurel, 2009)(Maurel, 2009; Loane and Bell, 2006; Soontiens, 2002). The screening survey generated over 500 firms, however only 405 firms accepted participation in the study. This phase in addition confirmed locations, addresses and ensured that the selected firms met the survival threshold of five years. Therefore, a sample of 405 firms was finally adopted for the study (see Table 3-1 below).

Table 3-1 Presents Subsample Proportions and Sizes

Sector	Proportions	Subsamples
Agribusinesses	0.076	31
Manufacturing	0.254	103
Services	0.67	271
Total		405

Source: Screening Survey

The selected firms were established between 1997 and 2007; had between 9 to 250 employees; had independent operations and were not foreign subsidiaries of multinational entities in order to exclude any influence of parent company international business strategy (Coviello & Jones, 2004; Loane & Bell, 2006; Ripolles & Blesa, 2011). In addition, the firms were involved in an international activity (Oviatt & McDougall, 1994) and had an international experience of not less than five years (Loane & Bell, 2006). The firms met the inception period of not more than 10 years (Coviello & Munro, 1995; Shrader et al., 2000). Therefore, international firms of between 5 and 15 years old were selected to participate in the study.

3.4 Unit of Analysis and Inquiry

The importance of specifying the unit of analysis in research is well articulated in the existing literature (Malhotra & Grover, 1998; V. A. Miller et al., 2009; Neilsen, 2014). It has relevance in determining the appropriate unit of inquiry and construct measures. For the current study, the unit of analysis was the firm (Coviello & Jones, 2004; Maurel, 2009) whereas the unit of inquiry comprised owners-managers or managers (Kropp et al., 2006; Melen & Nordman, 2009); employees and customers (Baumgarth, 2010; Spyropoulou et al., 2011). According to existing literature, a firm's international channel members, such as retailers, constitute part of the firm's customer base. Hence, channel members were also part of customers who evaluated the firm's brand advantage since they are closer to the final consumers (Ilonen, Gabrielsson, & Salimaki, 2011).

3.5 Measurement of Constructs

Measurement is defined as the assignment of numerals to different degrees of quality or property of an object or event (Bagozzi, 1994). Measurement of events or phenomena in social research starts with

definition of theoretical concepts and ends in empirical operationalization of such concepts (Malhotra & Grover, 1998). Bagozzi (1994) specifies three possible types of constructs and four relationships between them in the structure of any theory. These include 1) theoretical concepts which are abstract and unobservable and whose relationship leads to hypothesis statement; 2) derived concepts which are less abstract and more detailed, whose relationship to the theoretical construct results into theoretical definition and 3) empirical concepts which are observable and can be perceived by senses whose connection to the theoretical concept give rise to operational definition. Finally, the fourth type of relationships is the empirical definition, which gives meaning to an empirical concept by relating it to actual physical or observable event in the social world. Specifically, measurement should begin with a clear definition of construct in line with a theory, specific domain or unit of analysis, which ensure construct validity both convergent and discriminant (Malhotra & Grover, 1998; V. A. Miller et al., 2009). Therefore, the measurement process requires that theoretical concepts are simplified or translated into empirical concepts that are then linked to observable events. In other words, measurement is a process of creating a link between construct definition and items (V. A. Miller et al., 2009).

In the current study, Likert scales were used to quantify responses on items in the questionnaires and the optimal number of points on each was influenced by the content and conditions of measurement of each construct of the study. Hence, a 6-point Likert scale ranging from 'strongly disagree' (1) to 'strongly agree' (6) was adopted for the predictor variables. The 6-point Likert scale was selected to ensure that respondents make a definite choice rather than an inclination to a neutral response. It is argued that respondents usually provide answers that take less effort and therefore a middle point should not be provided (Mason, 1996). The scale without a middle point to evaluate resources and capabilities was also intended to reduce social desirability bias without changing the direction of respondents' opinions (Garland, 1991). A 7-point scale was adopted for measuring brand advantage and international competitiveness. Existing literature reveals that in situations of uncertainty or complexity, a mid-point scale is adopted to increase the level of validity or reliability of the responses (Garland, 1991). However, in such cases a scale with many points is most preferred (Sejjaaka, 2010). According to Podsakoff et al, (2003) the adoption of different scale anchors for different variables assists in overcoming common methods bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). This practice is also consistent with structural equation modeling applications, which can accept scales of any metric range including ratio type of measures with true zeros and has no upper limits (Babin & Svensson, 2012).

For the control variables, the study adopted dummy codes to classify sector/industry into three groups including agribusiness (1); manufacturing (2) and services (3) whereas international activity type had five classes of exporting (1); foreign subsidiary (2); franchise (3), imports (4) and subcontracting (5).

The research design of this study required a wide range of valid, reliable and generalizable measurement scales to be adapted from different sources. The use of previously used scales adds to credibility and legitimacy of the study (Neilsen, 2014). However, adoption of previously used measurement scales was done with extra care, especially in evaluating the quality in terms of validity and reliability, purpose or meaning, context and domain within which the research was undertaken to ensure generalizability or applicability. Selection of a particular scale was based on the advice that previous research must have been done within the same domain theoretically and empirically guided by the level of theory and measurement (Neilsen, 2014). In simple terms, the unit of analysis had to be the same. Accordingly, the purpose of previous studies was considered, such as those aimed at obtaining understanding, explanation, prediction or control of some phenomenon (Bagozzi, 1994). In particular, verification or falsification of the validity, reliability and generalizability of findings was derived from the process of operationalizing theoretical constructs to become empirically measurable variables (Svensson, 2013). It is affirmed that membership of indicators and attributes to a concept depends on its operational definition (Gerring, 2012). Hence, measurement of the main constructs in this study was based on their operational definitions as specified in Chapter 2. These operational definitions and subsequent measurement scales were mainly developed from the literature while, where valid measures existed and deemed to fit the INV context, were adopted.

Firm size in the selection of the sample was indicated by the number of employees and firm age by the number of years of existence since founding (Rothaermel & Deeds, 2006; Wang & Poutziouris, 2010). Because of various constraints regarding new ventures such as limited tangible resources and revenues, the number of employees was chosen as a proxy over other traditional measures of size such as total assets, capital investment and market share.

Brand orientation was measured using four indicators of brand understanding, brand communication initiatives, strategic importance of brands and brand management responsibilities (P Hankinson, 2001a). Overall, the construct was measured using a seventeen (17) items adapted from past studies (Baumgarth, 2010; Bridson & Evans, 2004; Ewing & Napoli, 2005; Gromark & Melin, 2011; P Hankinson,

2001b; Krake, 2005; H. Y. Wong & Merrilees, 2007). On a six point Likert scale ranging from strongly disagree (1) to strongly agree (6), owner-managers were asked to indicate their level of agreement or disagreement on a total of 17 statements regarding the branding activities in their businesses. Previous studies reliability scores for brand orientation measurement are primarily above .70 benchmark (Nunnally, 1978), ranging between .79 and .92 which reveals internal consistency of the scale (Ewing & Napoli, 2005; P Hankinson, 2001b). However, the measurement of brand orientation is still a challenge since it lacks a common conceptualization and its psychometric properties are not yet well established. Most studies on brand orientations have been done in Australia (Bridson & Evans, 2004; H. Y. Wong & Merrilees, 2005) and some countries in Europe (Baumgarth, 2010). Therefore, the measure has not yet been tested across national cultures, especially in developing countries, to confirm its reliability and generalizability.

Entrepreneurial orientation was measured using three dimensions of proactive, innovative, and risk taking behaviour (Covin & Slevin, 1989; Covin & Slevin, 1991). This measurement framework for entrepreneurial orientation was chosen because it has been replicated across multiple countries and continents (Arbaugh, Cox, & Camp, 2009; Kreiser, Marino, & Weaver, 2002; Tang, Tang, Marino, Zhang, & Li, 2008). It has been found to generate consistent results across different cultures, including developing countries. On average Cronbach alpha reliability scores for entrepreneurial orientation in different studies range between .68 and .80 across countries. Therefore, the measurement scale is global, reliable, valid and generalizable across countries. The construct was measured using a total of 13 items adapted from previous studies (Covin & Slevin, 1989; Kreiser et al., 2002; Peters et al., 2009; Tang et al., 2008; Wiklund & Shepherd, 2005). Owner-managers were requested to assess their level of agreement or disagreement with each of 13 statements regarding entrepreneurial activities in their business on a six point Likert scale anchored by strongly disagree (1) to strongly agree (6).

Entrepreneurial capital was measured using four dimensions of economic, human, symbolic and social capital (Firkin, 2003; Stringfellow & Shaw, 2009). Economic capital was operationalized using financial indicators; human capital in terms of knowledge and skills from education, training and experience; symbolic capital in terms of perceived reputation, personality and responsibility of owner-managers and social capital in terms of network resources. Entrepreneurial capital was measured using a total of twenty five (25) items adapted from previous studies (Fuller & Tian, 2006; Iveren et al., 2009; Kocak & Abimbola, 2009; Shaw et al., 2008a; Spyropoulou et al., 2011; Stringfellow & Shaw, 2009; Van Der Gaag

& Snijder, 2005). A six point Likert scale ranging from strongly disagree (1) to strongly agree (6) was used to capture owners' and managers' views on entrepreneurial resources in their businesses. However, research work on measurement of entrepreneurial capital is still in its infancy characterized with small samples, conceptual and descriptive contributions (Firkin, 2001, 2003; Shaw et al., 2008a; E. Shaw, W Lam, & S Carter, 2008b; Stringfellow & Shaw, 2009). Therefore, finding a valid and reliable measure of entrepreneurial capital tested across industries and national cultures is still a challenge and the current study is envisaged to contribute to this gap in knowledge.

Since the target firms had been in operation over a minimum of five years, assessing brand advantage externally was deemed appropriate (Rode & Vallaster, 2005). Hence, brand advantage was evaluated and measured from the customers' point of view. Brand advantage was measured using four dimensions of brand awareness or recognition, image or associations, perceived quality, and loyalty (Aaker, 1991; Keller, 1993). This framework has been replicated and tested in several studies across cultures and has been found to be reliable, valid and parsimonious (Yoo & Donthu, 2001) and on average the instrument's reliability scores in previous studies in different national cultures exceed .70 cut off point (Kayman & Arasli, 2007; Spyropoulou et al., 2011; Yoo & Donthu, 2001). This construct was measured using twenty (20) items adapted from past studies (Baldauf et al., 2003; Kayman & Arasli, 2007; Kim et al., 2003; Yoo & Donthu, 2001). Customers of the INVs were requested to indicate their level of agreement or disagreement with statements regarding the brand in comparison to its major competitors. A seven point Likert scale ranging from strongly disagree (1) to strongly agree (7) was adopted.

International competitiveness was measured using both financial and non-financial indicators including total international sales, profit after tax, return on investment, market scope and market share, price, quality, number of foreign customers and customer retention (Ambastha & Momaya, 2004; Cerrato & Depperu, 2011; Crick et al., 2006; Kumar & Chadee, 2002; Man et al., 2002; Singh et al., 2008). Since competitiveness is a dependent variable of a longitudinal nature, time was also an important dimension of measurement (Keupp & Gassmann, 2009). Therefore, in order to meet the measurement condition of sustainability, competitiveness was evaluated in terms of growth in the various parameters over the past five (5) years and for the next three (3) years of international operation. This measurement strategy resulted into two dimensions, that is, past and future international competitiveness. Consequently, the construct was evaluated using an eighteen (18) item scale developed based on previous research work

(Crick et al., 2006; Spyropoulou et al., 2011; Tang et al., 2008). Because owners-managers of INVs usually do not provide absolute figures for financial performance, percentages were adopted as a method of quantification (Vastag & Montabon, 2001). A seven-point scale, anchored by 1-15% (very low) to 91-100% (very high) was employed.

3.6 Questionnaire Design

In survey research designs, there are two ways of collecting data, that is through interviewer-administered and self-administered questionnaires (Jenkins & Dillman, 1995). In this study, self-administered questionnaire technique was selected due to its ability to control for interviewer related problems that increase measurement error in survey research. In line with best practices and principles exhibited in the literature, key issues that affect effectiveness of mail or self-administered questionnaires such as language, introductory information and instructions, length, question wording and organization, perception of information and motivation were given prominence in the design process (Jenkins & Dillman, 1995; Malhotra & Grover, 1998; Mason, 1996; V. A. Miller et al., 2009). Mail questionnaires are also believed to provide more confidentiality and privacy to respondents which promotes interest in filling the questionnaire, candidness and objectivity in answers and minimizes social desirability (Mason, 1996).

The research design of this study necessitated that data is collected from different respondents within firms. Hence, three different structured self-administered questionnaires were designed for this study using measurement scales and statements adapted from existing literature. However, the questioning style, language and the context of the questions were modified to suit the country context. The first and main questionnaire was filled by owner-managers who evaluated the firm's resources, capabilities and international competitiveness; the second questionnaire targeted employees within the firms who assessed symbolic capital of owner-managers and the third questionnaire was administered on customers who evaluated the brand advantage of the firm and its products or services.

The questionnaires contained a statement assuring respondents of the confidentiality of the information provided, stating that the research is strictly meant for academic purposes in order to increase the response rate. We adopted multiple items approach to measure each construct, which is important in ensuring that adequate psychometric properties are assessed (V. A. Miller et al., 2009). Special care was also given to the length and structure of the questionnaire in light of the busy schedules of the

respondents. Thus, a minimum of 6 and maximum of 20 items per construct was observed. This is in line with recommendations of four items per construct as the minimum number of items to be able to run reliability and hypothesis tests (Hair, Black, Babin, & Anderson, 2010). This practice is also consistent with Structural equation modeling applications (SEM), which require a minimum of 3-items per construct to avoid under identification and parameter instability (Babin & Svensson, 2012). Instructions on how to answer each section were provided immediately before the questions or statements. The language of the questionnaire was English since it is the official and formal business language in Uganda. The questionnaire was organized according to the constructs of the study and included questions on respondents' background and firm characteristics such as sector or industry and international activity type which are considered control variables in this study.

3.7 Data Sources and Collection

Primary data was collected through owners or managers, employees and customer evaluations (Kovacic, 2007). In particular, subjective data on international competitiveness was collected (Chikan, 2008; Fensterseifer, 2007) and primary data on all constructs was collected using mail survey method (Andersen, 2010). Self-administered questionnaires were mailed to the respondents and accompanied by a cover letter and a pre-paid researcher addressed envelope. Data was collected over a period of four (4) months from December, 2012 to March, 2013. Two reminders with additional questionnaires were used to follow-up the respondents and ensure that questionnaires were completed and posted back. This vigilance assisted in reducing the non-response rate.

3.8 Data Analysis

Data analysis was done quantitatively using the statistical package for social scientists (SPSS V19) for both descriptive and inferential statistics and Analysis of Moment Structure software (AMOS V20) for structural equation modeling (Blunch, 2008; Schermelleh-Engel, Moosbrugger, & Muller, 2003). Prior to any analyses, data was made ready and cleaned through checking for errors and completeness, editing, coding, transcribing and entry directly into SPSS software. Data analysis process included analysis of outliers and missing values for remedy; data was tested to ensure that it meets all the assumptions of multivariate analysis; validity and reliability testing using both exploratory and confirmatory approaches and structural equation modeling for testing hypotheses, as discussed in the following subsections.

3.8.1: Outliers

Outliers are observations which are uniquely or distinctly different from the majority of the sample responses (Hair et al., 2010). They may be either high or low (extraordinary or extreme) values on the variable or may be unique or distinct in their combination of values across variables. Outliers are usually more problematic than beneficial in data analysis. In particular, they are not representative of the population and negatively affect the statistical tests (Hair et al., 2010). Most prominent is that outliers bias the mean and inflate the standard deviation (Field, 2009). In summary, outliers affect normality of data distribution and it was therefore imperative to examine the data set for the existence of such outliers before being subjected to parametric analysis.

First and foremost, data entry errors or mistakes and outliers resulting from coding were eliminated and/or recoded during the data cleaning process. Secondly, using univariate analysis extremely high or low observations for each variable were identified. This was achieved by first converting data values to Z-scores, whose distribution has a mean of 0 and standard deviation of 1. Standardization was adopted to be able to compare data across variables. Since the sample size was greater than 80 cases, a cut off of Z-scores of + (-) 3 was maintained for the study (Hair et al., 2010). This means that any values greater than + (-) 3 were considered outliers. On performing univariate analysis, outliers per item were identified in which few extremely low values of 1 were found among the independent variables while extremely high values of 7 were established among the dependent variables. Similarly, case numbers 16, 43, 45, 53, 62, 157, 160, 179, 180, 228, 248, 263, 265, 266, 267, 268, 269 and 271 were repeatedly identified as outliers on a number of variables. Finally, all outliers were corrected to the nearest high or low values on each variable. For instance, independent variables with extreme low value of 1 as outliers were corrected to 2 while dependent variables with extreme high value of 7 as outliers were corrected to 6. Using the Mahalanobis D^2 measure, the analysis identified a total of ten (10) multivariate outliers ($P < .001$) that were unique in combination and positioned far away from the general distribution of observations. The ten outliers included cases 32, 79, 82, 110, 130, 164, 166, 175, 205, and 235. At this point, no cases were deleted since these observations were not seen among outliers across variables in univariate analysis.

3.8.2: Missing Values Analysis

In many researches especially survey designs, missing data are unavoidable (Field, 2009; Hair et al., 2010). These missing data may be a result of errors on the part of the researcher such as data entry

errors or the respondents such as refusal to provide some answers or unintended omissions due to the length of the questionnaire. However, missing data is problematic in research since it negatively affects generalizability of findings, sample size, statistical results and the application of some statistical procedures (Hair et al., 2010). In particular, any statistical results such as correlations computed based on data with nonrandom missing data may be biased and erroneous. In addition, missing data increase item non-response rate which may eventually result into reduction of sample size when the affected cases are deleted or excluded from the analysis while some statistical approaches such as SEM and programs such as AMOS work with complete data.

Since the reasons for missing data in this study were not well known, missing data processes could not be ignored. Hence, missing value analysis was conducted to establish the extent, patterns and relationships underlying the missing data while maintaining the original distribution of values (Hair et al., 2010). In particular, it was conducted to find out: 1) if missing data were scattered randomly throughout the observations or if there were distinct patterns identifiable? 2) To understand how prevalent missing data are, in order to make the decision to delete cases or replace missing values.

To assess the missing data pattern, Little's MCAR test was adopted to determine whether data are missing completely at random (that is without any consistent pattern) or missing not completely at random (MNCAR) (Little, 1988). The MCAR test analyzes the pattern of missing data on all variables and compares it with the pattern expected for a random missing data (Hair et al, 2010). If no significant differences are found between the observed missing data pattern in the sample and the expected random pattern, then data are missing completely at random (MCAR). In particular, when the probability of the MCAR test is greater than .05, it indicates that the missing data pattern is not different from a random pattern, whereas if significant differences are found ($P < .05$), then data are missing not completing at random (MNCAR) or MAR and therefore, the missing data pattern is significantly different from a random pattern.

Consequently, using the E-M (expectation-maximization), there was less than 2 percent of data missing on all variables and the MCAR was significant (Chi-Square =8442.159; DF=7336, Sig=.000), indicating that data was missing not completely at random. Furthermore, randomness of missing data was tested at the subgroup level and as presented in Table 3-2 below, the results reveal that missing data pattern for all subgroups was nonrandom except for brand advantage. Although, the extent of missing data is

acceptably low (percentage), the nonrandom pattern necessitated remedy to control for potential bias in results. Missing data were finally replaced through linear interpolation to enable the application of structural equation modeling technique and use of AMOS software program which works with complete data. Linear interpolation was selected because it utilizes the actual relationships among variables to replace missing values (Hair et al., 2010).

Table 3-2 Little's MCAR Test Results for Subgroups of Variables

Subgroup	Ch-Square	DF	P-value
Entrepreneurial Capital	317.66	224	.013
Entrepreneurial Orientation	146.92	72	.000
Brand Orientation	333.43	171	.000
Brand Advantage	93.15	95	.535
International Competitiveness	473.55	299	.000

Source: Primary data

3.8.3: Testing for Statistical Assumptions

Compliance of data to multivariate statistical assumptions ensures model robustness (Hair et al., 2010). Therefore, it was imperative to test for statistical assumptions before application of multivariate analysis to avoid potential violations which would distort and bias results. Consequently assumptions of normality, linearity and homogeneity of variance, no multicollinearity and independence of error terms were tested to explore and describe data distribution.

Normality relates to the shape of the distribution which is symmetrical and pointy with a mean of zero and standard deviation of 1 (Field, 2009). It should be noted that non-compliance of a set of data to the normal distribution makes all subsequent statistical tests such as F and t-statistics invalid (Hair et al., 2010). Hence normality is a compulsory test in multivariate analysis and testing for it using both univariate and multivariate analysis is highly recommended. Univariate normality relates to a single variable whereas multivariate normality applies to combinations of two or more variables of the study. According to Hair et al, (2010) if a variable is multivariate normal, then it is also univariate normal. This means that univariate normality is a prerequisite for multivariate normality. However, the reverse is not always true.

Normality of the variables of the study was assessed using skewness and kurtosis (Hair et al., 2010). Kurtosis is the pointyness, peakedness or flatness of the distribution of data whereas skewness describes the symmetrical balance and/or pile up of scores on either side of the distribution. Particularly for data to be normally distributed, the values of both kurtosis and skewness should be equal to zero (Curran, West, & Finch, 1996; Field, 2009; Hair et al., 2010). As presented in Appendix 5A, it was established that skewness and kurtosis statistics are close to zero for entrepreneurial capital, brand advantage and international competitiveness hence fairly normally distributed. This was further confirmed by the normal probability plots (P-P) since most of the data points are close to the line of best fit. On the other hand, skewness and kurtosis statistics for brand orientation and entrepreneurial orientations are relatively different from zero. However, these skewness and kurtosis values for all variables are below the cut of 2.0 and 7.0 respectively indicating that data is fairly normally distributed (Curran et al., 1996). Hence, the close to normal distribution of data is appropriate for application of maximum likelihood method of estimation in confirmatory factor analysis (CFA) and generation of unbiased model fit estimates especially chi-square.

Positive values of skewness indicate a pile-up of too many low scores on the left and negative values indicate a concentration of high scores on the right side of the distribution. Positive values of kurtosis exhibit a pointy and heavy-tailed distribution (leptokurtic) while negative values illustrate a flat and light-tailed distribution. Although these actual values of skewness and kurtosis are informative, they do not adequately indicate the statistical significance of departure from normality and whether the differences are large enough to necessitate remedies (Field, 2009; Hair et al., 2010). As a result, skewness and kurtosis scores were transformed to Z-values to enable standardized comparisons using the formulas below.

$$\text{Z Skewness} = \frac{\text{S-zero}}{\text{SE Skewness}}$$

$$\text{Z Kurtosis} = \frac{\text{K-Zero}}{\text{SE Kurtosis}}$$

The resultant Z-values of skewness and kurtosis were then compared with known values for normal distribution. The cut off points for comparisons are ± 1.96 at $P < 0.05$, ± 2.58 at $P < 0.01$ and ± 3.29 at $P < .001$. In other words these values cut off 5 %, 1% and 0.1% of scores respectively and/or it means that

95% of the scores lie between -1.96 and 1.96; 99% of the scores are within -2.58 and 2.58 and 99.9% are between -3.29 and 3.29 (Field, 2009). Accordingly, results in Appendix 5B reveal that only skewness of international competitiveness and kurtosis for international competitiveness; brand advantage and entrepreneurial capital were below the upper limit of 3.29. However, these standardized results did not definitely confirm normality of distribution for entrepreneurial orientation and brand orientation scores. This lack of normality of distribution may be attributed to the small standard errors common in large samples, which when used in the computation of Z-values, portray small differences from normality as significant (Field, 2009).

Further, the Kolmogorov-Smirnov (K-S) and Shapiro-Wilks (S-W) tests of normality were applied to determine the level of significance of the differences from a normal distribution (Hair et al., 2010). According to Field, (2009), if the test is not significant ($P > .05$) then it means that the observed distribution is not different from the expected normal distribution and therefore normal. The results in Appendix 5A exhibit that the distribution D (312) for entrepreneurial capital (.13, $P < .05$); brand orientation (.17, $P < .05$); entrepreneurial orientation (.09, $P < .05$); brand advantage (.05, $P = .05$) and international competitiveness (.07, $P < .05$) were all significantly not normal. However, scholars argue that these tests are statistically powerful and that in large samples are likely to generate significant results for small deviations from normality and thus not reliable (Field, 2009; Hair et al., 2010). Further comparisons of the K-S and S-W test results reveals that brand advantage data was fairly normally distributed across the three business sectors whereas agricultural sector data for all variables was the most fairly normally distributed.

Furthermore, transformation of data was done to guard against violation of other assumptions of parametric tests (Hair et al., 2010). For instance the problem of unequal variances (heteroskedasticity) occurs if some variables in the study are skewed and others are not. Hence transformation of data was done in order to reduce inequality of variance. Transformation process started with reversal of negatively skewed variables to make sure there was neither negative nor zero values since there is no log value for zero or negative numbers (Field, 2009). Scores were reversed by subtracting each score from the highest score plus one for all variables of the study and thereafter log transformation was applied. Transformation was meant to change the differences between variables but not to change the relationship between the variables (Field, 2009). In particular, natural log transformation application compressed the right tail of the distribution and approximated it to symmetric skew. Appendix 5B shows

the results for skewness and kurtosis, Q-Q plots, test of normality and homogeneity of variance after transformation. The results indicate that the most normally distributed data across the three business sectors is brand advantage and international competitiveness whereas data for entrepreneurial capital, brand orientation and entrepreneurial orientation are fairly normally distributed especially among the agricultural and manufacturing sectors. On comparison however, it can be seen that there is no significant difference in normality of distribution between untransformed and transformation data. Therefore, untransformed data were used in further analysis.

Homogeneity of variance (homoskedasticity) was another assumption that was tested during analysis. In correlation research designs, this assumption implies that the variance of one variable should be stable at all levels of the other variables (Field, 2009). While in studies with different groups of data of the same population, it means that the variance in scores per construct is the same in each of the different groups (Field, 2009). The presence of unequal variances (heteroskedasticity) of variables across different groups causes the prediction of the dependent variable to be better at some levels of the independent variable than at others (Hair et al., 2010). It is this variability that affects the standard error and makes hypothesis testing insensitive.

Homoskedasticity was tested by applying Levene's test in which the equality of variance is assumed if the F-statistic is not significant ($P > .05$). The non-significant test statistic upholds the null hypothesis that there is no difference between the variances of the variable for the different groups. The results in Appendix 5A indicate non-significant Levene's statistics for all variables except for brand advantage. However, the significant Levene's statistic for brand advantage could be attributed to the large sample size in which the test is capable of detecting significant values even for very small differences in group variances. The equality of variance in scores for all constructs except brand advantage across different business sectors is further confirmed after transformation (see Appendix 5B). Therefore, it was concluded that there was equal variance in scores for all constructs across different business sectors and hence the assumption was tenable for these data.

The third assumption considered states that there should be linearity in the relationship between a set of variables (bivariate and multivariate). Linearity applies to all multivariate techniques based on correlation measures of association including factor analysis, regression analysis and structural equation modeling (Hair et al., 2010). For instance, the relationships between exogenous and endogenous

constructs in structural models are based upon linear correlations and causality (Babin & Svensson, 2012). Linearity represents the degree to which the change in the dependent variable is associated with the independent variable. Hence, it was important to examine any divergences from linearity that could affect the association between the variables of the study. Linearity was assessed using F-statistics test and scatter plots for standardized predicted values of the dependent variable (ZPRED) and standardized residuals or errors (ZRESID). The F-statistic (1.455, $P=.229$) for the first model is not significant whereas for the second model, F-ratio (8.091, $p<.000$) is higher and significant. This means that the second model significantly improved the potential to predict international competitiveness. The scatter plot for international competitiveness as the dependent variable exhibits a converging pattern around zero without any evidence of a curve, which is an indication of homogeneity of variance and linear relationship between the dependent variable and independent variables (Appendix 5C). In addition, analysis of the partial regression plots reveals that all the independent variables are important in predicting international competitiveness although the relationships with entrepreneurial capital and brand advantage are negative. To test for normality of residuals, histogram and normal probability plots were used. The graphs in Appendix 5C show that standardized residuals are normally distributed with fairly perfect bell-shaped curve and the majority of data points lying on the normal P-P line.

Data was further tested for compliance on the assumption of no multicollinearity between the independent variables. Multicollinearity exists when there is a strong correlation between two or more independent variables in a regression model (Field, 2009). With high collinearity, it is difficult to find distinct effect of individual independent variables (predictors) on the dependent variable since it increases the standard error which affects the size of regression coefficients and limits the size of multiple correlations (Field, 2009).

Consequently, multicollinearity between the predictor variables was checked using tolerance levels and the variance inflation factor (VIF). Appendix 5C presents tolerance levels that are all above .50 and variance inflation factors (VIF) which are all below 3. Although further collinearity diagnostics in Appendix 5C show some collinearity between brand and entrepreneurial orientations on the dimension with the smallest Eigen value, the correlation (.659, $P<0.01$) between the two variables is below .90 which implied that the problem is not severe (Field, 2009). Therefore, both constructs were retained in the study for further analysis.

Finally, data was tested for whether the assumption of independent errors is tenable. This assumption states that for any two observations the residual terms should be uncorrelated (Field, 2009). In other words it advocates for no serial correlation between errors. Data in this particular study was checked for independent errors using Durbin-Watson test. It is the rule that data to meet the requirement, the Durbin-Watson value should be 2, which confirms that the residuals are uncorrelated. According to model summary in appendix 5C, the Durbin-Watson value for these data is 1.60 which is close to 2, hence the assumption is tenable. However, further examination of the results revealed presence of influential observations in the data. As a result, a total of eight (8) cases were deleted from the data set resulting into a sample of 304 observations used in further analysis.

3.8.4 Validity and Reliability Testing

According to (Yin, 2009), a good research design must possess construct validity and reliability, internal and external validity. Construct reliability is the measure of the degree of internal consistency between multiple measures of a variable whereas construct validity refers to the extent to which a scale or set of measures accurately represents the concept under study (Hair et al., 2010). Internal validity is the ability to establish a causal relationship whereby certain conditions are shown to lead to other conditions and superior relationships are distinguished from others while external validity is the extent to which the research design is able to establish the domain to which a study's findings can be generalized (Yin, 2009). In other words, external validity is the degree of generalizability of findings to the sample studied and the population not directly studied respectively (Gerring, 2012).

In this study, construct reliability and validity was tested using both exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). The use of both EFA and CFA was to test and confirm measurement model validity and reliability which is a key condition for application of structural equation modeling. It is categorically stated that a structural model can be tested only when the measurement model is sufficiently valid (Hair et al., 2010). In addition, CFA requires that the number of factors and variables loading on each are predetermined. Hence, EFA assisted in identifying the number of factors and in assigning variables to each from a set of multiple measures and then CFA was applied to confirm the measurement specifications. Internal validity was tested using significance of parameter estimates for relationships corresponding to hypotheses and external validity was assessed through comparison of findings to previous and similar studies relating to international new ventures (sample) and international firms (population).

3.8.4.1 Content Validity

Content validity is the degree of correspondence between the measures of a construct and its conceptual definition (Hair et al., 2010). This is usually done to ensure that theoretical, empirical and practical issues are taken into consideration. Testing for content validity adds value to scales adapted or borrowed from past studies by weeding out item content overlap (Hair et al., 2010) and assesses the appropriateness of items to the domain of the construct (Malhotra & Grover, 1998). Basically content validity is assessed through expert reviews and pretesting of the sample data instrument on a section of the population of the study (Hair et al., 2010; Malhotra & Grover, 1998; V. A. Miller et al., 2009).

Consequently, expert reviews were conducted to ensure face or content validity of the instruments. In particular, three (3) academic experts in the field of international business, entrepreneurship and marketing and three (3) managers in international new ventures were purposively selected to review and evaluate the draft questionnaire in terms of content and operationalization of the constructs, relevance, language and general understanding of questions. Items that proved to be irrelevant were removed from the instruments at this point. Then changes and improvements in the construction were made where necessary.

Expert reviews were followed by pretesting of the sample instrument on the actual population of the study. In particular, pretesting of the instrument was important for this study because the measurement scales were adapted from previous studies and applied to a new context outside their normal use (Hair et al., 2010). Hence, there was need to purify the measure and clarity on question wording. Moreover, reliability and validity of some scales adapted have not been replicated and tested across national cultures and industries. Therefore, pretesting was done to ensure adequate internal consistency of the measurement scales before proceeding with the main study (Hoxha & Capelleras, 2010).

The pilot study was conducted among 100 international firms and after a period of one month 54 cases comprising questionnaires for owner-managers, employees and customers had been returned. The firms that participated in the pilot study comprised 4 agribusinesses (7.4%), 23 manufacturers (43%) and 27 service firms (50%). In regard to international activities of these firms, there were 23 exporters (43%), one foreign subsidiary (2%), 8 subcontractors (15%) and 22 importers (41%). These sample statistics indeed reflect the reality about sector and international business composition in Uganda's economy.

Further, data was collected from three different groups of respondents within each firm. These respondents included owner-managers, employees and customers whose characteristics such as sex, age and education were analyzed. The profiles of respondents on the three characteristics are summarized in Table 3-3 below whereas construct reliability and validity results are presented in Table 4-3.

Table 3-3 Informant's Profile

Characteristic	Group	<u>Owner-managers</u>		<u>Employees</u>		<u>Customers</u>	
		Feq	(%)	Freq	(%)	Freq	(%)
Sex	Male	40	74	26	48	30	56
	Female	14	26	28	52	24	44
	Total	54	100	54	100	54	100
Age	Under 20		-		-	2	4
	21-30	21	39	36	67	21	39
	31-40	21	39	18	33	24	44
	41-50	11	20		-	7	13
	50+	1	2		-		0
	Total	54	100	54	100	54	100
Education	Secondary	2	4		-	1	2
	Certificate	4	7	6	11	9	17
	Diploma	3	6	17	31	20	37
	1st Degree	37	69	28	52	21	39
	Masters+	8	15	3	6	3	6
	Total	54	100	54	100	54	100

Source: Pilot Study

According to results in Table 3-3 above, individual respondents constituted (74%) male and (26%) female owner-managers, 48% male and 52% female employees whereas the customer subgroup composed of 56% male and 44% female. Hence, the majority of owner-managers and customers were male whereas employees were mostly female. These results are consistent with statistics on employment and ownership of private businesses by gender in Uganda. The results further show that 78 percent of owner-managers were aged between 20 and 40 years; all employees were aged between 20 and 40 years whereas the majority of customers were of 30 to 40 years of age. The generally young age of business owners and employees is reflective of Uganda's population distribution by age. Furthermore, the results indicate that the majority of owner-managers (69%), employees (52%) and customers (39%)

had an undergraduate degree as their highest level of education, which reveals adequate levels of education among respondents.

3.8.4.2 Construct Reliability

In this study, construct reliability was determined using Cronbach alpha coefficients that test internal consistency of items on a scale. For the main study, a measurement scale was considered reliable if its Cronbach's alpha was $\alpha \geq .70$ whereas $\alpha \geq .60$ was maintained for the pilot study. In CFA, construct reliability was tested using item reliability or variance extracted and Fornell and Larker (1981)'s procedure for composite reliability.

3.8.4.3 Exploratory Factor Analysis

To ensure that the measurement scales were valid, principle component analysis (PCA) was used as the main method of factor analysis in the pilot as well as the main study. PCA was used to cluster or group together variables or items that were interrelated with orthogonal rotation using the varimax method. Overall exploratory factor analysis (EFA) was valuable in reducing data and understanding the structure and interrelationships of factors for each latent variable in the study (Field, 2009). However, factor analysis requires that the number of observations (sample size) is more than the number of items being reduced to ensure stability of parameter estimates. On this note, a 5:1 ratio as the minimum sample to variable (STV) ratio is recommended while the desirable ratio is 10:1 (Hair et al., 2010). These scholars further recommend that the highest STV ratio should be targeted in order to avoid getting sample specific factors with little generalizability. This requirement was met by attaining a total of 312 responses for the main study per measurement scale. The STV ratio details per scale are reported in Table 3-4 below.

Table 3-4 Summary of Sample to Variable Ratio

SCALE	EC	BO	EO	BA	IC
No. of variables (V)	25	17	13	20	18
No. of observations (S)	312	312	312	312	312
Ratio (S/V)	12	18	24	16	17

Source: Primary data

According to Table 3-4 above, on average there are 12 responses per variable or item under entrepreneurial capital, 18; 24; 16 and 17 responses per item for brand orientation, entrepreneurial

orientation, brand advantage and international competitiveness respectively. Hence, the STV ratio per construct was sufficient for factor analysis to be performed.

Furthermore for exploratory factor analysis to be applied, data must have sufficient correlations between variables and an adequate sample size. The Bartlett's test of sphericity was used to measure the statistical significance of the correlation matrices whereas Kaiser-Meyer-Olkin (KMO) was used to test sampling adequacy. In particular, factor analysis is appropriate at KMO values between 0.70 and 0.80 (Field, 2009) and significant Barlett's test which indicates that correlations between items are sufficiently large for PCA (Hair et al., 2010). Although factor analysis requires large sample sizes, the Barlett's test of Sphericity becomes more sensitive as the size of the sample increases (Hair et al., 2010). When the sample size is large, the test has the ability to detect even small correlations between variables as significant. When this happens, it is recommended that the data matrix should have a substantial number of correlations greater than .30 for factor analysis to be appropriate (Hair et al., 2010).

The practical and statistical significance level of factor loadings was also assessed. A factor loading is the correlation between an item and the factor whereas the squared factor loading or communality is the total amount of variance in the variable or item accounted for by the factor (Hair et al., 2010). Hence, a factor loading of .50 represents a 25 percent change in the variable accounted for by the factor and those exceeding .70 account for more than 50 percent of variance in the variable. Hair et al (2010) asserts that factor loadings of .50 are practically significant whereas those at .70 and above are excellent indicators of the factor. Hence, variables with factor loadings equal to and/or greater than .50 and factors with eigenvalues greater than one (1) were retained for further analysis. Item-to-total correlation ratios cross loadings and individual factor loadings were checked to ensure construct validity. Factors with low cross loadings and high individual loadings were adopted.

Finally using Cronbach alpha coefficient (α), reliability of each factor was tested and compared to the recommended minimum level of .70 (Nunnally, 1978). Hence, only factors with $\alpha \geq .70$ were adopted in further analysis. However, questions B1 to B5 in the questionnaire representing background information on both the unit of analysis (firms) and unit of inquiry (individuals) were excluded from the factor analysis.

3.8.4.4 Confirmatory Factor Analysis

Confirmatory factor analysis was deemed necessary since testing for significant relationships in the structural model requires a satisfactorily reliable and valid measurement model (Fornell & Larker, 1981). Confirmatory factor analysis was performed and the measurement models were tested for overall goodness of fit (Bentler, 2004; Hooper, Coughlan, & Mullen, 2008). Goodness of fit was tested using Chi-Square but due to its sensitive to sample size and lack of a defined power function (Fornell & Larker, 1981), other measures were also used. Other model fit tests including the normed χ^2 , which is the ratio of chi-square and its degrees of freedom (χ^2/DF), goodness of fit index (GFI), Adjusted goodness of fit index (AGFI), Normal fit index (NFI), Non-normal fit index (NNFI) or the Tucker-Lewis Index (TLI), comparative fit index (CFI), increment fit index (IFI), and root mean square error approximation (RMSEA) were adopted (Garver & Mentzer, 1999). This is in accordance with the recommendation that goodness of model fit is better tested and confirmed when more than one index is used (Hair et al., 2010). In particular, the TLI, CFI and RMSEA were emphasized in reporting since they are less affected by sample size (Schermmelleh-Engel et al., 2003). Accordingly, it is recommended that TLI and CFI values of .97 are a good fit and values above .95 are acceptable; and RMSEA should always be less than .08 for acceptable fit and less than .05 for good fit. To test the impact of sample size on the P-value, the normed χ^2 (χ^2/DF) should be 3.0 or less for good fit (Hair et al., 2010), the Hoelter's critical N should be greater than 200 and SRMR which is a measure of badness of a model should be 0.08 or less (Schermmelleh-Engel et al., 2003). When the results of these various indices are satisfactory, it means that the P-value that is less than 0.05 is due to the effect of larger sample size.

Consequently, the fit of each factor (subscale) and its observed items was assessed individually to determine whether there were any weak items with squared factor loadings (L^2) below .20. Secondly, each factor or subscale was modeled together with other factors measuring the same theoretical construct to determine if convergent validity is achieved (first-order CFA model). Thirdly, a second-order CFA model was tested in which the first-order factors became the indicators and finally CFA was run for the hypothesized model combining all theoretical constructs and their indicators to determine whether discriminant validity had been achieved. Where necessary, improvements in the measurement model were done based on modification indices that indicated changes and standardized residual values. To improve model fitting or parsimony, variables with residual values greater than 1.96, low factor loadings and squared factor loadings (L^2) below .20 were deleted incrementally (Hooper et al., 2008; Schermmelleh-Engel et al., 2003).

Critical ratios (C.R) were used to measure the statistical significance of parameter estimates. It is actually the parameter estimate divided by its standard error. Hence, C.R works as a z- statistic or t-statistic to test whether the estimate is different from zero. C.R-values need to be greater than 1.96 at the probability of .05 before the hypothesis that the estimate is equal to zero can be rejected. Furthermore, reliability and validity of the measurement models was examined using internal consistency and discriminant validity respectively (Bentler, 2004). Internal consistency is normally measured using both construct reliability and convergent validity in SEM models. Construct reliability of the scales was tested in exploratory factor analysis using Cronbach coefficient alpha (refer to section 4.11.3.3 above) and confirmatory factor analysis using Fornell and Larker (1981), based on the sum of squared loadings and the sum of error variance for each construct. Although, the Cronbach coefficient alpha remains a popular method of estimating reliability, it is faulted for underestimation of reliability (Hair et al., 2010). With CFA, construct reliability was computed using the formula below and the results are compared to Nunnally (1978)'s rule:

$$\text{Construct Reliability (CR)} = \frac{[\text{sum of (standardized factor loadings)}^2]}{[\text{Sum of (standardized factor loadings)}^2] + (\text{sum of error variance})}$$

Convergent validity refers to the degree to which two or more measures of the same concept are correlated (Gerring, 2012; Hair et al., 2010). In accordance with Fornell and Larker (1981)'s procedure, convergent validity was tested through confirmatory factor analysis using the average variance extracted (AVE). The AVE measure provides the amount of variance that a construct obtains from its indicators relative to the amount of variance due to the measurement error. Hence, convergent validity is achieved if the average variance extracted is greater than 0.5 (Fornell & Larker, 1981). If the value is less than 0.5, it implies that the variance due to the measurement error is larger than the variance captured by the construct and hence unreliable. The average variance extracted (AVE) was calculated as follows:

$$\text{AVE} = \frac{[\text{sum of (standardized factor loadings)}^2]}{\text{Number of items (n)}}$$

The study in addition used the squared factor loadings (L^2) to measure reliability of the observed items in relationship to the latent or unobserved construct (Schreiber et al., 2006). Thus for CFA, item reliability is achieved when L^2 is greater than 0.2 (Hooper et al., 2008; Schermelleh-Engel et al., 2003).

Furthermore, the average extracted variance was used to test for discriminant validity (Fornell & Larker, 1981). In particular, discriminant validity measures the extent to which two conceptually similar concepts are distinct (Gerring, 2012; Hair et al., 2010). Discriminant validity is realized when the average variance extracted (AVE) for each construct is higher than the square of correlation (R^2) between each construct and any other construct (Hair et al., 2010). When this requirement is met, it means that the construct in question explains more of the variance in its measured items than it shares with another construct. It is also relevant in testing of mediation and control for endogeneity bias where it is necessary to establish that the mediator is distinct from the independent and dependent variables (Zhao, Lynch, & Chen, 2010). If the relationship between the independent and the mediator is very strong, it creates multicollinearity which inflates the standard error of all variables in the model and compromises the indirect effect.

3.8.5: Structural Equation Modeling

Structural equation modeling (SEM) is a multivariate statistical technique appropriate when using non-experimental data based on human perceptions, behaviour and/or beliefs to establish the direct causal contribution of one variable to another (Babin & Svensson, 2012; Hoe, 2008). Structural equation modeling is a composition of confirmatory factor analysis and multiple regression analysis used to estimate a number of dependent interrelationships simultaneously (Hoe, 2008; Schreiber et al., 2006). Hence, it is believed to be the best multivariate procedure that tests both construct validity and theoretical relationships among a set of concepts measured by multiple variables. SEM is advantageous because it incorporates measurement error in the estimation of the dependence relationships (Hair et al., 2010). In order to examine the interrelationships between the latent variables of the study, structural models are generated using maximum likelihood method of estimation (ML).

3.8.5.1 Estimation Method

Maximum likelihood was adopted in this study because it is the most widely used method and most of the software programs, including AMOS use ML as the default parameter estimator (Ray et al., 2004; Schermelleh-Engel et al., 2003). It is employed based on the assumption that the variables in the model are multivariate normal and correctly specified, model implied and empirical covariance matrices are positive definite and sample size is sufficiently large ($N > 200$). ML method is advantageous especially in large samples since it generates parameter estimates and standard errors that are asymptotically

unbiased, consistent and efficient irrespective of the scale whether continuous or ordinal, whether correlation or covariance matrices are analyzed and whether original or transformed data are used (Schermelleh-Engel et al., 2003). Hence, ML was deemed appropriate for this study since the returned sample is large enough and data are fairly normally distributed which greatly contributed to generation of consistent parameter estimates.

3.8.5.2 Model Validation

Structural equation models in this study were built in line with the research questions and hypotheses. These models were then examined for goodness of fit, cross validated by comparing them to other competing models and interpreted them using the variance (squared multiple correlation (SMC) explained in the dependent variables and the standardized path coefficients (Beta) which indicates the strength of relationships between the dependent and independent constructs (Hair et al., 2010; Schreiber et al., 2006). In particular, multiple indices were used to assess the goodness of model fit including absolute, incremental, comparative and parsimony fit indices (for details refer to section 3.8.4.4 above).

Further validation was done through testing for significance of structural relationships that represent each specific hypothesis. The rule used to accept or reject the hypotheses is that “parameter estimates have to be statistically significant at ($p < .05$) and in the predicted direction” (Hair et al., 2010). This particularly means that the estimates must be greater than zero for a positive relationship and less than zero for a negative relationship. In addition, variance explained (R^2 or squared multiple correlation-SMC) for the endogenous constructs was used to examine the validity of the structural model which should be nontrivial (Hair et al, 2010). Therefore, hypotheses with significant coefficients in the predicted direction were accepted whereas those with non-significant coefficients and in unpredicted direction were rejected.

3.8.5.3 Testing for Hypotheses

To test for research hypotheses, total, direct and indirect effects were estimated. In particular, indirect effects represent the effect of the independent variables on the dependent variable through a mediating variable (Baron & Kenny, 1986). In order to establish whether the mediation (indirect effects) is significant, the bootstrap test was applied (Preacher & Hayes, 2004). Bootstrapping is a non-parametric approach to effect-size estimation and hypothesis testing that makes no assumption about

the shape of the distribution of the variable or the sampling distribution of the statistics. The bootstrap approach is argued to be superior in testing indirect effects compared to other alternative methods. In particular, it uses the sample data to create the sampling distribution of the indirect effect estimates from the re-samples rather than based on normal distribution (Zhao et al., 2010).

On the other hand the effectiveness of Baron and Kenny, (1986) and Sobel test in estimating indirect effects is contested. For instance, Sobel test is based on the assumption of normal distribution which is symmetric around the mean whereas the indirect effect is a product of the relationship between the independent variable and mediator (a), and the relationship between the mediator and the dependent variable (b) (Zhao et al., 2010). Hence, the sampling distribution of the product (ab) cannot be normal and bootstrapping overcomes this misconception. In fact, Zhao et al, (2009) assert that the sampling distribution of the product (ab) is always positively skewed with a shorter and flatter tail to the left. It is also argued that Baron and Kenny tests are primarily useful in establishing the type of mediation. Hence, their three equations can only feed into the parameters of the test of indirect effect but not to establish the significance of mediation (Zhao et al., 2010).

Scholars have categorized the types of mediation to include full and partial mediation (Baron & Kenny, 1986); complementary mediation when the indirect and direct paths are of the same sign and competitive, if the indirect and direct paths are of opposite sign (Zhao, Lynch & Chen, 2009). Baron and Kenny (1986)'s mediation is based on a significant direct effect. However, it is also argued that significant mediation may exist against a non-significant direct effect. There are also cases of "No effect-No mediation" when the direct and indirect paths are both non-significant and "Direct-only relationship" if there is no significant indirect effect but a significant direct effect. Further, these scholars contend that the Sobel test has low power in testing the indirect effect when there is a strong correlation between the independent and mediating variable (Zhao et al., 2010). Preacher and Hayes, (2004) asserts that the Sobel test has limitations in showing the reduced direct effect of the independent on dependent variable when the mediator is added to the equation. Hence, bootstrapping solves this power problem as a result of asymmetries or other forms of non-normality in the sampling distribution of the product.

It is further argued that mediation models with more than one antecedent to the mediator and/or dependent variables should not be tested (Iacobucci, Saldanha, & Deng, 2007). These scholars contend that inclusion of multiple antecedents or independent variables into the model creates multicollinearity

which generates very different results including reversing the sign of the relationships. Hence, a three-variable approach to testing mediation would be the most preferred (Preacher & Hayes, 2004). This simple mediation model produces zero degrees of freedom implying that the model perfectly fits the data but it is insufficient in distinguishing between competing models and parameter estimates (Iacobucci et al., 2007). Therefore, recommendations on bootstrap based testing for evidence of mediation in complex models was adopted (Iacobucci et al., 2007). These scholars suggest inclusion of a fourth variable to the model as either an antecedent or consequence of the independent variable (X). However, the rule is that parameter estimates of the “four-variables model” should remain identical to the “three-variables” mediation model (Iacobucci et al., 2007). The inclusion of the fourth variable is intended to make the model more complicated to generate sufficient degrees of freedom and ensure that statistics are consistent. These scholars further argue that complexity of the model improves conceptual explanations and guards against committing Type I error. In particular, as the number of variables increases in the model so does the number of degrees of freedom. This is consistent with the tenets of structural equation modeling which requires that models be over identified in order to achieve more accuracy (Winship & Harding, 2008).

Consequently, the analysis used the Monte Carlo parametric bootstrap method, 2000 re-samples of 304 were drawn with replacement from the original set of 304 respondents. The analysis adopted 95% confidence intervals to determine the 2.5% (lower bounds) and 97.5% (upper bounds) values in the distribution of the indirect effect estimates from each bootstrap sample. The 95% confidence interval is important in determining whether the indirect effect is significant. Hence, the indirect effect would be significant if the 95% confidence interval does not include a zero and/or when the P-value is less than .05. Finally, the interaction effects of the exogeneous variables on both brand advantage and international competitiveness (endogeneous variables) were analyzed to establish how much of the variance in the dependent variables is explained when the independent variables are combined. This was done by inclusion of multiplication interaction variable of the three main predictors into the model.

3.9 Controls for Potential Biases

A number of potential biases including those associated with common methods, endogeneous variables, and non-response and sample selection criteria were anticipated to arise if not controlled for as part of the research design. Hence, controls for the various biases are discussed in detail in the following subsections.

3.9.1 Controls for Common Methods Bias

Common methods bias (CMB) arises from common methods variance (CMV), which is the difference (error) in results due to the measurement method used rather than the constructs the measures represent (Podsakoff et al., 2003). Thus measurement error is the difference between the value of a characteristic provided by the respondent and the true unknown value. Generally, the difference or similarity in methods used in data collection process is the main source of measurement error (both random and systematic errors) which affects the validity of relationships between the measures. For instance use of same method such as self ratings of both the predictor and criterion variables generates higher correlations and hence spurious inflation of relationships whereas using different methods will tend to underestimate relationships due to common methods variance (Conway & Lance, 2010). Hence, common methods variance may either cause inflation or deflation in the observed correlations between constructs leading to Type I and Type II errors respectively.

In particular, CMV is an example of systematic measurement error and is believed to pose serious problems since it provides an alternative explanation of the correlation between measures of the construct different from the one hypothesized (Podsakoff et al., 2003). Further, a distinction is made between CMV and CMB (Meade, Watson, & Kroustalis, 2007). According to these scholars, CMV is the difference in observed scores attributed to a methods effect whereas CMB is the extent to which correlations are inflated due to a methods effect. Therefore, CMB is one of the main causes of misleading conclusions on relationships between constructs in many studies and has become a key research design and statistical analysis concern. However, it is the research design rather than post hoc statistical controls that is a highly recommended course of action (Conway & Lance, 2010; Podsakoff et al., 2003). It is possible to statistically test and estimate measurement error by comparing survey responses with data from other independent and valid sources, conducting repeated measurements on the same sample and/or comparing responses in the first to the second survey and/or by using random subsamples of the complete survey. However, this procedure is expensive and time consuming. Therefore, for this study common methods bias was mainly controlled through better planning in the research design and implementation of methodology.

The first and foremost step in controlling for methods variance in correlations was to eliminate any common item measures between the predictor and criterion variables. This strategy specifically controlled for potential bias in correlations due to overlap in items used to measure different constructs

(Conway & Lance, 2010). Secondly, the key sources of measurement error were anticipated to include using a common source of data for both predictors and criterion variables, which was likely to create consistency in responses, assumptions about co-occurrence of items and misleading responses as a result of respondents social desirability and leniency; questionnaire format, content and wording, common scale anchor, format and length and respondents characteristics such as mood and experience (Meade et al., 2007; Podsakoff et al., 2003). Thirdly, it was assumed that the key informants (owner-managers) may not be knowledgeable on all factors that were being investigated and may be subjective in responding to some issues. Hence, multiple sources of data were selected to provide information on different variables of the study. In particular, owners or managers assessed entrepreneurial capital (human, economic and social capital), entrepreneurial orientation, brand orientation and international competitiveness; ordinary employees evaluated the symbolic capital of owners or managers whereas customers rated the brand advantage of INVs whose products or services they had experienced or consumed. In addition, a mixed scale anchor strategy was adopted for the study to avoid consistency and spurious correlation in responses. A 6-point Likert scale was used in rating the predictor variables while a 7-point Likert scale was adopted in the evaluation of mediating and dependent variables. Care was also taken in questionnaire design including clearly and precisely stating instructions, questions and/or statements, specifying details and the context of the questions, and the use of simple English language.

Finally, Harman's single factor test was used to determine whether the majority of the variance in measures is accounted for by a common factor. As presented in Appendix 14, when items from all constructs were entered into unrotated exploratory factor analysis, a single common factor accounted for only 19 percent of the total variance and indicated a structure of 23 potential factors with eigenvalues of 1 and above. Therefore, the results suggest that no single factor accounted for the majority of the total variance and common methods variance was unlikely to pose serious problems in parameter estimates.

3.9.2 Controls for Endogeneity Bias

Because the hypothesized model contains more than one endogenous variable, it was necessary to control for the possible endogeneity bias. Brand advantages (BA) and international competitiveness (IC) are both dependent variables endogenously determined in the large system of operations. As separately presented in the equations: 1) $IC = f_1(BA, X_1, e_1)$ for international competitiveness and 2) $BA = f_2(X_2, e_2)$

for brand advantage. This interdependence makes it difficult to accurately understand the relationship of interest (international competitiveness) when another endogenous factor (brand advantage) is used as an explanatory variable together with the exogenous variables (X_1) and the error term (e_1) in the equation.

In the hypothesized hierarchical model, endogenous bias exists if errors (e_1 and e_2) are correlated with each other and automatically the endogenous variable (brand advantage in this case) would correlate with the error term (e_1) since brand advantage is a function of e_2 (Bollen, Guilkey, & Mroz, 1995; Villa-Boas & Winer, 1999). The correlation between error terms e_1 and e_2 is likely to occur if important factors related to both endogenous variables (BA and IC) are systematically excluded from their respective equations. These omitted factors would form part of the error terms and consequently result into a correlation between the errors (Bollen et al., 1995; Villa-Boas & Winer, 1999). Secondly, although exogenous variables (EC, EO, BO) are assumed to be determined outside the system and thus uncorrelated with the error term (e_1), there was a possibility of overlap in the set of exogenous variables (X_1 and X_2) which relate to both brand advantage and international competitiveness. This overlap and the potential correlation between error terms was addressed with improved model specification through inclusion of both theoretical and control variables in the model which ensured consistency and accuracy of estimated results (Bollen et al., 1995; Timpono, 2003; Villa-Boas & Winer, 1999).

3.9.3 Controls for Non-Response Bias

Sampling was inevitable in this study due to time and financial resources limitation. But it is always important to have a representative random sample if findings are to be generalized to the population (Green, 1991; Hair et al., 2010). However, when survey method of data collection is adopted in sample based studies, non-response bias is unavoidable (Dalecki, Whitehead, & Blomquist, 1993). In particular, high levels of non-response reduce randomness and representativeness of the sample and hence the accuracy of population estimates (Green, 1991). Therefore to increase the response rate and control for non-response bias in this study, follow-ups and reminders were sent to non-respondents to the initial mailing wave (Kwak, 2002). In addition, mail surveys often suffer from delayed response bias of early and later respondents resulting from follow-ups and reminders which significantly differ in respect of sample characteristics and/or metric variables of the study. Therefore, it was imperative to statistically estimate the effect of delayed response bias (difference in ratings of variables between early and late respondents).

Differences in metric dependent variables across response waves in this study were assessed using Multivariate Analysis of Variance (MANOVA). Multivariate tests including Pillai's criterion, Wilks' Lambda, Hotelling's T^2 and Roy's greatest characteristic root were used to assess the significance of the overall difference of the set of dependent variables across the three response groups (Field, 2009; Hair et al., 2010). In addition, univariate analysis of variance (ANOVA) was performed in order to determine which of the dependent variables contributed to the overall differences revealed by the multivariate test. For instance, one variable in the set of dependent variables may be the cause of the differences when others are non-significant and/or may absorb the significant effect (Hair et al., 2010). However, in both cases the tests must be non-significant for the null hypothesis to be accepted.

Assumptions of MANOVA including normal distribution, equal variances across groups and sufficient correlations among all dependent variables were checked if tenable. In particular, the Levene's test which must be non-significant was adopted in assessing equality of variance across groups on a single dependent variable whereas the Box test which must be non-significant was adopted to examine the equality of covariance matrices for the entire set of dependent variables across groups. Barlett's test of sphericity was used to determine the presence of sufficient inter-correlations among the dependent variables.

Since there were more than two waves of the independent variable (response group), post hoc tests in MANOVA were also run to examine the significance of difference in dependent variables between all possible pairs of the response groups and determine which of them is responsible for the difference. In addition, since sample size for the three response waves was not equal and very different, equal variance was not assumed. As a result, the Gabriel's test for its great power, Games-Howell procedure and Hochberg's GT2 were adopted in testing for significance of group differences.

3.9.4 Controls for Survivorship Bias

Survivorship bias is a product of sample selection criteria and arises when the study is conducted among only firms that survived the sample period (Carpenter & Lynch, 1999). Since data in the current study was only collected from INVs that had survived a minimum period of five (5) years and not the complete set of INVs over the same period, the result may be vulnerable to survivorship bias. Survivorship bias is determined by drawing comparisons and testing for significance of mean differences in latent variables

between survivors and non-survivors (Gilbert & Strugnell, 2010). However, it was not possible to test for the effect of survivorship bias in this study since data on non-surviving or defunct INVs was not available due to lack of a complete sampling frame, moreover, the decision to collect data on non-surviving firms would be very expensive and time consuming (Gilbert & Strugnell, 2010). However, on average, survivorship bias normally accounts for only between .01 to .04 percent of the difference in study results, which is a small and insignificant effect (Brown, Goetzmann, Ibbotson, & Ross, 1992). Therefore, the exclusion of data on non-survivors was assumed not to have any significant effect on the outcomes of this study (Gilbert & Strugnell, 2010).

3.10 Ethical Issues and Strategy

A number of ethical issues concerning consent, privacy, confidentiality and anonymity were anticipated to arise in the course of conducting this study. As a result, strategies for dealing with these issues were laid out in advance to ensure that research is done in an ethical manner and in accordance with the guidelines of the University of Witwatersrand (refer to Appendix 16 for ethics clearance certificate); according to other laws or legal frameworks that may apply and according to norms and expectations of my discipline. In particular, consent was secured during the sample screening survey. In the screening survey, firms were briefed on the objectives and relevance of the intended research and were requested for their consent to participate in the main study (refer to Appendix.1).

A statement ensuring anonymity and confidentiality of respondents was also included in the cover letter to the questionnaire. In addition, the data collection instrument did not have any requirement for participants to indicate their names which further guaranteed their anonymity and confidentiality of information. Further, contact and follow-up on respondents were made during working hours between 9 am to 5 pm from Monday to Friday to ensure privacy while the the right to refuse to respond was highly respected. Furthermore, data cases were coded and results are reported in aggregates herein. A plan is also in place to destroy all raw data after two years of completion of this research and only to maintain a soft copy of the data set as long as it is relevant. Before this period elapses, raw data will be kept in my personal storage system.

3.11 Research Challenges Encountered

The researcher faced a number of challenges especially during data collection process. These challenges relate to sampling, timing, missing data, delays and unwillingness to respond.

In the sample screening process, we found that most agricultural and manufacturing firms that had internationalized operations were older than 15 years, did not fall under the SME category and many were not independent operations but subsidiaries of multinational firms or belonged to a group of companies (conglomerates). Service firms were mostly new and engaged in international business such as tourism, travel and tours, hotels, import or export trading companies, logistics and transport companies, clearing and forwarding firms, engineering and construction firms, consulting firms, information technology and others. This state of affairs caused imbalances in the sample proportions.

Data collection was also done at the beginning of a new year and this posed a number of challenges. Most firms were busy planning and setting up for the New Year and preparing end of year reports. There were delays in return of owners and managers who had traveled abroad for holidays, some key staff had changed jobs and therefore information could not be traced. Therefore, the timing caused delays and increased the cost of data collection. Many companies had policies that barred employees from providing information to external parties and as a result many employees hesitated to fill in the questionnaire for fear of being dismissed even when permission had been granted by management. This fact could have introduced bias in the responses and contributed to measurement error. Further, collecting data from customers was challenging since most firms were not willing to engage their customers. As a result some customers were reached through informal company referrals and others were interjected when buying goods or consuming services. Customers were also requested to fill in the questionnaires as they consumed services especially in hotels, tour and travel and at tourist centres mainly targeting foreign tourists and expatriates working in Uganda. This fact contributed to delays and cost of data collection as more time and information had to be provided to managers for companies surveyed.

In a number of cases, questionnaires had missing data or item non-responses. We had to call back to clarify on the missing responses for which most were accidental and in some cases due to misunderstanding of the statement or due to feelings that the statement does not apply to them. Hence, proper explanations were given to respondents especially on the purpose and why they needed to respond whereas in some cases missing values were carried on. A number of respondents failed to fill in the questionnaire in time claiming being busy, which resulted into delays in collecting back questionnaires. A few questionnaires were mailed back but the majority was physically collected. Hence,

a number of follow ups were made to respondents before a questionnaire was returned which added to delays and the total cost of data collection.

Some owners and managers had suspicions that the research is commissioned by their competitors or the tax body. Furthermore, many owners and managers in the private sector seem not to appreciate the value of research. They believe that research enables their competitors to get information about their operations and would use it to out-compete them. Hence, many non-responses and uncooperativeness were due to this reasoning. In these cases non-responses were reduced through assurances especially using the recommendation letter (see Appendix 17) and confidentiality clause. In some cases, respondents demanded for payment to participate in the study. However, due to budgetary constraints it was not possible to pay respondents but to assure them of the benefits of participating in the study.

The lack of government policy mandating companies to publish and provide information to the public was another challenge faced. This was further hampered by the lack of research bodies that collect company data of public interest. Hence, it was not possible to use actual performance data in this study but subjective data based on managers' assessments.

3.12 Research Activity Plan

This study followed the process outline in **Table 3-5** below to completion. At the end of the research methodology seminar series, the researcher worked to complete the literature review, development of the theoretical and methodological framework that guided this study. Then through the supervisor, a date for presentation of the proposal to the research committee was secured. On successful presentation of the research proposal to the panel and after taking into consideration all the necessary revisions, the researcher sought clearance from the University Non-medical Research Ethics Committee to be able to proceed to data collection stage.

During the same period the researcher obtained clearance and permission from the various institutions or associations and firms from which data was collected. Upon clearance from the Non-Medical Research Ethics Committee, the researcher proceeded to data collection. Once the data collection stage was completed, data was then analyzed, interpreted and presented in accordance with the University research dissertation format for examination.

Table 3-5 Research Activity Plan

Start Date	Activity	End Date
January, 2011	Methodology seminar series	July, 2011
August, 2011	Proposal writing and submission	November, 2011
December 1, 2011	Presentation to Research committee	December 20, 2011
March 20, 2012	Ethics Committee Approval	May, 2012
April, 2012	Sample screening	July, 2012
August 1, 2012	Pilot testing	October 30, 2012
December 5, 2012	Data Collection	March 24, 2013
April 01, 2013	Data entry and analysis	May 30, 2012
June 1, 2013	Interpretation of results	June 30, 2013
July, 2013	Report writing	November 30, 2013
August 9, 2013	Draft Report submissions	March 12, 2014
March 17, 2014	Proof reading	March 26, 2014
March 27, 2014	Submission of Thesis for examination	March 31, 2014

3.13 Chapter Conclusion

This chapter has dealt with discussion of various decisions made in regard to the research philosophy and design that was followed in this study. The study adopted a quantitative and deductive research approach within which a cross-sectional survey research design was used. This study focused on INVs, which were drawn from all the three major economic sectors of the country namely agriculture, manufacturing and service sectors. A total of 405 firms were selected to participate in the study comprising 31 agri-businesses, 103 manufacturing industries and 271 service firms. Data was collected from owner-managers, employees and customers - each group providing a different set of information using three self-administered data collection instruments respectively. Data analysis was done using SPSS (V19) for descriptive and inferential statistics and AMOS (V20) for structural equation models. The chapter in addition, reports other research issues of concern including controls for potential biases, ethical issues and strategy, challenges encountered and research time lines that guided the study.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

This chapter presents the results of data analysis in relation to the research questions and hypotheses summarized in Table 2-9 of this thesis. The chapter also presents the results on sample description, multivariate analysis of variance (MANOVA), exploratory factor analysis (EFA), confirmatory factor analysis (CFA), descriptive statistics and correlations, and structural equation modeling used in testing for hypotheses.

4.1 Sample Characteristics

4.1.1 Characteristics of Respondents

In this study, data was collected from three (3) different groups of respondents and each group provided a completely different set of information on the firm. The key informants included owners or managers who assessed the level of entrepreneurial capital, entrepreneurial and brand orientations and international competitiveness of the firms. Employees rated the symbolic capital of the owners or manager since this resource can only be recognized and assessed by others whereas customers evaluated the brand advantage of the firms and their products.

Table 4-1 Characteristics of Respondents

Characteristics	Group	Owner/Managers Freq	(%)	Employees Freq	(%)	Customers Freq	(%)
Sex	Male	190	60.9	125	40.1	170	45.2
	Female	122	39.1	187	59.9	142	54.8
	Total	312	100	312	100	312	100
Age	Under 20 yrs	-	-	1	0.3	2	0.6
	20-30 yrs	133	42.6	229	73.4	93	29.8
	31-40 yrs	119	38.1	78	25.0	132	42.3
	41-50	47	15.1	4	1.3	56	17.9
	50 ⁺	13	4.2	-	-	27	8.7
	Total	312	100	312	312	312	100
Education	Secondary	4	1.3	7	2.2	10	3.2
	Certificate	14	4.5	12	3.8	29	9.3
	Diploma	66	21.2	151	48.4	103	33.0
	1 st Degree	201	64.4	134	42.9	160	51.3
	Masters ⁺	27	8.7	8	2.6	10	3.2
	Total	312	312	312	100	312	100

Source: Primary data

According to results in Table 4-1 above, most owners or managers who responded to the questionnaire were male (61%) whereas employees (60%) and customers (55%) were female. Owners or managers aged between 20-30 years; 31-40 years; 41-50 and 50 years and above formed 42.6%; 38.1%; 15.1% and 4.2% of the subsample respectively. These results reveal that the majority of owners or managers in the total sample were aged between 20 and 50 years (95.8%); most employees were aged between 20 to 30 years (73%) followed by those aged between 31 to 40 years (25%) whereas 0.3% and 1.3 % were aged less than 20 years and 41 to 50 years respectively. Of the customer subsample 0.6%; 30%; 42%; 18% and 9% were aged less than 20 years; 20-30; 31-40; 41-50 and 50 years and above respectively. The results reveal that most of the customers who responded were aged between 20 and 40 years forming 62 percent of the sub-sample.

Further, Table 4-1 above shows that majority of owners or managers (64%) and customers (51%) who participated in this study were educated up to 1st degree level whereas most of the employees (48.4%) had at least attained diploma level of education. Overall, the majority of respondents in the three subsamples that is owners or managers (94%); employees (94%) and customers (87.5) had adequate level of education (above certificate level).

4.1.2 Firm Characteristics

In addition to the main theoretical constructs, there were two firm characteristics of interest, which is sector, or industry the firm belonged to, and the international activity that defined the main business of the firm.

Table 4-2 Sample Description by Sector and International Activity of the Firm

Sector/Industry	Frequency	Percent (%)
Agriculture	19	6.1
Manufacturing	52	16.7
Service	241	77.2
Total	312	100
International Activity	Frequency	Percent
Exports	211	67.6
Foreign subsidiary	4	1.3
Franchise	4	1.3
Imports	67	21.5
Outsourcing/subcontracting	26	8.3
Total	312	100

Source: Survey Data

According to results in Table 4-1 above, the sectors included Agriculture, manufacturing and service, which comprised 6%; 17% and 77% of the total sample. In addition, the table 5.2 below indicates that majority of INVs were involved in export (68%) and imports activities (22%) whereas very few of them operated foreign subsidiaries (1%), franchises (1%) or even subcontracts (8%). Overall, this kind of sector and activity composition was expected and is representative of the entire population of INVs in Uganda.

4.2 Reliability of Measurement Scales

Table 4-3 below presents EFA Cronbach's alpha coefficients for the pilot and main study and the number of variables retained and dropped in the final analysis after CFA. Results show that the reliability of the instrument was satisfactory for both the pilot and main study since all constructs have Alpha coefficients exceeding .70 (Nunnally, 1978).

Table 4-3 Summary of Construct Reliability Results

<i>Construct</i>	<i>Pilot study Alpha</i>	<i>No. Items</i>	<i>Main study Alpha</i>	<i>No. Items</i>
Entrepreneurial Capital	.88	56	.82	25
Brand Orientation	.92	17	.96	17
Entrepreneurial Orientation	.91	13	.88	13
Brand Advantage	.93	20	.88	20
Int'l Competitiveness	.95	18	.94	18
Total		124		93

Source: Primary Data

4.3 Validation of Measures

Validity of measurement scales was tested using both exploratory and confirmatory factor analysis. In exploratory factor analysis item-to-total correlation ratios were used to identify the underlying factors that explain common variance in a set of measured variables (Hair et al., 2010). Cross loadings and individual factor loadings were checked. Factors with low cross loadings and high individual loadings ($\geq .50$) were adopted for further analysis.

Confirmatory factor analysis (CFA) was used to confirm validity of the measurement scales before preceeding to structural equation modeling used in testing the main hypotheses of the study (Hair et al, 2010). CFA was first conducted for the individual subscales or factors for each of the latent variables in

the study. Then a first-order CFA model was run to test for the relationship between the factors (unobserved variables) and the observed measures (items) for each of the five latent variables whereas the second-order CFA model was to test the relationship between each of the latent variables (e.g. entrepreneurial capital) and its factors or subscales (e.g. human, economic, symbolic and social capital). In other words, first-order factors were used as indicators in the second-order CFA (Hair et al., 2010). Finally, convergent validity was determined using AVE whereas a comparison between AVE and the square of correlation between two constructs (R^2) was used to test for discriminant validity.

4.3.1 Entrepreneurial Capital Scale

4.3.1.1 EFA Results

This scale consisted of twenty five (25) items measured using a 6-point anchor. The Kaiser-Meyer-Olkin (KMO) was used to verify the sampling adequacy for factor analysis. Results for entrepreneurial capital indicate KMO = .79 which is a good level of sampling adequacy and hence factor analysis was appropriate. Field, (2009), KMO values between 0.70 and 0.80 are good, Bartlett's test of sphericity of Approx. Chi-Square= 2265.238, DF=171, p=.000 is significant, which indicates that correlations between items were sufficiently large for factor analysis. In addition, the determinant of 0.000 is greater than 0.00001 which reveals that there is no multicollinearity or singularity between variables.

As presented in Table 4-4 below, principle component analysis (PCA) extracted six factors of entrepreneurial capital with Eigen values of greater than 1 and alpha values of greater than .60 (Nunally, 1978) whereas the rotated item to factor loadings for the six factors ranged between .68 and .91. The items that loaded on the same component were interpreted as representing human capital (HUC), personal economic capital (ECCA), symbolic capital (SYCA), Social capital (SOCA), personality (PECA) and external economic capital (EECA). These six factors had eigenvalues of 3.06, 2.84; 2.12; 1.79; 1.78 and 1.69 respectively, with alpha values of .81; .84; .74; .67; .83; and .80 respectively whereas the overall alpha for the scale was .82. The percentage variance explained by the six factors was 16.08; 14.93; 11.10; 9.44; 9.35 and 8.88 respectively and altogether explained 70 percent of the variance in entrepreneurial capital. However, components of personality and external economic capital were dropped from further analysis since they had less than three (3) items loading onto each. Hence, not fit for CFA due to under identification (Babin & Svensson, 2012; Hair et al., 2010). See Appendix 6A for descriptive statistics per item.

Table 4-4: Entrepreneurial capital Rotated Component Matrix

Components/ Item Variables	Factor Load	Eigen	Variance %	Total Var %	α
Human Capital (HUCA)		3.06	16.08	16.08	.81
EC10: International travel knowledge and experience	.81				
EC8: International experience in marketing and management	.75				
EC9: I lived and worked abroad before starting	.73				
EC11: I am aware of operations in our foreign markets	.69				
EC7: I have good knowledge of our foreign markets	.68				
Personal Economic Capital (ECCA)		2.84	14.93	31.01	.84
EC5: I have used my personal savings to finance this business	.87				
EC4: I organize additional funds from personal sources	.82				
EC3: The size of personal investment is greater than 50%	.76				
EC6: I have often invested my dividends into this company	.74				
Symbolic Capital (SYCA)		2.11	11.1	42.11	.74
EC23: Cooperates well with other people	.85				
EC22: Has concern for employees and society needs	.75				
EC24: Is an inspiration to other people	.73				
Social Capital (SOCA)		1.79	9.44	52.55	.67
EC16: Networks offer access to government support	.84				
EC15: My networks access to financial resources	.80				
EC13: generate marketing and business information from my networks	.50				
Personality (PECA)		1.78	9.35	60.9	.83
EC19: Is a well-known personality	.80				
EC20: Holds positions of responsibility in society and business networks	.79				
External economic capital (EECA)		1.69	8.88	70	.80
EC1: I borrow to invest in this business	.91				
EC2: offered personal property to secure capital	.87				

Notes: Extraction Method is Principal Component Analysis. Rotation Method is Varimax with Kaiser Normalization.

Rotation converged in 7 iterations.

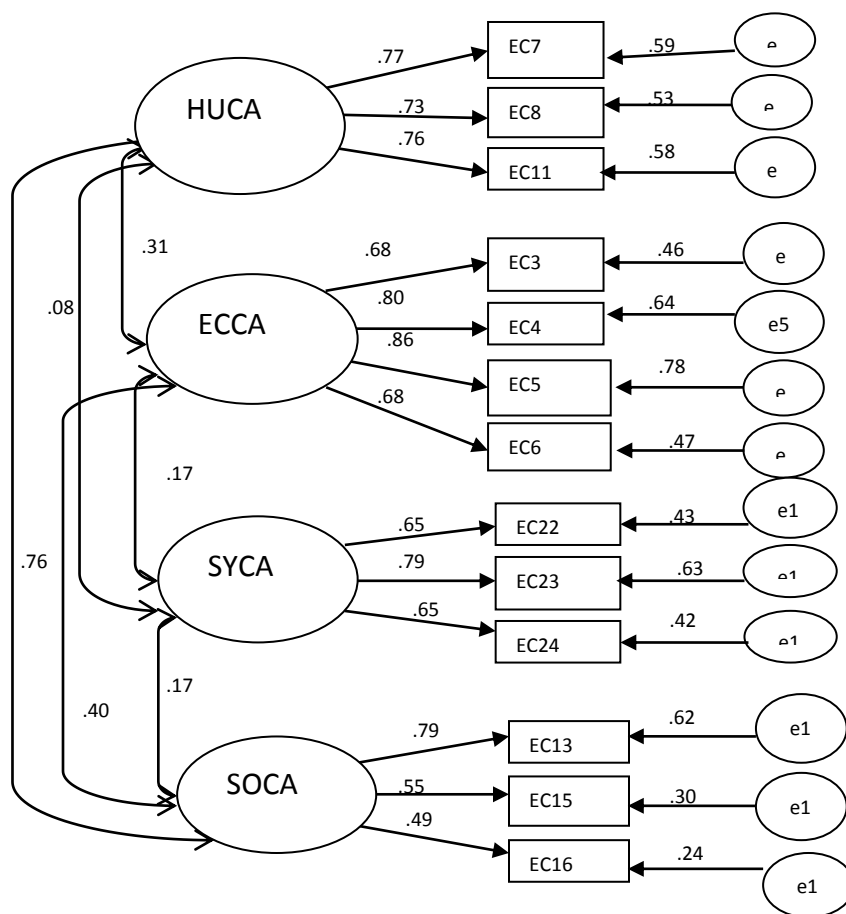
Determinant = 0.000; KMO=.790; Barlett's test chi-square=2265.238, df =171, P=.000

4.3.1.2 CFA Results

CFA was used to confirm components of entrepreneurial capital. This procedure confirmed four factors of entrepreneurial capital and their relationships with observed variables. These factors were interpreted as human (HUCA), economic (ECCA), symbolic (SYCA) and social capital (SOCA) as shown in Figure 2 below. Further, CFA confirmed four measures for economic capital, three measures for human,

symbolic and social capital each. The individual CFA path diagrams for each of the four factors (HUCA, ECCA, SYCA and SOCA) of entrepreneurial capital are presented in Appendix 7 while the model fit estimates for each factor are presented in Table 4-5 below. The results reveal that the individual factor models (HUCA, ECCA, SYCA and SOCA) fit the observed data well and hence are good representatives of entrepreneurial capital. As a result, all the four factors were included in the CFA model for entrepreneurial capital.

Figure 2: A Four Factor CFA Model for Entrepreneurial Capital with Observed Variables



The first-order CFA model for entrepreneurial capital (ENTCA) in Figure 2 above and as presented in Table 4-5 below generated a chi-square value of 136.15 at $P = .000$. The P -value is below .05 suggesting poor model fit. However, other fit indices such as the normed χ^2 (χ^2/DF) = 2.23, GFI = .94, AGFI = .90, TLI = .93 and RMSEA = .06 all confirm acceptably good model fit. The critical ratios were all above 1.96 and p -values were less than .001 indicating existence of significant relationships between the constructs and the observed variables. This means that the regression coefficients in the model were significantly different from zero. In addition, a comparison of regression weights with their respective standard errors confirms existence of a relationship between entrepreneurial capital and its components. The average variance extracted (AVE) is .51 which indicates convergent validity among the four dimensions of entrepreneurial capital. Squared factor regressions (L^2) are all above .20 which reveals item reliability. Finally, composite reliability for entrepreneurial capital of .90 was achieved with four factors and thirteen (13) item measures. These results in addition confirm construct validity and reliability of entrepreneurial capital scale and its dimensions. Therefore, it is concluded that there is no significant difference between the hypothesized factor structure of entrepreneurial capital and what was observed among INVs in Uganda.

Table 4-5 CFA Model Estimates for Entrepreneurial Capital Scale

Model		Df	χ^2	χ^2/df	P	GFI	AGFI	TLI	RMSEA
HUCA		1.00	1.22	1.22	.27	1.00	.98	1.00	.03
ECCA		2.00	1.01	.51	.60	1.00	.99	1.01	.00
SYCA		1.00	.18	.18	.68	1.00	1.00	1.01	.00
SOCA		1.00	.06	.06	.82	1.00	1.00	1.02	.00
First-order (ENTCA)		61.00	136.15	2.23	.000	.94	.90	.93	.06
Path			B	S.E.	C.R.	β	L^2	P	AVE
EC7_1	<---	HUCA	1.00			.77	.60		.51
EC8_1	<---	HUCA	1.00			.73	.53		
EC11_1	<---	HUCA	1.01	.08	13.37	.75	.57	***	
EC3_1	<---	ECCA	1.00			.68	.46		
EC4_1	<---	ECCA	1.15	.10	11.70	.80	.64	***	
EC5_1	<---	ECCA	1.17	.10	12.13	.86	.73	***	
EC6_1	<---	ECCA	.99	.10	10.36	.69	.47	***	
EC22_1	<---	SYCA	1.00			.65	.43		
EC23_1	<---	SYCA	1.00			.79	.63		
EC24_1	<---	SYCA	.83	.09	9.65	.65	.42	***	
EC13_1	<---	SOCA	1.17	.18	6.42	.81	.65	***	
EC15_1	<---	SOCA	1.00			.55	.30		
EC16_1	<---	SOCA	1.002	.159	6.292	.49	.24	***	

Source: Primary data

4.3.2 Brand Orientation Scale

4.3.2.1 EFA Results

Brand orientation was measured on a 6-point scale with a total of 17 items, and below in Table 4-6 are the exploratory factor analysis results. See Appendix 6B for item descriptive statistics.

Table 4-6 Brand Orientation Rotated Component Matrix

Components/Item Variables	Factor Load	Eigen Value	Variance %	Total Var %	α
Brand Management (BOBM)		3.92	23.03	23.03	.92
BO10: Branding our product/service is a top priority	.729				
BO11: Marketing and management responsibilities for our brand.	.693				
BO9: We undertake a lot of research in managing the brand	.69				
BO15: We have developed a brand building activity plan	.651				
BO13: We have brand communication rules and policies	.628				
BO16: We are mindful of the brand image in planning	.542				
BO14: Use of branded items is part of our culture	.54				
Brand Communications (BOBC)		3.71	21.8	44.84	.87
BO1: We have initiated marketing communications	.752				
BO2: We have designed a brand vision and mission	.683				
BO5: consider the brand in selecting our suppliers	.609				
BO3: We maintain a consistent brand design	.585				
Brand Strategic Importance (BOSI)		3.48	20.46	65.29	.88
BO12: Quick and personalized service is a brand value	.713				
BO4: We have legally protected our brand name and logo	.713				
BO7: The brand inclusion on all company communications	.658				
BO17: A brand is an important intangible asset	.551				
BO6: It is important that products are perceived as brands	.546				
Marketing Budget (BOMB)		1.34	7.9	73.19	-
BO8: The marketing budget has increased over years	.849				

Notes: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 11 iterations.

Determinant =2.21E-006; KMO=.961; Barlett's test chi-square=3886.942, df=136, P=.000

Factor analysis results as shown in Table 4-6 above extracted four factors with item to factor loadings after rotation varying from .53 to .85. The factors extracted relate to brand management responsibilities

(BOBM), brand communication activities (BOBC), brand strategic importance (BOSI) and marketing budget (BOMB). This scale had eigenvalues of 3.92; 3.72; 3.48 and 1.34 with alpha value of .92; .87; .88 and zero respectively while the overall alpha for the scale was .96. The variance explained by the four factors is 23.03; 21.80; 20.46; 7.90 percent respectively and altogether explained 73 percent of the variance in brand orientation. However, marketing budget factor was dropped from further analysis for lack of reliability and identification (Babin & Svensson, 2012; Hair et al., 2010).

The results in addition indicate KMO value of .96 which means that sample size and the set of variables were adequate for factor analysis. Bartlett's test of Sphericity of Approx. Chi-Square= 3886.942, DF=136, $p = .000$ indicates that the correlations between items were significantly large for factor analysis. Furthermore, the determinant of $2.21E-006$ is less than 0.00001 which reveals that there might be some multicollinearity between variables.

4.3.2.2 CFA Results

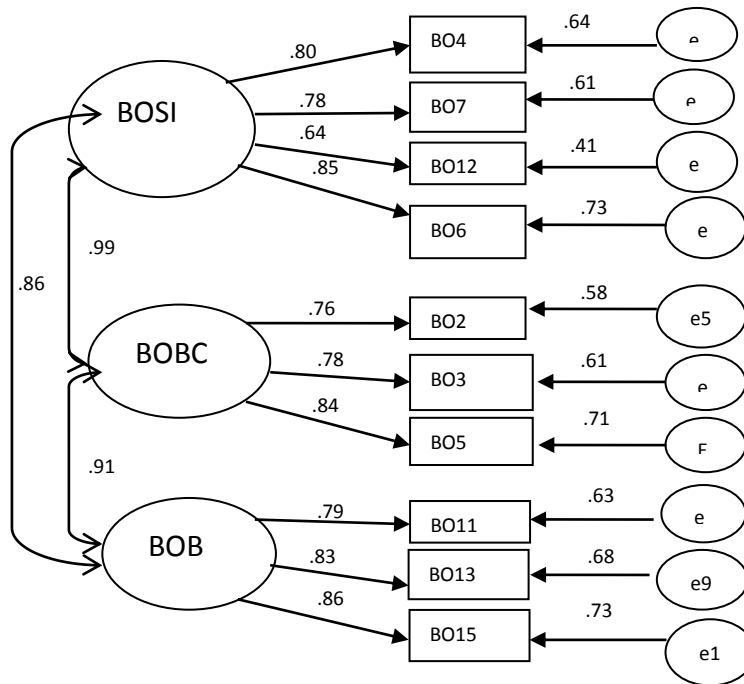
CFA was used to confirm the defining components of brand orientation. This procedure endorsed three constructs of brand orientation (unobserved variables) and their relationships with the observed variables. These constructs were interpreted as brand management (BOBM), brand communication (BOBC) and brand strategic importance (BOSI) as shown in Figure 3 below. CFA further confirmed three item measures for brand communication and brand strategy each and four measures for brand management. The individual CFA path diagrams for each of the three factors of brand orientation are presented in Appendix 7 while the statistical model fit estimates are presented in Table 4-7 below. The results reveal that the individual factor models fit the observed data well and hence good representatives of brand orientation. As a result all the three factors were included in the CFA model for brand orientation.

Figure 3 and Table 4-7 below present the estimates for the first-order CFA model for brand orientation (BORI) reflecting the relationship between its factors and observed variables. This model generated a chi-square value of 62.27 at $P = .000$ for 32 degrees of freedom. The P-value is less than .05 suggesting poor model fit. However, other model fit indices specifically $\chi^2/df = 1.95$, GFI = .96, AGFI = .93, TLI = .98 and RMSEA = .06 revealed reasonably good model fit. Statistical estimates indicate critical ratios that are all above 1.96 and p-values were less than .001 indicating existence of significant relationships between the constructs and observed variables. This means that the regression coefficients in the model were

significantly different from zero. In addition, a comparison of factor loadings with their respective standard errors confirmed existence of a relationship between brand orientation constructs and the observed variables.

Further, results displayed in Figure 3 below show high correlations between the three dimensions of brand orientation above .80. These correlations reveal that the dimensions co-vary with each and brand orientation is a unidimensional construct, which results are consistent with past studies (P Hankinson, 2001b).

Figure 3: A Three Factor CFA Model for Brand Orientation with Observed Variables



The AVE is .63 which indicates strong convergent validity among the three constructs of brand orientation. Squared factor regressions (L^2) are all above .20 which reveals item reliability. This means that brand orientation and its dimensions account for a large percentage of the variance in the measured variables. With AVE above .50 and composite reliability of .93, these results confirm construct validity and reliability of brand orientation scale with three (3) dimensions and ten (10) item measures compared to four (4) factors that were hypothesized. Therefore, there is a significant difference

between the hypothesized and observed model of relevant factors for brand orientation among INVs in Uganda.

Table 4-7 CFA Model Estimates for Brand Orientation

Model fit	Df	χ^2	χ^2/df	P	GFI	AGFI	TLI	RMSEA
BOBM	5	14.1	2.82	.02	.98	.95	.98	.08
BOBC	1	.05	.05	.82	1	1	1.01	.00
BOSI	5	5.87	1.17	.32	.99	.98	1	.02
BORI	32.00	62.27	1.95	.000	.96	.93	.98	.06
Path		B	S.E.	C.R.	β	L ²	P	AVE
BO4_1	<--- BOSI	1.36	.12	11.74	.80	.65	***	.63
BO7_1	<--- BOSI	1.20	.10	11.48	.78	.61	***	
BO2_1	<--- BOBC	1.00			.76	.58		
BO3_1	<--- BOBC	1.02	.07	14.30	.78	.61	***	
BO5_1	<--- BOBC	1.07	.07	15.69	.84	.71	***	
BO11_1	<--- BOBM	1.00			.79	.63		
BO13_1	<--- BOBM	1.12	.07	15.64	.83	.68	***	
BO15_1	<--- BOBM	1.21	.07	16.29	.86	.73	***	
BO12_1	<--- BOSI	1.00			.64	.41		
BO6_1	<--- BOSI	1.26	.10	12.28	.85	.73	***	

4.3.3 Entrepreneurial Orientation Scale

4.3.3.1 EFA Results

The EO scale consisted of 13 items measured on a 6-point anchor. Results for entrepreneurial orientation generated KMO value of .89 indicating sampling adequacy and that the set of variables was appropriate for factor analysis. Bartlett's test of sphericity of Approx. Chi-Square= 1374.188, df =55, p= .000 is significant, indicating that the correlations between items were sufficiently large for factor analysis. Furthermore, the determinant of .011 is greater than 0.00001 which reveals that there is no multicollinearity or singularity between variables.

Exploratory factor analysis extracted three factors with acceptable item to factor loadings after rotation ranging between .60 and .86. The items that loaded on the same component suggest that component 1 represents proactiveness (PROA), 2-innovativeness (INNO) and 3-risk taking (RTAK). The results in Table 4-8 below show that the two factors had eigenvalues of 2.46; 2.45; and 2.29 respectively; variance explained is 22.33; 22.26 and 20.29 percent respectively and altogether the three factors accounted for 65.39 percent of the variance in entrepreneurial orientation. The factors in addition had alpha values of .79; .78 and .80 respectively. Refer to Appendix 6C for item descriptive statistics

Table 4-8 Entrepreneurial Orientation Rotated Component Matrix

Components/ Item variables	Factor Load	Eigen	Variance %	Total Var %	α
Proactiveness (PROA)		2.46	22.33	23.33	.79
EO10: This company has plans to introduce new products	.86				
EO13: We have planned new markets to enter	.74				
EO11: We have tried different things to make this business survive	.65				
EO1: We have invested in expansion of production capacity	.60				
Innovativeness (INNO)		2.45	22.26	44.59	.78
EO9: We have great interest in making this business succeed	.76				
EO7: We have made improvements in our products/ service	.71				
EO6: We have initiated plans to keep customers we already have	.71				
EO8: Continuously improving quality is a key goal	.70				
Risk Taking (RTAK)		2.29	20.8	65.38	.80
EO3: Searching for new opportunities is part of routine activities	.77				
EO4: In risky situations, I solicit for information	.74				
EO2: We have great readiness to assume risks	.73				

Notes: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 6 iterations. Determinant = .011; KMO=.885; Barlett's test chi-square =1374.188, df=55, P=.000

4.3.3.2 CFA Results

CFA procedure confirmed three factors for entrepreneurial orientation and their relationships with observed variables. These factors were interpreted as proactiveness (PROA), innovativeness (INNO) and risk taking (RTAK) as shown in

Figure 4 below. CFA further confirmed three measures for proactive, innovative and risk taking behaviour each. The individual factor CFA models (PROA, INNO and RTAK) are presented in Appendix 7 while their statistical model fit estimates are presented in Table 5-9 below. The results in Table 4-9 reveal that the individual factor models fit the observed data well and hence are acceptable for inclusion in the CFA model for entrepreneurial orientation.

Figure 4 below displays the CFA model for entrepreneurial orientation (EORI) exhibiting the relationship between its factors and observed variables. According to results presented in Table 4-9 below, this model generated a chi-square value of 55.58 with 24 degrees of freedom at $P = .000$. The P-value is less than .05 suggesting poor model fit. However, other goodness of fit indices provided acceptable model fit. In particular, the normed $\chi^2 = 2.32$, GFI = .96, AGFI = .93, TLI = .95 and RMSEA = .07 are all within

reasonably good fit levels. Statistical estimates indicate critical ratios that are all above 1.96 and p-values were less than .001 indicating existence of significant relationships between the factors and observed variables. This implied that the regression coefficients in the model were significantly different from zero. In addition, a comparison of regression weights with their respective standard errors confirmed existence of a relationship between entrepreneurial orientation components and the observed variables. Further, results displayed in

Figure 4 below show high correlations between the three dimensions of entrepreneurial orientation above .65. The correlations reveal that the dimensions co-vary with each and entrepreneurial orientation is a unidimensional construct.

The AVE is .53 which indicates convergent validity among the three constructs of entrepreneurial orientation whereas squared factor regressions (L^2) are all above .20 which revealed item reliability. This means that entrepreneurial orientation and its dimensions account for a large percentage of the variance in the measured variables. With AVE above .50 and composite reliability of .95, these results confirm construct validity and reliability of entrepreneurial orientation measurement scale with three (3) dimensions and nine (9) items measures as expected. Therefore, there is no significant difference between the hypothesized and observed factors of entrepreneurial orientation among INVs in Uganda.

Figure 4: A Three Factor CFA Model for Entrepreneurial Orientation with Observed Variables

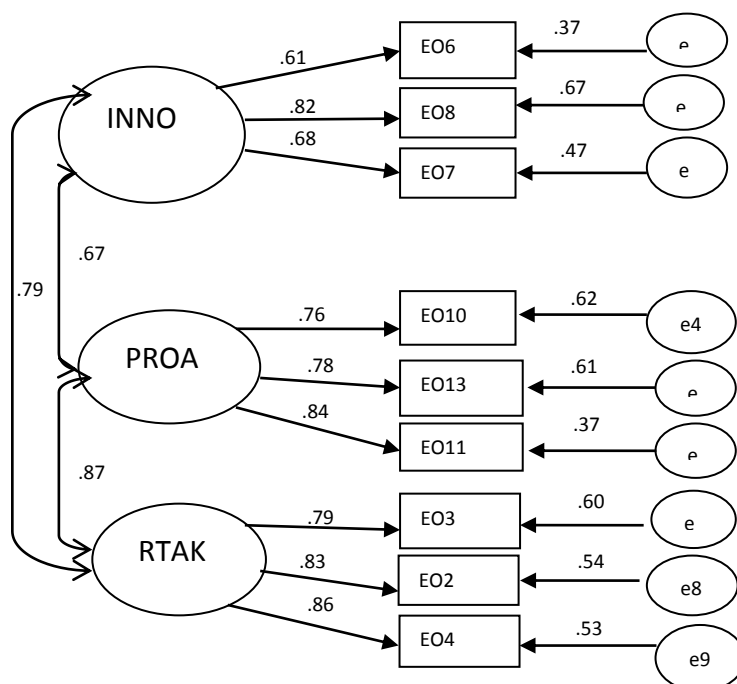


Table 4-9 CFA Model Estimates for Entrepreneurial Orientation

Model Fit	Df	χ^2	χ^2/df	P	GFI	AGFI	TLI	RMSEA
INNO	1	.08	.08	.78	1	1	1.01	.00
PROA	2	4.69	2.34	.10	.99	.96	.98	.07
RTAK	1	2.78	2.78	.10	.99	.96	.98	.08
EORI	24	55.58	2.32	.00	.96	.93	.95	.07
Path		B	S.E.	C.R.	β	L ²	P	AVE
EO6_1	<--- INNO	.80	.08	9.94	.61	.37	***	.53
EO8_1	<--- INNO	1.00			.82	.67		
EO10_1	<--- PROA	1.00			.79	.62		
EO13_1	<--- PROA	.82	.07	11.78	.78	.61	***	
EO3_1	<--- RTAK	1.00			.78	.60		
EO2_1	<--- RTAK	.93	.08	11.93	.74	.54	***	
EO7_1	<--- INNO	.88	.08	11.06	.68	.47	***	
EO11_1	<--- PROA	.60	.06	9.66	.61	.37	***	
EO4_1	<--- RTAK	.90	.08	11.83	.73	.53	***	

Source: **Primary data**

4.3.4 Brand Advantage Scale

4.3.4.1 EFA Results

Brand advantage was measured using 20 items on a 7-point scale. The Kaiser-Meyer-Olkin (KMO) and Bartlett's test of Sphericity were computed. Results for brand advantage indicate KMO value of .88 signifying sampling adequacy and that the set of variables was appropriate for factor analysis. Bartlett's test of sphericity of Approx. Chi-Square= 1856.5, df =120, p= .000 indicates that correlations between items were sufficiently large for PCA. Furthermore, the determinant of .002 is greater than 0.00001 which reveals that there is no multicollinearity or singularity between variables.

Factor analysis extracted four components of brand advantage with item to factor loadings ranging from .52 to .83 whereas item descriptive statistics is presented in Appendix 6D. The items that loaded on the same components suggest that factor 1 represents brand quality (BAQU), 2-brand Image (BAIM), 3-brand Recognition (BARE), and 4-brand loyalty (BALO). The results in Table 4-10 below show that the four factors had eigenvalues of 2.79; 2.56; 2.25; 2.18 respectively, the variance explained was 17.45; 16.01; 14.08; 13.61 percent respectively and altogether explained 61.15 percent of the variance in brand advantage. The alpha values for the respective factors were .79; .73; .74; .76 and the alpha for all variables was .88.

Table 4-10 Brand Advantage Rotated Component Matrix^a

Components/Variables	Factor Load	Eigen Value	Variance %	Total Var %	α
Brand quality (BAQU)		2.79	17.45	17.45	.79
BA6: This brand has consistent quality	.77				
BA8: I believe that the quality of this brand is good	.68				
BA5: I understand and associate with this brand	.64				
BA9: I attach great value to this brand	.60				
BA7: Brand has elements that uniquely identify it	.53				
Brand Image (BAIM)		2.56	16.01	33.46	.73
BA12: Brand is highly trusted	.78				
BA16: This brand is highly desired	.71				
BA14: Brand colors and design are impressive	.70				
BA11: Brand makes me feel good and confident	.58				
Brand Recognition (BARE)		2.25	14.08	47.54	.74
BA1: I pronounce the brand name with ease	.76				
BA2: This brand is easily identified from others	.69				
BA4: The brand name is ease to recall	.65				
BA3: Brand design is distinct and outstanding	.64				
Brand Loyalty (BALO)		2.18	13.61	61.15	.76
BA20: I am willing to recommend this brand	.83				
BA19: I/we are likely to buy this brand again	.81				
BA10: This brand offers good value for money	.52				

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

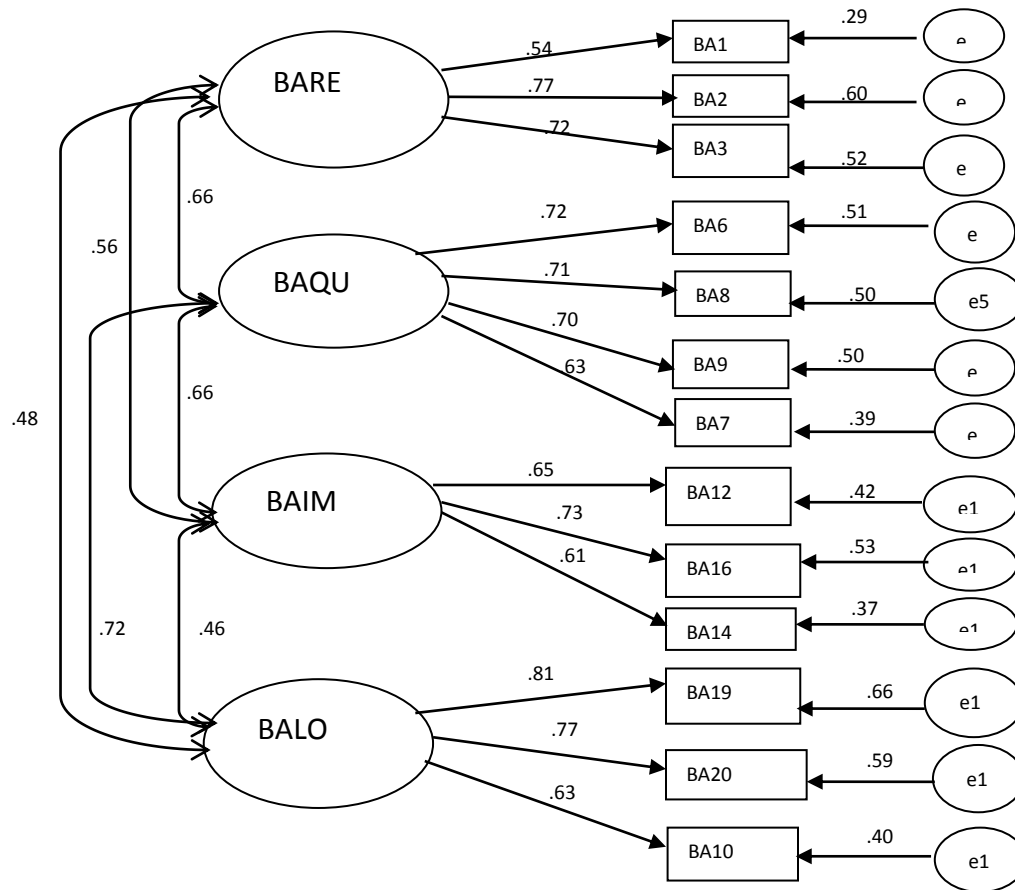
Rotation converged in 6 iterations. Determinant = .002; KMO= .879; Barlett's test= chi-square =1856.5, df=120, p=.000

4.3.4.2 CFA Results

CFA was then performed to identify and confirm the components of Brand advantage. This procedure confirmed four factors and their relationships with observed variables. These constructs were interpreted as brand recognition (BARE), brand quality (BAQU), brand image (BAIM) and brand loyalty (BALO) as shown in Figure 5 below. CFA confirmed three measures for brand recognition, brand image and brand loyalty each, and four measures for brand quality. The individual CFA diagrams for the four factors of brand advantage are presented in Appendix 7 while the statistical estimates are presented in Table 4-11. These results reveal that the individual models for the four constructs fit the data well hence acceptable measures of brand advantage. As a result all the four factors were included in the first order CFA model for brand advantage.

Figure 5 below displays the CFA model for brand advantage (BAA) reflecting the relationship between its constructs and observed variables.

Figure 5 A Four Factor CFA Model for Brand Advantage with Observed Variables



According to results in Table 4-11 below, the above model generated a chi-square value of 181.43 at $P = .000$ for 59 degrees of freedom. The P-value is less than .05 suggesting poor model fit. However, other model fit indices specifically $X^2/DF = 3.0$, $GFI = .92$, $AGFI = .87$, $TLI = .88$ and $RMSEA = .08$ generated fairly good model fit. Statistical estimates indicate critical ratios that are above 1.96 and p-values less than .001. These results indicate existence of significant relationships between brand advantage constructs and item indicators. Further, the results reveal that regression coefficients in the model were significantly different from zero. In addition, a comparison of regression weights with their respective standard errors confirmed existence of a relationship between brand advantage constructs and the observed variables.

With all squared factor regressions (L^2) above .20 and AVE of .54, the results reveal item reliability and strong convergent validity among the four constructs of brand advantage. This means that brand advantage dimensions account for a large percentage of the variance in the measured variables. Finally, construct reliability of .97 for brand advantage was achieved with four dimensions and twelve (13) item measures confirmed expected. The CFA results confirm both construct validity and reliability of brand advantage scale and its dimensions. The result hypothesis that there is no significant difference between the hypothesized and observed measured model of brand advantage among INVs in Uganda is upheld.

Table 4-11 CFA Model Estimates for Brand Advantage

Model	Df	χ^2	χ^2/df	P	GFI	AGFI	TLI	RMSEA
BARE	1	2.7	2.7	.10	.99	.97	.97	.08
BAQU	2	3.56	1.78	.17	.99	.97	.99	.05
BAIM	1	3.16	3.16	.08	.99	.96	.96	.08
BALO	1	1.26	1.26	.26	1	.98	1	.03
BRAA	59.00	181.43	3.01	.000	.92	.87	.88	.08
Path		B	S.E.	C.R.	β	L^2	AVE	P
BA1_1	<---	BARE	1.00		.54	.29	.54	
BA2_1	<---	BARE	1.41	.18	7.97	.77	.60	***
BA6_1	<---	BAQU	1.00		.72	.51		
BA8_1	<---	BAQU	.87	.08	10.90	.71	.50	***
BA12_1	<---	BAIM	1.00		.65	.42		
BA16_1	<---	BAIM	1.27	.15	8.62	.73	.53	***
BA19_1	<---	BALO	1.00		.81	.66		
BA20_1	<---	BALO	.84	.07	12.08	.77	.59	***
BA9_1	<---	BAQU	.88	.08	10.84	.70	.50	***
BA14_1	<---	BAIM	.92	.12	7.94	.61	.37	***
BA3_1	<---	BARE	1.35	.17	7.85	.72	.52	***
BA7_1	<---	BAQU	.95	.10	9.76	.63	.39	***
BA10_1	<---	BALO	.77	.08	10.26	.63	.40	***

Source: Primary data

4.3.5 International Competitiveness Scale

4.3.5.1 EFA Results

International competitiveness was measured using 18 items on a 7-point scale. The Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity were also computed first. Results indicate KMO value of .88 which confirm sampling adequacy and that the set of variables was +appropriate for factor analysis. Bartlett's test of sphericity of Approx. Chi-Square= 2525.94, DF=45, p= .000 is significant, which indicates that

correlations between items were sufficiently large for PCA. Furthermore, the determinant of .000 is greater than 0.00001 which reveals that there is no multicollinearity or singularity between variables.

Initially factor analysis extracted three components. However, due to low communalities and cross loadings on more than one factor, variables 1, 4, 8, 9, 10, 13, 17, 18 were omitted incrementally one by one. Principal component analysis was then performed in each round and finally one component was extracted with item-factor loadings of greater than .70 and this was named international competitiveness. The results in **Table 4-12** below show that the one-dimensional scale had an eigenvalue of 6.59 accounting for 66 percent of the variance and had an alpha value of .94. For item descriptive statistics refer to Appendix 6E.

Table 4-12 International Competitiveness Component Matrix^a

Component/Variables	Factor Load	Eigen Value	Variance %	Total Var %	α
International Competitiveness (ICC)		6.59	65.9	66	.94
IC11: Growth target in profit after tax for the next 3 years	.86				
IC15: Growth target in foreign markets for the next 3 years	.83				
IC2: Average growth in profit after tax over the last 5 years	.82				
IC3: Average growth in market share over the last 5 years	.81				
IC12: Growth target in market share for the next 3 years	.81				
IC16: Growth target in price level for the next 3 years	.80				
IC14: Growth target in ROI for the next 3 years	.80				
IC5: Average growth in ROI over the last 5 years	.80				
IC7: Average growth in price levels over the last 5 years	.79				
IC6: Average growth in foreign markets over the last 5 years	.79				

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. 1 component extracted. Determinant =.000; KMO=.877; Barlett's test chi-square=2525.94, df=45, p=.000

4.3.5.2 CFA Results

CFA model for international competitiveness (ICC) is presented in Figure 6 below. This procedure confirmed four indicators. The measurement model reflects the relationship between international competitiveness and its observed variables. According to results in Table 4-13 below, the model generated a chi-square value of 3.72 at P= .16 for 2 degrees of freedom. The P-value is greater than .05 suggesting a good model fit. Other model fit indices including GFI = .99, AGFI =.97, TLI= .99 and RMSEA =.05 further showed good model fit.

In addition, Table 4-13 below shows critical ratios that are above 1.96 and p-values less than .001. These results indicate existence of significant relationships between international competitiveness and item indicators. This further means that the regression coefficients in the model were significantly different from zero. A comparison of factor loadings with their respective standard errors confirmed existence of a relationship between the construct and the observed variables. The AVE of .62 indicates strong convergent validity among the four indicators of international competitiveness. Squared factor regressions (L^2) are all above 0.5 which confirms item reliability. In other words international competitiveness accounts for a large percentage of the variance in its measured variables. Finally, overall construct reliability for international competitiveness of .80 was achieved; one factor and four item measures for the construct were confirmed which is different from the hypothesized model. Therefore, there is a significant difference between the hypthosized and observed measurement model of INVs in Uganda.

Figure 6: One Factor CFA Model for International Competitiveness

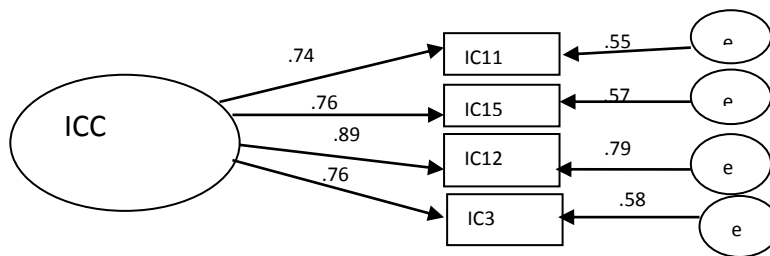


Table 4-13 CFA Model Estimates for International Competitiveness

Model	DF	χ^2	χ^2/df	P	GFI	AGFI	TLI	RMSEA
ICC	2	3.72	1.86	0.16	0.99	0.97	0.99	0.05
Path		B	S.E.	C.R.	B	L^2	P	AVE
IC11_1	<--- ICC	1.00			.74	.55		.62
IC15_1	<--- ICC	1.08	.09	12.72	.76	.57	***	
IC12_1	<--- ICC	1.20	.08	14.44	.89	.79	***	
IC3_1	<--- ICC	.95	.07	12.79	.76	.58	***	

Source: Primary data

4.3.6 Second Order Confirmatory Factor Analysis

Second order CFA models (ENTCA, BORI, EORI, and BRAA) are displayed in Appendix 8 and estimates are presented in Table 4-14 below. As summarized in that table, the four second order CFA models

acceptably fit the observed data well with small chi-square values at non-significant probability values. The results are further confirmed by other model fit indices including GFI, AGFI, and TLI all above .95 and RMSEA less than 0.08 cut off point. Further, the regression weights confirm significant relationships between the constructs and their respective dimensions or subscales as theoretically expected. Therefore, these results further confirm reliability and validity of the measurement scales for entrepreneurial capital, entrepreneurial orientation, brand orientation and brand advantage constructs.

Table 4-14 Statistical Estimates for Second Order CFA Models

Model	χ^2	Df	P	GFI	AGFI	TLI	RMSEA
ENTCA	3.5	2	.17	.99	.97	.95	.05
EORI	1.94	1	.16	1	.98	.99	.06
BORI	1.69	1	.19	1	.98	1	.05
BRAA	2.76	2	.25	1	.98	.99	.04
Path			B	S.E.	C.R	β	P
HUC	<---	ENTCA	1			.64	
ECC	<---	ENTCA	.65	.14	4.58	.39	***
SOC	<---	ENTCA	.94	.21	4.57	.68	***
SYMC	<---	ENTCA	.13	.05	2.46	.18	.01
PRO	<---	EORI	1			.63	
INN	<---	EORI	1			.78	
RT	<---	EORI	1.21	.11	11.4	.80	***
BM	<---	BORI	1			.85	
BC	<---	BORI	1			.93	
BS	<---	BORI	.99	.04	24.05	.88	***
BAQ	<---	BRAA	1.00			.86	
BAI	<---	BRAA	.82	.09	9.40	.60	***
BAR	<---	BRAA	.73	.08	9.51	.60	***
BAL	<---	BRAA	.84	.08	10.54	.68	***

4.3.7 Hypothesized Measurement Model

CFA was further used to test for reliability and validity of the measurement model combining entrepreneurial capital, entrepreneurial orientation, brand orientation, brand advantage and international competitiveness. That model as displayed Figure 7 below and estimates in Table 4-15 below generated a chi-square value of 281.36 at $P = .000$ for 125 degrees of freedom. The P-value is less than .05 suggesting poor model fit. However, other model fit indices specifically the normed χ^2 , (χ^2/DF) = 2.25, GFI = .91, AGFI = .87, TLI = .92 and RMSEA = .06 suggest acceptable model fit. These results are also consistent with model fit levels accepted in previous and similar studies (Spyropoulou et al., 2011).

As presented in Table 4-15 below, critical ratios are all above 1.96 and the p-values were less than .001 indicating that the regression coefficients in the model were significantly different from zero and therefore, significant relationships between the latent and measured variables were established. In addition, a comparison of factor loadings with their respective standard errors confirmed existence of a relationship between the latent variables. In total, 89 percent of the squared factor regressions (L^2) are all above 0.2 which confirms factor reliability.

Figure 7: Hypothesized Measurement Model

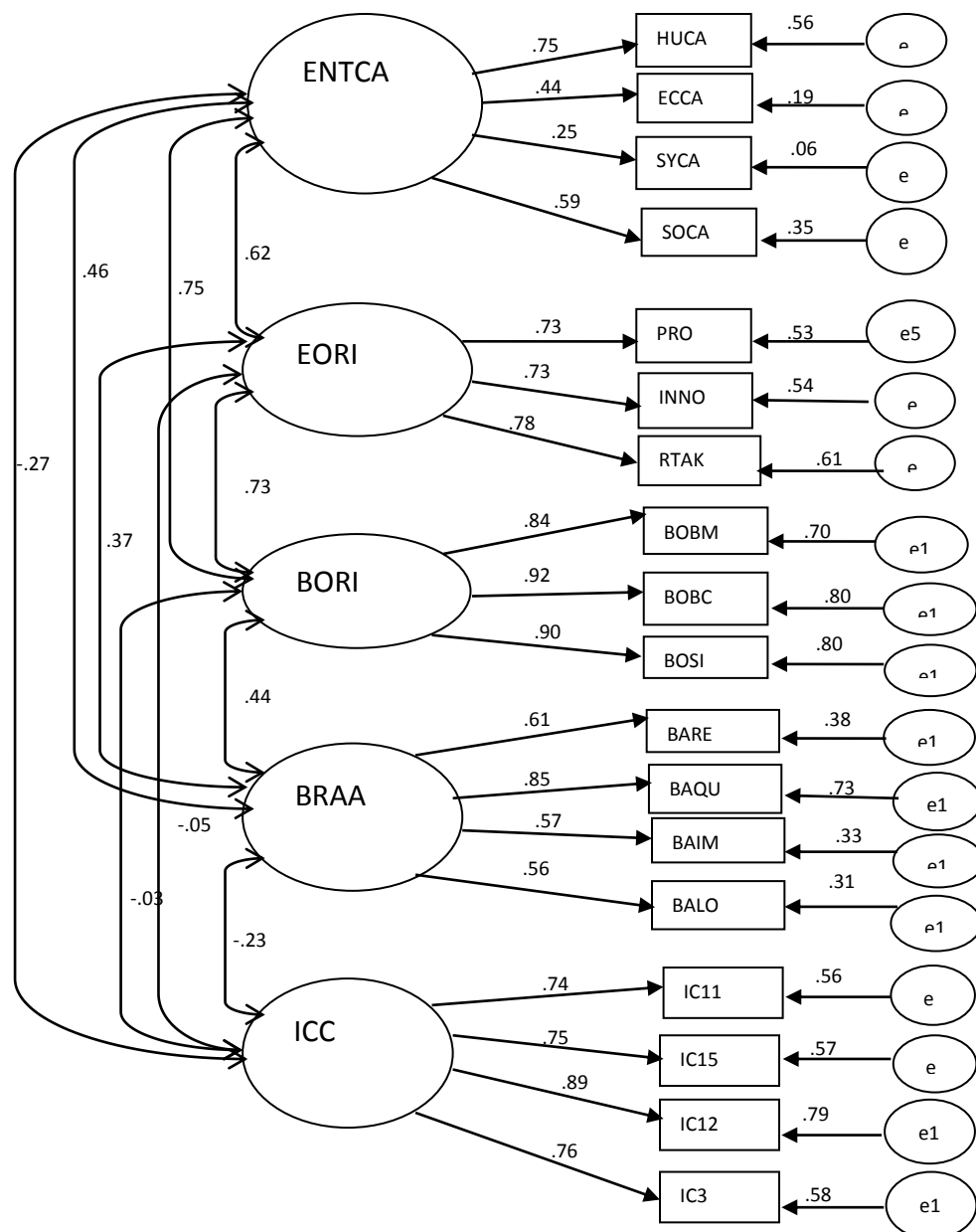


Table 4-15 Statistics for the Hypothesized Measurement Model

Model Fit		Df	χ^2	χ^2/df	P	GFI	AGFI	TLI	RMSEA
Overall		125	281.36	2.25	.000	.91	.87	.92	.06
Path			B	S.E.	C.R.	B	L²	P	
HUC	<---	ENTCA	1.00			.75	.56		
ECC	<---	ENTCA	.63	.09	6.96	.44	.19	***	
SYMC	<---	ENTCA	.16	.04	4.02	.25	.06	***	
SOC	<---	ENTCA	.67	.07	9.29	.59	.35	***	
PRO	<---	EORI	1.00			.73	.53		
INN	<---	EORI	.78	.07	11.20	.73	.54	***	
RT	<---	EORI	1.00	.09	11.69	.78	.61	***	
BM	<---	BORI	1.00			.84	.70		
BC	<---	BORI	1.04	.05	20.50	.92	.84	***	
BS	<---	BORI	1.05	.05	19.88	.90	.80	***	
BAR	<---	BRAA	1.00			.61	.38		
BAQ	<---	BRAA	1.33	.14	9.44	.85	.73	***	
BAI	<---	BRAA	1.06	.13	7.98	.57	.33	***	
BAL	<---	BRAA	1.01	.13	7.82	.56	.31	***	
IC11_1	<---	ICC	1.00			.75	.56		
IC15_1	<---	ICC	1.07	.08	12.73	.75	.57	***	
IC12_1	<---	ICC	1.19	.08	14.64	.89	.79	***	
IC3_1	<---	ICC	.95	.07	12.93	.76	.58	***	

4.3.8 Testing for Construct Validity and Reliability

Construct validity in terms of convergent validity and discriminant validity as well as construct reliability were all tested in CFA. Convergent validity of the different measurement scales in the hypothesized model was examined using AVE; discriminant validity by comparing AVE for each latent construct and the square of correlation (R^2) with any other construct and composite reliability by CR-values as shown in Table 4-16 below. The R^2 values are computed based on correlation coefficients between the latent variables in the CFA model as reported in Appendix 9.

Table 4-16 Construct Reliability (CR), AVE and R^2 for the Measurement Model

				R^2				
Variable	CR	No. items	AVE	ENTCA	EORI	BORI	BRAA	IC
ENTCA	.90	13	.51	1				
EORI	.95	10	.53	.38	1			
BORI	.94	9	.63	.57	.531	1		
BRAA	.97	13	.54	.16	.137	.194	1	
IC	.75	4	.62	.07	.003	.001	.055	1

Source: Primary data

According to results in Table 4-16 above, AVE for each construct is greater than .50, which suggests adequate convergent validity was achieved. In addition, the AVE values are greater than the squared correlation (R^2) with any other constructs indicating distinction of latent variables. Construct reliability for all constructs as determined in CFA is greater than .70 indicating strong internal consistency of measurement scales. Therefore, it can be concluded that all constructs in the hypothesized model are significantly different from each other and highly valid and reliable in their measurement.

4.3.9 Descriptive Statistics for the Measurement Scales

Upon ensuring construct reliability and validity, it was necessary to examine descriptive statistics (mean and standard deviation) for purposes of summarizing data on the main study variables. The mean is the measure of central tendency whereas standard deviation is the measure of dispersion of observed data from the mean. Hence, the mean is the simplest statistical model used to summarize data for further analysis whereas the standard deviation is used to measure how well the mean fits the data (Field, 2009). Small standard deviations relative to the mean indicate that the data points are close to the mean whereas large ones reveal wide distances between the model and actual data. The standard error on the other hand is the standard deviation of the sample means (Field, 2009). Hence, it is the measure of how well the sample represents the population. Small standard errors show good representation whereas large ones indicate poor representation of the population.

According to results in **Table 4-17** below, the mean scores range between 4.7531 and 5.222 on a six-point Likert scale for the exogenous variables (EC, EO and BO), with standard deviations of .5269 to .86982, whereas on the part of endogenous variables, the mean scores are 2.6229 and 6.146 on a seven-point scale while standard deviation is 1.23762 and .40552 for international competitiveness and brand advantage respectively. The mean scores indicate generally higher than average levels of entrepreneurial and branding resources and capabilities and lower than average scores for international competitiveness. The small standard deviations relative to the mean indicate small distances of observed data from the mean. This result implies that the statistical means are a good model fit of actual data. In addition, the standard error values per construct are very small relative to the mean which reveals that the sample is an accurate representation of the population and therefore

generalization of findings can be drawn based on these sample data. The descriptive statistics for confirmed individual observed variables or items are presented in Appendix 15.

Table 4-17 Descriptive statistics for Measurement Scales

Variable	N	Min	Max	Mean	S.E	S.D	Skew	S E	Kurto	S.E
ENTCA	304	2.75	5.92	4.75	.036	.62	-.94	.14	.23	.28
EOR	304	2.90	6.00	5.22	.03	.53	-1.12	.14	2.02	.28
BOR	304	2.00	6.00	5.03	.05	.87	-1.75	.14	2.98	.28
BRA	304	4.67	7.00	6.15	.02	.41	-.57	.14	.67	.28
IC	304	1.00	6.25	2.62	.07	1.24	.81	.14	-.42	.28

Source: **Primary data**

4.3.10 Data Distribution

Figures 8 to 12 below visually present the data distributions of the five measurement scales used in this study. It should be noted that both univariate and multivariate normality test were carried out on these data. Descriptive statistics including skewness and kurtosis results for individual observed variables or items are presented in Appendix 15 whereas those for multivariates are summarized in Table 4-17 above.

Results in Appendix 15 show moderate univariate normality with skewness and kurtosis values generally below 2 and 7 respectively (Curran et al., 1996). From Table 4-17 above, it can be seen that all constructs have a negative skewness except for international competitiveness. These skewness values indicate that firms scored favourably well on all constructs except for international competitiveness whose scores have an inclination towards low ratings. In addition, the skewness and kurtosis values for all measurement scales are all below the cut off points of 2.0 and 7.0 respectively indicating that data is fairly normally distributed (Curran et al., 1996). Hence, the level of nonnormality could not pose severe problems in the estimation of SEM using the maximum likelihood method.

However, normality tests of Kolmogorov Smirnov (K-S) and Shipiro-Wilk (S-W) results in appendix.9A exhibit that the distribution D (312) of (.11, $P<.05$) for entrepreneurial capital; (.16, $P<.05$) for brand orientation; (.10, $P<.05$) for entrepreneurial orientation; (.05, $P=.05$) for brand advantage; are all significantly not normal except for international competitiveness (.18, $P<.05$). However, comparison of

normality test across sectors indicates that distributions of data for all latent variables were not normal except for brand advantage (presented in appendix. 9C). Further examination of results exhibits non-normality of distributions in the manufacturing and service sectors. The failure of the test of normality to confirm normal distributions may have been partly caused by the small standard errors common in large samples (see Table 4-17 above), which cause small differences from normality to turn out significant (Field, 2009). Therefore, based on the graphical representations (Figure 8 to Figure 12 below) and descriptive statistics (skewness and kurtosis in Table 4-17 above), it was concluded that these data were fairly normally distributed and appropriate for structural equation modeling without transformation.

Figure 8: Distribution of Entrepreneurial Capital Scores

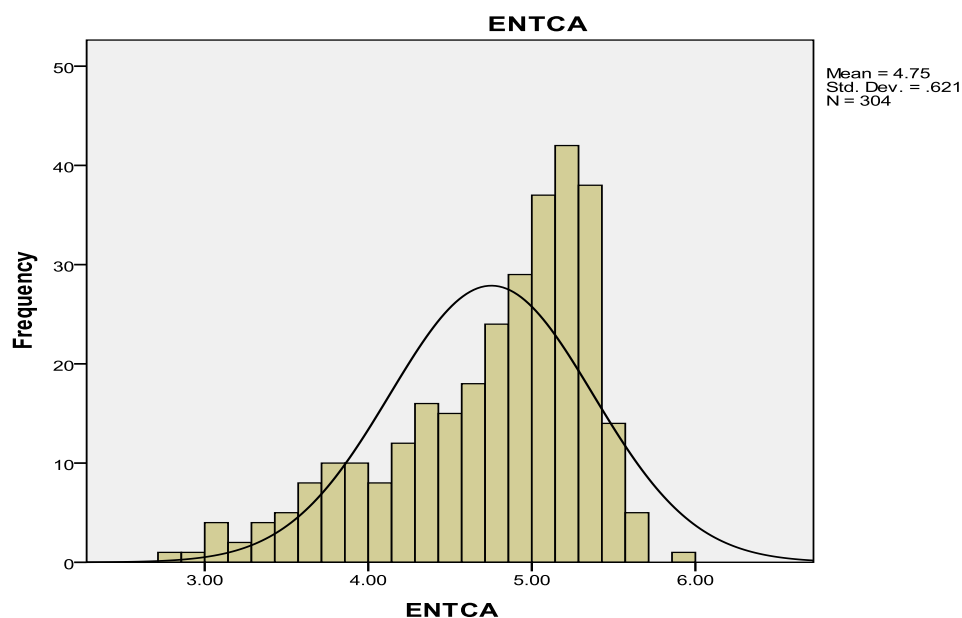


Figure 9: Distribution Entrepreneurial Orientation Scores

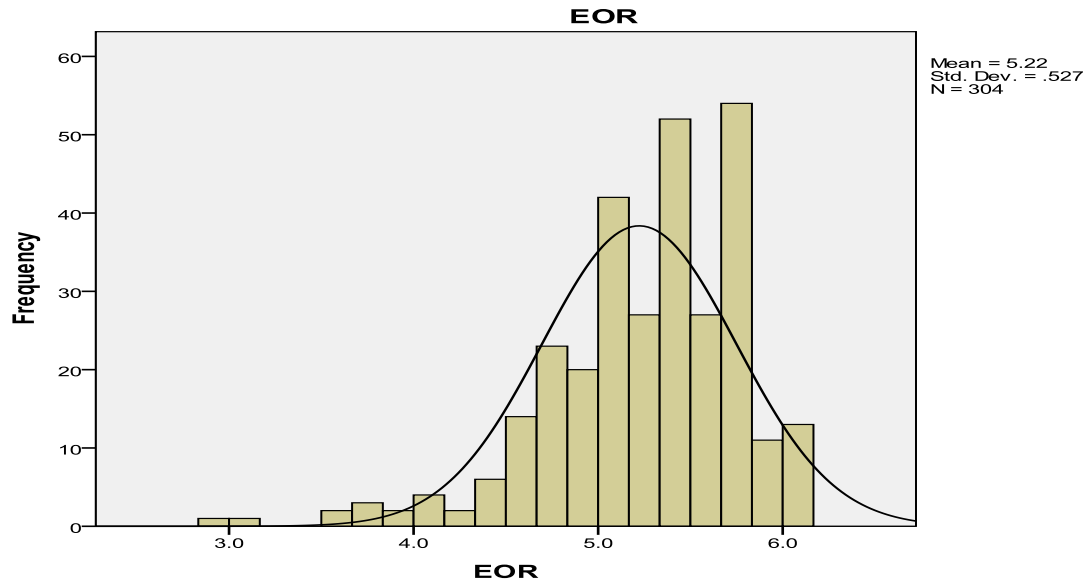


Figure 10: Distribution of Brand Orientation Data

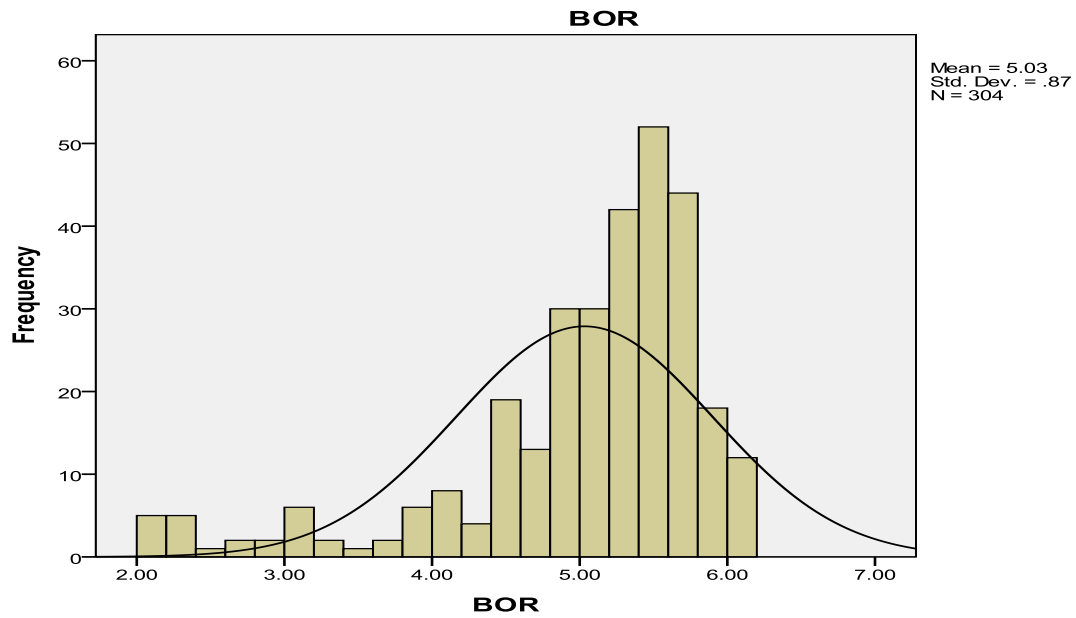


Figure 11: Distribution of Brand Advantage Scores

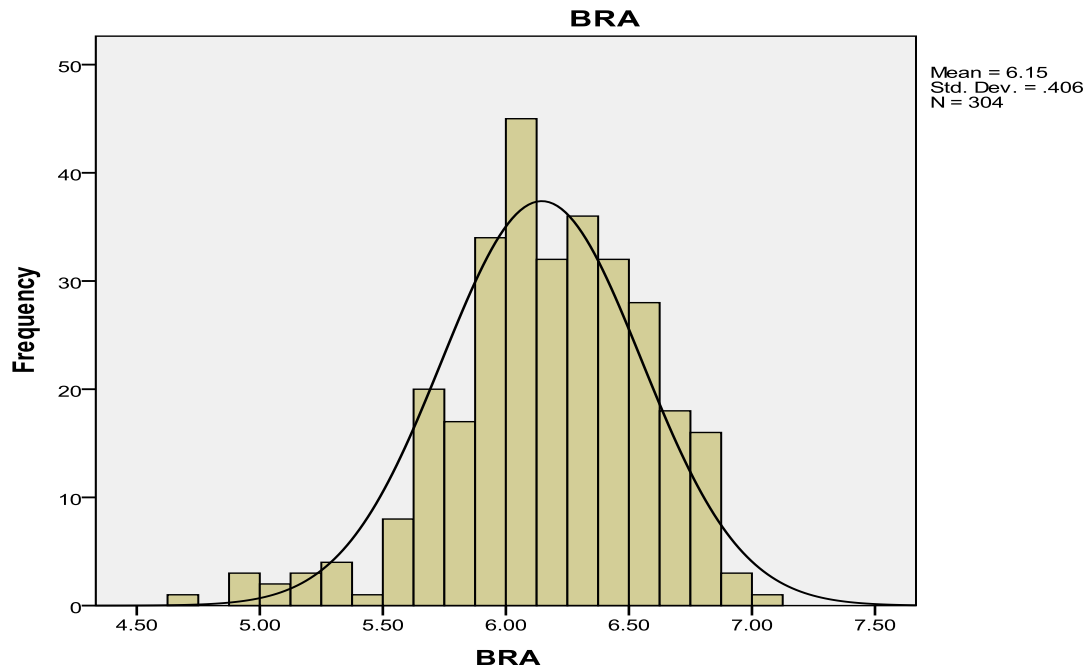
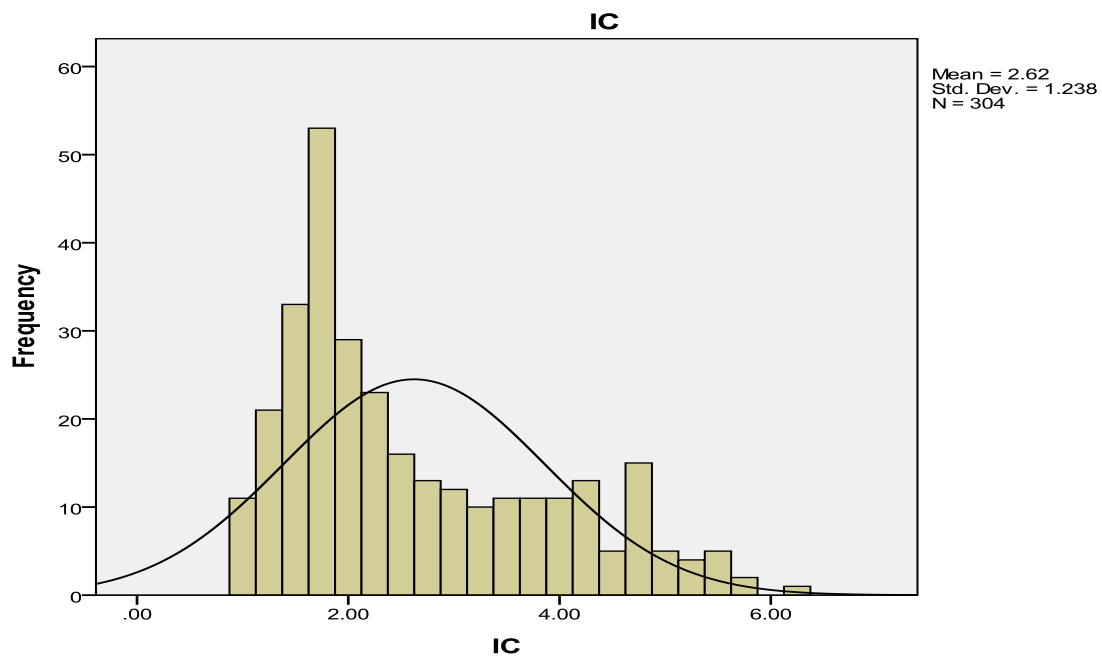


Figure 12: Distribution of International Competitiveness Scores

Figure 12: Distribution of International Competitiveness Scores



4.3.11 Association among Study Constructs

It was further necessary to examine the correlations between the main study constructs for purposes of cross validation of the measurement model. Table 4-18 below presents the correlations between the latent variables in the measurement model.

Table 4-18 Pearson Correlations between Constructs

Variable	ENTCA	EORI	BORI	BRAA	Int competitiveness
ENTCA	1				
EORI	.516**	1			
BORI	.543**	.620**	1		
BRAA	.313**	.293**	.370**	1	
Int competitiveness	-.306**	-.072	.011	-.140**	1

** Correlation is significant at .01 Levels (1-tailed)

The correlation coefficients in Table 4-18 above ranged between -.072 and .620. Overall, 80 percent of the correlations are significant at .01 levels. In particular, the results indicate that correlations between independent variables were generally below .60, hence distinct constructs and not susceptible to severe multicollinearity. However, the correlations between the independent variables and the dependent variable are generally negative, low and insignificant. This implies low predictive power of independent variables in respect of the dependent variable (international competitiveness). Further, these results reveal a positive association between the independent variables and mediating variable (brand advantage). Hence, it can be concluded that to a large extent these data have adequate linear relationships between the main study constructs which is a precondition for application of structural equation modeling.

4.3.12 Testing for Delayed Response Bias

At the end of the data collection process, it was established that a total of three hundred and twelve (312) questionnaires were returned indicating a response rate of 77 percent. Of these, firms operating in the agricultural sector were 19 (6%), manufacturing were 52 (17%) and services were 241 (77%). However, a total of 304 observations were used in MANOVA after deletion of eight unusable and influential cases.

In the MANOVA analysis, only three response waves were included since information was not available for non-respondents. Wave1 represents early respondents or those who responded to the initial

mailing; Wave2- those who responded upon the first reminder and Wave3 are late respondents or those who responded after the second reminder. The objective of this analysis was to establish the effect of delayed response and in particular whether any differences in the study variables existed between the three response waves. As a result, the null hypothesis that ‘there is no significant difference in the evaluation of latent variables across the three response waves or groups’ is tested.

Table 4-19 below provides means for the three different response waves whereas Table 4-20 below presents results for both multivariate and univariate tests of significance of differences. The results in Table 4-19 reveal group differences with wave2 scoring the highest means for all latent variables except for international competitiveness for which wave1 scores highest. The results further shows that the three response group sample sizes are unequal but adequate for MANOVA to detect medium and small effect sizes (Hair et al., 2010).

Table 4-19 Descriptive Statistics for Latent Variables per Response Waves

	Response group	Mean	Std. Deviation	N
Entrepreneurial capital	wave1	4.76	.64	188
	wave 2	5.02	.52	65
	wave 3	4.88	.63	51
	Total	4.84	.62	304
EOR	wave1	5.22	.57	188
	wave 2	5.28	.42	65
	wave 3	5.16	.50	51
	Total	5.22	.53	304
Brand Orientation	wave1	4.99	.84	188
	wave 2	5.20	.70	65
	wave 3	4.97	1.13	51
	Total	5.03	.87	304
BRA	wave1	6.16	.40	188
	wave 2	6.23	.37	65
	wave 3	6.08	.38	51
	Total	6.16	.39	304
Int competitiveness	wave1	2.76	1.33	188
	wave 2	2.54	1.11	65
	wave 3	2.24	.93	51
	Total	2.62	1.24	304

Source: **Primary data**

In addition, the critical assumptions of MANOVA were tested. As presented in Appendix 10A, the Levene test for all the variables is non-significant except for brand orientation and international competitiveness. The Box's M test for equality of covariance matrices reveals unequal variance across the three response groups for the entire set of dependent variables. However, the unequal variances may be attributed to unequal group sample sizes (Hair et al., 2010). Hence, MANOVA tests for significance of differences were performed due to the presence of adequate sample size in each group, equal variances for four of the variables as well as normal distribution of the variables as earlier discussed.

According to Table 4-20 below, all multivariate test results indicate a significant effect of response speed on the set of dependent variables collectively. These results imply that ratings of latent variables differed in significant amounts between the three response groups. Further support for these results can be seen in Table 4-19 above, in which the pattern of means for each variable increases in Wave2 and lowers in Wave3. However, univariate tests only indicate a significant effect of response speed on entrepreneurial capital and international competitiveness at $P < 0.05$.

Table 4-20 Multivariate and Univariate Tests for Response Differences in Study Variables

Multivariate Tests								
Statistical Test	Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power ^b
Pillai's Trace	.07	2.13	10.00	596.00	.02	.03	21.30	.91
Wilks' Lambda	.93	2.13	10.00	594.00	.02	.03	21.26	.91
Hotelling's Trace	.07	2.12	10.00	592.00	.02	.03	21.21	.91
Roy's Largest Root	.05	2.73	5.00	298.00	.02	.04	13.65	.82
Univariate Tests (Between-Subject Effects)								
Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.			
ENTCA	3.53	2.00	1.76	4.68	.01			
EORI	.40	2.00	.20	.72	.49			
BORI	2.40	2.00	1.20	1.59	.20			
BRA	.57	2.00	.29	1.86	.16			
Int competitiveness	11.52	2.00	5.76	3.83	.02			

Source: **Primary data**

Furthermore, an examination of group comparisons as presented in Appendix 10B reveals that the significant differences in entrepreneurial capital and international competitiveness ratings stem from a

single group difference between wave 1 and 2 and wave 1 and 3 respectively. The differences of (.265) between wave 1 and 2 and .522 between wave 1 and 3 are statistically significant for all the three post hoc tests. Therefore, since significant response differences were detected in only two variables and in each between a single group comparison, it can be concluded that the effect of delayed response was within acceptable limits and not substantial to bias the study results (Green, 1991). Therefore, to a great extent the findings of this study can be generalized to the population.

4.4 Structural Model Estimation

There are two main hypothesized models estimated and tested in this study. These include the partially mediated and the interaction effect models of international competitiveness.

4.4.1 Testing for Validity of the Hypothesized Models

To be able to answer research questions 1 to 4 and hypotheses 1 to 12, structural equation modeling started with testing for partial mediation as hypothesized. One of the main propositions of this study adopted in developing the hypotheses was that brand advantage partially mediates the relationship between entrepreneurial capital; entrepreneurial orientation; brand orientation and international competitiveness. However, full mediation was also tested in order to confirm the hypothesized model superiority over other competing ones and/or be able to draw meaningful conclusions. The two competing models of full and partial mediation are displayed below in Figure 13 and Figure 14 respectively. In addition, research question four on the interaction effect was investigated through testing of hypotheses H11 and H12 and as a result, a partial multiplicative structural model of the predictor variables was tested as presented in Figure 16 below and compared to the full interaction model in Figure 15.

Figure 13: Full Mediation Effects Model

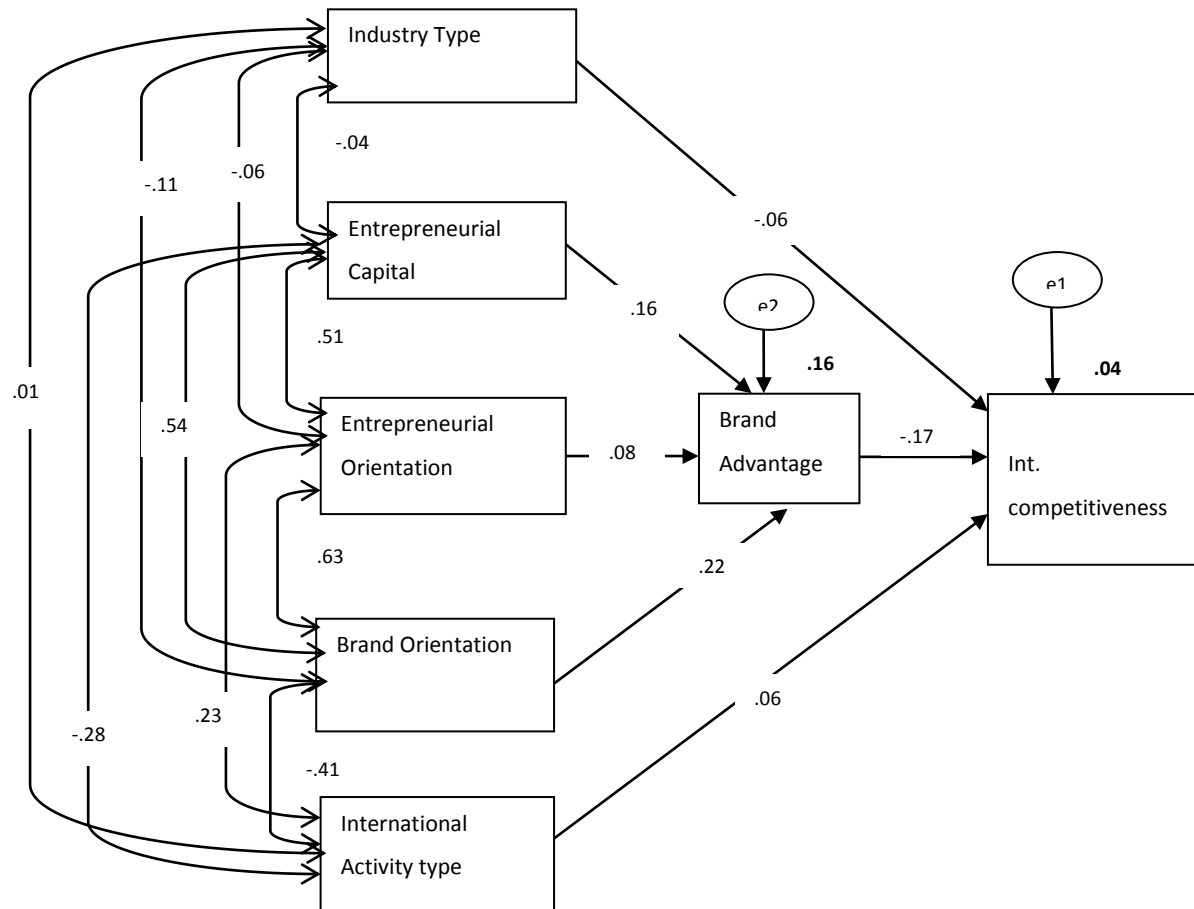


Figure 14: Partial Mediation Effects Model

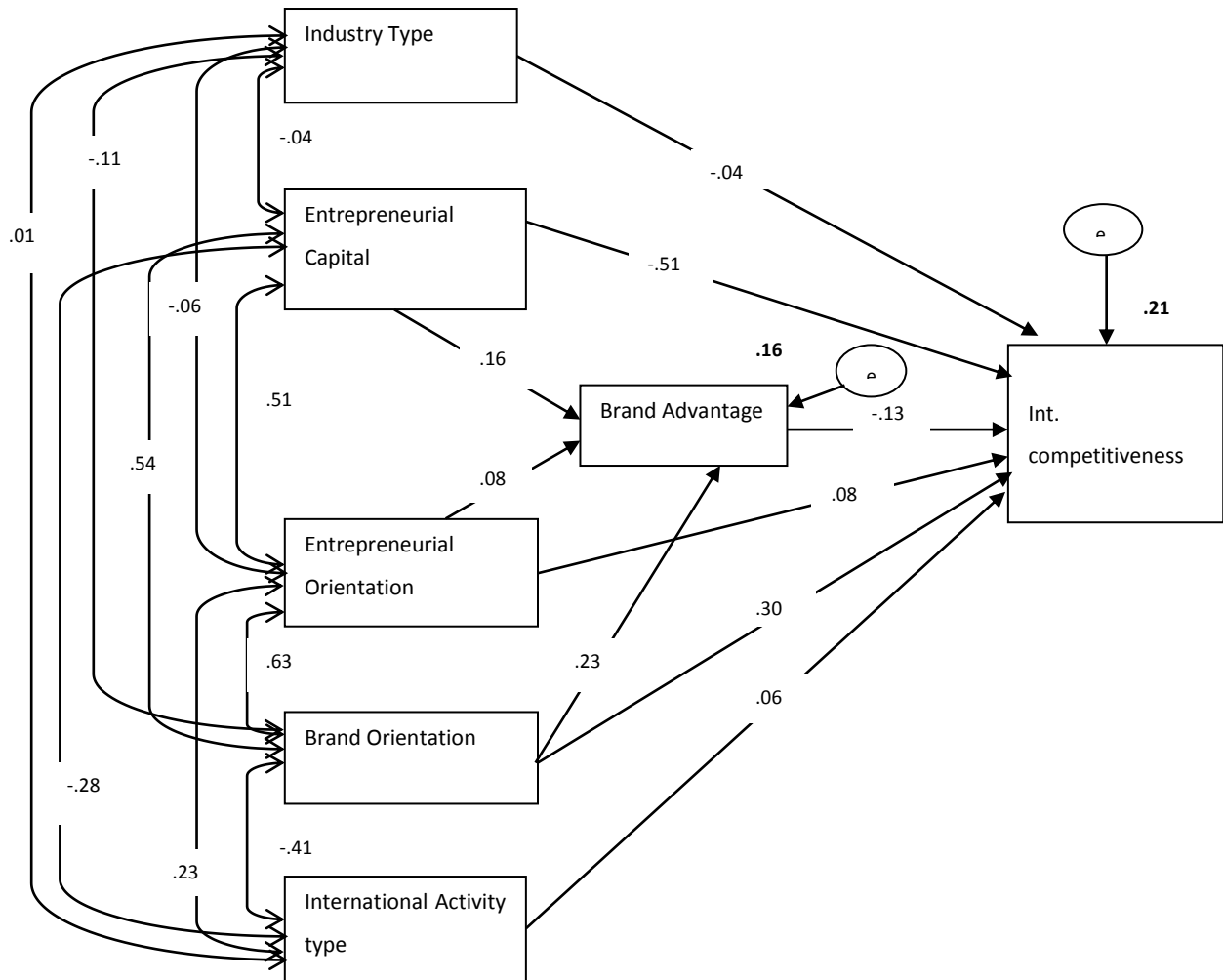


Figure 15: Full Interaction Effects Model

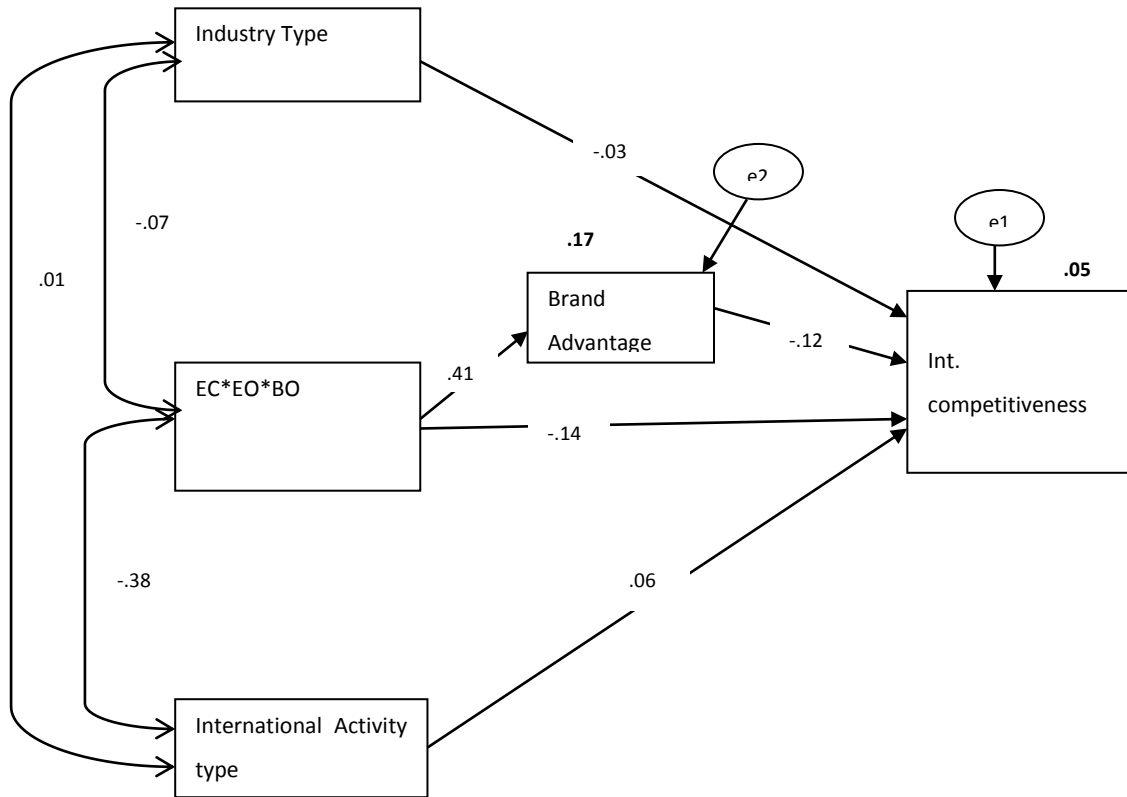
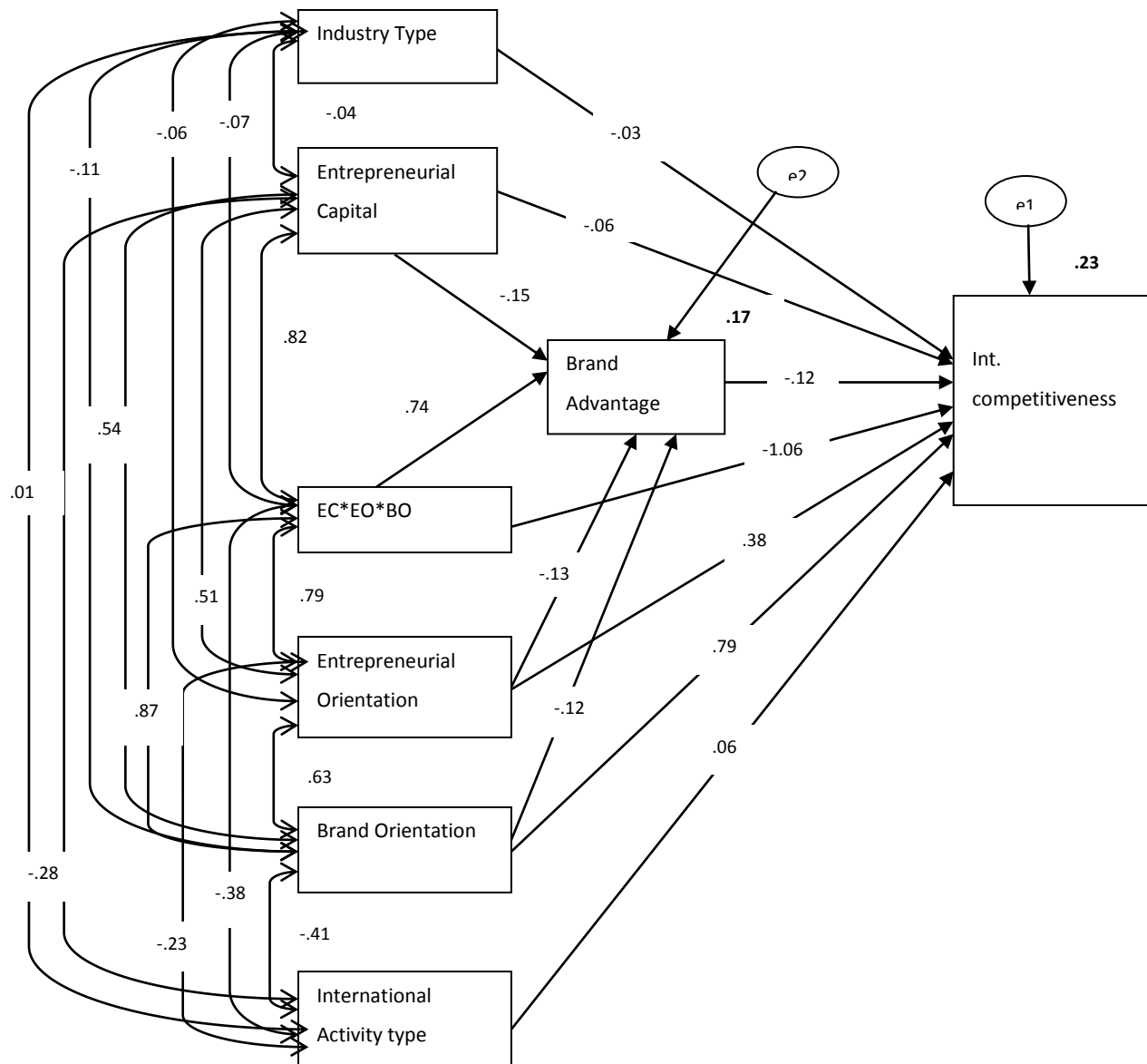


Figure 16: Partial Interaction Effects Model



According to **Table 4-21** below, the full mediation model in generated a chi-square of 72.631 at $P=.000$ for 5 degrees of freedom, $X^2/DF = 14.526$, $RMR= 18.858$, $GFI= .94$, $AGFI= .68$, $CFI= .857$, $TLI= .401$ and $RMSEA = .211$, which signifies poor and unacceptable model fit. In comparison however, the partially mediated model in Figure 14 generated a chi-square of 2.056 at $p=.358$ non significant for 2 degrees of freedom, $RMR= .008$, $GFI= 1.00$, $AGFI= .97$, $CFI= 1.00$, $TLI= 1.00$ and $RMSEA = .01$, indicating very good and acceptable model. The full interaction model in Figure 15 generated a chi-square of 2.326 at $P=.313$ for 2 degrees of freedom, $X^2/DF = 1.135$, $GFI= 1.00$, $AGFI= .98$, $CFI= 1.00$, $TLI= .99$ and $RMSEA = .023$ and the partial interaction model in Figure 16 above produced a chi-square of 2.121 at $p=.346$ for 2 degrees of freedom, $X^2/DF=1.06$, $GFI= 1.00$, $AGFI= .97$, $CFI=1.00$, $TLI=1.00$ and $RMSEA=.014$, revealing very good

model fit. Thus, no modifications to the hypothesized partially mediated and interaction models were conducted because of the very good fit. These results are also in agreement with many previous studies that report partial mediation and interaction effects (N. A. Morgan et al., 2009; Zhao et al., 2010).

Table 4-21 Comparative Statistics for Competing Mediation and Interaction Models

Model Fit Index			Mediation		Interaction	
			Full	Partial	Full	Partial
X2			72.18	2.36	2.33	2.12
DF			8	2	2	2.00
P			.000	.31	.31	.35
X2/DF			9.02	1.18	1.16	1.06
RMR			.04	.01	.01	.007
GFI			.96	1.00	1.00	1.00
AGFI			.72	.97	.97	.97
NFI			.86	1.00	.92	1.00
RFI			.21	.95	.8	.98
IFI			.87	1.00	1.00	1.00
TLI			.23	.99	.97	1.00
CFI			.86	1.00	1.00	1.00
RMSEA			.16	.02	.02	.01
PCLOSE			.00	.54	.66	.58
PNFI			.15	.1	.196	.07
PCFI			.15	.1	.199	.07
AIC			108/56	54/56	28/30	70/72
CAIC			217/188	177/188	89/100	230/241
ECVI			.359/.185	.179/.185	.093/.099	.231/.238
Hoelter at P=.05			54	769	781	856
Hoelter at P=.01			73	1182	1200	1316
Path			β	β	B	B
BRA	<---	EOR	.08	.08		-.13
BRA	<---	BOR	.224**	.23**		-.12
BRA	<---	ETCA	.16**	.16**		-.15
IC	<---	BRA	-.17**	-.13*	-.12*	-.12*
IC	<---	EOR		.08		.38**
IC	<---	B4	-.06	-.04	0.06	-.03
IC	<---	ETCA		-.51***		-.06
IC	<---	BOR		.30***		.79***
IC	<---	B5	.06	.06	0.02	.06
BRA	<---	EC*EO*BO			.41***	.74***
IC	<---	EC*EO*BO			-.14*	-1.06**
Variance Explained			R²	R²	R²	R²
BRA			.16	.16	.17	.17
IC			.04	.21	.05	.23

Source: Primary data

4.4.2 Cross Validation of Hypothesized Models

It was also deemed necessary to compare the two hypothesized models to other competing ones for cross validation (Iacobucci et al., 2007). In addition to a chi-square difference between two models as recommended for cross validation (Hair et al., 2010), a detailed comparative criterion is used to compare the competing models (R. M. Morgan & Hunt, 1994) . In particular measures including 1) overall model fit measured by CFI; 2) percentage of hypothesized significant paths; 3) amount of variance explained using squared multiple correlations and 4) parsimony assessed by the parsimonious normed fit index (PNFI) were adopted.

On comparing the two competing mediation models on these criteria, results in **Table 4-21** above indicated that the partially mediated model was a more accurate and better representation of the data. First and foremost, the χ^2 reduction of 69.82 in the partially mediated model is significant. Secondly, five of the 9 hypothesized direct paths (56%) are significant at $P < .01$ and two of them are significant at $P < .001$. The ability of the partially mediated model to account for the variance in the criterion variable ($R^2 = .21$) is fairer compared to ($R^2 = .04$) in the fully mediated model. There is also a large parsimony difference between the partially and the fully mediated models as measured by PNFI. Comparison of the CFI values reveals that the partially mediated model is a better depiction of the relationships among the variables of the study.

However in comparing the two competing interaction models, the X^2 and CFI differences are not applicable since both models have good model fits. Hence, the two models are compared on PNFI and R^2 change. The comparison of the full and partial interaction models reveals that the partial interaction model has a higher ability to explain the variance in the dependent variable ($R^2 = .23$) than the full interaction effect ($R^2 = .05$). In addition, the PNFI difference between the two models confirms that the partially interacted model is a more parsimonious model. Therefore, the partially mediated Model (Figure 14) and partially interacted model (Figure 16) were adopted in drawing conclusions and recommendations on the hypothesized effects.

4.4.3 Estimation of Direct and Indirect Effects

In order to draw support for hypotheses H1 to H10, the direct and indirect effects were examined. Zhao et al., (2009) contend that proper interpretation of data should be based on both direct and indirect

paths. Hence, conclusions on mediation are based on testing the null hypothesis that ‘there is no difference between the total and direct effects’. Accordingly, Table 4-22 below shows that the independent variables (entrepreneurial capital, entrepreneurial orientation and brand orientation) had direct effects on both brand advantage and international competitiveness whereas **Table 4-23** below demonstrates the relationship between total, direct and indirect effects.

Table 4-22 Direct Path Estimates for the Partially Mediated Model

Path			B	S.E.	C.R.	β	P
BRA	<---	EOR	.06	.05	1.19	.08	.233
BRA	<---	BOR	.10	.03	3.13	.22	.002
BRA	<---	ETCA	.10	.04	2.53	.16	.011
IC	<---	BRA	-.42	.18	-2.37	-.13	.018
IC	<---	EOR	.18	.16	1.13	.08	.258
IC	<---	B4	-.08	.11	-.76	-.04	.450
IC	<---	ETCA	-1.01	.13	-7.92	-.51	***
IC	<---	BOR	.42	.11	3.97	.30	***
IC	<---	B5	.05	.05	1.13	.06	.257

Source: Primary data

According to results in Table 4-22 above, entrepreneurial capital, entrepreneurial orientation and brand orientation each had a direct effect on international competitiveness. The results indicate that international competitiveness significantly increases by .30 units at $P < .001$ as brand orientation increased by one unit. This confirms hypothesis H_4 that brand orientation significantly influences competitiveness of INVs. Entrepreneurial capital had a significant negative effect on international competitiveness. In particular as entrepreneurial capital increases by one unit, competitiveness of INVs greatly decreased by 0.51 units at $P < .001$ whereas the effect of entrepreneurial orientation on international competitiveness was positive but not significant ($\beta = .08$, $P = .258$). Furthermore, the results indicate that brand advantage had a negative but significant effect on competitiveness of INVs. These results reveal that as brand advantage increased by one unit, international competitiveness significantly declined by .13 units at $P < .05$. Hence the higher the level of brand advantage, the less the international competitiveness. Therefore, these results provide support for hypotheses H_4 whereas hypothesis H_1 , H_2 and H_3 are not supported.

In addition Table 4-22 above reveals that entrepreneurial capital; entrepreneurial orientation and brand orientation each had a direct effect on brand advantage. The results demonstrate that brand advantage

improved by .16; .08; and .23 units as entrepreneurial capital, entrepreneurial orientation and brand orientation increased by one unit respectively. These results further show that the relationship between brand advantage and entrepreneurial capital is significant at $P < .05$ whereas the effect of brand orientation was significant at $P < .01$. However, the impact of entrepreneurial orientation on brand advantage was not significant ($P = .233$). Hence, these results provide support for hypotheses H5 and H7 whereas H6 is not supported.

Overall, the partially mediated model accounts for 16 percent of the variance in brand advantage and 21 percent of the variance in international competitiveness (see **Table 4-21** above) and displayed in Figure 14 above. Therefore, these results reveal that brand orientation has the greatest effect on both brand advantage and international competitiveness; brand advantage and entrepreneurial capital have significant negative effects on competitiveness contrary to what was predicted whereas entrepreneurial orientation had insignificant effect on both brand advantage and international competitiveness.

Table 4-23 Total, Direct and Indirect Effects for the Partially Mediated Model

Standardized Total Effects	B5	BOR	EOR	ETCA	B4	BRA
BRA	-	.23	.08	.16	-	-
IC	.06	.27	.07	-.53	-.04	-.13
Standardized Direct Effects	B5	BOR	EOR	ETCA	B4	BRA
BRA	-	.23	.08	.16	-	-
IC	.06	.30	.08	-.51	-.04	-.13
Standardized Indirect Effects	B5	BOR	EOR	ETCA	B4	BRA
BRA	-	-	-	-	-	-
IC	-	-.03	-0.01	-0.02	-	-

Source: Primary data

As presented in **Table 4-23** above, the predictor variables (entrepreneurial capital, entrepreneurial orientation and brand orientation) had direct effects on both brand advantage and international competitiveness as well as indirect effects on international competitiveness through brand advantage. However, it was observed that the effect of brand advantage was negative in the relationships between each of the independent variables and international competitiveness (dependent variable). The results illustrate that international competitiveness reduces by .02; .01 and .03 units as the effect of EC, EO, and BO on brand advantage increased by one unit respectively. These results are further confirmed when

the total and direct effects are compared. The comparison reveals that the direct effects are greater than the total effects leading to the rejection of the null hypothesis that ‘total and direct effects are equal’. Although, it is normally expected that total effects are more than direct effects to achieve a positive indirect impact on the dependent variable, the negative impact reveals that the direct effects provide a more favorable explanation of competitiveness of INVs especially that of brand orientation.

Using results in **Table 4-23** above and Appendix 13A for variances (e1 and e2), two structural equations are generated that can be used to determine predicted values of dependent variables using observed values of independent variables. In this case the structural model has two dependent or endogenous variables (brand advantage and international competitiveness represented by Y_{BA} and Y_{IC} respectively) and five independent or exogenous variables (brand orientation (BOR), entrepreneurial orientation (EOR), entrepreneurial capital (ETCA), international activity type(B5) and industry type (B4) which are represented in the equation by X_1 to X_5 respectively).

In the partially mediated model, the values of brand advantage can be estimated using observed values of brand orientation (X_1), entrepreneurial orientation (X_2), and entrepreneurial capital (X_3) as reflected in the following equation:

$$Y_{BA} = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_2$$

$$Y_{BA} = .23X_1 + .08X_2 + .16X_3 + .14 \text{-----equation 1a}$$

In the same regard, values of international competitiveness can be determined using observed values of brand advantage and the five exogeneous variables (X_1 to X_5) as illustrated in the following equation:

$$Y_{IC} = \beta_6 (BA) + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_1$$

$$Y_{IC} = -.13 (BA) + .30X_1 + .08X_2 - .51X_3 + .06X_4 - .04X_5 + 1.20$$

However, brand advantage (BA) is also endogenous and hence, determined through equation 1a, which substitutes (BA) in the equation for international competitiveness. Consequently,

$$Y_{IC} = -.13 (.23X_1 + .08X_2 + .16X_3 + .14) + .30X_1 + .08X_2 - .51X_3 + .06X_4 - .04X_5 + 1.20$$

$$Y_{IC} = (-.03X_1 + .30X_1) + (-.01X_2 + .08X_2) + (-.02X_3 - .51X_3) + .06X_4 - .04X_5 + (1.20-.02)$$

$$Y_{IC} = .27X_1 + .07X_2 - .53X_3 + .06X_4 - .04X_5 + 1.18 \text{-----equation 1b}$$

4.4.4 Bootstrap Significance Testing of Mediation

The analysis proceeded to examine the significance of the indirect effects on competitiveness of INVs since it is the only way we can confirm mediation (Preacher & Hayes, 2004). Following Lacobucci et al, (2007) recommendations, three different models are tested in relation to hypotheses H8, H9, H10 (see Appendix 11) and using the Monte Carlo parametric bootstrap method, 2000 re-samples of 304 were drawn with replacement from the original set of 304 observations. The analysis provides the average bootstrap estimates of the indirect effect (ab), standard error (SE) and 95% confidence intervals by determining the 2.5% (lower bounds) and 97.5% values (upper bounds) in the distribution of the indirect effect estimates from each bootstrap sample as presented in Table 4-24 below.

Table 4-24: Bootstrap Significance Test Results for Mediation

4-Variable Models	Ab	SE	P-value	Low bound	Upper bound
ENTCA	(.02)	.02	.235	(.06)	.01
EORI	(.06)	.02	.004	(.10)	(.02)
BORI	(.08)	.03	.001	(.13)	(.03)
3-Variable Models	ab	SE	P-value	Low bound	Upper bound
ENTCA	(.02)	.02	.197	(.06)	.01
EORI	(.06)	.02	.002	(.10)	(.02)
BORI	(.08)	.03	.002	(.13)	(.03)
Multiple Variable Model	Ab	SE	P-value	Low bound	Upper bound
ENTCA	(.02)	.01	.030	(.06)	(.00)
EORI	(.01)	.01	.130	(.04)	.00
BORI	(.03)	.02	.010	(.08)	(.01)

Source: Primary data

According to results in Table 4-24 above, although the 95% confidence interval does not include a zero, the mediation effect of brand advantage in the relationship between entrepreneurial capital and international competitiveness is not significant. Hence, hypothesis H8 is not supported. However, entrepreneurial orientation and brand orientation each had a significant indirect effect on international competitiveness through brand advantage at $P < .01$ which confirms hypotheses H9 and H10 respectively. Further comparison of the four and three –variable models reveals identical parameter estimates whereas the testing of the mediation model with multiple constructs as antecedents generated different parameter estimates. Notable was the significant indirect effect of entrepreneurial capital whereas it

was disapproved in the 4-variable model. This result is consistent with Lacobucci et al (2007)'s argument that inclusion of multiple antecedents results into multicollinearity which may cause differences in parameter estimates.

4.4.5 Testing for Non- Spurious Relationship between Constructs

Testing for non-spurious relationship between constructs in the hypothesized model was done by comparing two structural models. The first model specifies the main relationships hypothesized (Appendix 12) while the second model includes the influence of control variables that is industry type (B4) and international activity type of the firm (B5) on international competitiveness. The rule is that significance of the estimated relationships between the constructs in the two models should not be different (Hair et al., 2010).

Table 4-25 Test Results for No Spurious Relationship between Constructs

			Model 1		Model 2	
Path			Estimate	P-values	Estimate	P-Values
BRA	<---	EOR	.08	.233	.08	.233
BRA	<---	BOR	.22	.002	.22	.002
BRA	<---	ETCA	.16	.011	.16	.011
IC	<---	BRA	(.14)	.013	(.13)	.018
IC	<---	EOR	.08	.229	.08	.258
IC	<---	B4			(.04)	.450
IC	<---	ETCA	(.51)	***	(.51)	***
IC	<---	BOR	.28	***	.30	***
IC	<---	B5			.06	.257

Source: Primary data

On comparing the estimates for the two models as presented in **Table 4-25** above, the significance of the structural relationships between the constructs in model 1 remained unchanged when the control variables were added in the second model. In addition the effect of control variables remained non-significant. This implies that the main effects as expected are not significantly affected by industry and international activity type of the firm. The only difference between the two models is that Model 1 is not positive definite and cannot be identified since it has a chi-square equal to zero whereas the inclusion of control variables in Model 2 improved model complexity and identification. Therefore, it was certain that the relationships between the constructs in the model were non-spurious and represent a true state of reality.

4.4.6 Estimation of the Interaction Effects

The fourth research question focused on establishing the extent of the combined effect of the predictor variables on brand advantage and international competitiveness. This research question was investigated through testing of hypotheses H11 and H12 in a multiplicative structural model of the predictor variables as presented in Table 4-26 and **Table 4-27** below.

Table 4-26 Path Coefficients for the Interaction Effects Model

Path			B	S.E.	C.R.	β	P
BRA	<---	ECxEOxBO	.01	.00	1.94	.74	.052
BRA	<---	BOR	-.05	.09	-.62	-.12	.535
BRA	<---	EOR	-.10	.10	-.99	-.13	.323
BRA	<---	ETCA	-.09	.11	-.85	-.15	.393
IC	<---	B4	-.06	.11	-.54	-.03	.592
IC	<---	BRA	-.36	.17	-2.08	-.12	.038
IC	<---	ECxEOxBO	-.03	.01	-2.88	-1.06	.004
IC	<---	B5	.05	.05	1.08	.06	.281
IC	<---	BOR	1.12	.26	4.24	.79	***
IC	<---	EOR	.89	.29	3.04	.38	.002
IC	<---	ETCA	-.12	.33	-.35	-.06	.726

Source: Primary data

The results in Table 4-26 above show that a one unit increase in the interaction effect causes 1.06 significant unit reductions in international competitiveness. This change in competitiveness is undesirable compared to what, for instance, brand orientation individually would cause. As indicated in **Table 4-27** below, the multiplication has a negative indirect effect (-.09) on international competitiveness, which is detrimental compared to positive individual indirect effect of the independent variables. However, the interaction term had a greater positive direct effect on brand advantage than what the predictor variables would individually contribute. The results in **Table 4-27** further indicate that a unit change in the multiplicative factor causes 0.74 unit increase in brand advantage. This means that the combined effect of the predictor variables causes an improvement in brand advantage and a reduction in international competitiveness. Overall, the partially interacted model accounts for 17 percent of the variance in brand advantage and 23 percent of the variance in international competitiveness (see **Table 4-21** above) and displayed in Figure 16 above. Therefore, these results reveal that the combined effect of entrepreneurial capital, entrepreneurial orientation and brand orientation

significantly improved brand advantage at $P=.052$ and significantly reduced international competitiveness at $P=.004$. Therefore, these results support hypothesis H11 and contradict H12.

In addition, the relative effect of the interaction between the independent variables was observed. As shown in **Table 4-27** below, the inclusion of the interaction term (EC*EO*BO) maximized the total positive effect of BO and EO on international competitiveness while the negative effect of EC was minimized. The total effect of BO and EO on international competitiveness increased to 80 and 39 percent respectively whereas the negative effect of EC reduced to 4 percent. On the other hand however, the interaction term caused a negative total effect of individual independent variables on brand advantage. Hence, the results further demonstrate the importance of direct and interaction effects of independent variables on international competitiveness and brand advantage respectively.

Table 4-27 Direct and Indirect Effects of the Interaction Model

Standardized Total Effects	BOR	EOR	ETCA	B4	B5	EC*EO*BO	BRA
BRA	-.12	-.13	-.15	-	-	.74	-
IC	.80	.40	-.04	-.03	.06	-1.15	-.12
Standardized Direct Effects	BOR	EOR	ETCA	B4	B5	EC*EO*BO	BRA
BRA	-.12	-.13	-.15	-	-	.74	-
IC	.79	.38	-.06	-.03	.06	-1.06	-.12
Standardized Indirect Effects	BOR	EOR	ETCA	B4	B5	EC*EO*BO	BRA
BRA	-	-	-	-	-	-	-
IC	.01	.02	.02	-	-	-.09	-

Source: Primary data

Furthermore, using results in **Table 4-27** above and Appendix 13B for variances (e_1 and e_2), two structural equations for the interaction model are derived. The model has two dependent or endogenous variables (brand advantage and international competitiveness signified by Y_{BA} and Y_{IC} respectively) and six independent or exogenous variables including the interaction term (EC*EO*BO) represented by X_1 to X_6 respectively.

In this model, values of brand advantage can be estimated using observed values of brand orientation (X_1), entrepreneurial orientation (X_2), entrepreneurial capital (X_3) and interaction term-EC*EO*BO (X_6) as illustrated in the equation below:

$$Y_{BA} = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_6 X_6 + e_2$$

$$Y_{BA} = -.12X_1 - .13X_2 - .15X_3 + .74X_6 + .14$$

$$Y_{BA} = .74X_6 - .12X_1 - .13X_2 - .15X_3 + .14 \text{-----equation 2a}$$

Similarly, values of international competitiveness can be predicted using observed values of brand advantage (BA) and the six exogeneous variables including the interaction term. The six exogeneous variables are brand orientation (X_1), entrepreneurial orientation (X_2), entrepreneurial capital (X_3), international activity (X_4), industry type (X_5) and $EC*EO*BO$ (X_6) as shown in the equation below:

$$Y_{IC} = \beta_7 (BA) + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e_1$$

$$Y_{IC} = -.12 (BA) + .79X_1 + .38X_2 - .06X_3 + .06X_4 - .03X_5 - 1.06X_6 + 1.17$$

Substituting in equation 2a for brand advantage;

$$Y_{IC} = -.12 (.74X_6 - .12X_1 - .13X_2 - .15X_3 + .14) + .79X_1 + .38X_2 - .06X_3 + .06X_4 - .03X_5 - 1.06X_6 + 1.17$$

$$Y_{IC} = (.79X_1 + .01X_1) + (.38X_2 + .02X_2) + (-.06X_3 + .02X_3) + .06X_4 - .03X_5 + (-1.06X_6 - .09X_6) + (1.17 - .02)$$

$$Y_{IC} = .80X_1 + .40X_2 - .04X_3 + .06X_4 - .03X_5 - 1.15X_6 + 1.15 \text{-----equation 2b}$$

4.5 Chapter Conclusions

This chapter has dealt with data analysis and interpretation of findings in relation with the research questions and hypotheses. Below is the summary of the findings.

- 1) When EFA and CFA were performed, a) four factors for entrepreneurial capital construct named human, economic, symbolic and social capital were confirmed as expected; b) three factors namely brand management, brand communication and strategic use of brands were confirmed compared to four dimensions hypothesized; c) three theoretical factors of entrepreneurial orientation including proactiveness, innovativeness and risk taking behavior were extracted and confirmed as expected; d) four components of brand advantage namely brand quality, brand image, brand recognition and brand loyalty were extracted and confirmed as expected and e) finally one factor for international competitiveness was confirmed, not as expected.
- 2) Construct validity test indicates that the five measurement scales have adequate convergent validity since all AVE values are greater than .50; discriminant validity test confirms that the five

scales are significantly different from each other in their measurement theory and therefore, there was no severe multicollinearity, whereas overall reliability for all constructs is greater than .70 which confirmed internal consistency of variables within a construct.

- 3) Normality test shows that the data are fairly normally distributed and hence appropriate for structure equation modeling.
- 4) Pearson correlations results confirmed presence of adequate linear relationships between the main study constructs and hence appropriateness of data for structural equation modeling.
- 5) MANOVA test shows that the effect of delayed response was within acceptable limits and not substantial to bias the results and hence, the findings are generalizable.
- 6) Structural equation modeling test results reveal that the partially mediated and interacted models are the most accurate representation of the observed data. Therefore, no modifications were carried out on the two models and were adopted in drawing support for the main hypothesized relationships in the study.
- 7) The direct effects results show that a) BO positively and significantly influences both brand advantage and international competitiveness; b) EO has a positive but insignificant effect on both brand advantage and international competitiveness; c) EC and BA each has a negative but significant effect on international competitiveness and d) EC has a significant and positive impact on brand advantage.
- 8) Indirect effects results indicate that a) brand advantage has a significant negative effect in the relationship between BO and EO on international competitiveness and b) the effect of BA in the relationship between EC and international competitiveness is not significant.
- 9) It can also be concluded that BO and EO have both direct and indirect effects on international competitiveness
- 10) The interaction effects results show that a) the multiplication interaction between EC, BO and EO significantly improves BA and b) it significantly reduces international competitiveness.
- 11) Overall the results reveal that a) direct effects model predicted 16 percent of the variance in brand advantage and 21 percent of the variance in international competitiveness where as b) the interaction effect model explains 17 percent of the variance in brand advantage and 23 percent of variance in international competitiveness.

CHAPTER 5: DISCUSSION OF FINDINGS

This chapter discusses the results presented in Chapter Four. The overall purpose of the study was to establish how and to what extent do entrepreneurial and marketing factors explain competitiveness of INVs in Uganda. The results are therefore discussed according to the four research questions and hypotheses of the study and comparisons with previous studies are made. The discussion further emphasizes the underlying theoretical and empirical explanations and justifications for the findings.

5.1 Summary of Findings

The findings in accordance with the hypotheses are presented in Table 5-1 below.

Table 5-1 Summary of Research Findings

Research Hypotheses	Path Coefficient	Sign. Level	Confirmed/ Not Confirmed
H₁: The higher the level of brand advantage, the higher the international competitiveness	-.13	.018	Not
H₂: The higher the levels of entrepreneurial capital, the higher the international competitiveness	-.51	.000	Not
H₃: High level of entrepreneurial orientation positively and significantly influences international competitiveness	.08	.258	Not
H₄: High level of brand orientation positively and significantly influences international competitiveness	.30	.000	Yes
H₅: INVs with higher levels of entrepreneurial capital are more likely to have higher levels of brand advantage	.16	.011	Yes
H₆: High level of entrepreneurial orientation positively and significantly influences brand advantage	.08	.233	Not
H₇: High level of brand orientation positively and significantly impacts brand advantage	.22	.002	Yes
H₈: To a great extent brand advantage mediates the relationship between entrepreneurial capital and international competitiveness	-.02	.234	Not
H₉: Brand advantage greatly influences the relationship between entrepreneurial orientation and international competitiveness.	-.06	.004	Yes
H₁₀: To a great extent brand advantage mediates the relationship between brand orientation and international competitiveness	-.08	.001	Yes
H₁₁: The interaction between EC, EO and BO significantly increases brand advantage	.74	.052	Yes
H₁₂: International competitiveness is significantly improved when EC, EO and BO interact.	-1.06	.004	Not

In relation to results shown in Table 5-1 above, hypotheses with significant coefficients in the predicted direction are confirmed whereas those with non-significant coefficients and/or in unpredicted direction are not confirmed. Accordingly, empirical support is found for the direct effect of brand orientation on international competitiveness (H_4) and on brand advantage (H_7); direct effect of entrepreneurial capital (H_5) on brand advantage; mediating effect of brand advantage in the relationship between entrepreneurial orientation and international competitiveness (H_9), mediating effect in the relationship between brand orientations and international competitiveness (H_{10}); and the interaction effect of the three constructs on brand advantage (H_{11}).

However, the hypotheses that brand advantage (H_1); entrepreneurial capital (H_2) and entrepreneurial orientation (H_3) positively influence international competitiveness; the mediating effect of brand advantage in the relationship between entrepreneurial orientation and competitiveness (H_6); entrepreneurial capital (H_8) and competitiveness and the interaction effect of the three predictor variables on international competitiveness (H_{12}) are not empirically supported. These findings are discussed in detail in the following sections.

5.2 Entrepreneurial and Branding Resources and Capabilities and International Competitiveness

The study set out to investigate the extent to which entrepreneurial and branding resources and capabilities directly influence competitiveness of INVs in Uganda. This was done through testing for hypotheses H_1 , H_2 , H_3 and H_4 as summarized in Table 5-1 above.

5.2.1 Brand Advantage and International Competitiveness

To ensure reliability, validity and generalizability of findings, the hypothesized measurement model for brand advantage was compared to the observed model among INVs in Uganda to establish if there were no significant differences. Brand advantage was measured as a multidimensional theoretical construct composed of four dimensions of brand recognition, perceived quality, image and loyalty (Aaker, 1991). Factor analysis results generated and confirmed the factor structure of brand advantage as hypothesized. Altogether, the four factors explained 61 percent of the variance in brand advantage construct, which is better than some findings reported in previous studies (Kim et al., 2003).

The study result indicates that perceived brand quality is the most valued dimension of brand advantage by customers of INVs in Uganda and was reflected by perceptions of consistent and good quality, brand possessing unique element and great value. Brand image was defined as having trust and confidence in the brand, perceptions of impressive brand designs and desirability; brand recognition was reflected as ease of pronunciation and identification of brand name and distinctiveness of the brand from others; whereas brand loyalty was defined as value for money, repeat purchases and willingness to recommend the brand to others. Construct reliability of .97 was achieved for brand advantage and both convergent and discriminant validity was confirmed. These results are consistent with findings reported on brand advantage scale in previous studies (Spyropoulou et al., 2011). Therefore, the study results confirm reliability, validity and generalizability of brand advantage measurement scale across cultures and currently in a developing country context and across sectors.

In regard to structural relationships, the results indicate that brand advantage has a significant but negative effect on international competitiveness ($\beta = -.13$, $P = .018$). The result contradicts hypothesis H_1 which predicted brand advantage to positively impact competitiveness of INVs. In addition, the result does not support previous findings that suggest a positive and significant influence of brand advantage on firm performance (Baldauf et al., 2003; Jin & Moon, 2006; Kim et al., 2003; Najafizadeh et al., 2013; Sagheer et al., 2009; Schuh, 2007; Spyropoulou et al., 2011; H. Y. Wong & Merrilees, 2005, 2007, 2008). In particular, the finding contradicts Najafizadeh et al (2013)'s proposition that strong brands enhance profitability and competitiveness of firms. However, the finding is in line with the proposition that it is possible to have "competitive advantage without superior performance" (Ma, 2000). This result affirms the uniqueness of INVs and that previous findings specific to other types of firms do not automatically apply to them.

The current study established below average levels of international competitiveness in terms of growth in profitability, number of foreign markets and market share against a high level of brand advantage in terms of brand awareness, brand associations, perceived quality and loyalty. Therefore, explanations of this negative causal relationship may be manifested in high costs involved in maintaining brand advantage, charging low prices for products or services against costly brand advantage, low sales volume and presence in a few foreign markets. The result also implies that INVs have not made efforts to utilize and take advantage of their strong brands to expand and build legitimacy in new markets,

which would attract sales and contribute positively to profitability and market share and in turn overall competitiveness.

The negative effect on competitiveness could perhaps be that INVs in the country are charging lower prices for their products or services despite the high level of perceived brand advantage by customers. The fact that most new venture products and services are personalized, unique and/or innovative, a premium price strategy reflecting the costs incurred in delivering uniqueness would enhance profit margins and resist the pressure to compete on low prices. In fact, Aaker and Joachimsthaler (2000) affirm that having substantial brand advantage, especially perceived quality over competitors, attracts a premium price, which would greatly contribute to firm profitability. This implies that a high level of perceived quality would definitely attract a rise in the price level.

Given the small scale of most INVs and the fact that they operate in niche markets (Aspelund et al., 2007; McDougall et al., 2003), low prices cannot offset high costs of production and marketing which lead to reduced profits and hence low competitiveness. In particular, the finding could be attributed to the high cost of building strong brands in terms of brand design, quality improvement and advertising expenditures that eventually erode performance benefits (Boulding et al., 1994). In addition, niche focus strategy necessitates entry into multiple markets in order to increase market share and profits but still due to financial resource constraints, rapid market expansion is not achievable. The relationship can also be explained by the extent to which firms share markets with rivals. In spite of strong brand advantage, profits and market share of firms operating in markets with intensive competitive activity will be limited (Andrevski et al., 2013)

The result in addition shows that competitiveness of INVs does not depend on differentiation advantage. Perhaps, a cost advantage would do better since it has a positive effect on profit margins compared to differentiation which has a negative one. One other possible explanation of why brand advantage negatively influences competitiveness is that international and/or export customers buy more of low priced generic or unprocessed raw materials from developing countries for industrial purposes. Therefore expenditure on building brand advantage for such products probably increases costs and reduces profitability than increase their competitiveness. This is consistent for instance with arguments that brands do not increase stock returns in the high-tech sector simply because customers are rational and largely buy on specifications of product attributes rather than brands (Aaker & Joachimsthaler,

2000). The finding could also be attributed to the small market size versus the large number of service providers in the country. The negative effect of brand advantage on competitiveness could be a result of increased intensity of competition and reduced prices, which consequently constrain market share and profitability.

The nature of purchase decision may be another contributing factor. Since the purchase of most of INV products and services is not routine, customers may rate the brand loyalty highly but may take long to buy it again or may not have another chance to ever buy it again in their lifetime. For instance, services specific to tourism in Uganda can be described as “once in a lifetime experiences” and whereas customers may be willing to experience them again or even recommend them to others, they may not have control over whether the same service brand is actually chosen or not. Hence, the lack of frequent repeat purchases may be the cause of low market share and profitability and in turn overall competitiveness. The result can also be attributed to the use of different sources of information for the two constructs (Takeuchi et al., 2003). International competitiveness could have been deflated by owner-managers for fear of tax implications against customers’ objective assessments of brand advantage.

Furthermore, it is clear from this finding that brand advantage is not a short term driver of competitiveness and therefore INVs who stretch beyond their resources to build brand advantage in the hope of quick pay offs, may suffer the demise. For instance, it is spelt out that brand equity is the store of profits to be realized in the future(Wood, 2000). Therefore, the result is a strong caution to managers of INVs who are obsessed with brand returns in the short run and a motivation for them to focus on building strong brands that reinforce attitudes and create deep customer relationships that would result in long term or future profitability and competitiveness. Therefore, it can be summed up that brand advantage might turn out to be a disadvantage if not recognized and exploited to the benefit of the firm.

5.2.2 Entrepreneurial Capital and International Competitiveness

To begin with, entrepreneurial capital was hypothesized to comprise four theoretical dimensions of economic, human, symbolic and social capitals (Stringfellow & Shaw, 2009). Factor analysis results revealed no differences between the hypothesized measurement and observed models. The underlying dimensions explain 70 percent of the variance in entrepreneurial capital with human capital as the key component. Similarly, human capital reflected knowledge of foreign markets and operations,

international marketing and management experience. Economic capital reflected entrepreneurs' personal resources that form more than 50 percent of total investment in the business including personal savings, dividends, and additional funding; symbolic capital was defined in terms of entrepreneur being an inspiration, cooperative and concerned about others' needs and social capital was reflected as access to market information, financial resources and government support. Our study has realized substance for measurement of entrepreneurial capital by testing for its reliability and validity empirically. Hence, it can be claimed that this study is one of the first studies to have consolidated a measurement scale for entrepreneurial capital and tested it empirically. Construct reliability of .90 was achieved for entrepreneurial capital and both convergent and discriminant validity was confirmed. However, there is need for more research to test the validity, reliability and generalizability of the scale across cultures and industries.

It was hypothesized that higher levels of entrepreneurial capital lead to higher international competitiveness. The study established a significant but negative causal relationship between entrepreneurial capital and international competitiveness ($\beta = -.51$, $P = .000$). This result contradicts hypothesis (H_2) and is inconsistent with previous studies that found a positive and significant effect of resources on performance of new ventures (Lee et al., 2001)) but in agreement with studies that did not find a significant relationship between resources and firm performance (N. A. Morgan et al., 2009; Ray et al., 2004).

The finding reveals that abundance of entrepreneurial resources is one of the key explanations for the extremely low levels of competitiveness of firms in Uganda. In fact high levels of entrepreneurial capital mean that these resources are commonly possessed and hence, their homogeneity among INVs cannot spur their competitiveness. In the existing literature, it is acknowledged that skills and abilities of the entrepreneur are more effective if rare and limited in supply and when so great that few people or firms can exhibit them with the same high degree (Briggs, 2009). Therefore, entrepreneurial resources on their own have proved to be a constraint rather than an advantage for competitiveness of INVs.

This state of affairs may be attributed to arguments that the value of entrepreneurial capital of the founder declines as the number of employees increases and as the organization becomes more internationalized and established with formal structures and processes (Aspelund et al., 2007). Hence, the negative effect of entrepreneurial capital on competitiveness may be stemming from continued direct

involvement of entrepreneurs in the firms' operations. The active involvement of entrepreneurs limits managers or employees' ability to take quick and independent decisions in challenging times and the culture of operating on orders or command from the owner negatively affects their motivation to stir the organization to better performance levels. The result may also be due to having more entrepreneurial capital such as experiential knowledge, networks and skills concentrated in a few people (owners or managers) in the organization. The situation may further worsen if this knowledge is not shared with other workers in the firm which usually results into ineffective utilization of these resources. Further, the finding may be attributed to misappropriation of company returns or profits to meet personal or family demands by owner-managers. The more the performance of the firm is attributed to individuals and especially those in control, the more these individuals will appropriate the company's profits or income to personal needs such as salaries and bonuses (Grant, 1991). In fact this result is in support of previous findings affirming that Ugandan indigenous entrepreneurs do not separate business capital from personal expenses and spend business income on family needs, which act violates firms' financial control systems and negatively affects business growth (Briggs, 2009).

The findings could also mean that the entrepreneurial capital possessed is lacking in terms of technical skills to positively contribute to competitiveness. According to Briggs (2009)'s findings, there is rampant shortage of technical skills among business people in Uganda, in particular lack of specialized marketing skills. Moreover, skills relating to marketing research, pricing and selling are necessary in achieving the company objectives. It is further argued that some types of entrepreneurial capital may not contribute positively to the success of an enterprise due to lack of relevance and congruence with the new venture (Firkin, 2003). For instance previous work experience and networks may not be relevant to the needs and/or challenges of a particular new venture. It is further suggested that high dependence on social networks and borrowed funds results in negative outcomes due to increased external influences. In particular, social networks increase external dependency of the firm and costs of maintaining these relationships whereas borrowed funds increase costs resulting from high interest rates which may over burden the business in terms of repayments.

Another reason is that high transaction costs associated with building network-based resources including political, financial, and regulatory agency relationships may drain the finances of the new venture as well as interfere with its efficient management possibly beyond a point that costs outweigh the gains from additional borrowed and network resources (H. Li & Miller, 2006). Further, a high level of

personal resource investment into the business creates more burdens for the new venture especially if this capital is drawn on earlier than expected and also limits further diversification of the firm's capital base and ability to compete internationally with large firms with diverse equity financing.

Furthermore, the result could be attributed to the failure on the part of the owners and managers to utilize their entrepreneurial capital in ways that would positively influence competitiveness of their INVs. Consistent with Firkin (2003)'s assertions, this result reveals that more entrepreneurial capital may be a constraint to competitiveness in dynamic and international market environment. This is partly because the high level of perceived entrepreneurial capital creates over-confidence and satisfaction among owners or managers which draws them into a comfort zone. A position of too much entrepreneurial capital may reduce motivation and the need for achievement and hence turns out to be a disadvantage. For instance, it increases sceptic and pessimistic perceptions which increase the perceived cost of fully exploiting international market opportunities. When managers or entrepreneurs are equipped with high entrepreneurial capital, they are in position to accurately estimate what it will take to compete and how many competitors to face (Shane & Venkataraman, 2000); effectively deploy their resources into their product-markets, match them to industry success factors or create new resources as well as protecting them legally (Fahy & Smithee, 1999); and utilize their previous experience and training to identify markets and segments in order to generate early returns on investment, profitability and shape their growth strategies (Spence & Crick, 2009). However, estimation of high costs as a result of scepticism and pessimism discourages further exploitation and penetration of foreign markets, which may be the cause of low competitiveness of the INVs in terms of profitability and market share. Whereas Grant (1991) makes it clear that few resources are independently productive and argues for, instead, a coordinated team of resources. Therefore, it can be concluded that entrepreneurial capital is detrimental to firms' competitiveness if not used appropriately.

5.2.3 Entrepreneurial Orientation and International Competitiveness

First, it is important to understand how entrepreneurial orientation is manifested among INVs in Uganda. It was hypothesized that entrepreneurial orientation is a multidimensional theoretical construct comprising proactive, innovative and risk taking capabilities of top management as reflected in the planning and implementation of the firm's activities (Covin & Slevin, 1989). This study generated and confirmed that entrepreneurial orientation is defined as hypothesized. Altogether, the three dimensions explain 65 percent of the total variance in entrepreneurial orientation and are highly

interrelated. This result is consistent with previous study findings that the three factors highly correlate into a unidimensional entrepreneurial orientation construct (Kreiser et al., 2002).

In particular, proactiveness was found to be the major defining factor of entrepreneurial orientation and was reflected as having plans to introduce new products; new markets to enter and using different strategies to survive; innovativeness was exhibited in form of initiation of plans to keep existing customers, continuously improving the quality of products and services; and risk taking capabilities included readiness to assume risk, taking on new opportunities and using information in risky situations. Construct reliability of .95 was achieved for entrepreneurial orientation and both convergent and discriminant validity was confirmed. Therefore, the study contributes to validation of entrepreneurial orientation measurement scale across cultures, especially in a developing country context and across sectors.

Secondly, the results indicate a weak positive effect of entrepreneurial orientation on international competitiveness ($\beta=.08$, $P=.258$). This result particularly contradicts hypothesis H_3 that entrepreneurial orientation positively and significantly influences competitiveness of INVs. This means that high levels of entrepreneurial orientation do not sufficiently enhance competitiveness of international new ventures. It is however clear that entrepreneurial orientation and international competitiveness are positively related. This finding is consistent with previous studies that found a weak positive relationship between entrepreneurial orientation and firm performance (Andersen, 2010; Lee et al., 2001; Moreno & Casillas, 2008; Stam & Elfring, 2008). Hence, the finding fails to support suggestions that entrepreneurial orientation is responsible for firm's competitive performance (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2005; Zhang & Bruning, 2011).

It is reasoned that entrepreneurial orientation has less impact on performance in more dynamic environments than in stable ones (Wiklund & Shepherd, 2005). In fact, entrepreneurial orientation is said to have a very small impact on growth based performance including competitiveness (Moreno & Casillas, 2008). It is also argued that entrepreneurial orientation requires considerably longer time for it to significantly enhance performance (Dess et al., 1997; Lee et al., 2001; Lumpkin & Dess, 1996). Specific to this study is that it requires more than five years for entrepreneurial orientation to significantly contribute to profitability and overall competitiveness. Further, high entrepreneurial orientation has cost implications in terms of investment or expenditure on research and development,

commercialization and marketing and sometimes losses from risky investments. These costs could have eroded the profit benefits and imposed limits on entry of new markets and reduced profit margins for these INVs.

The finding further points to the failure of entrepreneurial actions to generate radical change in products, processes and/or markets that would greatly enable INVs to perform beyond competition and current market needs. In support are arguments that entrepreneurship and innovation in developing countries are often imitations and adaptations (Briggs, 2009), which may explain the weak effect of entrepreneurial orientation on competitiveness of INVs. Further, it is specified that product innovations drive new venture performance (H. Li & Miller, 2006) whereas only technological innovations are particularly important for competitiveness (WEF, 2010). Indeed the findings of this study reveal that entrepreneurial orientation of INVs has more to do with improvements of what is already in existence. Therefore, this kind of entrepreneurial posture is not dynamic enough to ignite sales and price premiums which could contribute to profit margins, market share and eventually enhance overall competitiveness of INVs in Uganda. Hence, it requires transformation into more dynamic capabilities that have a positive impact on international competitiveness (Ray et al., 2004).

The finding could also mean that the entrepreneurial actions, especially innovations, are not derived from marketing research. Previous findings show that indigeneous Ugandan entrepreneurs, in particular, do not conduct marketing research (Briggs, 2009). Therefore, lack of marketing research and information could have created a gap between what, for instance, is introduced on the market and what customers want. It is this customer dissatisfaction that could have discouraged purchases and resulted in low profits, limited the number of foreign markets and market share in general. Therefore, from the discussion, it can be concluded that entrepreneurial orientation is a necessary but insufficient driver of competitiveness of INVs.

5.2.4 Brand Orientation and International Competitiveness

In this study, brand orientation construct was hypothesized as composed of four dimensions of brand understanding, brand communication, brand strategic importance and brand management (P Hankinson, 2001a; P Hankinson, 2001b). Factor analysis results indicate that brand orientation among INVs in Uganda is understood in three major ways, that is, brand management, communication and strategic importance, accounting for 65 percent of the variance in brand orientation. Therefore, there

was a significant difference between the hypothesized and observed measurement models. The difference could be attributed to differences in the sector or industry investigated. The hypothesized measurement model has its origin in non-profit organizations (NPOs) whereas the current study focused on international new ventures across sectors. This factor structure however is consistent with findings in some previous studies among NPOs that still report brand orientation as a three factor construct (Ewing & Napoli, 2005; Mulyanegara, 2010) and the variance explained in brand orientation is consistent with previous studies (Ewing & Napoli, 2005; Gromark & Melin, 2011). Consistent with previous findings (P Hankinson, 2001b), high correlations between the three dimensions suggest that brand orientation is a unidimensional construct. Thus, it might be true that the factor structure identified among INVs for brand orientation is an optimal one that suits the three business sectors in Uganda.

Similarly, brand management as the key component of brand orientation was reflected as creation of brand marketing and management responsibilities, internal and external brand communication rules and policies and brand building activity plan. Brand communication was reflected by having a clear brand vision and mission, consistent brand design and consideration of brand image in decision making whereas brand strategic importance includes legal protection of brand, brand inclusion in all communications, understanding that quick and personalized service is a brand value and valuing brand perceptions. Construct reliability of .94 was achieved for brand orientation and both convergent and discriminant validity was confirmed. Therefore, the study contributes to validation of brand orientation across cultures, especially in a developing country context and across sectors. Although, these results confirm validity and reliability of brand orientation scale among INVs across sectors in Uganda, more research work is necessary to test the scale in different national cultures and industries, which will contribute to its standardization and generalizability.

Next was to test for the role played by brand orientation in competitiveness of INVs. The study established that brand orientation significantly and positively influences competitiveness of international new ventures ($\beta = .30$, $P = .000$). These results support hypothesis H_4 and are in agreement with previous studies that found a significant and positive relationship between brand orientation and firm performance (Baumgarth, 2010; Gromark & Melin, 2011; P Hankinson, 2002; Napoli, 2006; Urde, 1994, 1999; H. Y. Wong & Merrilees, 2005, 2008). In particular, Baumgarth, (2013) found a strong positive relationship between brand orientation and company performance. Other scholars show that brand building results into significant asset growth and profitability and that investment in brands

positively affects stock returns (Aaker & Joachimsthaler, 2000). Further, brand orientation is responsible for performance of non-profit organizations in terms of fundraising success (P Hankinson, 2002), ability to achieve short term and long term objectives and ability to serve stakeholders better than competitors (Napoli, 2006) and firm financial performance (Gromark & Melin, 2011; H. Y. Wong & Merrilees, 2008).

Empirical evidence shows that the most brand oriented companies double the profitability of the least brand oriented companies (Gromark & Melin, 2011). The result is also in line with Bresciani and Eppler (2010)'s report that branding activities contribute highly and positively to the success of brand new ventures. The findings also support suggestions that INVs compete with differentiation strategies emphasizing product innovation, quality, service and marketing (McDougall et al., 2003). The findings are in agreement with studies that have found generally a positive relationship between marketing capabilities and performance of INVs (Qureshi, Mian, & Oswego, 2010). Furthermore, the suggestion that INVs develop marketing capabilities to acquire and sustain international competitiveness is supported (Evers et al., 2012).

Brand orientation is able to positively influence international competitiveness because it is a high-order organizational capability built on other capabilities including brand management, communications and strategic importance and a routine directed by the firm's brand vision, values and strategy (Hankinson, 2001a, Bridson & Evans, 2004; Ewing & Napoli, 2005; Gromark & Melin, 2011). In addition, brand orientation is able to generate the highest impact on competitiveness of INVs since it promotes the use of unconventional or innovative methods of branding (Boyle, 2003; Krake, 2005; Bresciani & Eppler, 2010) and hence, contributes to renewing the firm's offerings (Evers et al, 2012). Branding brings about new and fundamental products, promotions and customer service changes in competitive and uncertain market environments. It is these changes that attract new customers and repeat sales, which contribute to reduced marketing costs, increase profits and market share relative to competitors. Further, brand orientation is capable of enhancing competitiveness since it emphasizes the use of cost effective methods of marketing (Bresciani & Eppler, 2010). This way it reduces marketing and branding costs which increases the economic benefits and attracts customers for the new venture (Najafizadeh et al, 2013). Brand orientation is also known to increase interaction, understanding and retention of existing customers (Napoli, 2006), which further generates competitiveness benefits through minimizing marketing costs, maximizing profits and market share.

Further, given the complexity of international competitiveness, the impact of brand orientation is in order since it is a holistic strategy and its implementation right from the start builds the DNA of the new venture, which is hard for competitors to duplicate and also reduces the cost of changing brand identity later (Bresciani & Eppler, 2010). Brand orientation creates cohesion in the business model by promoting the brand as the focal reference point in the development of goals, strategy and value-driven structures and systems that inspire employees to offer a satisfying service, creates and maintains close relationships with customers and other external stakeholders that drastically contribute to cost reduction, attracts premium prices and increases profit margins (Aaker & Joachimsthaler, 2000; Gromark & Melin, 2011; H. Y. Wong & Merrilees, 2008). The cohesion allows all business operations and units to work together to provide the most impact and strongest synergies through controlling for duplication of functions and activities (Aaker & Joachimsthaler, 2000). Hence, it maximizes operational efficiency and marketing effectiveness in terms of total cost reduction. Furthermore, brand orientation is important to competitiveness of INVs because it allows firms to routinely develop, differentiate, manage, and protect their offers from competitor imitations and duplications (Gromark & Melin, 2011). Hence, it is a guarantee of quality, reliability and performance, and adds value to the products, which greatly contribute to profitability and market share through attracting new and repeat sales. Therefore, from the preceding discussion, it is concluded that brand orientation is a critical capability for competitiveness of INVs in Uganda.

5.3 Effect of Entrepreneurial and Branding Resources and Capabilities on Brand Advantage

The second research question focused on establishing the extent to which entrepreneurial and branding resources and capabilities influence brand advantage, which was tested for through hypotheses H5, H6 and H7.

The result for hypothesis H5 confirms that INVs with greater brand advantage possess high levels of entrepreneurial capital. Although there is lack of previous research on the direct effect of entrepreneurial capital on brand advantage, the current study provides evidence of the positive and significant relationship between the two constructs ($\beta = .16$, $P = .011$). The result supports the view that various kinds of resources are important in brand building especially in designing and execution of promotional activities (Bresciani & Eppler, 2010; Ojasalo et al., 2008). The result is also comparable to some findings of previous studies. Notably, the finding that financial and experiential resources contribute strongly to branding advantage of export ventures (Spyropoulou et al., 2011). Similarly, it is

established that the interplay between economic, human and social capital significantly influences the reputation of the firm (Shaw et al., 2008a), whereas intellectual capital elements of human, structural and relational capital were all found to highly contribute to competitive advantage of microfinance institutions in Uganda (Kamukama, 2013). This consistency is expected since the country environment and culture is the same.

The results can also be supported by the findings of previous studies highlighting the significant impact of each form of capital that composed entrepreneurial capital on brand outcomes reported in the literature. In particular, human capital has been found to boost brand image and reputation of the firm (Sham et al, 2001). Social capital is believed to facilitate the development of corporate brand image and reputation through co-branding opportunities, brand communities, brand alliances and network relationships with customers, suppliers and business partners (Bresciani & Eppler, 2010; Malaska et al., 2010; Merrilees, 2007; Petkova et al., 2008; Wills-Johnson, 2008). The impact of entrepreneur's symbolic capital on brand advantage is also reported. It is suggested that owner's reputation and personification of the brand gives leverage and credibility to the brand in the market (Aaker & Joachimsthaler, 2000; Boyle, 2003; Krake, 2005; Merrilees, 2007; Spence & Essoussi, 2010) and in forming actual and desired corporate brand identities (Balmer & Greyser, 2002), whereas Altshuler and Tarnovskaya, (2010) found that the reputation of engineers in the technology industry and related scientific circles was key in establishing a brand in a new market and in building brand image. Overall, entrepreneurial resources are very important in the brand building process, especially in the implementation of the brand strategy and communication activities to be able to achieve the objective of inducing positive customer brand perceptions.

Further, study found a non-significant positive relationship between entrepreneurial orientation and brand advantage of INVs ($\beta = .08$, $P = .233$). Although hypothesis H6 was not confirmed, the findings provide insights into the nature of the relationship between entrepreneurial orientation and brand advantage of INVs. The result marginally supports scholars' intimations on the positive role of entrepreneurial orientation in branding of small and new ventures (Abimbola, 2001; Boyle, 2003; Krake, 2005; Merrilees, 2007; Mesquita et al., 2007; Peters et al., 2009; Rode & Vallaster, 2005; Simmons, 2007).

In particular, entrepreneurial orientation improves corporate image (Delgado-Ballaster & Hernandez-Espallardo, 2008) and brand awareness or recognition (Lee, Lee & Penning, 2001; Boyle, 2003). For instance, awareness of the famous Dyson brand was created and developed by an innovative entrepreneur and through unconventional branding activities (Boyle, 2003). Whereas innovativeness was found to be a key enabling capability for building an international brand for technology based new ventures (Altshuler & Tarnovskaya, 2010). Therefore, it is ideal to expect that high level of entrepreneurial orientation would significantly cause positive brand perceptions. However, the shortfall can be explained by the fact that entrepreneurial actions of these firms are not radical enough to bring about fundamental change, improvements and/or innovativeness in products or brand designs and communications that would greatly influence consumer brand perceptions.

Furthermore, it was established that brand orientation has a positive and significant impact on brand advantage of INVs ($\beta = .22$, $P = .002$). This means that as brand orientation increases, customers' perception of the brand being advantageous relative to competing ones increasingly becomes positive. This means that there is more alignment of customer perceptions and the firm's brand offering and promises. In the same regard, the result implies that the practice of brand orientation improves externalization of the brand and getting closer to the customers' field of influence.

This result provides support for hypothesis H10 and a range of previous findings on the value of brand orientation in building brand distinctiveness, brand identity and equity, brand value and brand performance of SMEs and new ventures, retailers, business to business and service firms (Ahmad & Iqbal, 2013; Azizi, Ghytasivand, & Fakhannanesh, 2012; Baumgarth, 2010; Baumgarth & Schmidt, 2009; Bridson & Evans, 2004; Gromark & Melin, 2011; Najafizadeh et al., 2013; Napoli, 2006; Rode & Vallaster, 2005; Tuominen et al., 2009; Urde, 1994, 1999; H. Y. Wong & Merrilees, 2005, 2008). In particular, brand orientation is responsible for strong fashion advantage among retailers (Bridson & Evans, 2004). It has been found to play a key role in the creation of brand image where the brand name, logo and brand vision are the foundation in distinguishing and protecting brands for new ventures (Bresciani & Eppler, 2010). The result also adds evidence in support of previously established positive and significant relationship between brand orientation and brand performance irrespective of firm size and age. Hence, owners and managers should put emphasis on brand oriented activities through which their ventures can achieve market or customer based competitive advantages.

The result is further in line with the proposition that for a new venture to establish itself in a new market and become well known, it has to focus and invest in building its brand right from the start of the business (Merrilees, 2007). Brand orientation has a positive relationship with the firms internal brand identity which promotes co-ordinated communications that creates cohesion between internal and external needs and ensures that employees offer a satisfying service quality in their encounters with customers and other stakeholders (Aaker & Joachimsthaler, 2000; Azizi et al., 2012; Baumgarth, 2010; Baumgarth & Schmidt, 2009).

Brand orientation is able to influence brand advantage perceptions by increasing brand awareness and association, perceived quality and loyalty through well co-ordinated, differentiated, targeted and consistent brand designs and communications, which contributes to reduction in the overall marketing and branding costs through retaining existing customers and attracting new ones (Najafizadeh et al., 2013). In addition, brand oriented activities are able to generate the highest impact on brand advantage of INVs because they bring about new and fundament products, promotions and customer service developments. It is these new changes that attract customers' attention, increase brand awareness, preferences, association and loyalty as well as sustaining the new venture's market share and profits in competitive and uncertain market environment. On the other hand, neglecting focused and planned brand building leads new ventures to never mature into well known and independent brands to survive being taken over by other large companies in the industry (Altshuler & Tarnovskaya, 2010).

5.4 Mediation Effect of Brand Advantage on International Competitiveness

The present study sought to identify the extent to which brand advantage influences the relationship between entrepreneurial and branding resources and capabilities and competitiveness of INVs. The study established that brand advantage has a significant negative effect in the relationship between entrepreneurial orientation and international competitiveness ($ab = -.06$, $P = .004$) and that of brand orientation ($ab = -.08$, $P = .001$) whereas it did not have a significant mediating role in effect of entrepreneurial capital on competitiveness of INVs ($ab = -.02$, $P = .234$). These results provide support for hypotheses H9 and H10 while H8 is not supported. The findings reveal that competitiveness of INVs generally reduces as the impact of EC, EO and BO on brand advantage increases.

When the direction of the indirect and direct effects of the predictors on international competitiveness is compared (see Table 4.23), the results reveal that the negative effect of EC on international

competitiveness through brand advantage is complemented whereas that of EO and BO is significantly constrained. This means that brand advantage enhances the negative effect of resources while reducing the positive effect of capabilities on international competitiveness. These results contradict previous studies that have found a positive mediating effect of branding advantage in the relationship between entrepreneurial resources, communication capabilities and performance of export ventures (Spyropoulou et al., 2011).

The results are first of all attributed to the negative relationship between brand advantage and international competitiveness (b) verses the increasingly positive relationship between the predictors (EC, EO and BO) and brand advantage as the mediating variable (a) (Zhao et al., 2010). Further, the contra effect of brand advantage in the relationship between entrepreneurial orientation; brand orientation and international competitiveness may be a result of high cost of maintaining brand advantage including marketing communications and after sales services, which greatly reduce the profit benefits.

These findings may also imply that since brand advantage is customer based advantage or market based asset which is external to the firm, it may be difficult for INVs to translate it quickly into competitiveness. Brand advantage is partly affected by external factors such as competitors' action, which may be counteracting its supposed effect on international competitiveness. These results further support suggestions that firms are able to realize sustainable competitive advantage only if they efficiently and effectively translate their resources and capabilities into dynamic business processes (Ray et al., 2004; Srivastava et al., 2001). Since brand advantage is an external resource to the firm, it requires processes to recognize, track and transform it into competitive value for the firm. It may also imply that brand advantage may serve better in the prediction of international competitiveness when it is an input to transformational capabilities and processes. Therefore, the indirect effects of entrepreneurial and branding capabilities through brand advantage are not a better predictor of competitiveness of INVs.

5.5 Interaction Effect of Entrepreneurial and Branding Resources and Capabilities

This study set out to investigate the extent to which brand advantage and competitiveness of INVs improved as a result of the interaction between entrepreneurial and branding resources and capabilities. The study established that the interaction between entrepreneurial capital, entrepreneurial orientation and brand orientation significantly increased brand advantage ($\beta=.74$, $P=.052$) and

constrained international competitiveness ($\beta = -1.06$, $P = .004$). These results confirm hypothesis H11 but contradict hypothesis H12 respectively.

The positive impact of the interaction of entrepreneurial and branding resources and capabilities on brand advantage supports the recommendation of an integrative framework in examining the determinants of competitive advantage in global competition (Ma, 2000). In addition, this result is in agreement with arguments that resources have limited potential for sustainable competitive advantage unless if combined with important business processes or capabilities (Alvarez & Busenitz, 2001; Ray et al., 2004). It further provides an answer to the proposition that configuration of resources and capabilities especially entrepreneurial and marketing ones creates customer value on which the firm survives amidst resource constraints in competitive and turbulent market environments (Srivastava et al., 2001).

In particular, the result implies that successful development of brand advantage for international new ventures requires both resources and capabilities. This is consistent with the assertion that configurations primarily drive actions that require more time, resources and expertise such as new product development (Andrevski et al., 2013). Hence, a combination of brand orientation with entrepreneurial resources and capabilities is important in providing skills, competences, experiential and creative knowledge in designing the brand name, logo, colours and other visual elements; in the alignment of the brand to the overall business and marketing strategy of the new venture right from the start and to the needs of customers and business partners; and in the selection, designing and implementation of brand communication activities (Bresciani & Eppler, 2010; Krake, 2005; Merrilees, 2007), whereas proactive and risk taking capabilities contribute by enabling the firm to continue searching for marketing and branding opportunities and learning about new market changes, developing and leveraging brand assets and generally speeding up the creation and development of brand advantage. Further, entrepreneurial orientation enables the firm to achieve competitive advantage through proactive and creative brand positioning and products or market revitalization (Dess et al., 1997). Therefore, it is fit that entrepreneurial branding configuration has synergistic effects on brand advantage and it is important that INVs strive to align their entrepreneurial and branding resources and capabilities.

On the other hand, the reduction in international competitiveness as a result of the interaction may be attributed to the weak effect of EO, which is not enough to compensate for the negative effect of EC in the interaction. It is clear that EC and EO do not complement BO to effectively enhance international competitiveness. This argument is consistent with assertions that a configuration with inappropriate or low order attributes will always generate a negative effect (Andrevski et al., 2013). Secondly, the result may be due to high level of fit or congruence in the pattern of entrepreneurial and branding resources and capabilities, which is known to be the cause of different outcomes (Meyer et al., 1993). The high level of fit results from the fact that INVs scored highly on all constructs, which reveals multicollinearity in the composite. In fact, it is argued that moderate fit or low levels of fit are better since they have proved to generate desirable outcomes. This result confirms fears that not always three way interaction of variables considered critical within an organizational system context will result into more prediction of firm performance (Andrevski et al., 2013; Dess et al., 1997).

However, the results disapprove Dess et al (1997)'s reasoning that significant three-way interaction effects on firm performance are attributed to high scores on all independent variables combined. In fact we argue here that high scores and collinearity among the independent variables could be one of the reasons for the constrained interaction effect on international competitiveness. What creates a synergistic effect are not mere high scores but the strength and positivity of relationships between the independent variables and dependent variable (Takeuchi et al., 2003). Automatically, a synergistic effect would result once all independent variables combined have strong and positive individual correlations with the dependent variable. Therefore, the lack of significant and positive correlation with some of the independent variables combined could have caused the negative outcome in international competitiveness.

The result further implies that not all combinations of resources and capabilities will yield advantage especially superior firm performance. This reasoning concurs with the key assumption of configuration analysis that outcome relationships among attributes are compensatory and constrained (Meyer et al., 1993). Some combinations are complementary and mutually reinforcing and others are redundant or mutually exclusive (Andrevski et al., 2013). Thus, warnings that the effect of a capability in a configuration may regress or be superseded by a high-order capability are not surprising (Fahy & Smithee, 1999). In this case, the effect of brand orientation in the interaction may have regressed due to low order entrepreneurial resources and capabilities combined with.

One would also expect that the configuration of resources and capabilities logically constitutes the necessary conditions for dynamic capabilities (N. A. Morgan et al., 2009), however, overembeddedness or similarity in the interaction term could have caused the constrained effect on international competitiveness. For instance, Human resource systems that more closely resembled the internal system resulted in decreased organizational performance whereas those that were closely similar to market-type systems were associated with higher firm performance (Delery & Doty, 1996). Hence, uniqueness among the independent variables in this study could have been compromised since all resources and capabilities combined are embedded within the organizational system and hence, lack external fit. Therefore, we can conclude that configuration of entrepreneurial and branding resources and capabilities holds promise for attainment of improved brand advantage but not for competitiveness of INVs.

5.6 Chapter Conclusions

In this chapter, a discussion of the findings in regard to the main research questions and hypotheses has been done. More specifically, the discussion includes (5.2) findings on the direct effects of entrepreneurial and marketing resources and capabilities on competitiveness; (5.3) the direct effect of entrepreneurial and marketing resources and capabilities on brand advantage; (5.4) the direct and mediating effect of brand advantage and (5.5) the interaction effect of entrepreneurial and branding resources and capabilities on competitiveness of INVs.

From the discussion on direct effects of entrepreneurial and branding resources and capabilities, it can be concluded that brand orientation is the only factor that significantly contributes to international competitiveness, which is mainly attributed to its cost effectiveness. In addition, it is entrepreneurial capital and brand orientation that greatly influence brand advantage. The importance of entrepreneurial capital in building brand advantage is attributed to the fact that various resources are needed in designing and implementing the brand strategy and communication activities, whereas brand orientation is able to have the most impact on brand advantage because of its characteristics of coordinating, targeting and implementing routine and consistent brand management, use and communication of brands that increases brand awareness, perceived quality, brand image and loyalty among customers.

Meanwhile, from the discussion on indirect effects it can be concluded that brand advantage constrains the individual relationships between brand orientation and entrepreneurial orientation and competitiveness of INVs. This is mainly attributed to competitors' actions and high costs associated with maintaining brand advantage including design, marketing communications and after sales services costs especially in the early stages of international development that greatly reduce profit benefits.

Further, it can be concluded that a configuration of brand orientation, entrepreneurial orientation and capital is relevant in building brand advantage but not for competitiveness of INVs. This reality is attributed to all positive individual effects of brand orientation, entrepreneurial orientation and capital on brand advantage which contribute synergistic effects compared to the negative and weak effect of entrepreneurial capital and entrepreneurial orientation on competitiveness respectively which instead degenerate the effect.

Overall, it can be concluded from this chapter that the direct effect of brand orientation provides a better prediction of competitiveness of INVs over mediation and interaction effects whereas a combination of brand orientation, entrepreneurial orientation and capital synergizes brand advantage. In addition, it is also possible to attain brand advantage and competitiveness simultaneously through brand orientation.

CHAPTER 6: STUDY CONCLUSIONS AND RECOMMENDATIONS

In this chapter, a discussion of the conclusions based on the research questions and in relation to research problem statement is made. In addition, theoretical and methodological contributions, managerial and policy implications of research findings are drawn. The findings are further adapted into practical recommendations, limitations and suggestions for future research.

6.1 Conclusion

Generally, the study provides empirical evidence that substantiates and supports existing theories that explain firm competitiveness as well as information useful in making effective managerial decisions. In particular, the study contributes to the growing body of knowledge on international entrepreneurship.

The overall purpose of this study was to understand how and the extent to which entrepreneurial and branding resources and capabilities influence competitiveness of INVs in a developing country setting. In this manner, the study sought to fill the gap in research on INVs which has typically focused on examining performance of INVs from the perspective of entrepreneurship with a focus on entrepreneurial orientation. This thesis proposed that competitiveness of INVs is influenced by firm resources and capabilities with entrepreneurial and branding resources and capabilities predicted as generating the most effects. The assumption was that entrepreneurial orientation; entrepreneurial capital and brand orientation provide a better understanding of competitiveness and provide key inputs into the design of competitiveness policy and practical strategies.

Hence, it is the first time that a model has integrated branding and entrepreneurial factors in predicting competitiveness of international new ventures in a developing country context in particular. In that regard, the study has made a contribution to the field of competitiveness, marketing and international entrepreneurship in a developing country context. Methodologically, the study makes a contribution towards measurement scale development, mediation and configuration analysis. The study also contributes practical answers to key questions regarding the value of entrepreneurial and branding resources and capabilities in driving international competitiveness of firms.

Consequently, this study reveals that entrepreneurial capital among INVs in Uganda is understood as comprising economic, human, symbolic and social capital; entrepreneurial orientation as proactive, innovative and risk taking behaviour; brand orientation as brand management responsibilities, brand communication initiatives and strategic use of brands; brand advantage includes brand recognition, perceived quality, brand image and brand loyalty and competitiveness as the expected growth in number of foreign markets, market share and profitability.

According to the main research questions, results reveal that:

Brand orientation significantly enhances international competitiveness. Although not significant, entrepreneurial orientation has a positive influence on competitiveness, whereas the effect of both entrepreneurial capital and brand advantage on international competitiveness is significantly negative. By comparing these results, it can be seen that brand orientation has the greatest potential to enhance competitiveness of INVs. Therefore, it can be concluded that branding capabilities greatly influence competitiveness of INVs whereas to a large extent, entrepreneurial resources negatively influence competitiveness of INVs.

Secondly, entrepreneurial capital and brand orientation each significantly contributes to brand advantage among INVs whereas the effect of entrepreneurial orientation is positive but not significant. Therefore, to a great extent entrepreneurial resources and brand orientation each contributes positively to the development of brand advantage for INVs.

Thirdly, the findings reveal that brand advantage significantly constrains the effect of entrepreneurial orientation and brand orientation on international competitiveness whereas the effect of brand advantage in the relationship between entrepreneurial capital and international competitiveness is not significant. Therefore, brand advantage significantly constrains the effect of entrepreneurial and branding capabilities on competitiveness of INVs.

Fourthly, the interaction between entrepreneurial capital, entrepreneurial orientation and brand orientation significantly contributes to brand advantage and constrains competitiveness of INVs. Hence, an entrepreneurial branding configuration is necessary in building brand advantage whereas it is not essential for competitiveness of INVs.

Overall, it is concluded that 1) entrepreneurial and branding capabilities significantly influence competitiveness of INVs directly, rather than indirectly through brand advantage; 2) while an entrepreneurial branding configuration enhances brand advantage, it reduces the overall competitiveness of INVs; and 3) It is possible to build brand advantage and competitiveness of INVs simultaneously through branding capabilities such as brand orientation.

6.2 Contributions and Implications

6.2.1 Theoretical Contribution and Implications

Drawing from the study findings, capabilities, in particular brand orientation, had the most direct positive impact on competitiveness of INVs than resources. First and foremost, this result advances theory by pointing to superiority of dynamic capabilities over resources in explaining competitiveness of INVs. In addition, the importance of marketing capabilities for competitiveness of INVs has been confirmed. In particular, the study has confirmed that brand orientation of INVs is essential in attaining and sustaining their competitiveness. The result reveals that a focus on development, management and protection of brand identity by INVs positively contributes to their competitiveness through increased growth in the number of foreign markets served, market share and profits in reference to their competitors in international markets. The ability of brand orientation to enhance competitiveness implies that it sufficiently constitutes the necessary conditions for dynamic capabilities including causal ambiguity, tacitness and social complexity.

This result further demonstrates that resource constrained INVs can effectively market their products and favourably compete with other firms in international markets using brand orientation. We argue that the economic benefits of brand orientation are tangible and greater than the cost incurred, which give it much leverage to positively influence competitiveness over other resources and capabilities. Competitiveness, such as market expansion, is driven by increased demand for products and services (Andrevski et al., 2013), a contribution that brand orientation ably provides. Therefore, INVs should choose low cost and/or differentiation marketing strategies such as brand orientation in pursuing international competitiveness. This is because brand orientation has proved to have the capability to effectively utilize the available few resources for so much more.

The results show that brand orientation provides more than one benefit to the firm. Hence, this study provides an understanding of how firms experiencing resource constraints can attain brand advantage

and competitiveness at the same time, in other words, double advantage. The results, in addition, imply that as INVs mature and gain experience of foreign markets; it may not be viable to focus on only achieving internal firm goals of profits, market share and diversity but also customer satisfaction. Thus, implementation of brand orientation enables INVs to meet customer demands through routinized and formalized brand management that ensures that brands are congruent with customer needs, communication of brand benefits and strategically using brands to influence customer attitudes and perceptions in different foreign markets served. To survive competition in international markets, brand patronage is important, especially for future competitiveness through repeat purchases. Thus, through its spanning capabilities (Day, 1994), brand orientation is able to satisfy customer needs to achieve brand patronage and in turn, firm profits or market share through increased demand.

It can also be deduced that mere availability of resources does not necessarily cause international competitiveness. Too much entrepreneurial resources that are not adequately utilized in the various business processes are detrimental to competitiveness. Therefore, based on existing literature and the empirical findings of this study, it is concluded that strategies based on entrepreneurial resources may be detrimental to competitiveness of INVs. The findings point to the need for resource utilization and transformation into capabilities or processes that would then enable INVs to gain competitiveness. Further, the negative result in competitiveness in the presence of abundant entrepreneurial resources provides a different point of view of the relationship and reveals a need for future research to explore other potentially adverse outcomes of entrepreneurial resources and points to the question of what is the optimal level of these resources for INVs.

The findings of this study as well provide an indication of the relative importance of branding capabilities over entrepreneurial ones in predicting competitiveness of INVs. However, this does not mean that entrepreneurial capabilities are entirely not required but because many INVs have them, the difference is very small and hence not a sustainable source of competitiveness. However, some level of entrepreneurial orientation in planning and implementation of firm's activities is always necessary to imbue a dynamic competitiveness process. It also implies that entrepreneurial activities that do not generate radical changes in INVs in terms of products, markets and technology are automatically inefficient in enhancing their competitiveness.

Further, the findings theoretically distinguish between what matters at early and later stages of international development of new ventures. It is now clear that marketing capabilities, in particular brand orientation, are necessary to drive long term competitiveness of INVs whereas consistent with the literature, entrepreneurial resources and capabilities suitably influence early internationalization of new ventures (Kropp et al., 2008; Oviatt & McDougall, 1994; Rialp et al., 2005). In other words, the findings provide guidance on marketing capabilities that INVs should emphasize and practice routinely to successfully compete, grow and survive in international markets.

The study theoretically and empirically unearths the difference in building competitiveness of INVs compared to MNCs. In particular, the findings of this study are important in drawing a clear distinction between branding strategies for INVs and MNCs. According to the findings of this study, it is brand orientation that matters most for competitiveness of INVs and not brand advantage. The study confirms that whereas brand assets are a key competitive advantage for MNCs as portrayed in the literature, they may be detrimental to competitiveness of INVs. In the same regard, the findings disprove the belief that branding is a realm of MNCs. The findings reveal that branding is as important to international new ventures as to older multinationals. In other words, branding in INVs delivers similar advantages to those of big and older MNCs. However, utilization of brand advantage to attain and sustain international competitiveness remains a challenge for international new ventures.

In addition, the findings of this study disregard the notion that resources and capabilities do not directly affect firm performance. The results show that brand orientation has a significant and positive effect with international competitiveness compared to the negative indirect effect through brand advantage. Although not significant, entrepreneurial orientation has also proved to have a positive direct effect on international competitiveness whereas its indirect effect through brand advantage is a negative, whereas the direct effect of entrepreneurial capital is significantly negative and insignificant when mediated by brand advantage.

Further, the fact that research into marketing for INVs is still scarce, the findings provide important insights into their branding perspective in particular. The study reveals that entrepreneurial capital and brand orientation positively and significantly contribute to development of brand advantage for INVs whereas entrepreneurial orientation is not a significant determinant of brand advantage. This means that entrepreneurial orientation is relevant but not sufficient for building brand advantage on its own.

However, it complements other resources and oils the development process of brand advantage for INVs. Entrepreneurial capital provides the necessary resources such as knowledge and skills used in designing brand communications that increase information, word of mouth and social relationship that build brand legitimacy, awareness, perceived quality and image, whereas experience and knowledge in marketing management in particular ensure that consistent brand image and loyalty are achieved. Hence, the findings point out the key resources and capabilities in building brand advantage for INVs as being both entrepreneurial and marketing in nature.

The current research also contributes to the body of knowledge on the mediating effect of brand advantage in the relationship between resources and/or capabilities and competitiveness of INVs. Whereas existing literature is generally rich in discussion of the positive value of brand assets in the relationship (Spyropoulou et al., 2011; H. Y. Wong & Merrilees, 2005, 2007, 2008), this study disapproves it. It is evident that market based advantage constrains the positive effect of capabilities (brand and entrepreneurial orientations) while increasing the negative effect of resources (entrepreneurial capital) on competitiveness of INVs. Therefore, the findings point to the need to utilize, leverage or transform brand advantage into competitive value for the firm.

The study in addition provides insights into the interaction effect of entrepreneurial and branding resources and capabilities on competitiveness of INVs. When brand orientation, entrepreneurial orientation and entrepreneurial capital were multiplicatively combined and their effect tested together with the control variables, main effects and brand advantage as mediator, competitiveness significantly reduced by 106 percent at $P < .01$. Firstly, however, the findings reveal that a combination of entrepreneurial and branding resources and capabilities enables INVs to rapidly build brand advantage. The result implies that brand advantage for INVs is better built through a combination of entrepreneurial capital, entrepreneurial and brand orientations. While it takes MNC a lot of tangible resources and a long time to build strong, recognizable and trusted brands, the study revealed that resource constrained INVs can rely on a combination of entrepreneurial capital, entrepreneurial orientation and brand orientation to rapidly build brand advantage in terms of brand recognition or awareness, perceived quality, image and loyalty. This result is consistent with the dynamic capabilities view that a combination of a firm's existing resources and capabilities generates new resource bases in order to adapt to changing market needs (Teece et al., 1997).

However, our results reveal that a combination of entrepreneurial capital, brand and entrepreneurial orientation is not essential for competitiveness of INVs. Hence, the study findings do not provide support for configuration of resources and capabilities in enhancing competitiveness of INVs. Although, configuration of resources and capabilities as a superior source of competitive advantage has been promoted in the literature (Dess et al., 1997; Fiss, 2007), our study reveal that it is not always the case. These findings clearly suggest that the synergistic effects of a configuration should be expected when all independent variables have a strong and positive relationship with the outcome variable. Further, it is noted that the strength of the interaction term in influencing an outcome depends on the unique contribution of each element. This fact points to the need for both horizontal and vertical fit if resource and capabilities configuration are to be effective. In this case, congruence of entrepreneurial and branding resources and capabilities with other organizational attributes such as strategy, structure and culture as well as external factors could add value. Consistent with the assumption of equifinality (Delery & Doty, 1996; Meyer et al., 1993), these findings promote the possibility that a configuration of resources and capabilities may be more predictive of some outcomes than others.

Further, the study has theoretical implications for firm competitiveness in a developing country context. In particular, the results contribute to the on-going debate on Ugandan entrepreneurship and challenges by providing evidence that branding capabilities play a prominent role in influencing competitiveness and perhaps survival of businesses in Uganda. It is interesting to note that the much cherished entrepreneurial capital and/or orientation among Ugandans is irrelevant to building internationally competitive firms. However, it is the much neglected marketing function, in particular, brand orientation that greatly enhances competitiveness of INVs in a developing country context just as the case may be for those in advanced countries. Thus the study points to a need for future research into the role of other marketing practices in competitiveness of INVs.

Furthermore, the study provides a conceptual framework showing how entrepreneurial and branding resources and capabilities are linked to competitiveness of INVs in Uganda. The framework presents an understanding of both factors that enhance and those that constrain competitiveness of INVs. The framework provides knowledge on the effect of control variables (industry type or Sector and International activity type), entrepreneurial capital, brand orientation, entrepreneurial orientation, interaction and brand advantage on competitiveness of INVs. All together, the predictors explain 23 percent of the variance in competitiveness of INVs in Uganda. The model indicates that branding

capabilities may even be more important than was previously suspected. However, caution should be taken when considering inclusion of other resources and capabilities since they may further reduce the variance explained in competitiveness of INVs.

Overall, the study makes a theoretical contribution to the existing literature in support of the dynamic capabilities view in explaining competitiveness of INVs and in particular, a configuration of resources and capabilities in building brand advantage for INVs. This finding also implies that there is more than one way in which a firm can achieve different types of competitive advantage. In particular, these findings close the knowledge gap in existing studies that emphasize the value of brands but do not provide means through which young resource constrained ventures could effectively build such advantage.

6.2.2. Methodological Implications

This study has methodological implications relating to measurement of such concepts as entrepreneurial capital and brand orientation whose research is still in infancy. The study has ascertained that entrepreneurial capital is a multi-dimensional construct composed of human capital, economic capital, social and symbolic capital, which explain 70 percent of the total variance in entrepreneurial capital. Therefore, the study has brought out a true picture of how entrepreneurial capital is understood among INVs in Uganda. In fact, this study is one of the first studies to have consolidated a measurement scale for entrepreneurial capital and tested it empirically.

In addition, the study confirmed the key components of brand orientation among INVs in Uganda to include brand management, brand communication and brand strategic importance. Although these results confirm validity and reliability of measurement scales across sectors in Uganda, more research work is necessary to confirm their replicability and generalizability in different national cultures, whereas the difference in the factor structure exhibited among INVs in Uganda suggests that the definition of brand orientation both theoretically and empirically may be modified to suit the context of developing country markets. The study also revealed that INVs rely on growth in foreign markets, market share and profits for their competitiveness. However, owners and managers of INVs should think of utilizing or integrating in better indicators of competitiveness. For instance, they should capitalize on their market contacts, use of customer feedback on product quality and prices and/or generally emphasize customer based measures such as satisfaction or retention.

Further, the fact that entrepreneurial orientation and brand advantage measurement scales conformed to the three dimensions and four dimensions respectively as suggested in previous studies, adds to their credibility and applicability in a developing country context. Hence, the study has contributed to reliability, validity and generalizability of the two scales across cultures and industries.

Furthermore, the current research demonstrates three perspectives of understanding the relationship between resources and capabilities and firm performance including direct (universalistic), indirect or mediation and configuration (interaction) effects. The results suggest that different types of relationships between resources and capabilities and firm performance require different analytical theories. Thus, this research points to the importance of articulating the mechanisms through which resources and capabilities relate to firm performance. In particular, future researchers should clearly indicate the perspective they are adopting and match it with the right analytical strategy.

The methodology followed in this study implies that generalization of findings on competitiveness of INVs in a developing country context is possible since a large cross-sector survey was conducted in Uganda (Coviello & Jones, 2004; Keupp & Gassmann, 2009; Mort et al., 2012). Hence, the findings may apply to INVs originating and/or operating in other developing countries. Similarly, compared to most previous studies that have focused on high technology INVs (Madsen et al., 2008; McDougall et al., 2003; Oviatt & McDougall, 1994; Rialp et al., 2005; Ripolles & Blesa, 2011; Song et al., 2008), our study was cross-sector including agribusinesses, manufacturing and service firms. Therefore, this study brings out important findings on international entrepreneurship outside the norm.

6.2.3 Managerial Implications

The findings of this study also have practical implications for INVs and other similar firms. First and foremost, the implications of this research focus on the need for managers and owners to address the issue of redundant resources (entrepreneurial capital and brand advantage) and calls for implementation of strategies to utilize these abundant resources. There is also need to identify unique and complementary resources and/or capabilities that, in combination with marketing capabilities, positively influence competitiveness of INVs.

Thirdly, it is evident from the results of this study that brand orientation offers real opportunities for INVs to enhance competitiveness. The choice, strategic use, communication and management of a brand name and logo have serious implications for INVs but more so in ensuring these firms become and remain competitive. Hence, there is need for policy makers, owners and managers to emphasize and promote brand orientation. This study further reveals three dimensions that companies can emphasize and implement to become more brand oriented including setting up brand management responsibilities and policies, initiating and executing brand communication activities and strategic use of brands. We also believe that these components constitute brand orientation of INVs regardless of sector or industry and international activity type in a developing country setting and especially Uganda. A focus on brand oriented activities is a cost effective and unconventional strategy that generates the highest impact on competitiveness. Therefore, the findings reveal the importance of brand orientation as a marketing capability that owners and managers of INVs should develop to overcome their resource limitations.

Accordingly, brand orientation has proved to be the quickest way to build brand advantage and attain competitiveness at the same time. Hence, entrepreneurs and managers should prioritize and implement it right from the start of their ventures and support it with other complementary resources and capabilities. Therefore, the study highlights the necessity of owners and managers of INVs to develop superior brand oriented capabilities to be able to achieve brand advantage and international competitiveness simultaneously.

Although, it is widely claimed in the existing literature that it is difficult for firms with limited tangible resources and marketing budgets to enjoy brand advantage, the findings of this study imply a possibility of building internationally competitive brands through a combination of entrepreneurial and marketing resources and capabilities.

6.2.4 Policy Implications

The findings point to the fact that INVs are unique and have special needs which necessitate special policy attention in a number of areas. In particular, the findings imply a need for a policy framework to deliberately promote marketing and branding of products to facilitate international entrepreneurship and competitiveness.

6.3 Recommendations

The findings of this study are also adapted into practical recommendations relevant to both INV managers and policy makers as discussed below.

6.3.1 Recommendations for INV Owners and Managers

Owners and managers of INVs should emphasize implementation of brand orientation within their firms by creating a marketing team and indoctrinating managers and employees at all levels to live the brand. New ventures should combine brand management, brand communication and brand strategy capabilities in order to achieve high brand orientation and effectively influence competitiveness. Brand strategy should be focused more on legally protecting the brand name and logo; view the brand as an important asset; inclusion of the brand on all corporate communications and delivering quick and personalized service to support the brand.

In addition, owners and potential entrepreneurs are encouraged to embrace branding right from the start of the firm and develop brand plans before inception of the company and/or entry into foreign markets. In particular, the brand vision, mission and values should be clearly defined and communicated through a consistent brand design and image including being important in the selection of suppliers and business partners. Furthermore, routine, balance and stability in implementation of branding activities should be maintained to ensure that the venture is properly brand oriented and perceived by customers. INVs should also consider creation of marketing and brand management responsibilities, communication rules and policies that ensure consistency, accountability and formality in brand management function in new ventures. Owner-managers should ensure that on-going investments especially the marketing budget, personal effort and time should be placed in developing brand identity. It is even more important for INVs to spend a great deal of their time and effort ensuring that brands are consistent with customer needs and firm strategy.

Train managers and employees to develop a brand oriented mindset and behavior, capabilities and strategy. Brand oriented capabilities include the ability to diagnose brand strengths and weaknesses, design and implement brand communication strategies. Training promotes understanding and appreciation of brands as a competitive advantage. It has the ability to mobilize top management support, involvement and commitment to branding. At lower levels, training would sensitize employees on both the strategic and operational importance of the brand, their role in brand management and

influence the development a positive brand mindset and attitude among them. All in all, training would ensure that the firm has a consistent and unified brand design, communication and management strategy.

The study also revealed high levels of redundant entrepreneurial capital and brand advantage among INVs. Hence through training, owners and managers of INVs should be equipped with knowledge on utilization of these resources to enhance competitiveness. INVs with capacity can also employ skilled and well trained managers to develop, protect and deploy the abundant resources in the delivery of value to the market or industry. Further, owners and managers need to design strategies and/or redesign some of their firms' activities and processes to effectively and efficiently utilize resources and capabilities and exploit the advantage already in abundance. This task can be taken up by individual firms, trade associations, business development organizations, government bodies and international agencies. In addition, INVs must continuously reconfigure their resources and capabilities portfolios to sustain brand advantage since it has a tendency to diminish over time, to keep ahead and hedge off any competitor actions.

According to the study findings, small and young firms should adopt a combination of marketing and entrepreneurial approaches to building internationally competitive brands. In particular, INV owners can successfully and rapidly develop brand advantage through utilization of their personal finances, experience and knowledge, image and social resources; applying innovative, proactive and risk taking behaviour in brand building and emphasizing consistent brand management, communication and strategy right from the start of the company. Further, owners and managers should continuously invest in both entrepreneurial and marketing resources and capabilities as a strategy to achieve high levels of brand advantage.

Further, leveraging existing resources and advantage such as entrepreneurial capital and brand advantage should become a central consideration for INVs. For instance, owners and managers should become active in providing employee selection procedures to ensure the right qualifications, skills, personality and attitude are recruited and those that match the corporate brand culture; providing a financial budget for marketing and branding; instituting governance structures such as management and advisory boards and teams to avoid dependency on persons and improve heterogeneity of resources among firms. In addition, owners and managers of INVs should initiate organizational routines such as

information exchange structures and systems that promote sharing, documentation and reporting of information to enable transfer of entrepreneurial capital in terms of knowledge and ownership of brand resources such as patents and property rights from entrepreneurs or key employees to the company as a whole.

Owners and managers of INVs should balance the cost of investing in brand advantage with potential returns as well as manage and control for risks involved in such pursuits in new markets. INVs must ensure proper and gainful implementation of branding programs at all times to avoid losses and wastage of the limited financial resources available for marketing.

6.3.2 Recommendations for Policy Makers

According to findings of this study, marketing and branding as an intervention should be included in the national strategies that are aimed at improving international competitiveness. This will assist in garnering support at the top national decision making level and ignite a brand culture right from national planning to implementation at the firm level.

We also recommend that the Ministry of Trade, Industry and Cooperatives (MTIC) should ensure that early international entrepreneurship is mainstreamed into existing service provision such as PSFU, UEPB, UIA and enterprise Uganda. It would add value if a national support centre for new ventures is created and co-located in different government business development agencies to work on required policies and initiatives in favour of INVs, provide information and lobby government to ensure that interests are reflected in the national budget , all policies and strategies.

Further, competitiveness and investment climate strategy (CICS) agency should facilitate and fast track the development of a targeted policy and strategy to promote competitiveness of early international entrepreneurial activity. This strategic plan would foster growth of INVs and be used to negotiate with government, donors and private sector linkages to fund implementation of the plan.

Creation of a National Forum for INVs under the Ministry of Trade, Industry and cooperatives and/or competitiveness and investment climate strategy (CICS) would assist in entrenching public-private sector consultative mechanism for exchange of ideas on competitiveness drive and development. This forum

would also elevate the status of INVs, create awareness of their special needs and mobilize for financial, marketing and other support services from government and other business development agencies.

6.4 Limitations

Despite the contributions of this study, there are a number of factors that limit generalizability of the findings. First, although developing countries which are the focus of this study are assumed to share a number of economic conditions, they are not culturally and socially homogenous and hence INVs may be different from one developing country to another. This implies that there may not be one common competitiveness strategy to apply to INVs from all developing countries. Therefore, attempts to directly apply the findings of this study to INVs in other developing country contexts should be done with caution.

Secondly the study was conducted among firms in a single country, Uganda. Therefore, the extent to which the current research model is transferable to other cultural contexts may be limited due to lack of comparisons at the country level. This study was also limited to INVs of small to medium size and those aged between 5 to 15 years. Thus, the results may not be generalizable to older and larger INVs or born global and/ or Micro INVs.

The current study in addition adopted a cross-sectional survey design. In general this method may have limitations in making absolute and definitive cause and effect conclusions without using longitudinal research data (Coviello & Jones, 2004; Dess et al., 1997; Keupp & Gassmann, 2009; H. Y. Wong & Merrilees, 2007). Further, the study utilized a self-administered data collection instrument which was not supplemented by individual interviews. Thus, the results may not provide deep insights into the reasons underlying the outcomes of the study. The study was compelled to adopt self-reported measures of resources and capabilities and competitiveness. However, this method has a disadvantage of subjectivity, scepticism and optimistic tendencies (Andersen, 2010), which could have caused overrating of resources and capabilities and deflating of competitiveness.

Furthermore, data used in this study is limited to only INVs that survived a minimum period of five (5) years of operation due to lack of complete set of INVs over the same period. Therefore, the missing data on non-surviving firms implies that we cannot conclude on whether there is survivorship bias in the results or not. In particular, it is difficult to determine whether the mean difference in results between

surviving and non-surviving INVs is significant. Similarly, it was not possible to test for the effect of non-response bias in this study due to lack of data on non-respondents. Therefore, the difficulty of finding a complete sampling frame for INVs and reaching non-respondents limits the generalizability of this research.

6.5 Future Research

In the existing literature, arguments for undesirable performance of INVs have focused on their lack of resources. On the contrary however, the current study established high levels of entrepreneurial resources among INVs which are negatively related to competitiveness. Therefore, it would add value if in future qualitative research is carried out to provide deeper insight into the situation. The specific objective should be to establish the reasons behind the under or non-utilization of entrepreneurial resources and brand advantage and the strategies to have these resources contribute positively to international competitiveness.

In addition, future research should investigate the impact of other unique entrepreneurial and marketing practices on competitiveness of INVs in Uganda. For instance, venture capital, value chain and entrepreneurial team resources that may prevent overembeddedness or similarity in resources among INVs that is detrimental to competitiveness, whereas understanding INVs branding relative to larger MNCs would help managers identify their challenges as they vision to become large firms. Further, disaggregation of constructs and their configuration may help in understanding the unique interactions between the different dimensions of the latent variables in predicting international competitiveness.

Future studies should also focus on testing the role of other mediating variables in the relationship specifically between entrepreneurial capital; entrepreneurial orientation and international competitiveness. There could be other secondary mediators between brand advantage and international competitiveness with positive effects whose inclusion may contribute to the generation of complementary and positive mediation and in bettering the predictive potential of the overall model. Other control variables such as firm and founding team characteristics could be included in the model.

There is also a need to test under what conditions does brand advantage cause positive or negative effects in the competitiveness of INVs. Thus, the potential role of moderating variables such as competition and market environment should be considered and organizational context in which

entrepreneurial capital and orientation works best. It would also add values if in future, differences in the relationships between variables in the model are analyzed along the type of market served by INVs, that is, between consumer and business to business markets.

Future studies should investigate other marketing capabilities that can be effectively combined with brand orientation to greatly enhance competitiveness of INVs. It would also be of value to know how such important capabilities as brand orientation are developed, in particular, the role of firm's resources and capabilities in the pursuit and implementation of brand orientation and any other challenges and barriers that may prohibit INVs from pursuing brand orientation.

The same research model may be tested in predicting competitiveness of INVs in other developing countries in order to derive comparisons and enhance generalization of findings. Furthermore, future studies on INVs should strive to minimize measurement error as well as eliminating survivorship and non-response bias by considering data on non-surviving INVs and non-respondents respectively. It is especially important to address these issues as part of research design to ensure that unbiased parameter estimates are obtained to improve accuracy and overall generalization of findings.

In agreement with previous ideas on RBV (Song et al., 2008), future research on entrepreneurial capital should focus on measuring its quality, variety and complementarity, which might improve its predictive potential of performance outcomes. In addition, since our scale was mainly developed using literature, future research could use focus groups and individual interviews to make improvements. Relatedly, more research work is needed to replicate the measure of brand orientation in different countries and industries to confirm its cross cultural validity, reliability and generalizability which would contribute towards its standardization. Further research should also endeavor to use actual performance data and practices in measuring such constructs as entrepreneurial orientation.

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APPENDICES

Appendix.1: Screening Survey Questionnaire for International New Ventures

Good day,

My name is Annet. K. Nabatanzi Muyimba. I am conducting a study on international business ventures in Uganda as part of my PhD research at Wits University, Johannesburg, South Africa. I know that you are busy and appreciate your contribution. This research explores factors affecting competitiveness of international business ventures. The results will help Ugandan INVs understand the factors affecting their competitiveness in international markets.

I will not ask you to provide proprietary or sensitive performance information and neither you nor your company will be identified in the research data file. I also assure you that your responses will be held utmost confidentiality and anonymity.

The survey will take approximately 5 minutes.

May I now have 5 minutes of your time to ask you a few questions?

- A. Yes **(Continue)** B. No (New appointment) _____ C. No
(Refused)

Questions

S1. Is your firm involved in any international business activity?

- A. Yes **(continue)** B. No **(close)**

S2. In terms of years, how old is your firm? _____

- A. Between 5- 15 years **(continue)** B. Others **(close)**

S3. When did you start international business operations?

- A. Within the first 10 years of the firm's establishment **(continue)** B. After 10 years **(close)**

S4. Approximately how many employees does your company have?

- A. Between 10 -250 employees **(Continue)** B. others **(Close)**

S5. What is the type of founding of your firm?

- A. Independent of any MNE or Group **(continue)** B. Subsidiary of MNE/group
(close)

S6. What would best describe the sector your business falls under?

- A. Agriculture
B. Manufacturing
C. Service

S7. Is owner (s) still active in the management of the business?

- A. If yes, seek for appointment instrument B. if No, request the manager to fill the

At this point let me officially request for your consent to participate in the main survey of this research (if meets S1, S2, S3, S4, S5).

Yes **(Continue and qualify)**
No **(Close)**

Name (optional) _____
Post office Address _____
E-mail Address _____
Telephone _____
Physical address _____

Customer referrals: 1.....
 2.....

Thank you for your time and effort

Appendix.2: Main Survey Questionnaire for Business Owners or Managers

Good day,

My name is Annet .K.N. Muyimba. I am conducting a study on international business ventures in Uganda as part of my PhD research at Wits University, Johannesburg, South Africa. This research explores factors affecting competitiveness of international business ventures in Uganda. The findings of this study will help this category of firms to understand how to improve their competitiveness in regional and global markets.

I will not ask you to provide proprietary or sensitive performance information and neither you nor your company will be identified in the research data file. I also assure you that your responses will be held with utmost confidentiality and anonymity. I know that you are busy and I appreciate your contribution.

Yours Sincerely,

1.0 Background Information (Tick or circle)

1. Gender

Male ☐ Female ☐

2. Please indicate your age group

A. Under 20, B. 20- 30, C. 31 – 40, D. 41- 50 , E. over 50 years

3. Please indicate your highest level of formal education?

a) Primary above b) Secondary c) certificate d) Diploma e) degree f) masters and above

4. What would best describe the type of industry or sector for your firm?

A. Agriculture
B. Manufacturing
C. Services

5. What would best describe the international activity of your firm?

A. Exports or sales in foreign markets
B. Foreign production or sales subsidiary
C. Franchise business in foreign markets
D. Imports or input sourcing from foreign markets
E. Outsourcing or subcontracting

2.0: Please indicate (tick) your level of agreement or disagreement with the following statements regarding your business resources.

1- Strongly disagree 2- Disagree 3- Slightly disagree 4-Slightly agree 5- Agree
6- Strongly agree

EC	Entrepreneurial Resources	1	2	3	4	5	6
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1	As the owner or manager, I borrow from external sources to invest in this business						
2	I have offered personal property as collateral to financial institutions to secure working capital for this business						
3	The size of personal investment in this business is greater than 50 percent						
4	I often organize for additional funds from personal sources whenever needed						
5	I have used my personal savings to finance this business						
6	I have often invested my dividends into this company						
7	I have good knowledge of our foreign markets including the history, language, culture and aesthetics						
8	I have many years of previous international experience in marketing and management						
9	I lived and worked abroad before starting or working in this company						
10	I have extensive international travel experience						
11	I am aware of the nature of operations in our foreign markets including marketing and distribution systems						
12	I have knowledge and experience in starting and running my own business						
13	I generate a high volume of marketing and business information from my networks						
14	Having a large business network has been helpful in accessing the necessary resources						
15	My networks offers me a high degree of accessibility to financial resources						
16	Through networks, I have access to government support and expert advice						
17	Because of networks, I have gained more trust among customers and other business partners						

3.0 Please indicate (tick) your level of agreement or disagreement with the statements below, regarding branding activities in your business.

1- Strongly disagree 2- Disagree 3- Slightly disagree 4-Slightly agree 5- Agree
6- Strongly agree

BO	Brand orientation	1	2	3	4	5	6
1	In the past years, we have initiated a lot of marketing communications to establish a recognizable and preferred brand						
2	We have designed a clear brand vision and mission						
3	We maintain a consistent brand design in form of color and other symbols						
4	We have legally protected our brand name and logo						
5	We often consider the brand image in selecting our suppliers and business partners						
6	It is important to us that our products or services are perceived as brands						
7	The brand name is included on all company communication media						
8	In my company the marketing budget has been increasing over the years						
9	We undertake a lot of research to find out future needs and expectations of our customers in managing the brand						

10	In this company, everybody understands that branding our product/service is a top priority						
11	We have created marketing and management responsibilities to guide every day handling of our brand.						
12	Quick and personalized service is a key brand value of this company						
13	We have developed both internal and external brand communication rules and policies						
14	The use of branded items is part of our culture						
15	We have developed a brand building activity plan for this company						
16	We are mindful of the brand image when planning our marketing activities						
17	A brand is an important intangible asset for my company						

4.0 Please indicate (tick) your level of agreement or disagreement with the statements below, regarding your entrepreneurial initiatives in the last five years.

1- Strongly disagree 2- Disagree 3- Slightly disagree 4-Slightly agree 5- Agree 6- Strongly agree

EO	Entrepreneurial orientation	1	2	3	4	5	6
1	In the last five year, we have invested resources in expansion of production capacity and space						
2	we have great readiness to assume risks in order to achieve the company objectives						
3	Searching for new opportunities is part of our routine activities						
4	In risky situations, we solicit for information to minimize the cost of wrong decisions						
5	In this company, we always keeping track of market trends and needs						
6	We have initiated plans to keep customers we already have						
7	Over the past five years, we have made improvements in our product and/or service offer						
8	Continuously improving the quality of our product and service is a key goal for this company						
9	No matter the challenges, we have great interest in making this business succeed						
10	Over the past five years, this company has planned new products to introduce to the market in the future						
11	I/we have tried different things to make this business survive						
12	I/we are usually fast in responding to market changes and demands						
13	Over the past five years, we have planned new markets to enter						

5.0 International Competitiveness

5.1. On average in the last five (5) years, my company's international performance compared to competitors has grown by: **(Tick appropriately)**

IC							
----	--	--	--	--	--	--	--

	Growth in performance	1-15%	16-30%	31-45%	46-60%	61-75%	76-90%	91-100%
1	Total sales							
2	Profit after tax							
3	Market share							
4	Number of foreign customers							
5	Return on investment							
6	Number of foreign markets							
7	Price level							
8	Quality of products/services							
9	Customer retention							

5.2. In percentage, what are your growth targets relative to competitors in the following areas for the next three (3) years? **(Tick appropriately)**

IC	Performance Growth Target	1-15%	16-30%	31-45%	46-60%	61-75%	76-90%	91-100%
10	Total Sales							
11	Profit after tax							
12	Market share							
13	Number of foreign customers							
14	Return on investment							
15	Number of foreign markets							
16	Price level							
17	Quality of products/services							
18	Customer retention							

THANK YOU FOR YOUR CONTRIBUTION, TIME AND CO-OPERATION

Tel: 0772454507

P.O Box 1337 K'LA

anabatanzi@mubs.ac.ug

Appendix.3: Main Survey Questionnaire for Customers

Good day,

My name is Annet .K.N. Muyimba. I am conducting a study on international business ventures in Uganda as part of my PhD research at Wits University, Johannesburg, South Africa. This research explores factors affecting competitiveness of international business ventures in Uganda. The findings of this study will help this category of firms to understand how to improve their competitiveness in regional and global markets.

I will not ask you to provide proprietary or sensitive performance information and neither you nor your company will be identified in the research data file. I also assure you that your responses will be held with utmost confidentiality and anonymity. I know that you are busy and I appreciate your contribution.

Yours Sincerely,

1.0 Background Information (Tick or circle)

1. Gender

Male ☐ Female ☐

2. Please indicate your age group

B. Under 20, B. 20- 30, C. 31 – 40, D. 41- 50 , E. Above 55
years

3. Please indicate your highest level of formal education?

a) Primary b) Secondary c) certificate d) Diploma e) degree f) masters and
above

3.0: For this company's product or service that you buy, please indicate (tick) your level of agreement or disagreement with the statements below regarding the brand.

1- Strongly disagree 2- Disagree 3- Slightly disagree 4-Uncertain 5-Slightly agree
6- Agree 7- Strongly agree

BA	Brand Advantage	1	2	3	4	5	6	7
1	I can pronounce the brand name of this product or service with ease							
2	This brand is easily identified from others							
3	The design of this brand is distinct and outstanding from others							
4	The brand name is ease to recall							
5	I understand and associate with this brand							
6	This brand has consistent quality							
7	This brand has elements that uniquely identify it from others on the market							
8	I believe that the quality of this brand is good							
9	I tend to attach great importance and value to this brand							
10	This brand offers good value for money compared to competing ones							
11	Using this brand makes me feel good and confident							
12	To me this brand is highly trusted/confident							
13	I am satisfied with the quality of this brand							

14	The brand colors and design are impressive to me							
15	Performance of this brand meets my expectations							
16	This brand is highly desired							
17	This brand is usually in stock as promised							
18	Even when the price of this brand increases, I would still buy it							
19	I/we are likely to buy this brand again							
20	I am willing to recommend this brand to others							

THANK YOU FOR YOUR CONTRIBUTION, TIME AND CO-OPERATION

Appendix 4: Main Survey Questionnaire for Employees

Good day,

My name is Annet .K.N. Muyimba. I am conducting a study on international business ventures in Uganda as part of my PhD research at Wits University, Johannesburg, South Africa. This research explores factors affecting competitiveness of international business ventures in Uganda.

The findings of this study will help this category of firms to understand how to improve their competitiveness in regional and global markets.

I will not ask you to provide proprietary or sensitive performance information and neither you nor your company will be identified in the research data file. I also assure you that your responses will be held with utmost confidentiality and anonymity. I know that you are busy and I appreciate your contribution.

Yours Sincerely,

1.0 Background Information (Tick or circle)

1. Gender

Male ☐ Female ☐

2. Please indicate your age group (circle)

A. Under 20, B. 20- 30, C. 31 – 40, D. 41- 50 , E. Above 50
years

3. Please indicate your highest level of formal education?

b) Primary b) Secondary c) certificate d) Diploma e) degree f)
masters and above

2.0 Please indicate (tick) your level of agreement or disagreement with the following statements regarding the owner or manager of this company

1- Strongly disagree 2- Disagree 3- Slightly disagree 4-Slightly agree 5- Agree 6- Strongly agree

EC	The owner or manager of this company:	1	2	3	4	5	6
18	Is a trusted person						
19	Is a well-known personality						
20	Holds positions of responsibility in society and business networks						
21	exercises professional behavior						
22	Has concern for employees and society needs						
23	Cooperates well with other people including employees						
24	Is an inspiration to other people						
25	Is flexible and quick in making decisions						

THANK YOU FOR YOUR CONTRIBUTION, TIME AND CO-OPERATION

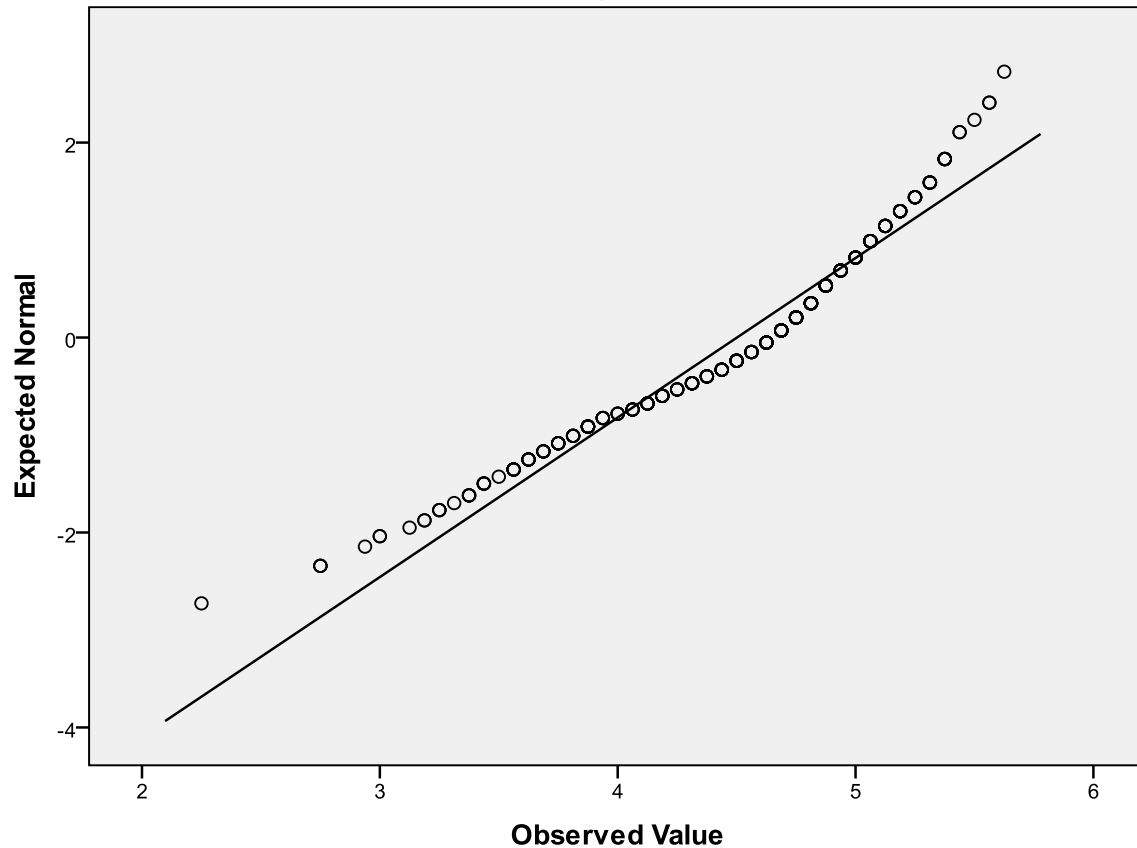
Appendix.5 Testing Assumptions of Parametric Analysis

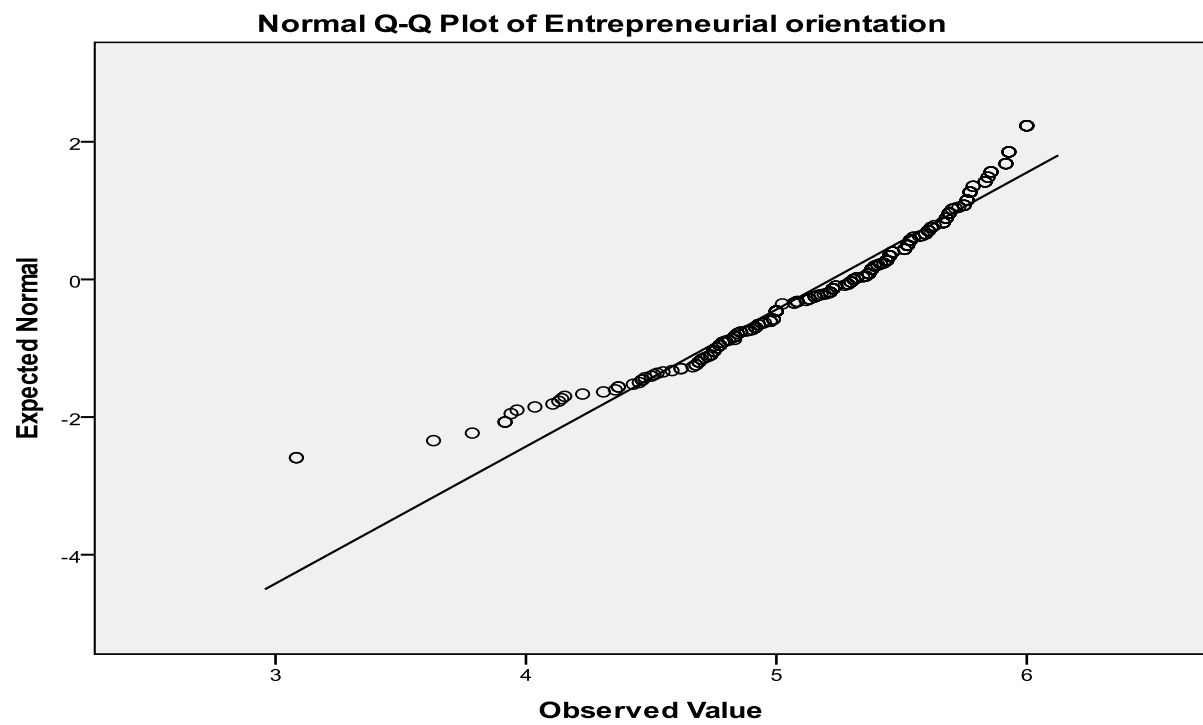
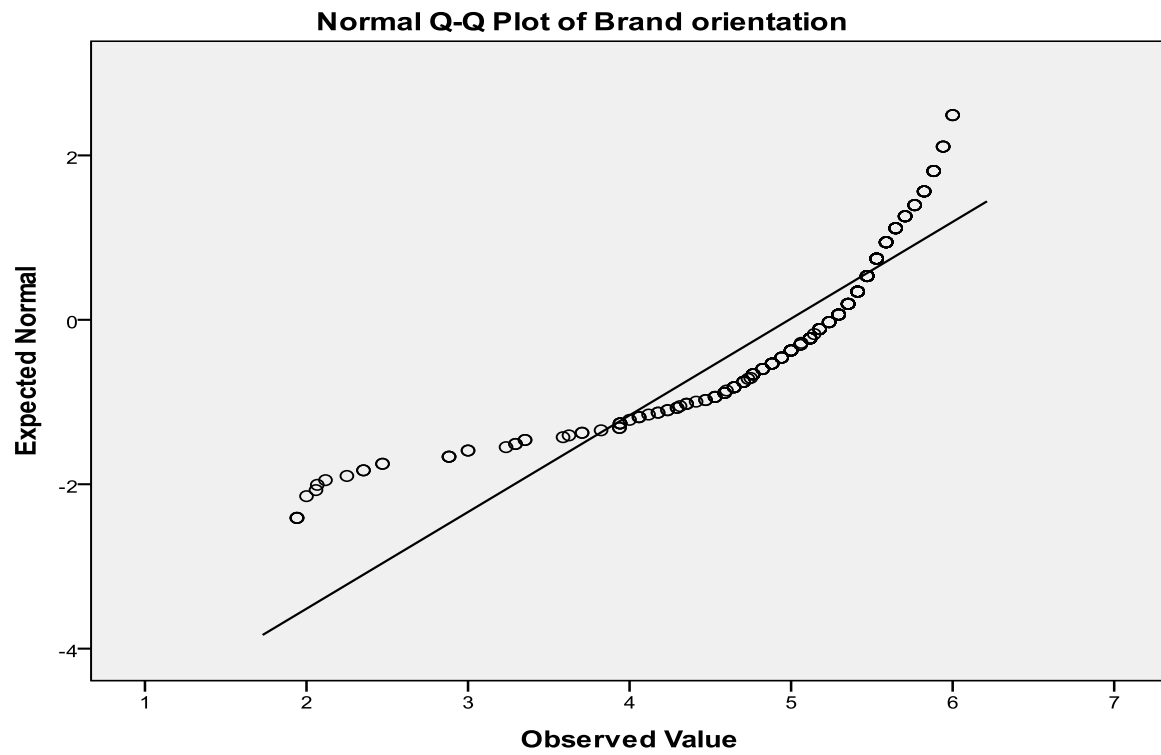
5A: Tests of Assumptions on untransformed data

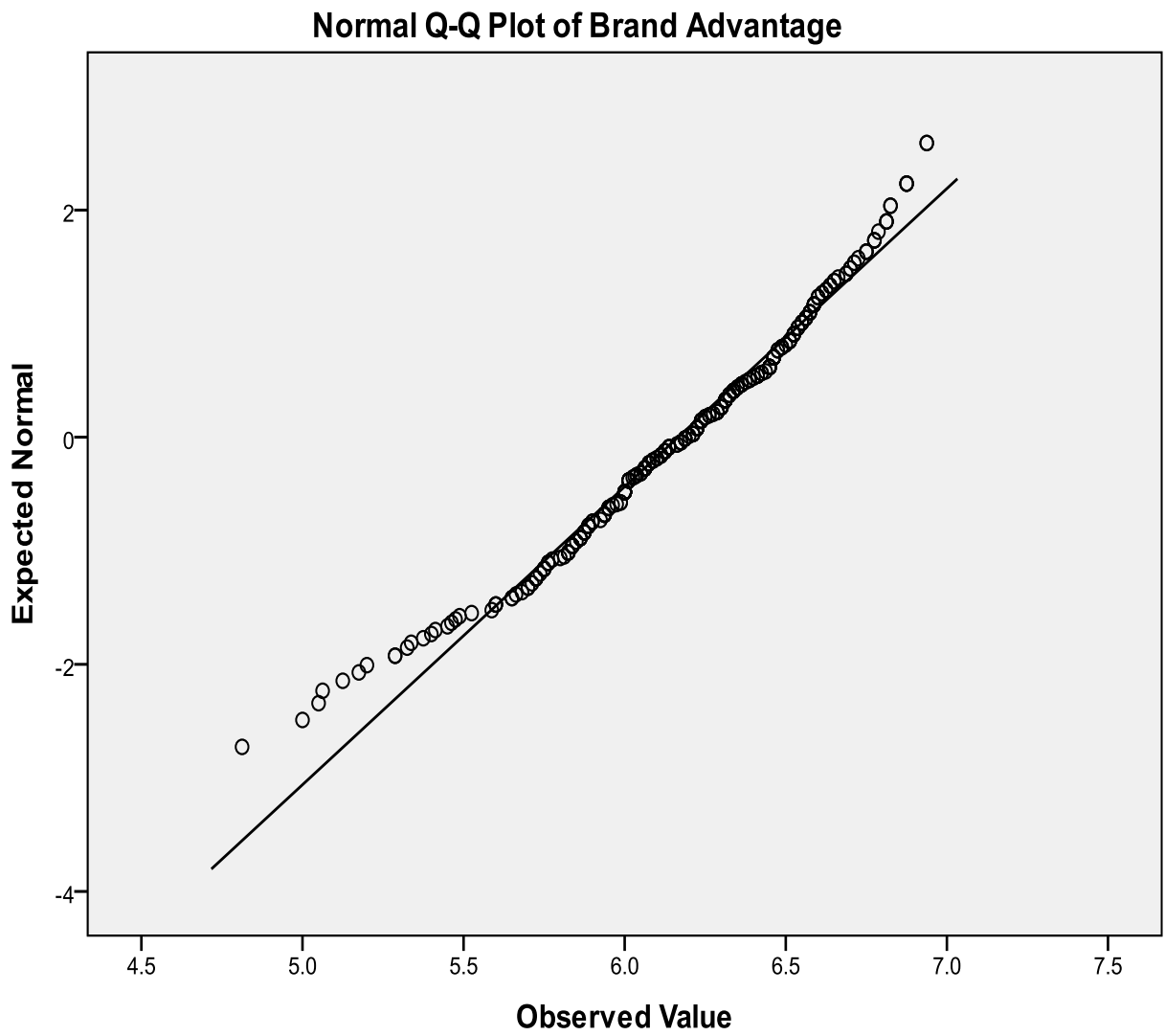
Table Unstandardized Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Entrepreneurial capital	312	2.25	5.63	4.5016	.61110	-.799	.138	.278	.275
Brand orientation	312	1.94	6.00	4.9874	.85007	-1.898	.138	3.608	.275
Entrepreneurial orientation	312	3.08	6.00	5.2197	.50237	-1.024	.138	1.686	.275
Brand Advantage	312	4.81	6.94	6.1659	.38097	-.553	.138	.462	.275
IC	312	1.13	6.83	3.4179	1.12058	.379	.138	-.322	.275
Valid N (listwise)	312								

Normal Q-Q Plot of Entrepreneurial resources







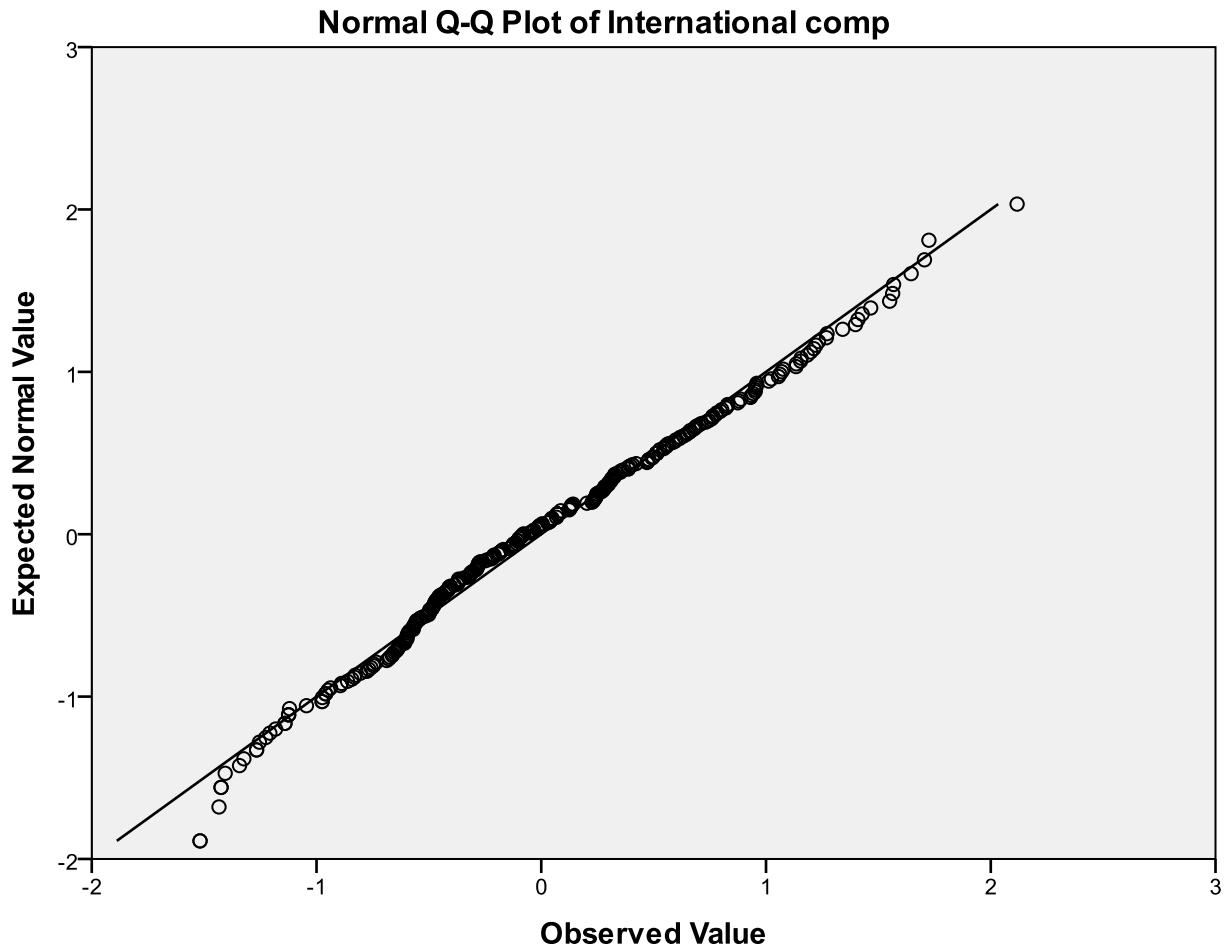


Table 3.3: Showing Standardized Z-Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Z-Skewness	Z-Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	statistic	statistic
Entrepreneurial capital	312	2.25	5.63	4.5016	0.6111	-5.79	1.01
Brand orientation	312	1.94	6	4.9874	0.85007	-13.75	13.12
Entrepreneurial orientation	312	3.08	6	5.2197	0.50237	-7.42	6.13
Brand Advantage	312	4.81	6.94	6.1659	0.38097	-4.01	1.68
Int'l competitiveness	312	1.13	6.83	3.4179	1.12058	2.75	-1.17
Valid N	312						

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Entrepreneurial capital	.125	312	.000	.950	312	.000
Brand orientation	.173	312	.000	.795	312	.000
Entrepreneurial orientation	.094	312	.000	.940	312	.000
Brand Advantage	.051	312	.049	.978	312	.000
IC Total	.065	312	.003	.983	312	.001

a. Lilliefors Significance Correction

Test of Normality by Business sector

		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Entrepreneurial capital	Agriculture	.209	19	.029	.886	19	.028
	Manufacturing	.131	52	.025	.947	52	.022
	Service	.124	241	.000	.948	241	.000
Brand orientation	Agriculture	.162	19	.200*	.971	19	.789
	Manufacturing	.132	52	.024	.933	52	.006
	Service	.186	241	.000	.792	241	.000
Entrepreneurial orientation	Agriculture	.136	19	.200*	.958	19	.530
	Manufacturing	.121	52	.054	.951	52	.033
	Service	.084	241	.000	.934	241	.000
Brand Advantage	Agriculture	.125	19	.200*	.974	19	.861
	Manufacturing	.113	52	.094	.944	52	.016
	Service	.049	241	.200*	.982	241	.003
IC Total	Agriculture	.159	19	.200*	.933	19	.195
	Manufacturing	.120	52	.061	.963	52	.105
	Service	.070	241	.006	.983	241	.005

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Test of Homogeneity of Variance

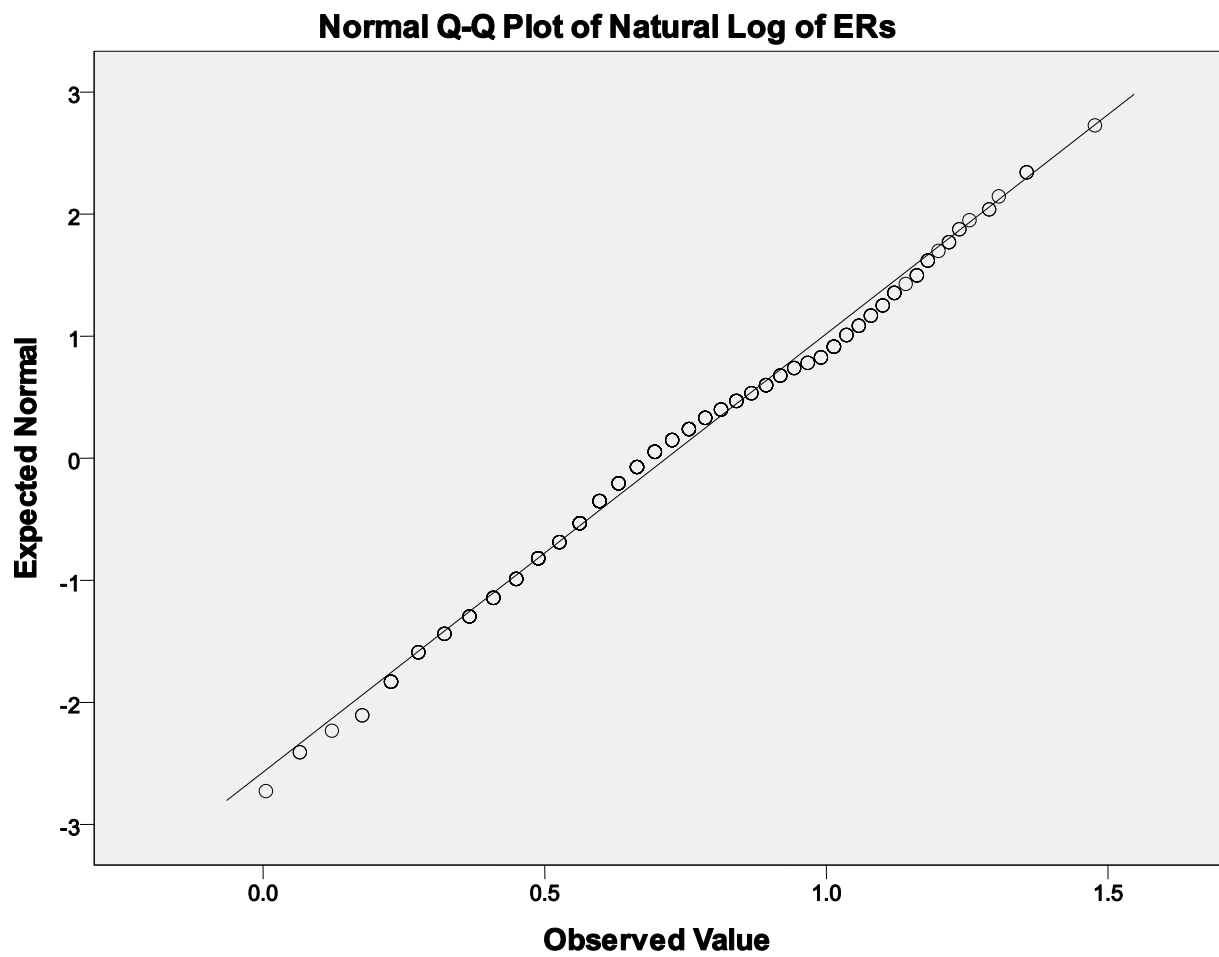
		Levene Statistic	df1	df2	Sig.
Entrepreneurial capital	Based on Mean	.303	2	309	.739
	Based on Median	.344	2	309	.709
	Based on Median and with adjusted df	.344	2	308.362	.709
	Based on trimmed mean	.349	2	309	.705
Brand orientation	Based on Mean	5.867	2	309	.003
	Based on Median	2.566	2	309	.078
	Based on Median and with adjusted df	2.566	2	262.906	.079
	Based on trimmed mean	4.293	2	309	.014

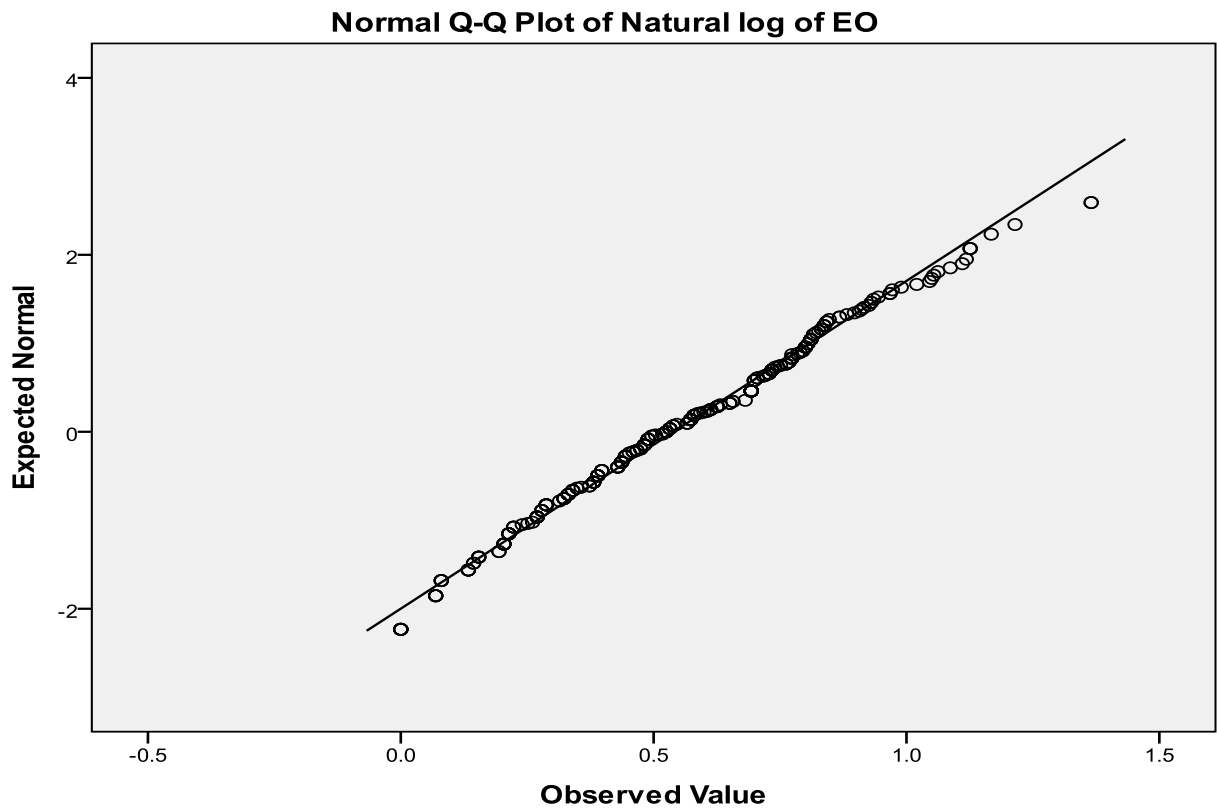
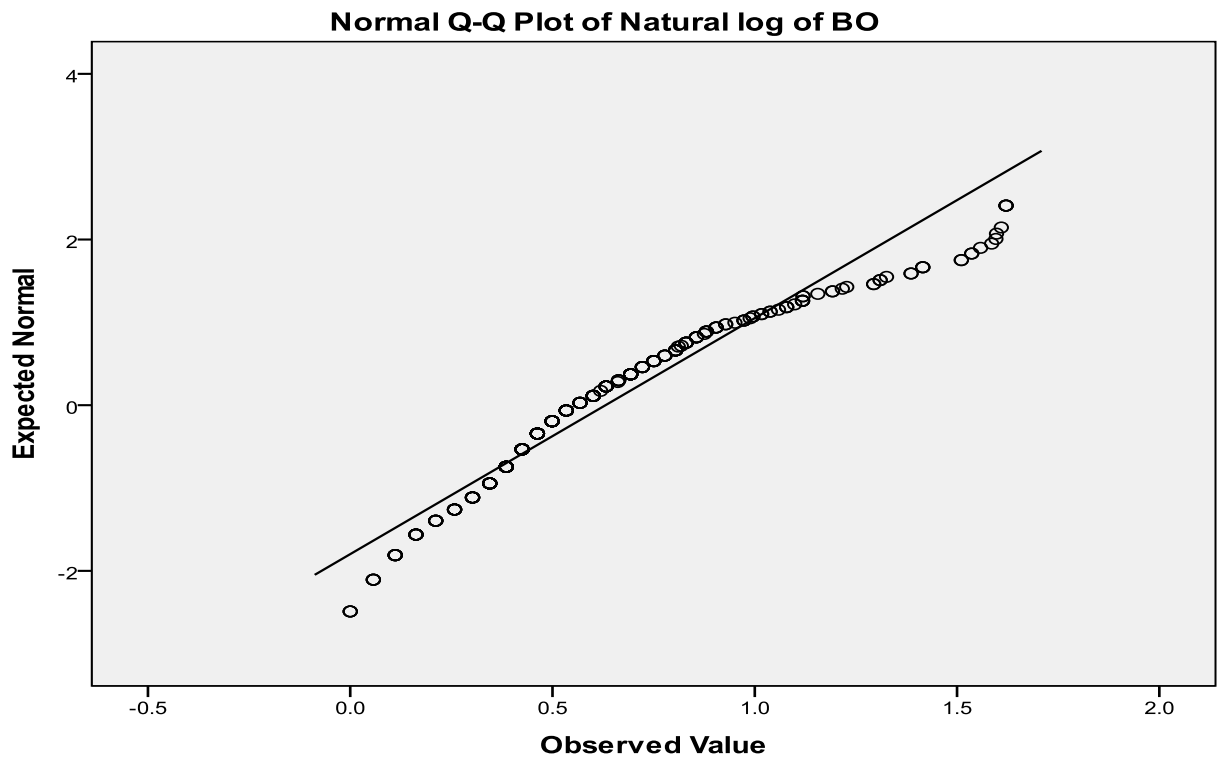
Entrepreneurial orientation	Based on Mean	1.330	2	309	.266
	Based on Median	1.083	2	309	.340
	Based on Median and with adjusted df	1.083	2	303.822	.340
	Based on trimmed mean	1.217	2	309	.297
Brand Advantage	Based on Mean	3.710	2	309	.026
	Based on Median	3.273	2	309	.039
	Based on Median and with adjusted df	3.273	2	287.456	.039
	Based on trimmed mean	3.540	2	309	.030
IC Total	Based on Mean	.441	2	309	.643
	Based on Median	.277	2	309	.758
	Based on Median and with adjusted df	.277	2	307.380	.758
	Based on trimmed mean	.436	2	309	.647

Appendix 5B: Tests of Assumptions on transformed data

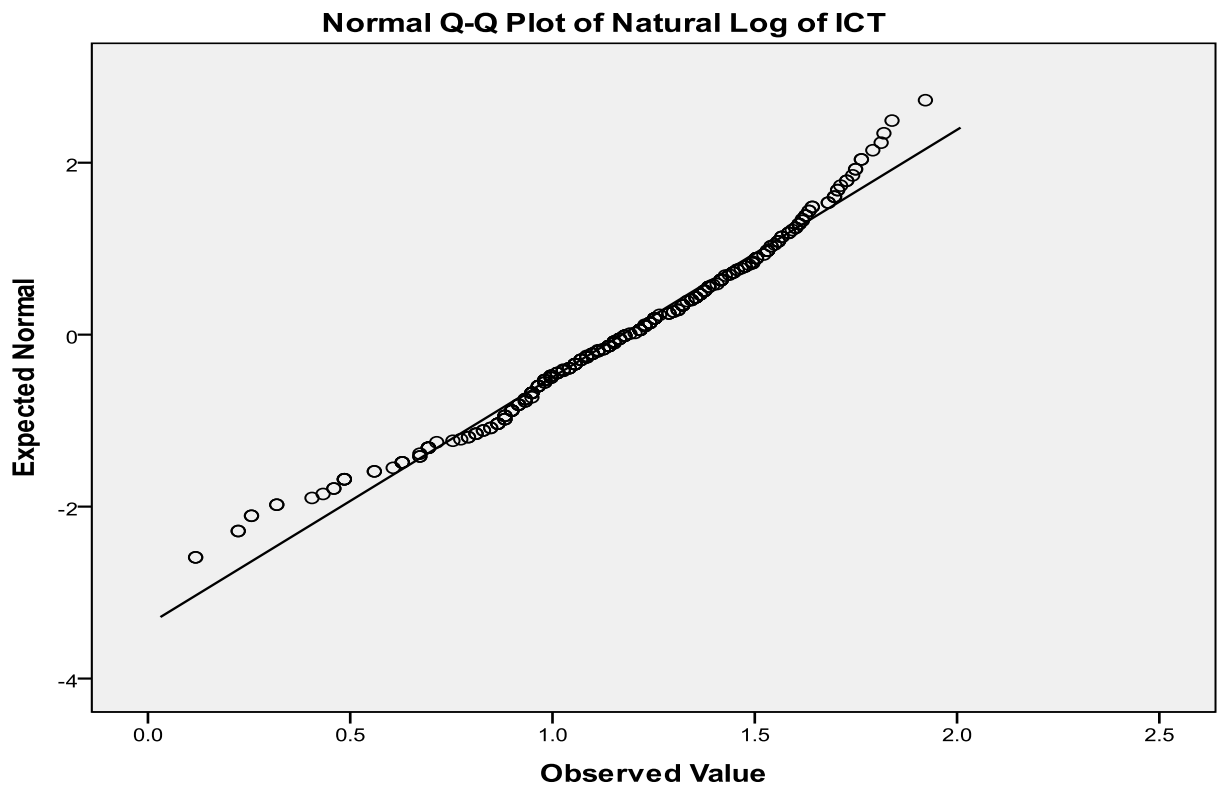
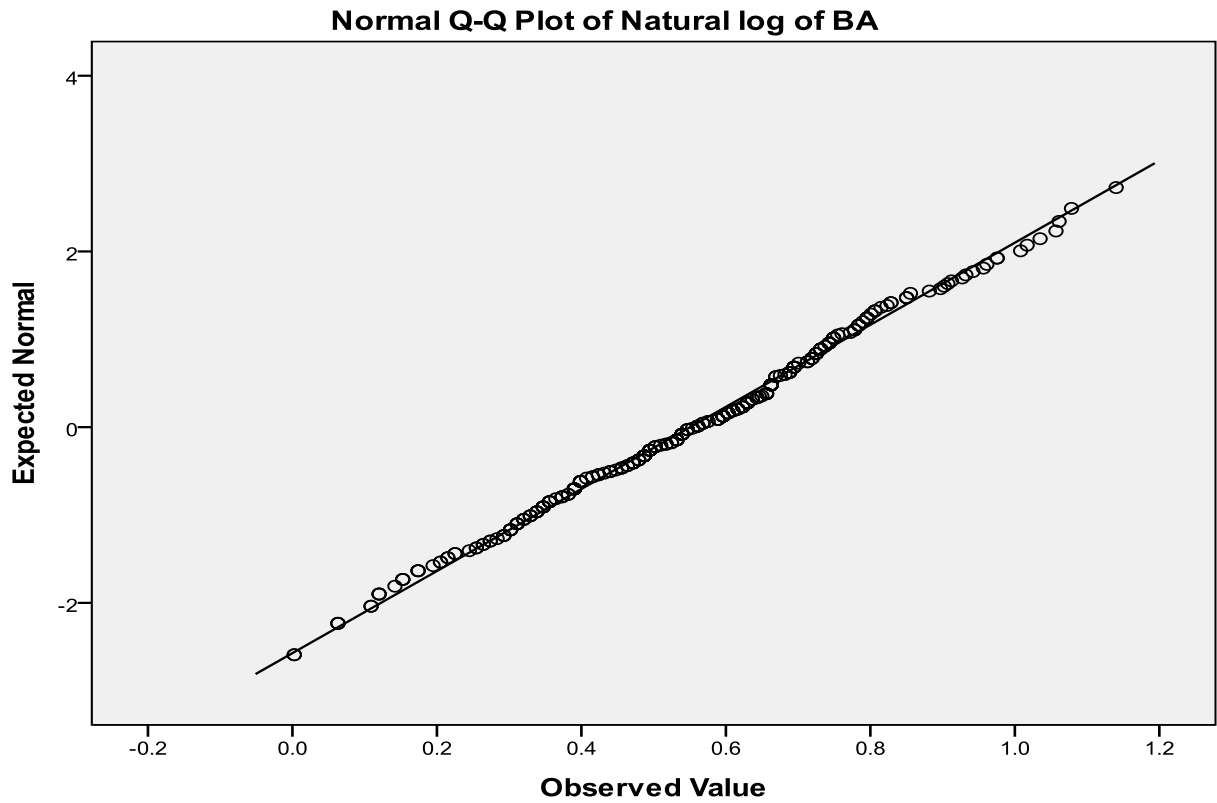
Descriptives			Statistic	Std. Error
Natural Log of EC	Mean		.7163	.01576
	95% Confidence Interval for Mean	Lower Bound	.6853	
		Upper Bound	.7473	
	5% Trimmed Mean		.7148	
	Median		.6956	
	Variance		.078	
	Std. Deviation		.27841	
	Minimum		.00	
	Maximum		1.48	
	Range		1.47	
	Interquartile Range		.39	
	Skewness		.165	
	Kurtosis		-.416	
Natural log of BO	Mean		.6311	.01987
	95% Confidence Interval for Mean	Lower Bound	.5920	
		Upper Bound	.6702	
	5% Trimmed Mean		.6105	
	Median		.5510	
	Variance		.123	
	Std. Deviation		.35101	
	Minimum		.00	
	Maximum		1.62	
	Range		1.62	
	Interquartile Range		.42	
	Skewness		.933	
	Kurtosis		.705	
Natural log of EO	Mean		.5398	.01528

	95% Confidence Interval for	Lower Bound	.5097	
	Mean	Upper Bound	.5698	
	5% Trimmed Mean		.5347	
	Median		.5250	
	Variance		.073	
	Std. Deviation		.26998	
	Minimum		.00	
	Maximum		1.37	
	Range		1.37	
	Interquartile Range		.39	
	Skewness		.228	.138
	Kurtosis		-.229	.275
Natural log of BA	Mean		.5506	.01212
	95% Confidence Interval for	Lower Bound	.5267	
	Mean	Upper Bound	.5744	
	5% Trimmed Mean		.5506	
	Median		.5610	
	Variance		.046	
	Std. Deviation		.21407	
	Minimum		.00	
	Maximum		1.14	
	Range		1.14	
	Interquartile Range		.30	
	Skewness		-.059	.138
	Kurtosis		-.160	.275
Natural Log of ICT	Mean		1.1721	.01967
	95% Confidence Interval for	Lower Bound	1.1334	
	Mean	Upper Bound	1.2108	
	5% Trimmed Mean		1.1852	
	Median		1.1787	
	Variance		.121	
	Std. Deviation		.34742	
	Minimum		.12	
	Maximum		1.92	
	Range		1.80	
	Interquartile Range		.47	
	Skewness		-.472	.138
	Kurtosis		.117	.275





Te



Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Natural Log of EC	.074	312	.000	.989	312	.023
Natural log of BO	.109	312	.000	.935	312	.000
Natural log of EO	.074	312	.000	.988	312	.012
Natural log of BA	.048	312	.074	.994	312	.321
Natural Log of IC	.048	312	.078	.980	312	.000

a. Lilliefors Significance Correction

Tests of Normality by Business sector

the business sector the firm belongs to		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Natural Log of Agriculture ERs	Manufacturing	.155	19	.200 [*]	.956	19	.501
	Service	.082	52	.200 [*]	.982	52	.615
		.077	241	.001	.988	241	.043
Natural log of BO	Agriculture	.176	19	.125	.965	19	.672
	Manufacturing	.076	52	.200 [*]	.986	52	.792
	Service	.127	241	.000	.925	241	.000
Natural log of EO	Agriculture	.137	19	.200 [*]	.931	19	.184
	Manufacturing	.095	52	.200 [*]	.982	52	.613
	Service	.067	241	.010	.987	241	.023
Natural log of BA	Agriculture	.100	19	.200 [*]	.968	19	.743
	Manufacturing	.086	52	.200 [*]	.979	52	.465
	Service	.049	241	.200 [*]	.993	241	.369
Natural Log of Agriculture ICT	Manufacturing	.185	19	.085	.921	19	.119
	Service	.103	52	.200 [*]	.970	52	.217
		.045	241	.200 [*]	.983	241	.005

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Natural Log of ERs	Based on Mean	.480	2	309	.619
	Based on Median	.445	2	309	.641
	Based on Median and with adjusted df	.445	2	305.865	.641
	Based on trimmed mean	.485	2	309	.616
Natural log of BO	Based on Mean	2.971	2	309	.053
	Based on Median	1.767	2	309	.173
	Based on Median and with adjusted df	1.767	2	280.056	.173
	Based on trimmed mean	2.552	2	309	.080
Natural log of EO	Based on Mean	.654	2	309	.521
	Based on Median	.631	2	309	.533
	Based on Median and with adjusted df	.631	2	308.911	.533
	Based on trimmed mean	.650	2	309	.523
Natural log of BA	Based on Mean	3.686	2	309	.026
	Based on Median	3.668	2	309	.027
	Based on Median and with adjusted df	3.668	2	300.698	.027
	Based on trimmed mean	3.675	2	309	.026
Natural Log of ICT	Based on Mean	1.481	2	309	.229
	Based on Median	1.121	2	309	.327
	Based on Median and with adjusted df	1.121	2	297.654	.327
	Based on trimmed mean	1.445	2	309	.237

Appendix 5C: Test of Linearity

Correlations

		Entrepreneurial capital	Entre-orientation	Brand Orientation	Brand advantage	International comp
Entrepreneurial capital	Pearson Correlation	1	.449**	.414**	.318**	-.176**
	Sig. (1-tailed)		.000	.000	.000	.001
	N	312	312	312	312	312
Entre-orientation	Pearson Correlation	.449**	1	.659**	.378**	.049
	Sig. (1-tailed)	.000		.000	.000	.196
	N	312	312	312	312	312
Brand Orientation	Pearson Correlation	.414**	.659**	1	.371**	.144**
	Sig. (1-tailed)	.000	.000		.000	.005
	N	312	312	312	312	312
Brand advantage	Pearson Correlation	.318**	.378**	.371**	1	-.068
	Sig. (1-tailed)	.000	.000	.000		.114
	N	312	312	312	312	312
International comp	Pearson Correlation	-.176**	.049	.144**	-.068	1
	Sig. (1-tailed)	.001	.196	.005	.114	
	N	312	312	312	312	312

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

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.068 ^a	.005	.001	.70421	.005	1.455	1	310	.229	1.601
2	.309 ^b	.095	.084	.67463	.091	10.259	3	307	.000	

a. Predictors: (Constant), Brand advantage

b. Predictors: (Constant), Brand advantage, Entrepreneurial capital, Brand Orientation, Entrep orientation

c. Dependent Variable: International comp

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.721	1	.721	1.455	.229 ^a
	Residual	153.731	310	.496		
	Total	154.453	311			
2	Regression	14.729	4	3.682	8.091	.000 ^b
	Residual	139.724	307	.455		
	Total	154.453	311			

a. Predictors: (Constant), Brand advantage

b. Predictors: (Constant), Brand advantage, Entrepreneurial capital, Brand Orientation, Entrep orientation

c. Dependent Variable: International comp

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	.005	.040		.128	.898	-.073	.084		
Brand advantage	-.096	.080	-.068	-1.206	.229	-.253	.061	1.000	1.000
2 (Constant)	.000	.038		-.012	.991	-.076	.075		
Brand advantage	-.132	.085	-.094	-1.552	.122	-.299	.035	.811	1.233
Entrepreneurial capital	-.433	.099	-.272	-4.357	.000	-.629	-.237	.755	1.324
Entrep orientation	.026	.077	.025	.331	.741	-.127	.178	.517	1.935
Brand Orientation	.205	.055	.275	3.715	.000	.096	.314	.536	1.864

a. Dependent Variable: International comp

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Brand advantage	Entrepreneurial capital	Entrep orientation	Brand Orientation
1	1	1.000	1.000	1.00	.00			
	2	1.000	1.000	.00	1.00			
2	1	2.315	1.000	.00	.06	.07	.07	.07
	2	1.001	1.521	.99	.01	.00	.00	.00
	3	.708	1.808	.01	.93	.05	.05	.05
	4	.636	1.907	.00	.00	.87	.08	.14
	5	.339	2.613	.00	.00	.01	.80	.74

a. Dependent Variable: International comp

Casewise Diagnostics^a

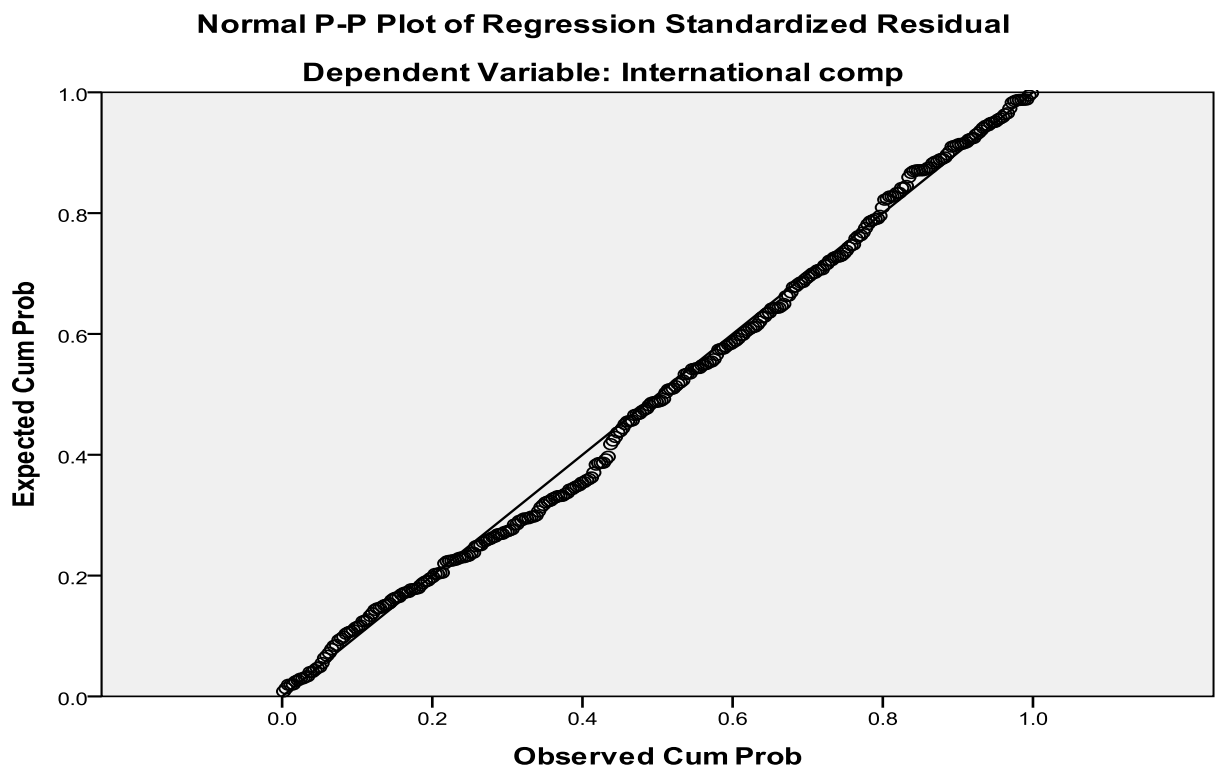
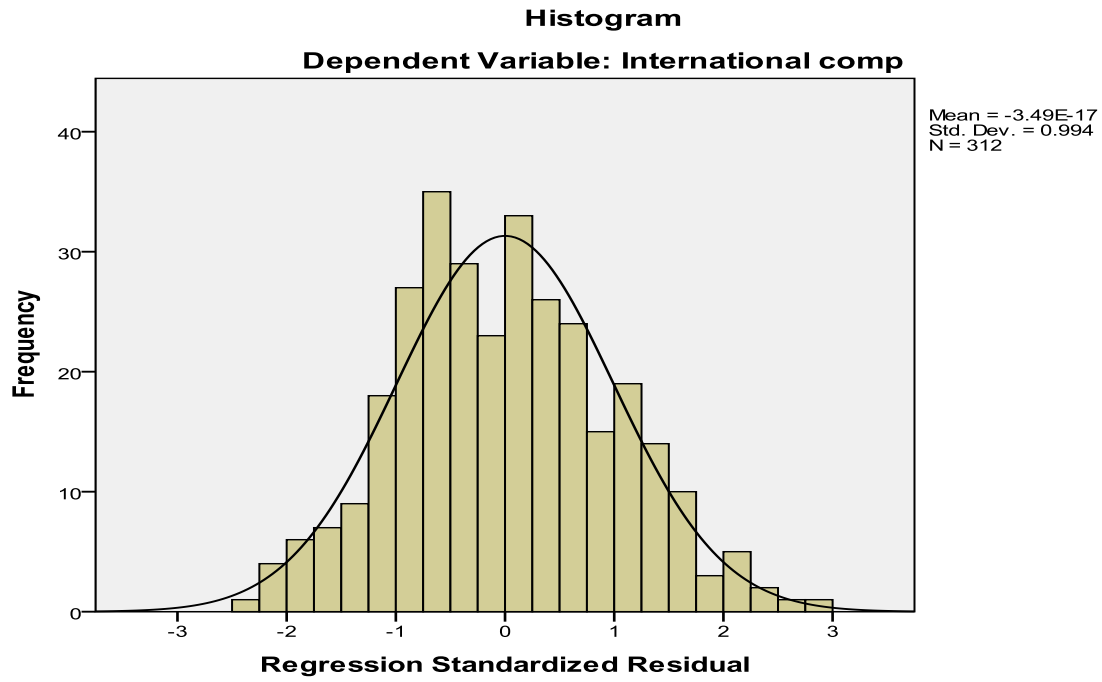
Case Number	Std. Residual	International comp	Predicted Value	Residual
18	2.236	1.56	.0549	1.50862
33	2.120	1.57	.1373	1.43029
38	-2.395	-.89	.7266	-1.61543
91	2.251	1.40	-.1206	1.51877
165	-2.216	-1.41	.0885	-1.49487
171	-2.069	-1.14	.2556	-1.39606
177	2.243	1.27	-.2442	1.51305
187	2.974	2.12	.1105	2.00668
191	2.179	1.47	-.0041	1.47001
216	-2.055	-1.34	.0437	-1.38620
232	2.226	1.43	-.0741	1.50183
236	-2.069	-1.14	.2556	-1.39606
248	2.553	1.65	-.0768	1.72245
283	2.260	1.72	.2003	1.52450

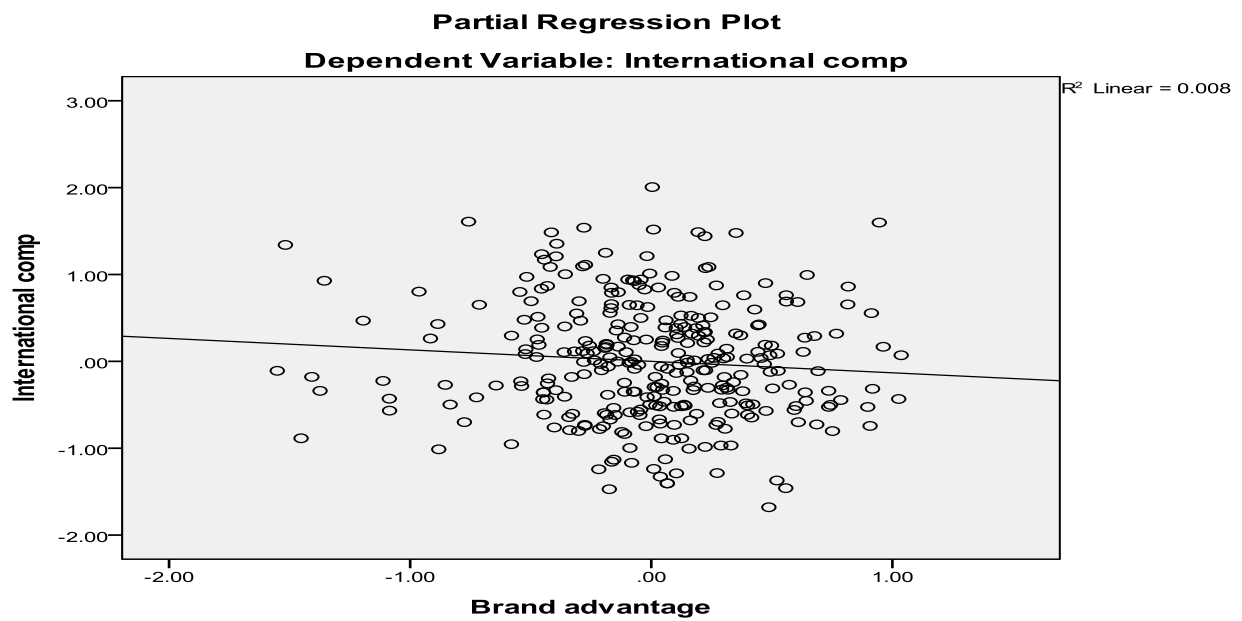
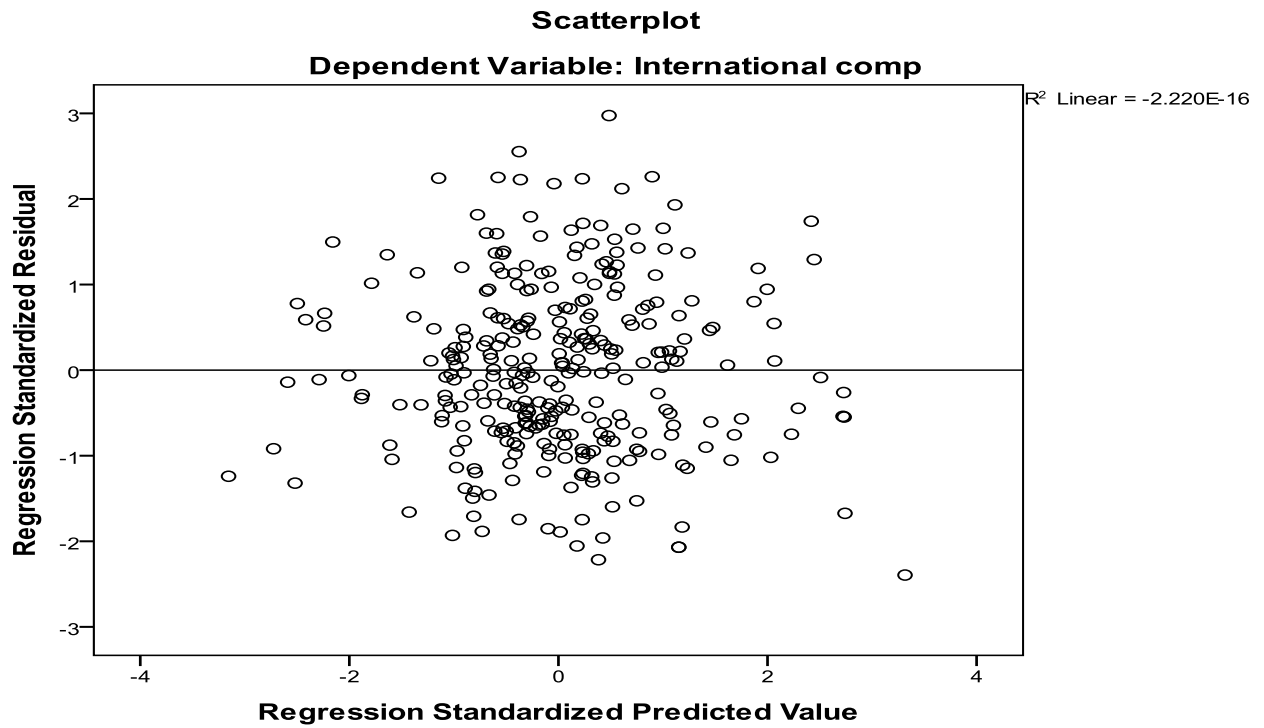
a. Dependent Variable: International comp

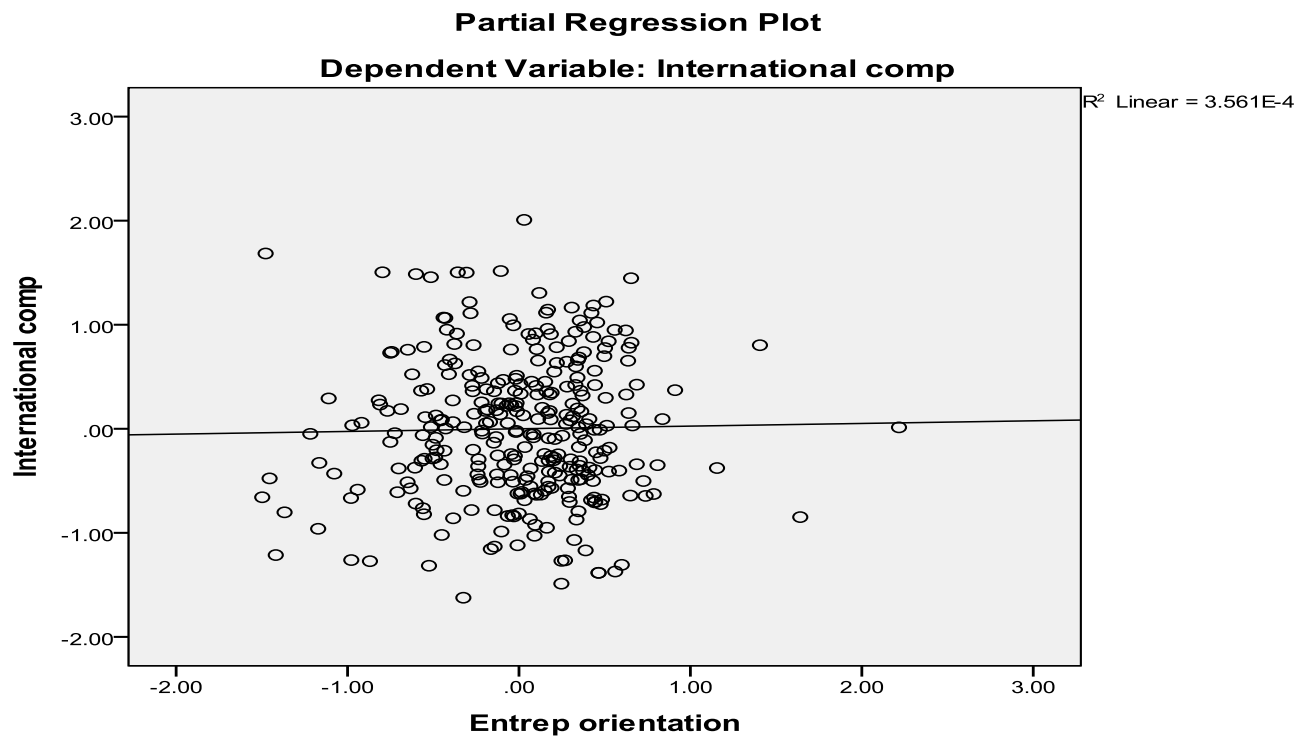
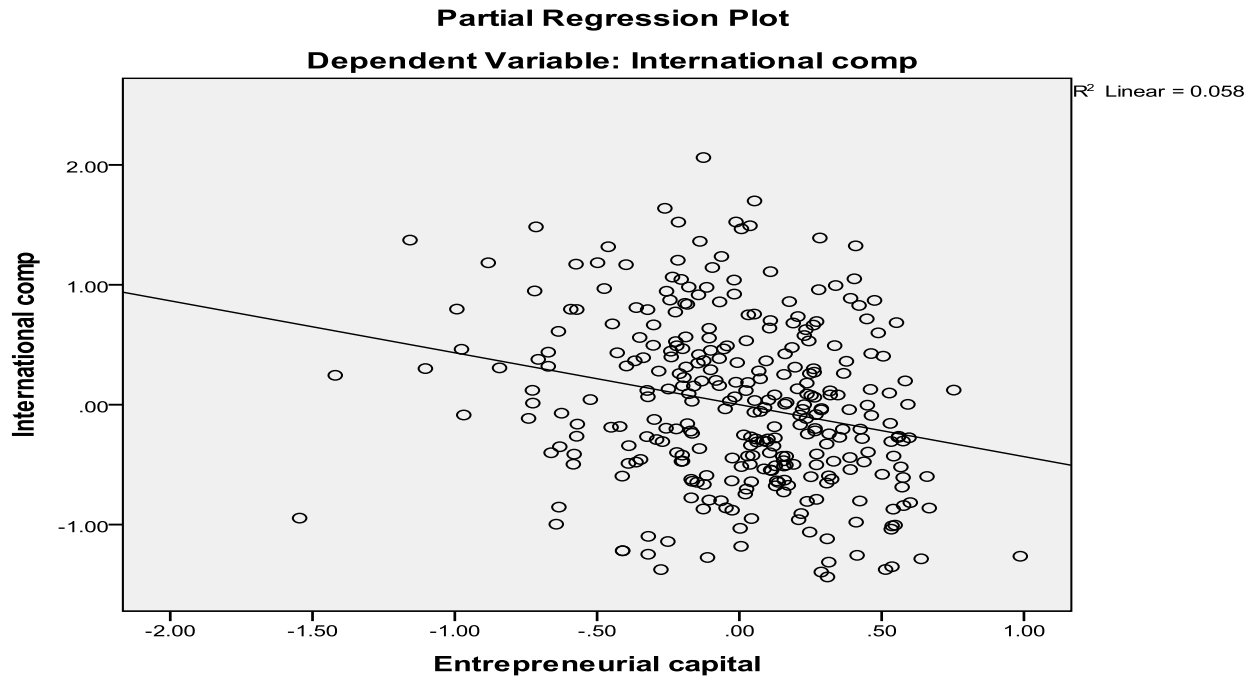
Residuals Statistics^a

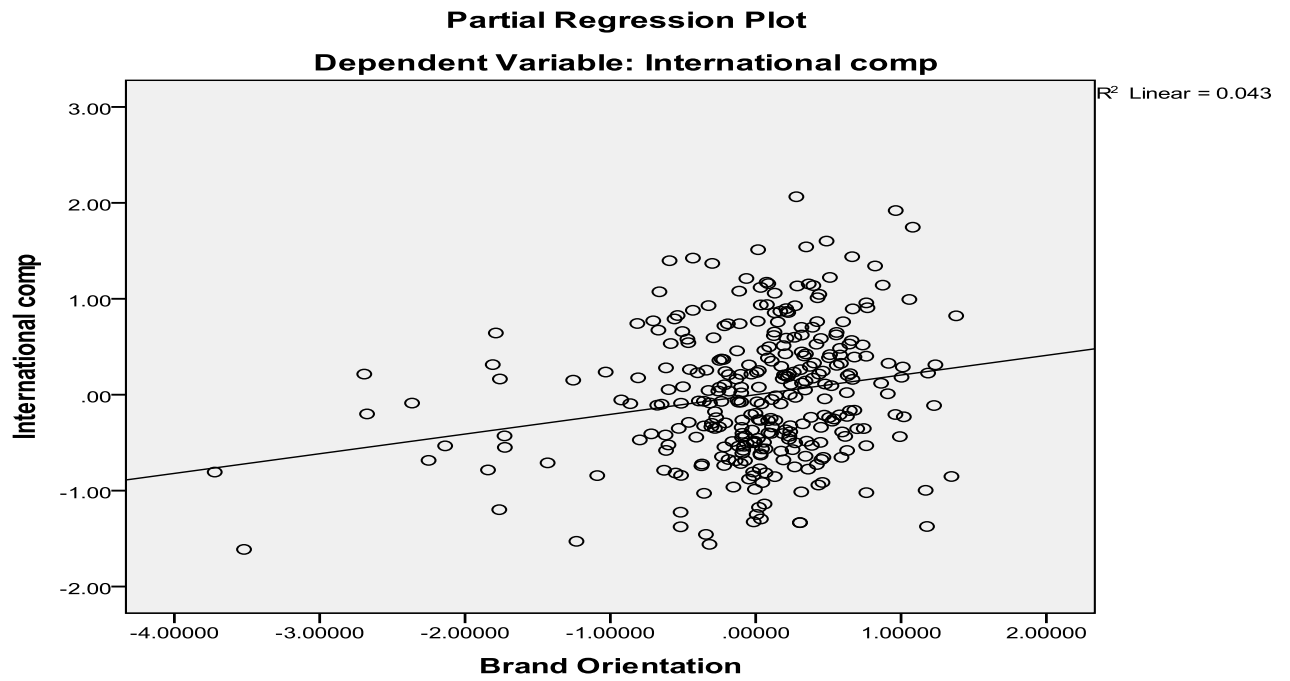
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-.6816	.7266	.0051	.21762	312
Residual	-1.61543	2.00668	.00000	.67028	312
Std. Predicted Value	-3.155	3.315	.000	1.000	312
Std. Residual	-2.395	2.974	.000	.994	312

a. Dependent Variable: International comp









Appendix 6: Descriptive Statistics for Measurement Scales

Appendix 6A: Entrepreneurial Capital Scale

Descriptive Statistics				
	Mean	S. D	N	Missing N
As the owner/manager, i borrow from external sources to invest in the business	3.64	1.655	312	0
I have offered personal property as collateral to financial institutions to secure working capital for this business	3.58	1.701	310	2
The size of personal investment in this business is greater than 50 percent	5.01	1.451	311	1
I often organize for additional funds from personal sources whenever needed	4.89	1.395	312	0
I have used my personal savings to finance this business	4.91	1.327	311	1
I have often invested my dividends into this company	4.64	1.414	311	1
I have good knowledge of our foreign markets including the history, language and culture, ethics and aesthetics	4.731	1.2722	312	0
I have many years of previous international experience in marketing and management	4.545	1.2798	312	0
I lived and worked abroad before starting or working in this company	3.423	1.8415	312	0
I have extensive international travel knowledge and experience	4.361	1.5042	312	0
I am aware of the nature of operations in our foreign markets including production, marketing and distribution systems	4.838	1.2882	312	0
I generate a high volume of marketing and business information from my networks	5.21	.880	312	0
My networks offers me a high degree of accessibility to financial resources	4.23	1.305	311	1
Through networks, I have access to government support and expert advice	3.70	1.460	308	4
Is a well-known personality	4.96	.888	312	0
Holds positions of responsibility in society and business networks	4.93	1.004	312	0
Has concern for employees and society needs	4.94	.707	311	1
Cooperates well with other people including employees	5.10	.569	312	0
Is an inspiration to other people	5.18	.580	312	0

Appendix.6B: Brand Orientation
Descriptive Statistics

	Mean	Std. Deviation	Analysis N	Missing N
In the past years, we have initiated a lot of marketing communications to establish a recognizable and preferred brand	5.04	1.076	310	2
We have designed a clear brand vision and mission	5.09	1.111	310	2
We maintain a consistent brand design in form of color and other symbols	5.16	1.096	309	3
We have legally protected our brand name and logo	5.20	1.214	310	2
We often consider the brand image in selecting our suppliers and business partners	5.17	1.061	310	2
It is important to us that our products are perceived as brands	5.25	1.065	311	1
The brand name is included on all company communication media	5.18	1.110	309	3
In my company the marketing budget has been increasing over the years	4.61	1.041	309	3
We undertake a lot of research to find out future needs and expectations of our customers in managing the brand	4.71	1.046	312	0
In this company, everybody understands that branding our product/service is a top priority	4.75	1.258	312	0
We have created marketing and management responsibilities to guide every day handling of our brand.	4.77	1.021	312	0
Quick and personalized service is a key brand value of this company	5.12	1.126	312	0
we have developed both internal and external brand communication rules and policies	4.72	1.098	312	0
the use of branded items is part of our culture	4.84	1.120	312	0
We have developed a brand building activity plan for this company	4.76	1.138	312	0
We are mindful of the brand image when planning our marketing activities	5.12	1.024	312	0
A brand is an important intangible asset for my company	5.37	1.021	312	0

Appendix 6C: Entrepreneurial Orientation

Descriptive Statistics

	Mean	Std. Deviation	Analysis N	Missing N
In the last five year, we have invested resources in expansion of production capacity and space	5.21	.831	311	1
I have great readiness to assume risks in order to reach the company objectives	5.21	.767	310	2
Searching for new opportunities is part of my routine activities	5.32	.782	312	0
In risky situations, I solicit for information to minimize the cost of wrong decisions	5.28	.768	310	2
we have initiated plans to keep customers we already have	5.30	.681	311	1
Over the past five years, we have made improvements in our product or service offer	5.33	.675	311	1
Continuously improving the quality of our product and service is a key goal for this company	5.48	.636	312	0
No matter the challenges, I have great interest in making this business succeed	5.53	.566	312	0
Over the past five years, this company has planned new products to introduce to the market in the future	4.90	.964	312	0
I have tried different things to make this business survive	5.07	.754	311	1
Over the past five years, we have planned new markets to enter	5.04	.795	312	0

Appendix 6D: Brand Advantage

Descriptive Statistics

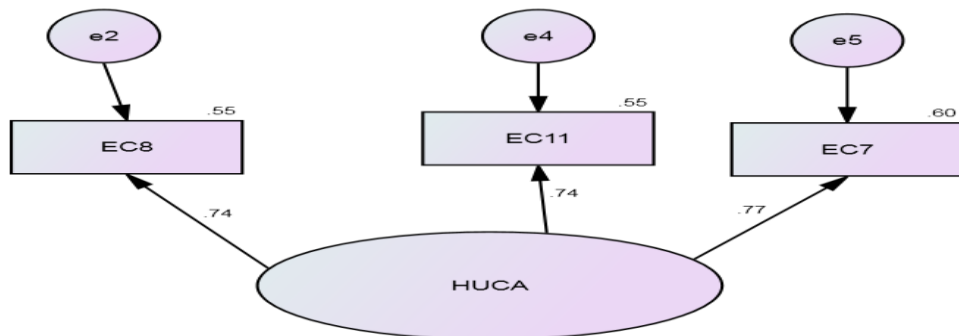
	Mean	Std. Deviation	Analysis N	Missing N
I can pronounce the brand name of this product with ease	6.359	.6410	312	0
This brand is easily identified from others	6.196	.6291	312	0
The design of this brand is distinct and outstanding from others	6.000	.6465	312	0
The brand name is ease to recall	6.479	.5827	312	0
I understand and associate with this brand	6.160	.5893	312	0
This brand has consistent quality	6.333	.6449	312	0
This brand has elements that uniquely identify it from others on the market	5.955	.7113	312	0
I believe that the quality of this brand is good	6.327	.5689	312	0
I tend to attach great importance and value to this brand	6.087	.5745	312	0
This brand offers good value for money compared to competing ones	6.179	.6414	312	0
Using this brand makes me feel good and confident	6.122	.4988	312	0
To me this brand is highly trusted/confident	5.910	.7025	312	0
The brand colors and design are impressive to me	5.846	.6819	312	0
This brand is highly desired	5.772	.7915	312	0
I/we are likely to buy this brand again	6.308	.6477	312	0
I am willing to recommend this brand to others	6.535	.5772	312	0

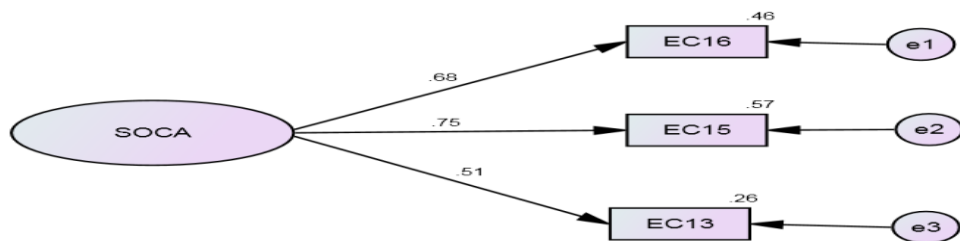
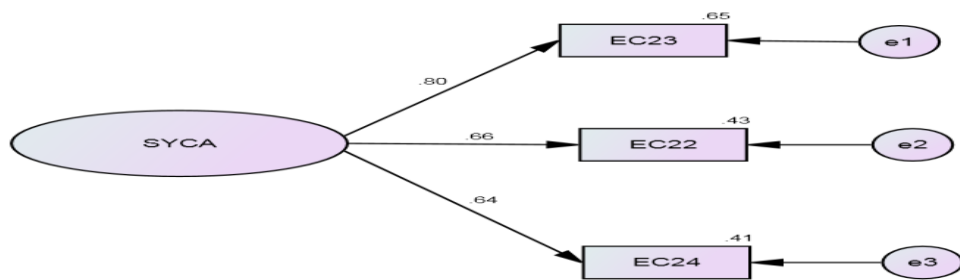
Appendix 6E: International Competitiveness

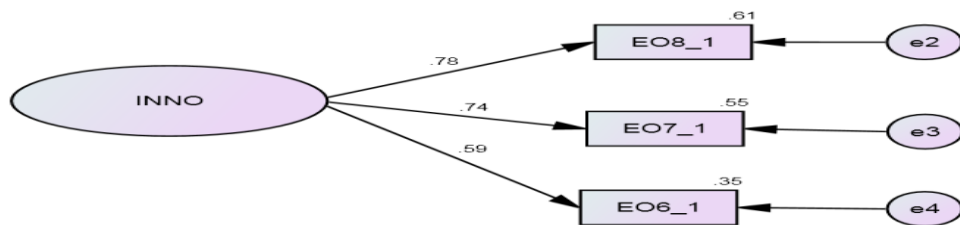
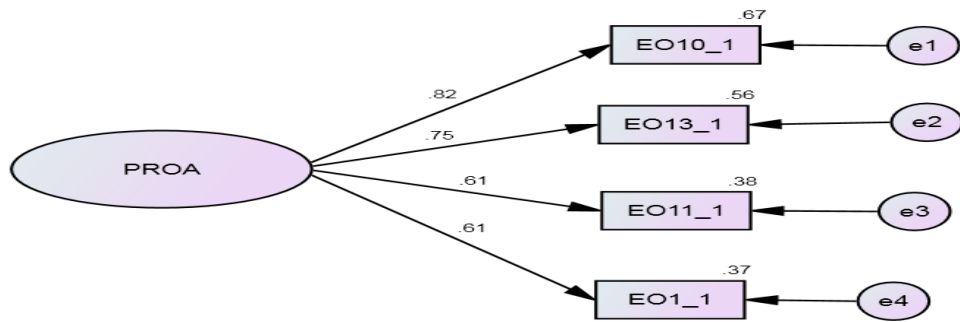
Descriptive Statistics

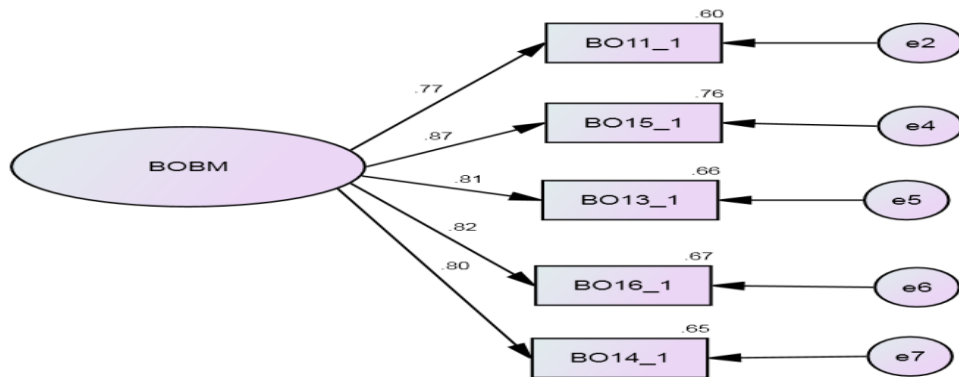
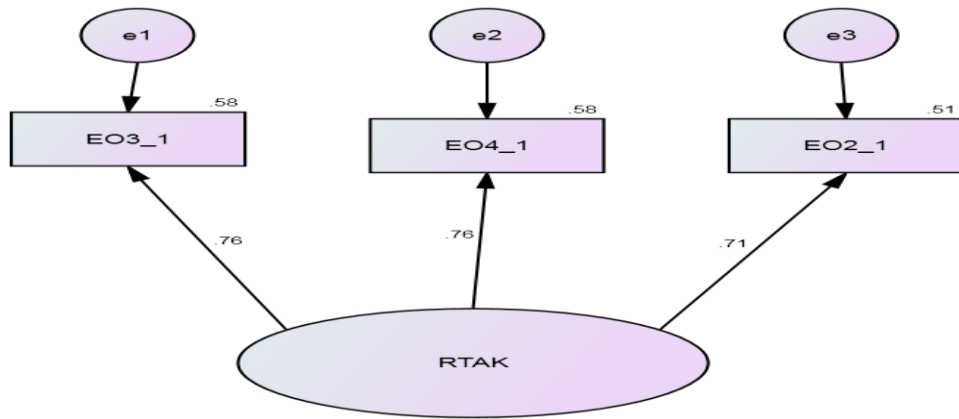
	Mean	Std. Deviation	Analysis N
Average growth in profit after tax over the last 5 years	2.37	1.302	294
Average growth in market share over the last 5 years	2.01	1.412	294
Average growth in ROI over the last 5 years	2.41	1.421	294
Average growth in number of foreign markets over the last 5 years	2.13	1.418	294
Average growth in price levels over the last 5 years	2.37	1.364	294
growth target in profit after tax for the next 3 years	2.96	1.552	294
growth target in market share for the next 3 years	2.85	1.547	294
growth target in ROI for the next 3 years	3.13	1.680	294
growth target in number of foreign markets for the next 3 years	2.87	1.639	294
growth target in price level for the next 3 years	2.63	1.479	294

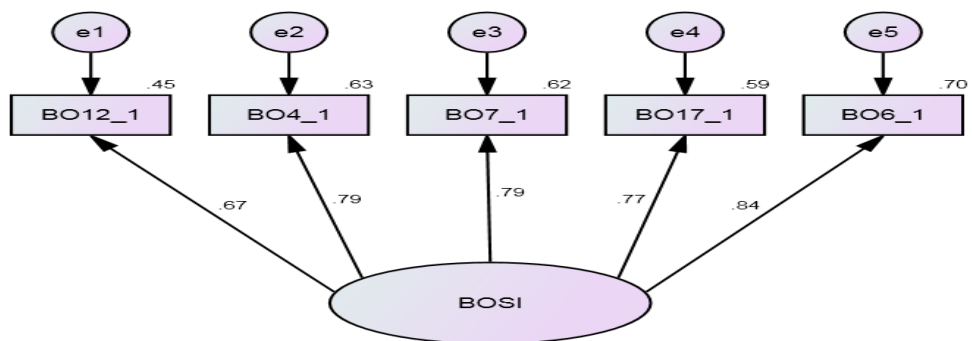
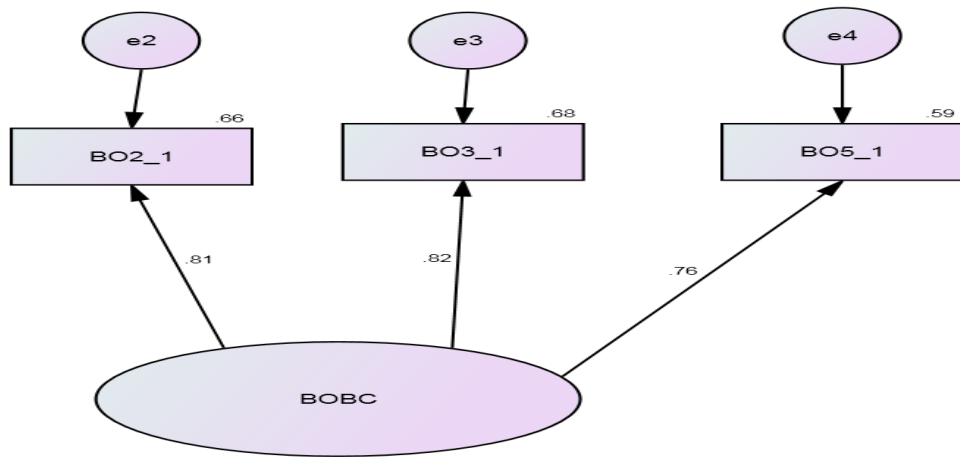
Appendix 7: CFA Models for Subscales

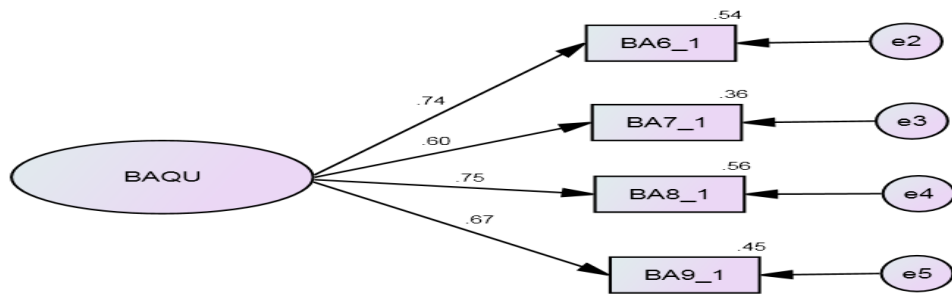
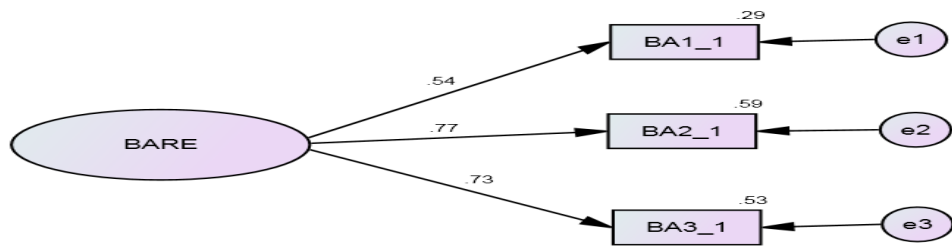


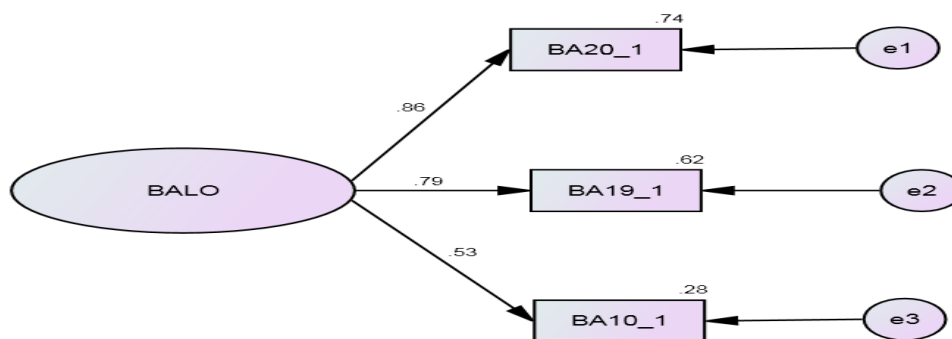
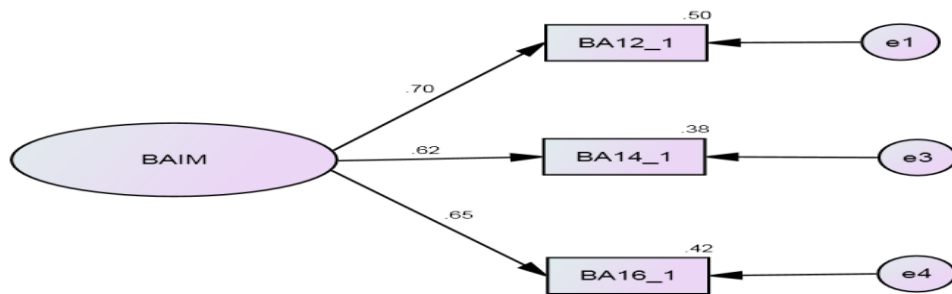




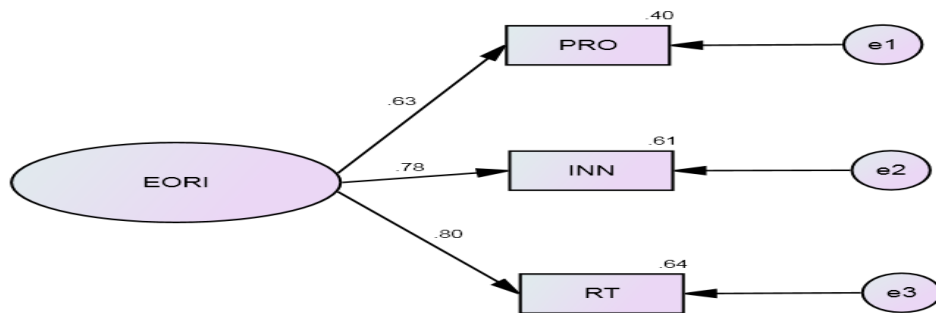
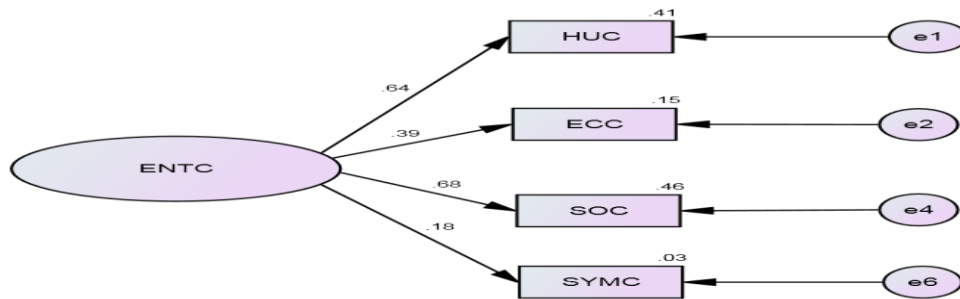


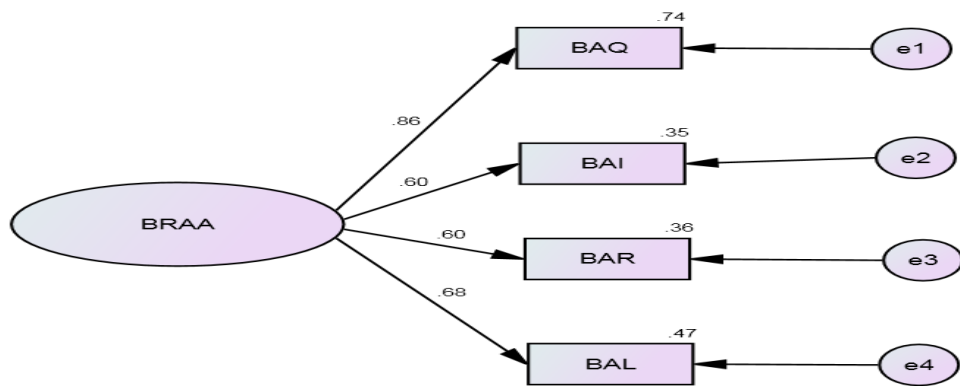
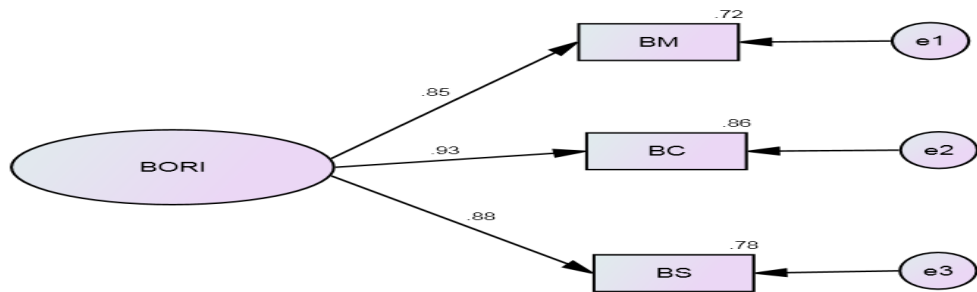






Appendix 8: Second Order CFA Models





Appendix 9: Correlations among Latent Variables in CFA Model

Path			Estimate	R2
EORI	<-->	ICC	-0.052	0.003
BORI	<-->	ICC	-0.025	0.001
BRAA	<-->	ICC	-0.234	0.055
BORI	<-->	BRAA	0.44	0.194
EORI	<-->	BRAA	0.37	0.137
ENTCA	<-->	BRAA	0.4	0.160
EORI	<-->	BORI	0.73	0.533
ENTCA	<-->	BORI	0.752	0.566
ENTCA	<-->	EORI	0.615	0.378
ENTCA	<-->	ICC	-0.267	0.071

Appendix 10: Multivariate Analysis of Variance

Appendix 10A: Results for Assumptions of MANOVA

Box's Test of Equality of covariance Matrices				
Box's M	70.894			
F	2.283			
df1	30			
df2	75484.350			
Sig.	.000			
Levene's Test of Equality of Error Variance				
Dependent Variables	F	df1	df2	Sig.
Entrepreneurial capital	1.397	2	301	.249
Entrepreneurial Orientation	1.591	2	301	.205
Brand Orientation	3.782	2	301	.024
Brand Advantage	.245	2	301	.783
Int competitiveness	8.893	2	301	.000
Bartlett's Test of Sphericity				
Likelihood Ratio	.000			
Approx. Chi-Square	866.859			
Df	14			
Sig.	.000			

Appendix 10B: Multiple Comparisons

Dependent Variable		(I) Response group	(J) Response group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Entrepreneurial capital	Gabriel	wave1	wave 2	-.2648	.08836	.006	-.4701	-.0594
			wave 3	-.1262	.09695	.435	-.3482	.0958
		wave 2	wave1	.2648	.08836	.006	.0594	.4701
			wave 3	.1386	.11487	.539	-.1367	.4139
		wave 3	wave1	.1262	.09695	.435	-.0958	.3482
			wave 2	-.1386	.11487	.539	-.4139	.1367
	Hochberg	wave1	wave 2	-.2648	.08836	.009	-.4769	-.0526
			wave 3	-.1262	.09695	.476	-.3589	.1066
		wave 2	wave1	.2648	.08836	.009	.0526	.4769
			wave 3	.1386	.11487	.540	-.1372	.4144
		wave 3	wave1	.1262	.09695	.476	-.1066	.3589
			wave 2	-.1386	.11487	.540	-.4144	.1372
	Games- Howell	wave1	wave 2	-.2648	.07965	.003	-.4535	-.0760
			wave 3	-.1262	.10015	.422	-.3653	.1130
		wave 2	wave1	.2648	.07965	.003	.0760	.4535
			wave 3	.1386	.10976	.420	-.1227	.3999
		wave 3	wave1	.1262	.10015	.422	-.1130	.3653
			wave 2	-.1386	.10976	.420	-.3999	.1227
EOR	Gabriel	wave1	wave 2	-.0562	.07588	.828	-.2325	.1202
			wave 3	.0617	.08326	.822	-.1289	.2524
		wave 2	wave1	.0562	.07588	.828	-.1202	.2325
			wave 3	.1179	.09865	.547	-.1185	.3543
		wave 3	wave1	-.0617	.08326	.822	-.2524	.1289
			wave 2	-.1179	.09865	.547	-.3543	.1185
	Hochberg	wave1	wave 2	-.0562	.07588	.842	-.2383	.1260
			wave 3	.0617	.08326	.841	-.1382	.2616
		wave 2	wave1	.0562	.07588	.842	-.1260	.2383
			wave 3	.1179	.09865	.548	-.1189	.3547
		wave 3	wave1	-.0617	.08326	.841	-.2616	.1382
			wave 2	-.1179	.09865	.548	-.3547	.1189
	Games- Howell	wave1	wave 2	-.0562	.06663	.677	-.2139	.1016
			wave 3	.0617	.08083	.726	-.1310	.2544
		wave 2	wave1	.0562	.06663	.677	-.1016	.2139
			wave 3	.1179	.08692	.368	-.0890	.3247
		wave 3	wave1	-.0617	.08083	.726	-.2544	.1310
			wave 2	-.1179	.08692	.368	-.3247	.0890
Brand Orientation	Gabriel	wave1	wave 2	-.2113	.12491	.225	-.5016	.0789

			wave 3		.0218	.13706	.998	-.2921	.3356
			wave 2	wave1	.2113	.12491	.225	-.0789	.5016
			wave 3		.2331	.16239	.388	-.1560	.6222
			wave 3	wave1	-.0218	.13706	.998	-.3356	.2921
				wave 2	-.2331	.16239	.388	-.6222	.1560
		Hochberg	wave1	wave 2	-.2113	.12491	.250	-.5112	.0885
				wave 3	.0218	.13706	.998	-.3073	.3508
			wave 2	wave1	.2113	.12491	.250	-.0885	.5112
				wave 3	.2331	.16239	.390	-.1568	.6229
			wave 3	wave1	-.0218	.13706	.998	-.3508	.3073
				wave 2	-.2331	.16239	.390	-.6229	.1568
		Games- Howell	wave1	wave 2	-.2113	.10640	.120	-.4636	.0409
				wave 3	.0218	.17012	.991	-.3862	.4297
			wave 2	wave1	.2113	.10640	.120	-.0409	.4636
				wave 3	.2331	.18114	.407	-.1996	.6658
			wave 3	wave1	-.0218	.17012	.991	-.4297	.3862
				wave 2	-.2331	.18114	.407	-.6658	.1996

BRA	Gabriel	wave1	wave 2	-.0633	.05639	.572	-.1943	.0677	
			wave 3	.0783	.06188	.459	-.0634	.2200	
		wave 2	wave1	.0633	.05639	.572	-.0677	.1943	
			wave 3	.1416	.07331	.153	-.0341	.3173	
		wave 3	wave1	-.0783	.06188	.459	-.2200	.0634	
			wave 2	-.1416	.07331	.153	-.3173	.0341	
		Hochberg	wave1	wave 2	-.0633	.05639	.598	-.1987	.0721
				wave 3	.0783	.06188	.500	-.0703	.2268
			wave 2	wave1	.0633	.05639	.598	-.0721	.1987
				wave 3	.1416	.07331	.154	-.0344	.3176
			wave 3	wave1	-.0783	.06188	.500	-.2268	.0703
				wave 2	-.1416	.07331	.154	-.3176	.0344
		Games- Howell	wave1	wave 2	-.0633	.05453	.479	-.1927	.0661
				wave 3	.0783	.06042	.402	-.0659	.2224
			wave 2	wave1	.0633	.05453	.479	-.0661	.1927
				wave 3	.1416	.06998	.112	-.0247	.3079
			wave 3	wave1	-.0783	.06042	.402	-.2224	.0659
	wave 2		-.1416	.06998	.112	-.3079	.0247		

Int competitiveness	Gabriel	wave1	wave 2	.2189	.17644	.489	-.1911	.6288
			wave 3	.5220	.19360	.015	.0787	.9653
		wave 2	wave1	-.2189	.17644	.489	-.6288	.1911
			wave 3	.3032	.22938	.461	-.2465	.8528
		wave 3	wave1	-.5220	.19360	.015	-.9653	-.0787
			wave 2	-.3032	.22938	.461	-.8528	.2465

	Hochberg	wave1	wave 2	.2189	.17644	.517	-.2047	.6424
			wave 3	.5220	.19360	.022	.0573	.9868
		wave 2	wave1	-.2189	.17644	.517	-.6424	.2047
			wave 3	.3032	.22938	.462	-.2475	.8538
		wave 3	wave1	-.5220	.19360	.022	-.9868	-.0573
			wave 2	-.3032	.22938	.462	-.8538	.2475
	Games- Howell	wave1	wave 2	.2189	.16884	.400	-.1814	.6191
			wave 3	.5220	.16194	.005	.1374	.9067
		wave 2	wave1	-.2189	.16884	.400	-.6191	.1814
			wave 3	.3032	.18961	.250	-.1471	.7535
		wave 3	wave1	-.5220	.16194	.005	-.9067	-.1374
			wave 2	-.3032	.18961	.250	-.7535	.1471

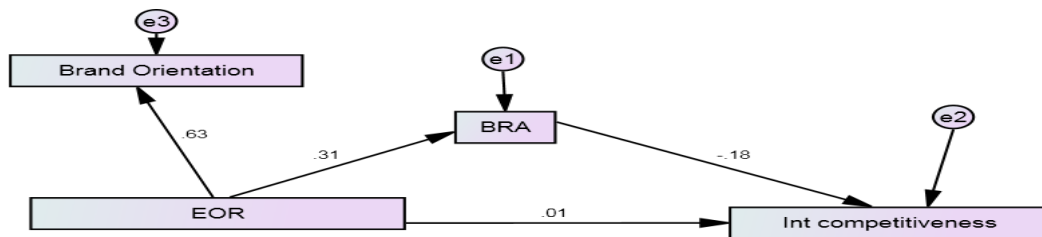
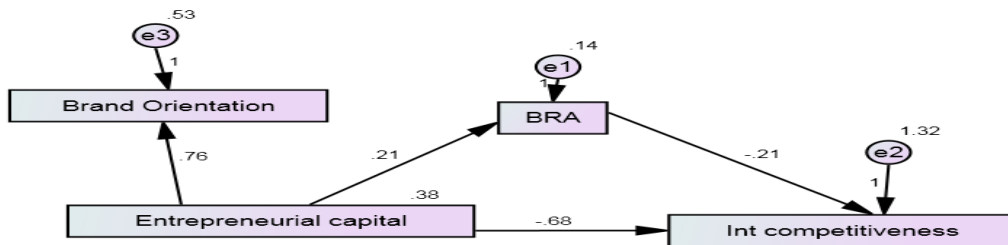
Difference is significant at .05

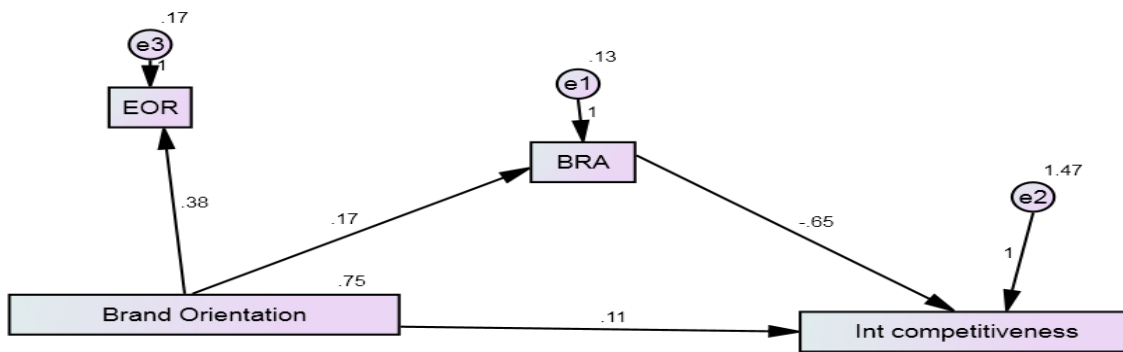
Appendix 11: Bootstrap Significance Testing for Mediation

Appendix 11A: Statistical Fit Estimates for Bootstrap Mediation Models

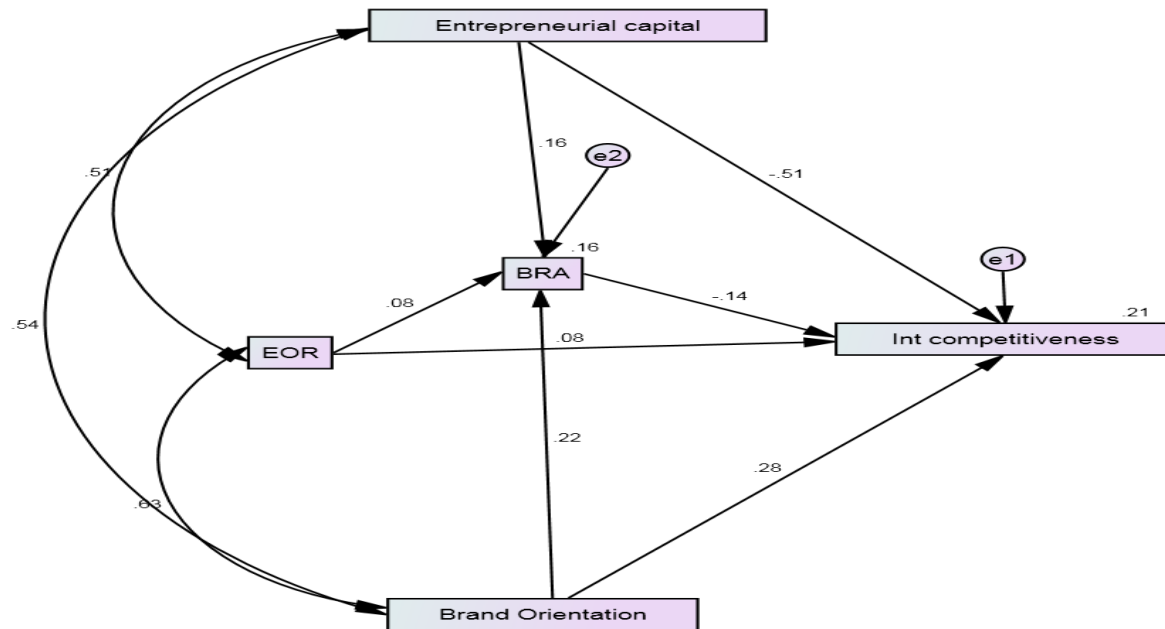
4-Variable Model	X2	Df	P	GFI	AGFI	TLI	RMSEA
ENTCA	41.70	2	0.000	0.94	0.70	0.46	0.26
EORI	18.93	2	0.000	0.97	0.85	0.75	0.17
BORI	4.02	2	0.134	0.99	0.97	0.97	0.06

Appendix 11B: Bootstrap Mediation Models





Appendix 12: Main Effects Path Diagram



Appendix 13: Covariance, Correlation and Variance Matrices

Appendix 13A: Covariances, Correlations and Variances for the Partially Mediated Model

Path			Covariances	S.E.	C.R.	P	Correlations
B4	<-->	ENTCA	-0.01	0.02	-0.68	0.5	-0.04
ENTCA	<-->	BOR	0.29	0.04	8.31	***	0.54
EOR	<-->	BOR	0.29	0.03	9.26	***	0.63
BOR	<-->	B5	-0.54	0.08	-6.58	***	-0.41
ENTCA	<-->	EOR	0.17	0.02	7.89	***	0.51
B4	<-->	EOR	-0.02	0.02	-1.03	0.305	-0.06
EOR	<-->	B5	-0.18	0.05	-3.89	***	-0.23
ENTCA	<-->	B5	-0.27	0.06	-4.74	***	-0.28
B4	<-->	B5	0.01	0.05	0.15	0.879	0.01
B4	<-->	BOR	-0.05	0.03	-1.85	0.065	-0.11

Variable	Estimate	S.E.	C.R.	P
B4	0.33	0.03	12.31	***
ENTCA	0.39	0.03	12.31	***
EOR	0.28	0.02	12.31	***
BOR	0.75	0.06	12.31	***

B5	2.31	0.19	12.31	***
e2	0.14	0.01	12.31	***
e1	1.20	0.10	12.31	***

Appendix 13B: Covariances, Correlations and Variances in the Partially Interacted Model

Covariances and Correlations in Interaction Model							
Path			Covariance	S.E.	C.R.	P	Correlation
ECxEOxBO	<-->	B5	-22.47	3.64	-6.18	***	-0.38
B5	<-->	B4	0.01	0.05	0.15	0.879	0.01
ECxEOxBO	<-->	B4	-1.61	1.29	-1.25	0.213	-0.07
B4	<-->	EOR	-0.02	0.02	-1.03	0.305	-0.06
ECxEOxBO	<-->	EOR	16.25	1.50	10.82	***	0.79
B5	<-->	EOR	-0.18	0.05	-3.89	***	-0.23
ECxEOxBO	<-->	ENTCA	19.84	1.80	11.05	***	0.82
B4	<-->	ENTCA	-0.01	0.02	-0.68	0.5	-0.04
EOR	<-->	ENTCA	0.17	0.02	7.89	***	0.51
EOR	<-->	BOR	0.29	0.03	9.26	***	0.63
ECxEOxBO	<-->	BOR	29.56	2.58	11.46	***	0.87
BOR	<-->	ENTCA	0.29	0.04	8.31	***	0.54
B4	<-->	BOR	-0.05	0.03	-1.85	0.065	-0.11
B5	<-->	BOR	-0.54	0.08	-6.58	***	-0.41
B5	<-->	ENTCA	-0.27	0.06	-4.74	***	-0.28

Variances in Interaction Model

Path	Estimate	S.E.	C.R.	P
		123.1		
ECxEOxBO	1515.88	6	12.31	***
B5	2.31	0.19	12.31	***
B4	0.33	0.03	12.31	***
EOR	0.28	0.02	12.31	***
BOR	0.75	0.06	12.31	***
ENTCA	0.39	0.03	12.31	***
e2	0.14	0.01	12.31	***
e1	1.17	0.10	12.31	***

Appendix 14: Harman's Single Factor Test

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	23.933	19.301	19.301	23.933	19.301	19.301
2	10.351	8.347	27.648			
3	5.184	4.180	31.829			
4	4.454	3.592	35.421			
5	3.771	3.041	38.462			
6	3.498	2.821	41.282			
7	2.582	2.082	43.365			
8	2.485	2.004	45.369			
9	2.291	1.847	47.216			
10	2.189	1.765	48.982			
11	2.117	1.707	50.689			
12	1.874	1.511	52.201			
13	1.845	1.488	53.688			
14	1.835	1.480	55.168			
15	1.732	1.396	56.564			
16	1.670	1.347	57.911			
17	1.601	1.291	59.203			
18	1.528	1.232	60.435			
19	1.503	1.212	61.647			
20	1.462	1.179	62.826			
21	1.430	1.153	63.980			
22	1.348	1.087	65.067			
23	1.282	1.034	66.100			
24	1.232	.993	67.094			
25	1.205	.972	68.066			
26	1.139	.919	68.984			
27	1.121	.904	69.888			
28	1.096	.884	70.772			
29	1.085	.875	71.647			
30	1.057	.852	72.499			
31	1.032	.832	73.332			
32	1.007	.812	74.144			
33	.986	.795	74.939			
34	.972	.784	75.723			
35	.966	.779	76.502			
36	.930	.750	77.252			

37	.855	.689	77.941		
38	.841	.679	78.620		
39	.814	.657	79.276		
40	.799	.645	79.921		
41	.790	.637	80.558		
42	.771	.621	81.179		
43	.725	.585	81.764		
44	.719	.580	82.344		
45	.710	.573	82.917		
46	.696	.561	83.478		
47	.660	.532	84.010		
48	.637	.514	84.524		
49	.632	.509	85.033		
50	.610	.492	85.525		
51	.587	.474	85.998		
52	.574	.463	86.461		
53	.566	.457	86.918		
54	.552	.445	87.363		
55	.542	.437	87.800		
56	.522	.421	88.221		
57	.508	.410	88.631		
58	.492	.397	89.028		
59	.480	.387	89.415		
60	.464	.374	89.790		
61	.457	.368	90.158		
62	.440	.355	90.512		
63	.430	.346	90.859		
64	.421	.339	91.198		
65	.415	.334	91.532		
66	.397	.320	91.852		
67	.393	.317	92.169		
68	.383	.309	92.478		
69	.358	.289	92.766		
70	.348	.280	93.047		
71	.339	.274	93.320		
72	.325	.262	93.583		
73	.317	.256	93.839		
74	.316	.255	94.093		
75	.306	.247	94.340		
76	.301	.243	94.583		

77	.293	.237	94.820		
78	.285	.230	95.050		
79	.278	.224	95.274		
80	.271	.218	95.493		
81	.256	.207	95.699		
82	.250	.202	95.901		
83	.242	.195	96.096		
84	.233	.188	96.284		
85	.229	.185	96.469		
86	.227	.183	96.652		
87	.215	.174	96.826		
88	.211	.170	96.996		
89	.197	.159	97.155		
90	.189	.153	97.308		
91	.186	.150	97.458		
92	.181	.146	97.604		
93	.170	.137	97.741		
94	.165	.133	97.874		
95	.154	.124	97.998		
96	.149	.120	98.118		
97	.146	.118	98.237		
98	.143	.116	98.352		
99	.141	.114	98.466		
100	.134	.108	98.574		
101	.125	.101	98.675		
102	.121	.098	98.773		
103	.117	.095	98.868		
104	.115	.093	98.961		
105	.112	.090	99.051		
106	.103	.083	99.134		
107	.092	.074	99.209		
108	.087	.070	99.279		
109	.084	.068	99.347		
110	.081	.065	99.412		
111	.078	.063	99.474		
112	.072	.058	99.532		
113	.066	.053	99.585		
114	.062	.050	99.635		
115	.059	.048	99.683		
116	.057	.046	99.729		

117	.054	.044	99.772			
118	.051	.041	99.814			
119	.048	.038	99.852			
120	.044	.035	99.888			
121	.041	.033	99.921			
122	.035	.028	99.949			
123	.034	.027	99.976			
124	.029	.024	100.000			

Extraction Method: Principal Component Analysis.

Appendix15. Descriptive Statistics for Confirmed Item Variables in CFA models

	Mean	S.D	Skewness Statistic	S. E	Kurtosis Statistic	S. E
Entrepreneurial capital						
The size of personal investment is greater than 50 %	5.01	1.45	-1.64	0.14	1.67	0.28
I organize for additional funds	4.88	1.41	-1.51	0.14	1.42	0.28
I have used my personal savings to finance this business	4.91	1.34	-1.45	0.14	1.45	0.28
I have often invested my dividends into this company	4.65	1.42	-1.24	0.14	0.71	0.28
I have good knowledge of our foreign markets	4.72	1.28	-1.11	0.14	0.62	0.28
International experience in marketing and management	4.53	1.29	-1.07	0.14	0.84	0.28
I am aware of operations in our foreign markets	4.83	1.30	-1.40	0.14	1.59	0.28
I generate marketing and business information from networks	5.21	0.88	-1.01	0.14	0.30	0.28
My networks offers me access to financial resources	4.23	1.30	-0.74	0.14	0.15	0.28
Networks offer access to government support	3.72	1.46	-0.38	0.14	-0.76	0.28
Has concern for employees and society needs	4.94	0.71	-0.43	0.14	0.31	0.28
Cooperates well with other people including employees	5.10	0.57	0.01	0.14	0.03	0.28
Is an inspiration to other people	5.18	0.58	-0.04	0.14	-0.27	0.28
Brand Orientation						
We have designed a clear brand vision and mission	5.09	1.11	-1.51	0.14	1.85	0.28
We maintain a consistent brand design	5.15	1.10	-1.55	0.14	1.85	0.28
We have legally protected our brand name and logo	5.18	1.23	-1.62	0.14	1.54	0.28
We consider the brand image in selecting our suppliers	5.16	1.07	-1.52	0.14	1.89	0.28
It is important that our products are perceived as brands	5.25	1.07	-1.61	0.14	2.02	0.28
The brand included on all company communications	5.18	1.11	-1.66	0.14	2.15	0.28
Marketing and management responsibilities for our brand.	4.75	1.03	-1.23	0.14	1.49	0.28
Quick and personalized service is a key brand value	5.11	1.14	-1.44	0.14	1.41	0.28
We have brand communication rules and policies	4.71	1.11	-1.05	0.14	0.62	0.28
We have developed a brand building activity plan	4.75	1.15	-1.13	0.14	0.74	0.28
Entrepreneurial Orientation						
I have great readiness to assume risks	5.22	0.78	-0.87	0.14	0.54	0.28
Searching for new opportunities is part of my routine activities	5.33	0.79	-1.52	0.14	3.45	0.28
In risky situations, we solicit for information	5.30	0.75	-0.83	0.14	0.16	0.28
We have initiated plans to keep customers we already have	5.31	0.68	-0.79	0.14	0.72	0.28
we have made improvements in our product or service	5.34	0.67	-0.99	0.14	1.61	0.28
Continuously improving quality is a key goal	5.49	0.64	-1.32	0.14	2.55	0.28

planned new products to introduce	4.90	0.97	-1.40	0.14	2.21	0.28
I have tried different things to make this business survive	5.08	0.76	-0.91	0.14	1.18	0.28
We have planned new markets to enter	5.05	0.80	-0.78	0.14	0.47	0.28
Brand Advantage						
I can pronounce the brand name of this product with ease	6.36	0.64	-0.49	0.14	-0.68	0.28
This brand is easily identified from others	6.19	0.63	-0.17	0.14	-0.58	0.28
The design of this brand is distinct and outstanding from others	5.99	0.64	0.01	0.14	-0.58	0.28
This brand has consistent quality	6.33	0.65	-0.44	0.14	-0.70	0.28
This brand has elements that uniquely identify it	5.95	0.71	-0.44	0.14	0.98	0.28
I believe that the quality of this brand is good	6.32	0.57	-0.13	0.14	-0.64	0.28
I attach great importance and value to this brand	6.08	0.58	0.00	0.14	-0.03	0.28
To me this brand is highly trusted	5.90	0.70	-0.60	0.14	0.74	0.28
The brand colors and design are impressive to me	5.84	0.69	-0.33	0.14	0.59	0.28
This brand is highly desired	5.77	0.80	-0.70	0.14	0.66	0.28
This brand offers good value for money	6.17	0.64	-0.18	0.14	-0.65	0.28
I/we are likely to buy this brand again	6.30	0.65	-0.39	0.14	-0.72	0.28
I am willing to recommend this brand to others	6.53	0.58	-0.78	0.14	-0.38	0.28
International Competitiveness						
Average growth in market share over the last 5 years	2.00	1.36	1.27	0.14	0.66	0.28
Growth target in profit after tax for the next 3 years	2.90	1.47	0.64	0.14	-0.25	0.28
Growth target in market share for the next 3 years	2.79	1.47	0.80	0.14	-0.33	0.28
Growth target in no. of foreign markets for the next 3 years	2.81	1.56	0.92	0.14	0.06	0.28
Valid N (listwise)	304					