CrossMark

The effect of internal capabilities and external environment on small- and medium-sized enterprises' international performance and the role of the foreign market scope: The case of the Malaysian halal food industry

Der Effekt von internen Kompetenzen und dem externen Umfeld auf den internationalen Unternehmenserfolg von KMU und die Moderator-Beziehung der geografische Reichweite: der Fall der Malaysischen Halal-Lebensmittelindustrie

Noor Azlin Ismail[1] · Olli Kuivalainen[2]

Abstract This study investigates the internal capabilities, the external environment, and the moderating effect of geographical scope (international or global geographical presence) on the international performance of small- and medium-sized enterprises in the Malaysian halal food industry. Although the majority of research on SME internationalization concerns developed countries and knowledge-intensive industries, this

Summary highlights *Contributions:* There are three main contributions of this study. First, this study integrates several theories to analyze the effect of internal and external factors on the international performance of SMEs. Second, by using geographical scope (number of regions) as a moderator, the study enhances our understanding of the effects of these factors between international and global SMEs. Third, by studying SMEs in the Malaysian halal food industry, the contextual knowledge of a developing country and global industry is being provided.

Research Questions/Purpose: How does geographical scope affect the relationship between internal and external factors as determinants of international performance in SMEs? We suggest that factors affecting SMEs' international performance are different depending on the level of geographical scope.

Results/Findings: Testing a research model through a multiple hierarchical regression analysis using data from 174 SMEs in the halal food manufacturing sector allowed us to explain the combined effect of internal capabilities, external environment, and geographical scope on international performance of these firms.

Limitations: We focus on a single industry in a single country, i.e., Malaysian halal food industry. The methodology has also its limitations as it is a cross-sectional study and the data were collected from single informants.

Theoretical Implications and Recommendations: The study confirms that determining the extent of international diversification, in other words the scope of the targeted foreign market, is an important strategic decision which has performance consequences as the firms operating in a wider market area performed better in our

study focuses on an emerging global industry from the perspective of a developing country. Furthermore, most of the literature on international entrepreneurship neglects the role of geographical scope as a moderator: current findings are still inconclusive with regard to the factors that affect performance on various levels of foreign market presence. The findings of our holistic study, in which we use several complementary theories as a backdrop, reveal the need to investigate internal and external factors in parallel with geographical scope to enhance understanding of their effect on the international performance of SMEs.

Zusammenfassung Diese Studie untersucht die internen Kompetenzen, das externe Umfeld und die Moderator-Beziehung der geografische Reichweite (internationale oder globale geografische Präsenz) auf den internationalen Unternehmenserfolg von kleinen und mittleren Unternehmen (KMU) in der malaysischen Halal Lebensmittelindustrie. Nachdem sich der Grossteil der empirischen Forschung bezüglich der Internationalisierung von KMU auf entwickelte Länder und wissensbasierte Branchen beschränkt, fokussiert diese Studie auf ein Entwicklungsland und einen darin befindlichen aufstrebenden industriellen Sektor. Weiters mangelt es in einem Gutteil der internationalen Entrepreneurshipliteratur an der Berücksichtigung von geografischer Reichweite: Gegenwärtige Erkenntnisse sind daher noch weitgehend unschlüssig in Bezug auf die Frage welche Faktoren den Unternehmenserfolg bei variierender Marktpräsenz beeinflussen. Diese Studie ist holistisch und baut auf einer Reihe von theoretischen Grundlagen auf. Wir stellen fest dass es wichtig ist, interne

context. Furthermore, we contribute by integrating existing "competing theories" as complementary views concerning the internal and external factors on SMEs' internationalization process (international versus global) and performance. The strongest explanatory variables turned out to be "foreign experimental knowledge" and "the globalization phenomenon," which confirmed that the Stage Theory should be used together with other complementary theories or frameworks in IE research. Finally, this study extended certain constructs related to the RBV and the institutional-based view by introducing the concept of "halal reputation" (which in more general terms relates to the country-level industry brand) as an additional construct referring to the internal capability under RBV for SMEs operating in the halal food industry.

Practical Implications and Recommendations: SMEs are recommended to examine their level of internal capabilities before they make the decision either to become international or global players. SMEs operating in a narrower geographical realm or international scope should rely more heavily on the tacit knowledge of the founder/manager capabilities such as foreign experiential knowledge, long-term exposure to a foreign business environment, a global mind-set, and networking skills. Therefore, experiential knowledge and learning constitute a critical asset for international firms.

In contrast, SMEs operating in a wider scope realm or global scope should seek competitive advantage based on distinct, heterogeneous resources, i.e., capabilities, in the form of tacit knowledge that is difficult to replicate. Here, the key resources or capabilities can be related to foreign experiential knowledge and the reputation of Malaysian halal certification, which represents a country brand related to halal processing methods.

✉   Noor Azlin Ismail
    noorazlinismail@ymail.com

    Olli Kuivalainen
    Olli.Kuivalainen@lut.fi

1   Department of Management and Marketing, Faculty of Economy and Management, Universiti Putra Malaysia, Serdang, 43400 Selangor, Malaysia

2   School of Business and Management, Lappeenranta University of Technology, P.O. Box 20, 53851 Lappeenranta, Finland

und externe Faktoren parallel zu geografischer Reichweite untersuchen, um das Verständnis ihrer Auswirkungen auf der internationale Leistung der KMU zu verbessern.

Keywords International performance · Halal food industry · SMEs · Internal capabilities · External environment · Geographical scope

JEL Classifications M16

Introduction

The last two decades have seen an increase in the internationalization of small- and medium-sized enterprises (SMEs). The changes in business contexts, especially since the early 1990s, accelerated the internationalization of young SMEs and made it clear that traditional theoretical approaches did not adequately explain certain aspects related to their international orientation (Oviatt and McDougall 1994). Among the external factors contributing to this development were the globalization phenomenon and the growth of knowledge-intensive industries, associated with high levels of internationalization, and advances in transportation and in information and communications technologies (ICT) (Dunning 1998; Brennan and Garvey 2009). These factors also created different developmental needs among internationalizing SMEs with limited resources. Authors including Johanson and Vahlne (2003, p. 83) have acknowledged that extant models of the internationalization process "do not capture important phenomena in the modern internationalization business world." Etemad (2004), in turn, points to the lack of a suitable theory to guide smaller firms, most internationalization models being based on research conducted in large, multinational enterprises.

In this regard, scholars at the intersection of entrepreneurship and international business, which has become known as international entrepreneurship (IE), have engaged in theoretical and empirical inquiry into the emergence of a new stream of literature on the development of young firms with a high degree of internationalization. Despite the scarcity of financial, human, and intangible resources that may characterize most SMEs, these "born globals" (BGs), sometimes referred to as "international new ventures" (INVs), engage heavily in international business as either international or global exporters from a very early stage (Knight and Cavusgil 1996; Oviatt and McDougall 1994). However, the SMEs' internationalization phenomenon remains open to a certain degree of empirical controversy and debate between the traditional and the new concerning the factors that affect geographical scope and performance on foreign markets (Hashai and Almor 2004; Gabrielsson et al. 2008). Geographical scope could be defined as "the international extent of a firm's operations" (Delios and Beamish 1999, p. 711), in other words its dispersion across different geographical markets, and gives some indication of whether it has achieved a global-reach status in its export operations (Kuivalainen et al. 2007a; Crick 2010). Furthermore, international scope has often been overlooked in empirical inquiries (cf. Zahra and George 2002) focusing on SMEs. It seems that among the weaknesses in the definitions of BGs and INVs in relation to the scope or the market effect in the internationalization of SMEs is the fact that scope has been excluded from or not analyzed thoroughly in the majority

of IE studies (with some recent exceptions, e.g., Kuivalainen et al. 2007b; D'Angelo et al. 2013). This is in spite of the fact that multinationality, or the international expansion of scope, is a core area in mainstream IB literature (see, e.g., Delios and Beamish 1999).

Our main research question in this paper is this: "How does geographical scope affect the relationship between internal and external factors as determinants of international performance in SMEs?" As a basic tenet in our exploration, we suggest that factors affecting SMEs' internationalization on different levels of geographical scope (international versus global) exhibit a mixture of the features that characterize the traditional gradual SMEs and the rapid BG processes. Our sample was drawn from Malaysia, one of the developing countries focusing on the halal food industry as one of its main economic activities. The halal food market has grown rapidly over the past decade and is now worth an estimated USD 632 billion annually. As such, it represents close to 17 % of the entire global food industry (Shield 2009). Given that the majority of IE studies concern developed countries (see the review of Kiss et al. 2012; Peiris et al. 2012), our paper also adds to the knowledge on this contextual issue by focusing on one emerging market, Malaysia, and a specific industry, halal food, which has a prospective global reach among SMEs.

Theoretical background and hypotheses

It is evident from a review of earlier works that no single commonly agreed theory fully explains internationalization processes in entrepreneurial SMEs (e.g., Spence and Crick 2006). Previous studies have implied that it may be preferable to consider such processes from a holistic perspective incorporating aspects of competing theories (Jones 1999; Crick and Jones 2000; Crick and Spence 2005; Jones and Coviello 2005; Spence and Crick 2006). Fletcher (2001) proposes two dominant research streams that could be considered holistic: (a) the factors causing and (b) the process of internationalization. With regard to the former, two main categories emerge, the firms' internal capabilities and aspects of the external environment. In terms of internal factors, a vast number of scholars are of the opinion that the competitive advantage of SMEs is based on foreign experiential knowledge, the founders' or managers' experience, and networking (Zhou 2007; Zucchella et al. 2007). Factors such as globalization, the industry (cf. Porter 1980; Andersson 2004) and the domestic market, and institutional influences such as the local institutional environment (e.g., Peng et al. 2008) are considered of importance in the external environment.

With these objectives in mind, and in line with this research stream, we recommend the integration of theories related to the internal and external factors that affect the international performance of SMEs. We make a distinction between internationalization to limited, often nearby markets and globalization. Internationalization in foreign markets is characterized by stronger competitive pressure than in national markets and requires firms to intensify their search for competitive advantage (Hitt et al. 1997). However, in some cases, the process should be extended from a limited number of markets to the global level. According to Ruzzier et al. (2006), the term "globalization" usually refers to the stage at which a firm's operations are managed on a global scale, not just in a few selected countries.

Internal capabilities and international performance

International expansion can enhance capabilities, which in turn facilitates the development of further capabilities in the form of skills or intangible assets that contribute to international performance through their internal source of competitive advantage. According to the resource-based view (RBV), firms are collections of unique bundles of resources that enhance organizational performance based on (1) resource heterogeneity and (2) the heterogeneity of firms in particular industries resulting from the lack of perfect mobility in the use of these resources (Barney 1991). A few authors have used the RBV as a "meta theory" behind internationalization (see, e.g., Andersen and Kheam 1998; Peng 2001). This practice is supported through shared theoretical assumptions: the core explanation of the Stage Theory of internationalization (e.g., Johanson and Vahlne 1977, 1990) is based on the increase in market-based knowledge, for example. Bloodgood et al. (1996) found that firms with resources that are suitable for international activities are more likely to engage in exporting than those that do not possess such resources. The basis of the RBV is that the resources or capabilities that contribute to a firm's sustainable competitive advantage should be valuable, rare, inimitable, and nonsubstitutable (Barney 1991). Amit and Schoemaker (1993) describe capabilities as the firm's capacity to effectively and efficiently use resources to produce different products and services. Furthermore, the theory suggests that internal capabilities and the market opportunities they make available define the direction of a firm's (international) growth (see, e.g., Andersen and Kheam 1998), the outcome of which may be its subsequent international performance. Hence we posit that:

Hypothesis 1   The specific internal capabilities of SMEs are positively related to their international performance.

We aim to test this hypothesis via the six subhypotheses related to internal capabilities of SMEs namely firm-level foreign experiential knowledge, the founder/manager's exposure to international business, a global mind-set and international entrepreneurial orientation, financial accessibility, the reputation of the halal country brand, and networking relationships as explained below.

Foreign experiential knowledge of the firm and the founder/manager

According to the RBV, organizational knowledge is a key source of competitive advantage (Barney 1991). It is further suggested in the literature on internationalization that firms should acquire the necessary knowledge about foreign markets mainly through experience in operating abroad (Johanson and Vahlne 1977, 1990; Eriksson et al. 1997). Experiential knowledge has been identified as a crucial determinant of internationalization and as a driver of the process in small firms (Johanson and Vahlne 1977, 1990; Eriksson et al. 1997). As Eriksson et al. (1997) argue, a lack of foreign market knowledge is a significant barrier to a firm's internationalization.

We argue that knowledge of foreign market activities may be accumulated from two different sources: (i) firm-level experiential knowledge developed through previous international activities and (ii) the exposure of the founder/manager to international activities. Business travel and going to international trade fairs can help SMEs to

overcome the limitations of inadequate information about foreign markets. They could also use the services of governments, many of which are aggressive players in the field of export promotion (Wilkinson and Brouthers 2006). Experiential activities such as trade shows and trade missions have been found to lead to higher levels of performance because they allow managers to rapidly acquire information about export markets and the process of exporting (Dennis and Depelteau 1985; Reid 1985). Export managers see trade shows as an effective means of obtaining knowledge about foreign markets (Seringhaus and Rosson 1998), securing export sales (Rosson and Seringhaus 1995; Seringhaus and Rosson 1998), and increasing profits (Gopalakrishna et al. 1995).

Many studies focus on the role of entrepreneurs, and the findings reveal a positive relationship between an international orientation in terms of attitude, experience, and networking, and positive international development (Ibeh and Young 2001; Westhead et al. 2001). Individual founder/managers may acquire their knowledge through long-term exposure to international business (e.g., living or working abroad), previous managerial experience in an international context, or short-term exposure in connection with their current business activities. Zucchella et al. (2007) conclude that, according to empirical evidence, personal life experiences matter: managers who have lived abroad, for example, are likely to export much more than those who have not. Hence:

Hypothesis 1a   Firm-level foreign experiential knowledge is positively related to international performance.
Hypothesis 1b   The founder/manager's exposure to international business is positively related to international performance.

A global mind-set and an international entrepreneurial orientation

Both a global mind-set in the entrepreneur and an entrepreneurial culture in the organization may lead SMEs to behave in a more proactive way. Harveston et al. (2000) define a global mind-set as "the propensity of the founders/managers to engage in proactive and visionary behaviors in order to achieve strategic objectives in international markets." Some researchers consider it to be a prerequisite for early internationalization (Knight 2001; Harveston et al. 2002). Nummela et al. (2004) highlight the importance of the manager's global mind-set for international performance. This type of mental model shapes the entrepreneur's visions on which the choice of different strategies is based (Andersson and Floren 2008), a further implication being that a global mind-set, or a positive attitude to internationalization, in managers may have international performance consequences (see, e.g., Kuivalainen et al. 2004; Nummela et al. 2004).

Although it may be difficult to draw a line between the concepts, the term global mind-set is traditionally used on the individual level, and entrepreneurial orientation (EO) on the firm level, reflecting innovativeness, proactiveness, and the willingness to take risks (Lumpkin and Dess 1996). The EO concept is used in IE to explain the mind-set of firms engaged in pursuing new ventures as it provides a useful framework within which to research entrepreneurial activity (Lumpkin and Dess 2001) and also internationalization processes in SMEs

given that firms commonly broaden their international scope through entrepreneurial actions (McDougall and Oviatt 2000). In the international business context, the term international entrepreneurial orientation (IEO) extends the concept of entrepreneurial orientation to cover processes and activities that cross national borders (Coviello and Jones 2004; Knight and Cavusgil 2004, 2005). Zahra and Garvis (2000) emphasize the importance of entrepreneurial activities for success in general, but also on international markets given the prominent role of EO in opportunity recognition and the use of the existing knowledge base in the process of expansion to new markets. The idea is that entrepreneurially oriented firms proactively seek new operating modes and practices that will enhance performance and lead to further improvements and new resource configurations (Zahra and Garvis 2000; see also Jantunen et al. 2008). There is thus good reason to suggest that IEO contributes positively to international performance (see also Zahra and Covin 1995; Lee and Peterson 2000; Wiklund and Shepherd 2005; Kuivalainen et al. 2007a). Hence:

Hypothesis 1c   A global mind-set in the founder/manager and an international entrepreneurial orientation in the firm are positively related to international performance.

Financial accessibility

SMEs are disadvantaged in terms of attracting financing compared to large firms, and many face difficulties signaling their creditworthiness. As a result, they tend to have fewer financial resources and have more problems obtaining the necessary funding for research and development, marketing, exporting, and internationalization in general (see, e.g., Lee et al. 2001; Westhead et al. 2001; Sapienza et al. 2006). Financial resources and capabilities include the ability to access cash and capital (Gomez-Mejia 1988). Financial matters assume more importance in newly established SMEs, which have just started their business operations and normally do not have a proven track record with which to convince lenders and investors. This reflects the fact that limited financial resources constitute one of the major barriers to SME internationalization (e.g., Buckley 1989; Luostarinen and Welch 1990). Such resources are not available if there are no financial capabilities (connections with different types of investors, for example) through which to acquire and manage them. According to Morgan et al. (2006), the level of financing that can be accessed and the time frame within which it can be deployed are crucial elements. A firm's ability to obtain financial resources (i.e., money) and to manage and use them efficiently may enable it to secure new foreign markets and to operate successfully in them, which in turn may give it superior competitive advantage and subsequent above-average international performance (see Kuivalainen et al. 2010). We argue that financial accessibility should have a positive effect on SMEs' international performance. Hence:

Hypothesis 1d   Financial accessibility is positively related to international performance.

The reputation of the halal country brand

Reputational resources include the intangible image-based assets of a firm (Hall 1993; Galbreath 2005; Morgan et al. 2006). Reputation is one of the most influential strategic resources when it comes to performance (Carmeli and Tishler 2004), and such assets can inform external parties about the firm's trustworthiness, credibility, and quality (Galbreath 2005). Dierickx and Cool (1989) argue that reputation is built, not bought, suggesting that it is a nontradable intangible asset that may be much more difficult to duplicate than the tangible kind. The major reputational asset that is relevant to exporting and international performance identified in the literature is the brand name (e.g., Roth 1995; Steenkamp et al. 2003). A brand signals to customers that the product satisfies basic requirements for consistency and quality, and embodies a combination of (positive) characteristics that differentiates it from other brands and makes it attractive and desirable as a product. Firms see brands as important mechanisms for communicating with customers and cultivating their loyalty (Lopes and Casson 2007). The brand may also relate to the country of origin (Agrawal and Kamakura 1999) or the industry. It is reported in an extensive number of studies that consumers evaluate products from various countries differently in terms of their attribute ratings and purchase intentions (Srinivasan et al. 2004). A positive product-specific image of a country has a positive impact on how the product is evaluated (Hooley et al. 1988; Srinivasan et al. 2004). For example, in our empirical setting, halal certification, a product characteristic, refers to the nature, origin, safety, wholesomeness, and processing of food designated mainly for Muslims worldwide. Malaysia is renowned throughout the world as the first country to develop a comprehensive halal standard, which it did in 2000. One might assume that the product brand name together with halal certification and a logo representing the country's image is a fruitful source of competitive advantage through which SMEs could attract Muslim consumers and others in international and global markets. Indeed, a country-of-origin industry brand could be used as a marketing tool and branding strategy to attract consumers who value the brand image, which may be more tangible in the form of the certified country and industry logo, for example. Hence:

Hypothesis 1e The reputation of the halal country brand is positively related to international performance.

Networking relationships

Although there are many factors that can influence the success of a venture, only recently have researchers begun to highlight the potential significance of an owner/manager's networking involvement (Watson 2007). In countries with lower levels of institutional development, characterized by turbulent environments and scarce resources, social networks appear to play especially critical roles in helping SMEs mobilize resources and cope with the constraints imposed by highly bureaucratic institutional structures (Smallbone and Welter 2001). Kiss and Danis (2008), for example, argue that the extent to which entrepreneurs rely on social networks varies across countries and institutional contexts, such that those from countries with lower levels of institutional development or emerging economies tend to rely more heavily on

social networks than those from developed markets. SME internationalization, in particular, appears to be network-driven (Chetty and Campbell-Hunt 2004). Networking is a key activity that enables SMEs to overcome their resource constraints in the foreign market (see also Coviello and Munro 1995), and can provide the means for tapping necessary resources that are "external" to the firm. This form of cooperation could facilitate the achievement of economies of scale in small firms without producing the diseconomies attributable to a large size. Using networks therefore potentially lowers the firm's risk of failure and increases its chances of success (Watson 2007). According to Loane and Bell (2006), in order to leverage the internationalization process, SMEs need to be able to build new networks and also to utilize their existing ones. Johanson and Vahlne (2009) describe networks as vehicles for learning about foreign markets, and newly established firms in particular tend to seek partners who could complement their capabilities in the markets in which they begin their internationalization (Oviatt and McDougall 1994; Coviello and Munro 1997; Madsen and Servais 1997).

Given that resources gained from networks can facilitate growth and thus expansion into foreign markets (Chetty and Wilson 2003) and can help SMEs to overcome the many barriers related to internationalization, they could be considered seminal in terms of the internationalization strategy. The number of relationships a firm establishes, not only with suppliers and customers but also with competitors and a whole series of institutions, including governments, universities, and financial institutions, will condition its strategies (Pla-Barber and Escriba-Esteve 2006). We argue that the existence of various relationships with suppliers and distributors, for example, will affect the international performance of SMEs (e.g., Naudé and Rossouw 2010). Hence:

Hypothesis 1f   Network relationships are positively related to international performance.

The external environment and international performance

According to Andersson (2004), a firm's environment may influence its strategies and could also affect its internationalization. In assessing the impact of the external environment on international performance, this study focuses on three aspects: (i) the contingency view, (ii) the industry, and (iii) institutional factors. The contingency view postulates that achieving a good fit between the external environment and the firm's strategies and structures will lead to better performance (Hofer 1975; Miller 1988). Previous studies (e.g., Zou and Stan 1998) integrating findings relating to the contingency view generally focus on three categories of factors, namely industry characteristics, foreign market factors, and domestic market characteristics.

One of the drivers of internationalization is globalization—which may relate to markets and industries. Rapid change in the global business environment during the last few decades has enabled many industries to become increasingly global. The widespread usage of fax, e-mail, the Internet, and other communications technologies is making internationalization a more viable and cost-effective option than it was just a few years ago (Oviatt and McDougall 1995; Knight and Cavusgil 1996, 2004). Combined with the increasing opportunities to pursue foreign markets and the ability to profit from expanded scale and scope in their operations, this has created many

incentives for smaller companies to internationalize (Oviatt and McDougall 1995). Such systems are giving SMEs significant competitive advantages, allowing them to efficiently transact business with upstream and downstream channel members throughout the world (Oviatt and McDougall 1995). Smaller firms also feel the effects of the forces of globalization, including falling trade and investment barriers, and the far-reaching activities of large MNEs. In the context of this study, we suggest that the increasing Muslim population and changes in consumer lifestyles that have created a demand for better food quality and security have also created an emerging global industry for SMEs in the halal food industry. Furthermore, a global industry tends to impose relatively lower barriers to entry into other national markets because of the increased similarity in customer needs, the rules of competition, and cross-national industry structures (Park and Kim 1999).

The industry in which the firm operates also has its focal set of environmental factors. According to the industry-based view (Porter 1980), the conditions within the industry largely determine the firm's strategy and performance, and industry pressure can even drive firms into foreign markets (Porter 1990). Brown and Bell (2000) contend that the international activity of firms is also influenced by the extent to which their industry is internationalized. Industries may be global, regional, or national, but the starting point for the SME tends to be the domestic environment in which it operates. Boter and Holmquist (1996) suggest that the internationalization process of SMEs, and their performance, crucially depend upon the degree of competitiveness in the particular industry. Indeed, the industry characteristics are more important than the firm's nationality when it comes to understanding its international behavior (Boter and Holmquist 1996). Wheeler et al. (2008) further argue that most previous integrative reviews of research on export performance (e.g., Zou and Stan 1998) synthesize studies from all over the world but make little attempt to identify the effect of country-specific issues. We therefore include two main dimensions of the domestic external environment in our study, the industry and the domestic market, and we suggest that if they are favorable, it would enhance performance.

According to Peng (2000, 2002), a number of scholars have suggested that companies need to take into account wider influences from sources such as the state and society, in addition to industry- and firm-level conditions (see also Dimaggio and Powel 1991). Until recently, scholars rarely looked beyond the task environment to explore the interaction among institutions, organizations, and strategic choices (e.g., Peng 2002). By treating institutions as independent variables, what is known as institutional theory focuses on the dynamic interaction between institutions and organizations of which strategic choices are the outcome. Moreover, as Hoskisson et al. (2000) argue, the institutional theory appears to be highly insightful in terms of probing into company strategies in Asia because the government dictates the rules of the game, such as predetermining certain policies and the economic well-being of the nation. It may be that a favorable domestic institutional environment has a positive effect on international performance (Peng 2002).

In general, the effect of the environment on international performance is either positive or negative, or even insignificant (Ibeh 2003; Kuivalainen et al. 2004). However, it has been suggested that both benign and, to a certain extent, competitive domestic markets and a growing industry support firms' internationalization efforts, although too much environmental turbulence would have negative consequences

(Zahra and Garvis 2000; Kuivalainen et al. 2004). We believe that the relationship between the firm's external environment and the globalization phenomenon, industry and domestic market conditions, and local institutions are among the key factors driving SME internationalization and international performance. Hence:

Hypothesis 2   The external environment affects the international performance of SMEs.

Hypothesis 2a   Globalization as a phenomenon is positively related to international performance.

Hypothesis 2b   Favorable industry and domestic market conditions are positively related to international performance.

Hypothesis 2c   Favorable local institutional factors are positively related to international performance.

The moderating effects of geographical scope

International diversity offers SMEs both opportunities and challenges. For example, it gives exposure to new and diverse ideas from multiple markets and cultural perspectives (Hitt et al. 1997), but it may also lead to increased environmental complexity given that the firm has to learn to cope with multiple situations (see McDougall and Oviatt 1996; Cadogan et al. 2009). Geographical expansion increases reliance on foreign markets as a means of growth and improvement in financial performance (Zahra et al. 2000). These authors argue that new ventures (firms 6 years old or younger) that compete in several countries, with operations in different international regions and targeting multiple market segments, are likely to differ from ventures competing in single-country markets. One difference is in strategy: Zucchella (2002) found that global firms focused on a very narrow global market and exported to more than three countries outside Europe. On the other hand, the proximity (regional) approach leads to expansion into the culturally or geographically closest markets that entail limited local adaptation of the product.

The scope or number of countries has been used in several studies (e.g., Lu and Beamish 2001; cf. also Chiao et al. 2006) as an independent variable to predict performance. Other studies report differences in orientation between different types of INVs (e.g., Kuivalainen et al. 2007a). We argue that geographical scope is not well established as a concept that differentiates factors leading to SMEs' internationalization and international performance. We therefore suggest that firms expanding their export markets to diverse countries located in different regions, and eventually changing their market focus from the international to the global, will require unique, heterogeneous internal capabilities in order to ensure economies of scale and therefore improved profit from their international operations. According to Wernerfelt (1984), resources that are specifically allocated to international expansion are likely to differentiate the firm's international activities. Those wishing to export to geographically disperse and culturally and politically distinct countries, in particular, must have access to a bigger resource pool than those operating on a more restricted basis (Preece et al. 1999). Therefore, it seems likely that geographical scope will moderate the relationships

between internal capabilities, the external environment, and international performance. Hence:

Hypothesis 3   The level of geographical scope moderates the relationship between the specific internal capabilities and the international performance of SMEs.

Hypothesis 4   The level of geographical scope moderates the relationship between the external environment and the international performance of SMEs.

We present our theoretical framework in Fig. 1. We expect that the internal capabilities (H1) and the external environment (H2) of SMEs will affect their international performance and that different foreign market strategies, i.e., geographical scope (international versus global) will moderate these relationships (H3 and H4).

Methodology

Sample and data collection

In order to test the hypotheses, we collected questionnaire data from Malaysian SMEs producing halal food. As a result of major food safety crises and incidents, consumers have become increasingly concerned about the safety, quality, origin, and authenticity of food. This has fueled requests for more transparency in the food chain and
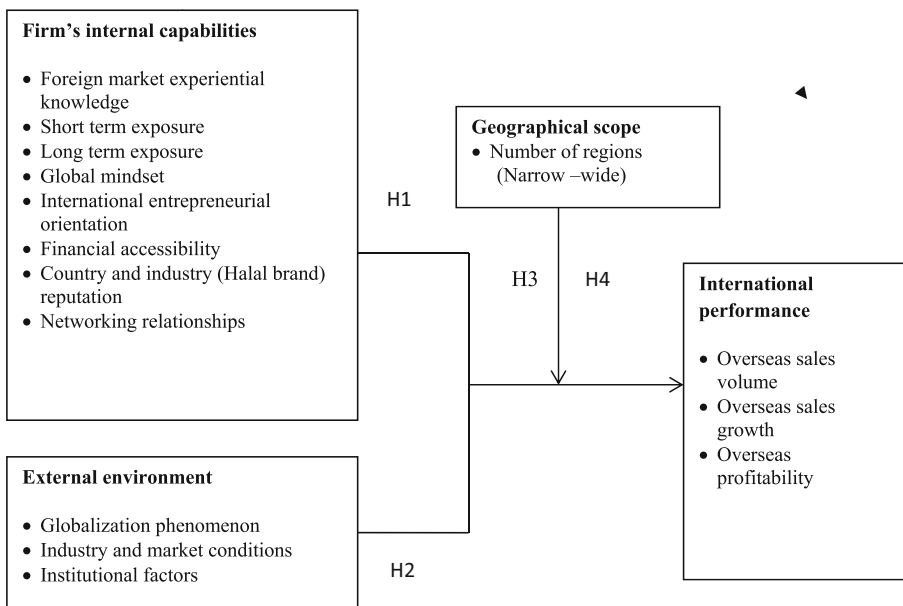
Fig. 1 Proposed theoretical framework

reassurance about the wholesomeness of food through the issuing of information on diverse quality characteristics. The global market for halal food was worth around USD 651 billion in 2010 and is estimated to increase to USD 2.1 trillion in 2015 (Shield 2009). The Malaysian Government is determined to make Malaysia a global halal hub. It has also introduced a few programs and incentives to encourage local SMEs to go international and to be global players by carrying only the Malaysian halal logo authorized by JAKIM (an organization that governs Malaysian halal certification).

The questionnaire was developed on the basis of an extensive literature search as well as qualitative interviews and a pilot study involving experts in this area. It was originally written in English and was pretested by a panel of experts representing academicians, entrepreneurs, and government agencies. This resulted in some modifications to the content and scale measurement in order to make them relevant to the focal context. Before sending the questionnaire to the respondents, we conducted a pilot study and made further minor modifications as a result: these were implemented subsequent to the final version (see Table 3 in the Appendix 1). The data for the study were collected through mail surveys as well as through the Internet using a standardized, structured self-administered questionnaire. The printed four-page questionnaire was sent to SMEs engaged in exporting in connection with the Malaysian halal food industry. The sampling frame was a census (the whole population) of the approximately 300 SME exporters listed in the Malaysian Exporters of Halal Products directory (MATRADE) and the Halal Development Corporation directory (HDC). Each questionnaire, together with a personalized cover letter and an addressed prepaid envelope, was mailed to all SMEs listed in the directories as exporters of halal food. The unit of analysis was the firm, and the respondents were either founders or managers currently responsible and in charge of the firm's international activities. Of the 195 questionnaires returned, 174 were usable (a 58 % response rate) and another 21 were taken out due to incomplete answers from the respondents. In terms of the year of establishment, 89 (51.1 %) were established before the 1990s and 85 (48.9 %) from 1990 onwards. Early internationalization was common: 75 SMEs (43.1 %) started to export their products at establishment or within 3 years. With regard to annual export sales, the export intensity of 88 (50.6 %) of the firms was below 25 %, whereas 86 (49.4 %) exported more than 25 % of what they sold. In terms of regional scope, 111 SMEs (63.8 %) exported to between one and three regions, and 63 (36.2 %) to four or more. The majority of the focal firms (55.2 %) had targeted the ASEAN region as their first export venture, followed by Asia (15.5 %), the Middle East (12.1 %), and Europe and other regions (17.25 %). In other words, they tended to target physically and geographically close markets first.

Measurements

Most of the constructs we used were either adopted or adapted from the existing literature (see Table 3 in the Appendix 1). Exploratory factor analysis (EFA) was used to test all the dependent and independent variables, followed by a reliability test to assess construct validity. We assessed the suitability of the data for factor analysis before carrying out the principal component analysis (PCA). Bartlett's tests were

significant and the Kaiser-Meyer-Olkin value for all the independent and dependent variables was above 0.60. The EFA items with a loading of 0.30 or higher (and which did not have cross-loadings higher than the same cut-off criteria) were retained in the final scales. The entrepreneur's international experience (knowledge) was divided into two factors based on the EFA: long-term and short-term exposure to the international business environment. Otherwise, the factor structure conformed very well to the conceptual structure, and the Cronbach's alphas were all above 0.60.

Dependent variable

The dependent variable, in other words international performance, was measured using the mean of three indicators based on subjective measurement, namely overseas sales volume, growth, and profitability. We adopted the measure from Crick et al. (2006), who also suggest that a single criterion is inappropriate for measuring international performance and a more comprehensive measurement of subjective performance was required. It is implied in previous literature that management evaluation of firm performance is guided by subjective perceptions rather than objective measurement (Madsen 1989), which supports the use of subjective measures (cf. also Jantunen et al. 2008). Additionally, there seems to be evidence in several studies that subjective and objective measures are positively associated (Shoham 1998; Styles 1998).

Independent variables

We used a 5-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree to measure internal capabilities and external environmental factors (see Table 3 in the Appendix 1). With regard to internal capabilities, we measured foreign experiential knowledge (see Zhou 2007) on an 11-item scale previously developed by Eriksson et al. (1997). However, we added another knowledge variable (item 12) on "Shariah law," which is the standard law on halal that is relevant to foreign Muslim consumers worldwide. We adopted six items from Zucchella et al. (2007) to measure the international experience of founder/managers. We dropped one item (related to foreign commercial activities) following the exploratory factor analysis, and as mentioned above, we divided the experience concept into two categories, long-term and short-term international exposure. The difference here was that activities requiring a longer stay in the host country loaded onto the first factor (e.g., living abroad) and those that entailed shorter interaction (e.g., visiting trade fairs) belonged to the second factor. We adapted the six items measuring a global mind-set from Pla-Barber and Escriba-Esteve (2006) and developed them in accordance with the discussion on customer needs with the expert judges (Muslim markets). Entrepreneurial orientation was measured on the traditional scale (nine items) developed by Covin and Slevin (1989). Five items on the financial accessibility scale were adopted from Morgan et al. (2006) and adapted in accordance with what the expert judges said about financing the halal industry. For the country brand, we utilized the contextual *halal reputation scale*, the four items of which we adapted from the "reputational resources" scale developed by Morgan et al. (2006) and improved on during the interview with the expert judges in order to reflect the

relevant characteristics. Four items measuring networking relationships were adopted from Pla-Barber and Escriba-Esteve (2006), and one item was developed following the focus-group interview concerning local government agency relations with the halal industry in Malaysia.

In measuring the external environment, we first adapted six items on the globalization phenomenon from Knight and Cavusgil (1996) and Crick and Spence (2005) and developed them further following the interview with the expert judges. Second, we adapted five items covering industry and domestic market condition from Evangelista (2005) and Moen (2002), again taking account of the expert judges' opinions; however, one item was dropped during the reliability test related to the increasing domestic demand for halal products. Third, we developed seven items covering institutional factors in line with Peng's (2000) ideas and the views of the expert judges in order to include the local Malaysian perspective: one item was dropped following a reliability test.

Moderating variable

Geographical scope is measured as the number of foreign regions in which the SMEs achieved sales during a 3-year period. For this moderator variable (geographical market scope), we used a dummy variable to divide the firms into those with either a narrow or a wide geographical scope in terms of the number of regions in foreign markets: SMEs were assigned the value of "0" for an international scope and "1" for a global scope. The firms were classified as follows: (i) a narrow scope for those exporting to three regions or less (considered "international" firms) and (ii) a wide scope for those exporting to four regions or more simultaneously (considered "global" firms with a truly global presence for their products and/or services). The sample was split into two subgroups (i.e., narrow and wide scope) in order to assess the moderator effect.

Control variables

We also used two control variables, firm age and firm size. We controlled for the firm's age because older firms have had more opportunities to internationalize and grasp the process (Johanson and Vahlne 1977), whereas newer firms have the necessary flexibility and learning capabilities to adapt to foreign markets (Durand and Coeurderoy 2001). We divided firm age into five categories as follows: (i) 3 years and below, (ii) 4–6 years, (iii) 7–9 years, (iv) 10–19 years, and (v) 20 years and above. Furthermore, as larger firms may have more resources and a greater capacity to manage foreign expansions, we controlled for firm size, measured by the number of employees at the time of the survey and log-transformed to account for skewness in the data. We used the following size categories: (i) fewer than five full-time employees (categorized as micro), (ii) between 5 and 50 full-time employees (categorized as small), and (iii) between 51 and 150 full-time employees (categorized as medium sized in accordance with the definitions stipulated by SMIDEC in Malaysia).

Analyses and results

Table 1 gives descriptive information on the focal variables for the whole sample and the subsamples. Overall, the correlations among the independent variables are relatively modest, ranging from −0.085 to 0.625 (see Table 4 in the Appendix 2 for the correlation matrix).

We used multiple hierarchical regression analysis to determine to what extent the research data fitted the proposed multiple linear regression model. Table 2 shows the results, which we used to test the hypotheses. Here, we utilized the total sample (N=174) as well as the subsamples in the subsequent models to test the moderating effect. The models examine the extent to which several SME-specific internal capabilities and external environment explain the firm's international performance (INT). Models 1, 4, and 7 include only the control variables; all the internal-capabilities factors are added to the equation in models 2, 5, and 8; finally, models 3, 6, and 9 also incorporate factors related to the external environment and the holistic models explaining the international performance of internationalizing SMEs from the Malaysian perspective. Within the whole sample, and based on model 3, which is the most comprehensive and includes all the 11 focal predictor variables, five factors are significant in explaining INT.

Most of the models are statistically significant, with the exception of those (4 and 7) controlling for narrow and wide geographical scope. The holistic models (3, 6, and 9) have the highest R^2, which means that the final models are the best in terms of making it clear that both internal and external factors affect international performance. For example, the total variance explained in model 3 is 24.3 % (adjusted R^2). The five clearly significant predictor variables in this model are foreign experiential knowledge (this supports H1a), short-term exposure (this supports H1b), halal reputation (this supports H1e, which relates to industry/ country brand), the globalization phenomenon (this supports H2a), and industry and domestic market conditions (see Table 2). The relationships between institutional factors and both industry and domestic market conditions, and international performance are negative, however. This means that H2b and H2c are not supported within the total sample. Thus, on the basis of this finding, Hypotheses 1 and 2 are partially supported: there is stronger support for the "internal view" in that three subhypotheses out of six are supported in the case of H1. In the case of H2, more research is clearly needed, and we hope that our moderator analysis gives some insights into the role of the external environment.

In order to test the role of geographical scope, we divided the sample into two subsamples based on the guidelines reported in the "Measurements" section. In Table 2, models 4, 5, and 6 show the same type of regression as models 1, 2, and 3, respectively, but only firms with a narrow regional scope (N=111, firms exporting to one to three regions) are included. Models 7, 8, and 9 show the results of the regressions including only the firms with a wide regional scope (N= 63, firms exporting to four regions or more). Among the firms with a narrower geographical scope (foreign market presence), models 5 and 6 are significant. The key differences from the total sample (N=174) are that both long-term exposure to foreign markets (e.g., living or working abroad) and a global mind-set in the

Table 1 Descriptive statistics for international performance, SMEs' specific internal capabilities, and the external environment (N=174, N=111, and N=63, respectively)

	Mean (N=174)	Std deviation (N=174)	Mean (N=111)	Std deviation (N=111)	Mean (N=63)	Std deviation (N=63)	T value (between N=111 and N=63), df=172	Sig.
International performance	3.18	0.90	2.94	0.86	3.60	0.84	-4.947	0.000
Foreign experiential knowledge	3.75	0.67	3.65	0.67	3.93	0.63	-2.765	0.006
Long-term exposure	3.05	0.97	2.93	0.86	3.26	1.10	-2.211	0.028
Short-term exposure	4.03	0.77	3.87	0.76	4.32	0.72	-3.786	0.000
Global mind-set	3.92	0.58	3.86	0.55	4.02	0.60	-1.789	0.075
International entrepreneurial orientation	3.76	0.56	3.62	0.55	3.99	0.49	-4.464	0.000
Financial accessibility	3.41	0.67	3.31	0.63	3.57	0.72	-2.432	0.016
Halal reputation	3.87	0.65	3.85	0.64	3.90	0.66	-0.504	0.615
Networking relationships	4.04	0.58	3.95	0.58	4.21	0.54	-2.948	0.004
Globalization phenomenon	3.79	0.63	3.75	0.61	3.88	0.64	-1.370	0.173
Industry and market conditions	3.43	0.73	3.42	0.76	3.44	0.69	-0.127	0.899
Institutional factors	3.56	0.67	3.53	0.62	3.62	0.76	-0.799	0.426

All items were measured on a Likert scale ranging from 1 to 5, where 1 = minimum and 5 = maximum

Table 2 Antecedents of international performance (INT)

Independent variables	N=174						N=111 (low-scope subsample, international firm)						N=63 (wide-scope subsample, global firm)					
	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6		Model 7		Model 8		Model 9	
	Beta	T	Beta	T	Beta	T	Beta	T	Beta	T	Beta	T	Beta	T	Beta	T	Beta	T
Age	-0.048	-0.618	-0.014	-0.195	0.006	0.087	-0.017	-0.177	0.015	0.153	0.055	0.576	-0.155	-1.212	-0.094	-0.924	-0.166	-1.566
Size of firm	0.191	2.488*	0.095	1.315	0.089	1.260	0.072	0.734	0.049	0.528	0.055	0.602	0.141	1.108	-0.042	-0.397	-0.128	-1.214
Foreign experiential knowledge (H1a)			0.226	2.296*	0.194	2.002*			0.325	2.411*	0.291	2.216*			0.296	2.228*	0.299	2.292*
Long-term exposure (H1b)			-0.065	-0.858	-0.010	-0.135			-0.274	-2.721*	-0.217	-2.182*			0.102	0.922	0.182	1.679
Short-term exposure (H1b)			0.177	2.260*	0.165	2.135*			0.137	1.404	0.139	1.460			0.117	0.935	0.020	0.164
Global mind-set (H1c)			-0.083	-0.977	-0.079	-0.927			-0.299	-2.553*	-0.291	-2.499*			0.089	0.744	0.095	0.822
International entrepreneurial orientation (H1c)			0.079	0.812	-0.003	-0.027			-0.014	-0.108	-0.145	-1.076			0.149	1.126	-0.040	-0.276
Financial accessibility (H1d)			-0.092	-1.172	-0.073	-0.908			-0.137	-1.389	-0.137	-1.395			-0.245	-1.904	-0.203	-1.594
Halal reputation (H1e)			0.161	1.968	0.176	2.170*			0.118	1.121	0.116	1.135			0.343	2.463*	0.515	3.466***
Networking relationships (H1f)			0.160	1.940	0.135	1.641			0.296	2.788*	0.231	2.177*			0.066	0.541	0.069	0.571
Globalization phenomenon (H2a)					0.252	2.540*					0.365	2.832*					0.316	2.077*
Industry and market conditions (H2b)					-0.155	-2.234*					-0.154	-1.709					-0.079	-0.762
Institutional factors (H2c)					-0.166	-1.938					-0.148	-1.360					-0.394	-2.668**
R^2	0.035		0.216		0.052		0.005		0.217		0.290		0.039		0.498		0.575	
Adj. R^2	0.024		0.205		0.243		-0.013		0.139		0.194		0.007		0.402		0.462	
F value	3.099		5.449		5.279		0.270		2.772		3.043		1.205		5.164		5.093	
ΔR^2	0.035		0.216		0.052		0.005		0.212		0.073		0.039		0.460		0.076	
ΔF	3.099		5.177 ***		3.971**		0.270		3.386**		3.304*		1.205		5.954***		2.936*	

* Coefficient is significant at the 0.05 level (two-tailed); ** coefficient is significant at the 0.01 level (two-tailed); *** coefficient is significant at the 0.001 level (two-tailed)

managers have become significant but negative predictors of international performance, meaning that they have a negative effect. Our key suggestion here is that these firms may be expanding their international presence based on the capabilities they currently possess, meaning that in some cases, there may be diminishing performance consequences. In contrast, networking relationships and contacts have a clear and significantly positive effect on international presence. These types of capabilities help international entrepreneurs when they are expanding their international presence. There are naturally some other differences between this model and the total sample (e.g., the negative effect of institutional factors becomes insignificant) that also support H3 and H4. Nevertheless, we are looking for more evidence of this moderating effect of geographical scope on performance and, thus, focus on SMEs that operate in more than four continents and are therefore clearly global.

Models 7, 8, and 9 present the results of the hierarchical multiple regression models among the subsample of SMEs with a high geographical presence ($N=63$). As in the case of the subsample of international SMEs, the model containing only the control variables (step 1) is not statistically significant, whereas the two others (steps 2 and 3) are. The adjusted R^2 (0.462) in this subsample is much higher than in any of the previous samples. There are four statistically significant predictor variables in the final model: "foreign experiential knowledge," "halal reputation," "globalization phenomenon," and "institutional factors." Of these four, "institutional factors" as a construct is negatively related to performance. Halal reputation and institutional factors differ between international and global SMEs, again supporting H3 and H4. We also conducted an independent samples t test to compare the two subgroups in terms of international performance. There was a significant difference in scores between the international and the global SMEs in our sample. The means of the summated scales were as follows: narrow scope ($N=111$, mean=2.93, SD=0.854) and wide scope ($N=63$, mean=3.60, SD= 0.839). The t value ($df=172$) is significant (−4.915, $p=0.000$), thus providing further support for H3 and H4.

Discussion

The findings of this study are in line with the idea that both internal capabilities and external environment-related factors may have a significant impact on international performance among exporting SMEs and that their geographical scope moderates this relationship given that somewhat different factors are significant for different types of firm. This naturally confirms the usefulness of a holistic and complementary view on SME internationalization (e.g., Coviello and McAuley 1999). Interestingly, our control variables (firm age and size) proved to be insignificant determinants of international performance among the SMEs within our sample. This finding corroborates those reported by Zucchella (2002) on global and regional players. The fundamental differences explaining geographical scope are neither size nor age but the adoption of a niche strategy. We believe this also applies to our focal industry, halal food, which caters mostly for worldwide Muslim dietary needs based on religious requirements and, at the same time, is

gaining increasing acceptance among non-Muslims who are looking for better food alternatives in terms of quality and safety.

International firms operating in a narrower geographical realm (i.e., in three or fewer regions) rely more heavily on founder/manager capabilities such as foreign experiential knowledge, long-term exposure to a foreign business environment, a global mind-set, and networking relationships. They are more independent and their sales are based on the current globalization phenomenon, but their performance is not influenced by a desire in the local government to promote the halal industry through their various government agencies and the halal reputation. Their capabilities rely heavily on their own tacit knowledge, which is based on their learning, experience, and networking in international markets. They are also thus able to develop a global mind-set with regard to the focal market and to exploit the globalization opportunity based on the numbers of Muslims living abroad, the trend to favor halal food, and advanced IT systems. The findings support the results reported by Chetty and Campbell-Hunt (2004) suggesting that SMEs' internationalization in particular arises through networks and that networking is a key activity that enables SMEs to overcome their resource constraints in foreign markets (Coviello and Munro 1995).

It may be that the need for accumulated knowledge in different regions makes firms rather slow to broaden their scope on account of differences in culture and lifestyle. Therefore, experiential knowledge and learning constitute a critical asset for international firms. Producers of halal food also need to consider tastes and authentic food in different countries and regions, rules and regulations, consumer awareness, and the acceptability of halal products.

With regard to global firms exporting to a larger number of regions (wide scope), the results support RBV-based approaches to internal capabilities such as the Stage Theory: SMEs seeking competitive advantage must have distinct, heterogeneous resources, i.e., capabilities, in the form of tacit knowledge that is difficult to replicate. Here, the key resources or capabilities are related to foreign experiential knowledge and the reputation of Malaysian halal certification, which represents a country brand related to halal processing methods. SMEs operating in global markets and in possession of such resources have better chances of penetrating more markets: halal product certification is still new in many countries, and it gives confidence to Muslim consumers worldwide in particular, but also to non-Muslims looking for alternative quality food products.

One might speculate on the reasons why domestic institutional players such as the government have a negative influence on performance. We believe that one reason for this surprising effect may relate to the amount of red tape and paperwork required to obtain approval for halal certification, and to the process of exporting. Furthermore, the Malaysian government is still at an early stage in its implementation of export promotion policies both in the halal industry and on the international or global level. In general, the findings also attest to the importance of the founder: managerial behavior is one of the key topics in IE research (see, e.g., Madsen and Servais 1997, McDougall et al. 2003, and Eriksson et al. 1997 on the role of tacit foreign experiential knowledge in the internationalization process).

Theoretical implications

First, we claim that the study confirms the relevance of studying the geographical scope of internationalizing SMEs. Determining the extent of international diversification, in other words the scope of the targeted foreign market, is an important strategic decision, but has attracted surprisingly little attention in the IE domain (for some exceptions, see, e.g., McNaughton 2003; D'Angelo et al. 2013). The firms operating in a wider market area seemed to perform better, and this finding supports the general argumentation that internationalization is beneficial for exporters (see, e.g., Madsen 1989). The explanatory drivers or factors affecting international performance were also found to vary, which supports the notion of contingency—and the use of institutional based views in IE studies.

Second, and related to the above point, this study contributes to the literature in proposing that existing "competing" theories concerning the internationalization process (international versus global) and performance of SMEs are complementary with regard to the internal and external factors and the moderating effects of geographical scope. The strongest explanatory variables (i.e., with the highest significant beta values) in the general model ($N=174$) turned out to be "foreign experiential knowledge" and "the globalization phenomenon," which creates global demand for the firms' products and "pushes" them abroad. Consequently, our findings support the proposal put forward by Eriksson et al. (1997) and Crick and Spence (2005) that in order to retain its relevance as an explanatory framework, the Stage Theory should be used together with other complementary theories or frameworks. In this, our results confirm the early ideas of Coviello and McAuley (1999), for example. Despite the clear focus on experiential knowledge in the process model, the Stage Theory, and the IE literature, there is a dearth of empirical investigation into the construct of experiential knowledge in the context of internationalization (Knight and Liesch 2002). This study has shown that foreign experiential knowledge is one of the most important variables through which both international and global players can learn about their foreign markets that involve different cultures. In the context of the halal food industry, the entrepreneurs/managers need to know about the supporting institutions, government policies, and the authenticity of food in addition to its halal value. The findings also reflect the recommendation of Wheeler et al. (2008), to consider country-specific influences on export performance. Peng and York (2001) further emphasize the need to incorporate institutional factors into the RBV in the context of emerging economies, given that government and societal influences are stronger there than in developed economies. This study also extended certain constructs related to the RBV and the institutional-based view. First, with regard to the RBV, it introduces the concept of "halal reputation" (which in more general terms relates to the country-level industry brand) as an additional construct referring to the internal capability of SMEs operating in the halal food industry. This could be linked to the broader discussion about the importance of reputation, brands, and industry standards (e.g., Galbreath 2005).

Third, complementing previous studies investigating the direct association between dependent and independent variables, this study also contributes to theory development in the area of IE internationalization, especially with regard to the Malaysian halal food industry. According to our results, the geographical scope of SMEs' international operations moderates the relationship between the focal determinants and international performance. In the context of the institutional-based view, we have developed a few items that are relevant to the halal food industry from the perspective of both local and foreign government influences on the internationalization process of SMEs. Finally, future researchers could use the primary findings of this study for further evaluation focusing on developing versus developed countries, or Muslim versus non-Muslims countries, and within country-level segments on a regional basis.

Managerial implications

Given the impact of aspects of the external environment such as the globalization phenomenon (an increase in the world's Muslim population, information technology), industry and domestic market conditions, and institutional factors, SMEs must concentrate on specific internal capabilities and, at the same time, be aware of the need to adapt their business to the current environment in order to enhance their international performance. Indeed, competition in a global rather than a domestic or international environment puts pressure on individual firms to further improve their internal capabilities. Here, a global mind-set is a prerequisite for the firms that are not yet fully international.

On the firm level, experiential knowledge of the foreign market and of the country's or the industry's reputation (in this context "halal reputation") can give SMEs competitive advantage. In order for consumers to be able to recognize the product quality and the unique values of halal food, both international and global firms must command resources that are heterogeneous as a source of competitive advantage. SMEs should therefore examine their level of internal capabilities before they make the decision to become international or global players. In addition, founder/managers need to be aware of aspects such as their own characteristics, mental models, and motivation, which could constitute major barriers to the internationalization process. Perhaps the best investment that SMEs could make in this context would be to strengthen their human resources by recruiting new qualified personnel with international working experience to join their management team, or getting expert advice from outside. There is also a need for more training programs or on-the-job training to give staff foreign market knowledge and confidence, as well as to reduce feelings of uncertainty about operating in these new markets (McDougall et al. 1994; Evangelista 2005).

Emphasizing the strong effect of institutional factors on international performance, and with a view to helping firms become global players, we recommend that some of these factors should be further investigated and brought to the notice of policymakers for deeper discussion and action. It may be that the assistance offered does not cater for the specific needs of SMEs, or it may not take into consideration their type or the level of geographical scope. As a consequence, SMEs may have the impression that they do not receive assistance, or if they do, they may not deem it sufficient for their needs.

Limitations and future research

Given that some of the propositions we put forward are supported and others are not, there are a number of limitations in this study that need to be considered for future research. The first relates to the quantitative nature of the research. We focused on one industry in a single country: the data were collected from the Malaysian halal food industry, one of the emerging industries, and from the perspective of a developing country. It would be productive for future researchers to investigate the internationalization process of firms in other industry settings. The methodology has also its limitations as it is a cross-sectional study and the data were collected from single informants. Consequently, although we planned the questionnaire carefully, common method bias may be an issue. However, Harman's single factor test indicated 17 factors with an eigenvalue higher than 1, the first factor explaining only 24.8 % of the total variance, and consequently, common method bias is unlikely to be a problem (cf. Podsakoff and Organ 1986). The robustness of the results should be validated in other studies, however, and preferably in a longitudinal setting that would allow more rigorous causal claims.

The findings indicate the presence of two types of SME firms depending on their foreign geographical scope, which we termed as "international" versus "global" firms. Further qualitative studies would generate more knowledge that could explain this phenomenon and differentiate between the two types on the basis of their internal capabilities, the external environment, their scope in international and global markets, and market segmentation. Another alternative would be to conduct further research that distinguishes between these groups based on heterogeneous resources such as learning method (reactive versus proactive), types of products offered (homogeneous versus specialty products), and other founder/ managers' capabilities as a mediating variable.

Conclusions

The findings of this study are in line with the idea that both internal capabilities and external environment-related factors have a significant impact on international performance among exporting SMEs, and given that somewhat different factors are significant for different types of firms, geographical scope acts as a moderator in this relationship. For example, global mind-set drives the internationalization of less international SMEs but it has negative implications on international performance at least in the short term. The study confirms the usefulness of a holistic and complementary view on SMEs' internationalization (e.g., Coviello and McAuley 1999) but also suggests that in the case of SMEs' internationalizing from the emerging markets, it is of importance to study the role of geographical market strategy if the aim is to understand the factors affecting the performance consequences of internationalization.

Conflict of interest   The authors declare that they have no competing interests.

Appendix 1

Table 3 The final items for the scale measurements

Foreign experiential knowledge	Measurement of constructs α = 0.936	Author(s) Adopted from Zhou (2007)	Measurement 5-point Likert scale 1=strongly disagree, 5= strongly agree	Changed in the final item or scale -Add another new variable on item 12 knowledge of Shariah law
1.Our top managers' knowledge of foreign languages and norms.				
2. Our top managers' knowledge of foreign business laws and regulations.				
3. Our top managers' knowledge about host government agencies.				
4. Our top managers' knowledge about foreign competitors.				
5. Our top managers' knowledge about the needs of foreign clients/customers.				
6. Our top managers' knowledge about foreign distribution channels.				
7. Our top managers' knowledge about effective marketing in foreign markets.				
8. Our top managers' international business experience.				
9. Our top managers' ability to identify foreign business opportunities.				
10. Our top managers' experience in dealing with foreign business contacts.				
11.Our top managers' capability for managing international operations.				
12. Our top managers' knowledge about foreign Muslim consumers with regard to halal (permitted) and haram (prohibited) issues according to Shariah law in the production of halal food. *				
Founder/managers international experience Long-term exposure: items 1, 2 and 4 Short-term exposure: items 3 and 6	Measurement of the constructs/ Loading factor Long-term exposure α = 0.727 Short-term exposure α = 0.636	Author(s) Adopted from Zucchella et al. (2007)	Measurement 5 point Likert scale 1= strongly disagree, 5= strongly agree	Changed in the final item (s) -Wording: entrepreneur was changed to founder/manager
1.Founder/manager has lived abroad				
2.Founder/manager has studied abroad				

3.Founder/manager has travelled abroad on business

4.Founder/manager has worked in a foreign firm

5.Previous foreign commercial activities**

6.Participated in international trade fairs, for example

Global mind-set	Measurement of the constructs	Author(s)	Measurement	Changed in the final item (s)
Customer Products Technology Competitors α =0.755		Adapted from Pla-Barber and Escriba-Esteve (2006) -Developed following the expert interview	5-point Likert scale 1= strongly disagree, 5= strongly agree	-Add four new items on customer needs (Muslim markets)

1. Customers' needs for halal foods are standardized worldwide*

2.The halal products are well known/acceptable worldwide among Muslim and non-Muslim consumers*

3.Our firm's manufacturing process is standardized worldwide

4.We can find the same competitors in most markets

5. Our marketing policies can be standardized worldwide Our main focus is to serve customer needs, particularly Muslims in markets/countries worldwide that are required under Islamic law to eat halal and wholesome food that should be clean and safe for consumption.*

6. Our main focus is to serve customer needs, particularly Muslims in markets/countries worldwide that are require under Islamic law to eat halal and wholesome food that should be clean and safe for consumption.*

International entrepreneurial orientation	Measurement of the constructs	Author(s)	Measurement	Changed in the final item(s)
	α = 0.880	Adopted from Jantunen et al. (2008)	5-point Likert scale 1=strongly disagree, 5=strongly agree	Unchanged

1. We are among the first to implement progressive and innovative production processes and practices.

2. The management of our company supports the projects that are associated with risks and expectations for higher-than-average returns.

3. We actively observe and adopt the best practices in our sector.

4. We actively observe the new practices developed in other sectors and exploit them in our own business.

5. We recognize early on technological changes that may have an effect on our business.

6. We are able to exploit unexpected opportunities.

7. We search for new practices all the time.

8. In uncertain decision-making situations we prefer bold actions to make sure that opportunities are exploited.

9. We consistently allocate resources to promising new operational areas.

Financial accessibility	Measurement of constructs	Author(s)	Measurement	Changed in the final item(s)
	1.Access to financial 2.Speed of financial 3.Ability to get additional funding α =0.821	Adopted from Morgan et al. (2006) and following the expert interview	5-point Likert scale based on 1=strongly disagree, and 5=strongly agree	Add 3 new items related to halal industry financing

1.Our firm has the capability to access Islamic financial facilities *

2.Our firm has the capability to access conventional/non-Islamic financial facilities e.g., venture capitalists*

3.Our firm has the capability to access government funding for the halal industry*

4.Our firm has the capability of speedily acquiring and deploying financial resources

5.Our firm has the necessary finances from through previous earnings, for example, to fund international activities

Country halal reputation	Measurement of the constructs	Author(s)	Measurement	Changed in the final item(s)
	α = 0.794	Adapted from Morgan et al. (2006) -Developed following the expert interview	5-point Likert scale based on 1=strongly disagree, 5=strongly agree	4 items to meet halal reputation characteristics

1.The reputational strength of our halal food-product quality/advantage in international markets*

2.The reputational strength of our halal brand name in international markets *

3.The reputational strength of our Malaysian halal logo in international markets compared to other countries' halal logos*

4.Our Malaysian halal logo is the most demanded/required by foreign countries compared to other certifications such as health and HACCP*

Networking relationships	Measurement of the constructs	Author(s)	Measurement	Changed in the final item(s)
	α =0.846	Adopted from Pla-Barber and Escriba-Esteve (2006) -Developed following the	5-point Likert scale 1=strongly disagree, 5=strongly agree	Add one additional item 5, local government agencies related to the halal industry in Malaysia

		focus-group interview		
1. The importance of founder/managers' personal network relationships in our firm's international strategy				
2.The importance of supplier relationships in our firm's international strategy				
3.The importance of customer relationships in our firm's international strategy				
4.The importance of competitor relationships in our firm's international strategy				
5.The importance of institutional/government agencies such as JAKIM, MATRADE, HDC, SMIDEC, MIHAS in our firm's international strategy*				
Globalization phenomenon	**Measurement of the constructs** α =0.861	**Author(s)** -Adapted from Knight and Cavusgil (1996); Crick and Spence (2005) -Developed following the expert interview	**Measurement** 5-point Likert scale based on 1=strongly disagree, 5=strongly agree	**Changed in the item(s)** Add 2 new items related to the halal market
1. In our firm, we have significantly modified our business activities in response to the globalization trend.				
2. Advanced communications and information technologies.				
3.Reduction in tariff barriers				
4.High population of Muslims in overseas target markets *				
5.Favorable demand for halal products in overseas target markets*				
6.Unsolicited orders from overseas such as from internet/company web-site/existing client referral				
Industry and domestic market conditions	**Measurement of the constructs** α =0.816	**Author(s)** Adapted from Evangelista (2005) and Moen (2002) -Developed following the literature review and the expert interview	**Measurement** Likert scale: 1= strongly disagree and 5 = strongly agree	**Changed in the final item(s)** Item 5 was dropped during reliability test
1.Domestic competitive pressures				
2.Declining domestic sales				

3.Saturated domestic market
4.Excess local production
5. Increasing domestic demand for halal food **

Institutional factors	Measurement of the constructs α =0.844	Author(s) Adapted from Peng (2000) -Developed following the expert interview	Measurement 5-point Likert scale 1=strongly disagree, 5=strongly agree	Changed in the final item(s) -5 new item developed related to the halal industry -Item 6 was dropped during the reliability test
1.Attractive Malaysian government incentives for the halal industry*				
2.The effectiveness of Malaysian halal export-promotion programmes *				
3. The efficiency of Malaysian government bureaucracy and paperwork such as JAKIM, Ministry of Health*				
4. The attractiveness of foreign government incentives				
5.Import permits are easily obtained from foreign countries				
6. Requirement for halal logo certification from foreign countries is less important than other documents such as health certification and HACCP**				
7. Meeting international halal standard guidelines issued by the Organization of the Islamic Conference (OIC)*				

Over the first three years, how did your firm's performance in overseas markets compare with the objectives you had set?

International performance	Measurement of the constructs Subjective measurement α =0.926	Author(s) - Adopted from Crick et al. (2006)	Measurement 5-point Likert scale 1=very badly, 5=very well	Changed in the final scale Item 4 was dropped following the interview
1.Overseas sales volume				
2. Overseas sales growth				
3.Overseas profitability				
4.Overseas market share**				

Notes: All the scale s with the anchor 1 -5 except for international performance   range from 1= strongly disagree 5= strongly agree

All the scales   measuring international performance with the anchor 1 to 5 range from 1= very badly 5= very well
* the item was developed   following the interview and panel discussion
** the item was dropped during the interview or EFA/reliability analysis

Appendix 2

Table 4 Correlation matrix for international performance, SMEs' specific internal capabilities, and the external environment ($N=174$)

	1	2	3	4	5	6	7	8	9	10	11	12
1. International performance	1											
2. Foreign experiential knowledge	0.381**	1										
3. Long-term exposure	0.137	0.328**	1									
4. Short-term exposure	0.319**	0.387**	0.346**	1								
5. Global mind-set	0.181*	0.499**	0.044	0.090	1							
6. International entrepreneurial orientation	0.355**	0.623**	0.273**	0.320**	0.462**	1						
7. Financial accessibility	0.148	0.322**	0.234**	0.227**	0.247**	0.342**	1					
8. Halal reputation	0.290**	0.367**	0.203**	0.125	0.416**	0.439**	0.360**	1				
9. Networking relationships	0.336**	0.371**	0.164*	0.296**	0.308**	0.484**	0.385**	0.347**	1			
10. Globalization phenomenon	0.353**	0.518**	0.173*	0.219**	0.382**	0.625**	0.397**	0.373**	0.491**	1		
11. Industry and market conditions	−0.085	0.047	0.152*	0.069	−0.072	0.096	0.138	0.052	0.096	0.177*	1	
12. Institutional factors	0.084	0.340**	0.246**	0.069	0.373**	0.331**	0.414**	0.386**	0.313**	0.521**	0.076	1

The correlation matrices of the subsamples are available from the corresponding author.

* Correlation is significant at the 0.005 level (two-tailed)

** Correlation is significant at the 0.001 level (two-tailed)

References

Agrawal J, Kamakura WA (1999) Country of origin: a competitive advantage? Int Res Mark 16(4):255–267

Aldrich HE (1999) Organizations evolving. Sage, Thousand Oaks

Amit R, Schoemaker PJH (1993) Strategic assets and organisational rent. Strateg Manage J 14(1):33–46

Andersen O, Kheam LS (1998) Resource-based theory and international growth strategies: an exploratory study. Int Bus Rev 7:163–184

Andersson S (2004) Internationalization in different industrial contexts. J Bus Venturing 19:851–875

Andersson S, Floren H (2008) Exploring managerial behavior in small international firms. J Small Bus Enterp Dev 15(1):31–50

Barney J (1991) Firm resources and sustained competitive advantage. J Manag 17:99–120

Bell J, McNaughton R, Young S (2001) Born again global firms: an extension to the born global phenomenon. J Int Manag 7(3):173–189

Bloodgood, J, Sapienza HJ, Almeida JG (1996) The internationalization of new high-potential ventures: antecedents and outcomes. Entrep Theory Practi. 20 Summer: 61–76

Boter H, Holmquist C (1996) Industry characteristics and internationalization processes in small firms. J Bus Venturing 11(6):471–487

Brennan L, Garvey D (2009) The role of knowledge in internationalization. Res Int Business and Finance 23: 120–133

Buckley P (1989) Foreign direct investment by small and medium sized enterprises: the theoretical background. Small Bus Econ 1:89–100

Cadogan JW, Kuivalainen O, Sundvist S (2009) Export market-oriented behavior and export performance: quadratic and moderating effects under differing degrees of market dynamism and internationalization. J Int Mark 17(4):71–89

Carmeli A, Tishler A (2004) The relationships between intangible organizational elements and organizational performance. Strateg Manag J 25:1257–1278

Chetty S, Campbell-Hunt C (2004) A strategic approach to internationalization: a traditional versus a born-global approach. J Int Mark 12(1):57–81

Chetty S, Wilson HIM (2003) Collaborating with competitors to acquire resources. Int Bus Rev 12(1):61–81

Chiao YC, Yang KP, Yu CMJ (2006) Performance, internationalization, and firm-specific advantages of SMEs in a newly-industrialized economy. Small Bus Economics 26:475–492

Coviello NE, Jones MV (2004) Methodological issues in international entrepreneurial research. J Bus Vent 19: 485–508

Coviello NE, McAuley A (1999) Internationalization and the small firm: a review of contemporary empirical research. Manag Int Rev 39(3):223–237

Coviello NE, Munro H (1995) Growing the entrepreneur firm: networking for international market development. Eur J Mark 29(7):49–62

Coviello NE, Munro H (1997) Network relationships and the internationalization process of small software firms. Int Bus Rev 6(4):361–386

Covin JG, Slevin DP (1989) Strategic management of small firms in hostile and benign environments. Strateg Manag J 10(1):75–87

Crick D (2010) The internationalisation of born global and international new venture SMEs. Int Mark Rev 26(4/5):453–476

Crick D, Jones MV (2000) Small high-technology firms and international high-technology markets. J Int Mark 8(2):63–85

Crick D, Spence M (2005) The internationalization of high performing UK high-tech SMEs: a study of planned and unplanned strategies. Int Bus Rev 14:167–85

Crick D, Bradshaw R, Chaudry S (2006) Successful internationalizing UK family and non family owned firms: a comparative study. J Small Bus Enterp Dev 13(4):498–512

D'Angelo A, Majocchi A, Zucchella A, Buck T (2013) Geographical pathways for SME internationalization: insights from an Italian sample. Int Mark Rev 30(2):80–105

Dai L, Maksimov V, Gilbert BA, Fernhaber SA (2013) Entrepreneurial orientation and international scope: the differential roles of innovativeness, proactiveness, and risk-taking. J Bus Vent 29:1–14

Delios C, Beamish PW (1999) Geographic scope, product diversification and the corporate performance of Japanese firms. Strateg Manag J 20(8):711–727

Dennis JE, Depelteau D (1985) Market knowledge, diversification and export expansion. J Int Bus Stud 16: 77–89

Dierickx I, Cool K (1989) Asset stock accumulation and sustainability of competitive advantage. Manag Sci 35(12):1504–1511

Dimaggio P, Powel W (1991) Introduction. In: Powell W, Dimaggio P (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago

Dunning JH (1998) Location and the multinational enterprise: a neglected factor? J Int Bus Stud 29(1):45–66

Durand R, Coeurderoy R (2001) Age, order of entry. Strategic Orient Org Per 16:471–494

Dyer JH, Singh H (1998) The relational view: cooperative strategy and sources of interorganizational competitive advantage. Acad Manag Rev 23(4):660–679

Eriksson K, Johanson J, Majkgard A, Sharma DD (1997) Experiential knowledge and cost in the internationalization process. J Int Bus Stud 28(2):337–360

Etemad H (2004) Internationalization of small and medium-sized enterprises: a grounded theoretical framework. Can J Adm Sci 21(1):1–21

Evangelista F (2005) Qualitative insights into the international new venture creation process. J Int Entrep 3(3):179–198

Fletcher R (2001) A holistic approach to internationalisation. J Int Bus Rev 10:25–49

Gabrielsson M, Kirpalani VHM, Dimitratos P, Solberg CA, Zucchella A (2008) Born globals: propositions to help advance the theory. Int Bus Rev 17:385–401

Galbreath J (2005) Which resources matter the most to firm success? An exploratory study of resource based theory. Technovation 25:979–987

Gomez-Mejia LR (1988) The role of human resources strategy and export performance: a longitudinal study. Strateg Manag J 9:493–506

Gopalakrishna S, Lilien GL, Williams JD, Sequeira IK (1995) Do trade shows pay off? J Mark 59(3):75–83

Hall R (1993) A framework linking intangible resources and capabilities to sustainable competitive advantage. Strateg Manag J 14:607–618

Harveston P, Kedia B, Davis P (2000) Internationalization of born global and gradual globalizing firms: the impact of the manager. Adv Compet Res 8(1):92–99

Harveston P, Osborne D, Kedia BL (2002) Examining the mental models of entrepreneurs from born global and gradual globalizing firms. In Proceedings of the high technology small firms conference 333–346

Hashai N, Almor T (2004) Gradually internationalizing 'Born Global' firms: an oxymoron? Int Bus Rev 13(4):465–483

Hitt MA, Hoskisson RE, Kim H (1997) International diversification: effects on innovation and firm performance in product-diversified firms. Acad Manag J 40:767–798

Hofer CW (1975) Toward a contingency theory of business strategy. Acad Manag J 18:784–810

Hooley GJ, Shipley D, Krieger N (1988) A method for modelling consumer perceptions of country of origin. Int Mark Rev 5(3):67–76

Hoskisson R, Eden L, Lau C, Wright M (2000) Strategy in emerging economies. Acad Manag J 43:249–267

Ibeh K (2003) Toward a contingency framework of export entrepreneurship: conceptualizations and empirical evidence. Small Bus Econ 20(1):49–68

Ibeh KIN, Young S (2001) Exporting as an entrepreneurial act: an empirical study of Nigerian firms. Euro J Mark 35(5/6):566–586

Jantunen A, Nummela N, Puumalainen K, Saarenketo S (2008) Strategic orientations of born globals: do they really matter? J World Bus 43(2):158–170

Jarvenpaa SLD, Leidner E (1998) An information company in Mexico: extending the resource-based view of the firm to a developing country context. Inf Syst Res 4(9):342–361

Johanson J, Vahlne JE (1977) The internationalization process of the firm. J Int Bus Stud 8(1):23–32

Johanson J, Vahlne JE (1990) The mechanism of internationalization. Int Mark Rev 7(4):11–24

Johanson J, Vahlne JE (2003) Business relationship learning and commitment in the internationalisation process. J Int Entrep 1(1):83–101

Johanson J, Vahlne JE (2009) The Uppsala internationalization process model revisited: from liability of foreignness to liability of outsidership. J Int Bus Stud 40(9):1411–1431

Jones MV (1999) The internationalization of small high technology firms. J Int Mark 7(4):15–41

Jones MV, Coviello NE (2005) Internationalisation: conceptualising an entrepreneurial process of behaviour in time. J Int Bus Stud 36:284–303

Kiss NA, Danis WM (2008) Country institutional context, social networks and new venture internationalization speed. Eur Manag J 26(6):388–399

Kiss AN, Danis WM, Cavusgil ST (2012) International entrepreneurship research in emerging economies: a critical review and research agenda. J Bus Vent 27:266–290

Knight GA (1997) Emerging paradigm for international marketing: the born global firm. Ph.D. dissertation, Michigan State University, East Lansing, MI, USA

Knight GA (2001) Entrepreneurship and strategy in the international SME. J Int Manag 7:155–171

Knight GA, Cavusgil ST (1996) The born global firm: a challenge to traditional internationalization theory. Adv Int Mark 8:11–26

Knight GA, Cavusgil T (2004) Innovation, organizational capabilities and the born global firms. J Int Bus Stud 35:124–141

Knight GA, Cavusgil ST (2005) A taxonomy of born-global firms. ManageInt Rev 45(3):15–35

Knight GA, Liesch PW (2002) Information internalisation in internationalising the firm. J Bus Res 55(12): 981–995

Kuivalainen O, Sundqvist S, Puumalainen K, Cadogan JW (2004) The effect of environmental turbulence and leader characteristics on international performance: are knowledge-based firms different? Can J Adm Sci 21(1):35–50

Kuivalainen O, Sundqvist S, Servais P (2007a) Firms' degree of born globalness, international entrepreneurial orientation and export performance. J World Bus 42:253–267

Kuivalainen O, Sundqvist S, Servais P (2007b) Geographical dimension: a missing link in the internationalisation of born global firms? In: Sinkovics RR, Yamin M (eds) Anxieties and management responses in international business. Palgrave MacMillan, Houndmills, pp 225–242

Kuivalainen O, Puumalainen K, Sintonen S, Kyläheiko K (2010) Organisational capabilities and internationalisation of the small and medium-sized information and communications technology firms. J Int Entrep 8(2):135–155

Lee SM, Peterson SJ (2000) Culture, entrepreneurial orientation, and global competitiveness. J World Bus 35(4):401–416

Lee C, Lee K, Pennings JM (2001) Internal capabilities, external networks, and performance: a study on technology-based ventures. Strateg Manag J 22:615–640

Loane S, Bell J (2006) Rapid internationalisation among entrepreneurial firms in Australia, Canada, Ireland and New Zealand: an extension to the network approach. Int Mark Rev 23(5):467–485

Lopes TS, Casson M (2007) Entrepreneurship and the development of global brands. Bus History Rev 81: 651–680

Lumpkin GT, Dess GG (1996) Clarifying entrepreneurial orientation construct and linking it to performance. Acad Manag Rev 21(1):135–172

Lumpkin GT, Dess GG (2001) Linking two dimension of entrepreneurial orientation to firm performance: the moderating role of environment and industry life cycle. J Bus Vent 16:429–451

Luostarinen R, Welch L (1990) International business operations. Kyriiri Oy, Helsinki

Madsen TK (1989) Successful export marketing management: some empirical evidence. Int Mark Rev 6(4): 41–57

Madsen TK, Servais P (1997) The internationalization of born globals: an evolutionary process? Int Bus Rev 6(6):561–583

McDougall PP, Oviatt BM (1996) New venture internationalization, strategic change, and performance: a follow-up study. J Bus Vent 11(1):23–40

McDougall PP, Oviatt BM (2000) International entrepreneurship: the intersection of two research paths. Acad Manag J 43(5):902–906

McDougall PP, Shane S, Oviatt BM (1994) Explaining the formation of international joint ventures: the limit of theories from international business research. J Bus Vent 9:469–487

McDougall PP, Oviatt BM, Shrader RC (2003) A comparison of international and domestic new ventures. J Int Entrep 1(1):59–82

McNaughton RB (2003) The number of export markets that a firm serves: process models versus the born-global phenomenon. J Int Entrep 1:297–311

Miller D (1988) The relationship of Porter's business strategies to environment and structure. Acad Manag J 31:280–308

MoenØ SP (2002) Born global or gradual global? Examining the export behavior of small and medium sized enterprises. J Int Mark 10(3):49–72

Morgan NA, Vorhies DW, Schlegelmilch BB (2006) Resource-performance relationship in industrial export ventures: the role of resource inimitability and substitutability. Ind Mark Manag 35:621–633

Morris MH, Paul GW (1987) The relationship between entrepreneurship and marketing in established firms. J Bus Vent 2(3):247–259

Naudé W, Rossouw S (2010) Early international entrepreneurship in China: extent and determinants. J Int Entrep 8(1):87–111

Nummela N, Saarenketo S, Puumalainen K (2004) A global mindset: a prerequisite for successful internationalization. Can J Adm Sci 1:51–64

Oviatt BM, McDougall PP (1994) Toward a theory of international new ventures. J Int Bus Stud 1:45–64

Oviatt B, McDougall P (1995) Global start-ups: entrepreneurs on a worldwide stage. Acad Manag Exec 9(2):30–44

Park JH, Kim K (1999) Strategic alliance formation and stock market responses: industry globalization as an environmental contingency. J Int Manag 5:267–284

Peiris IK, Akoorie MEM, Sinha P (2012) International entrepreneurship: a critical analysis of studies in the past two decades and future directions for research. J Int Entrep 10:279–324

Peng MW (2000) Business strategies in transition economies. Sage, Thousand Oaks

Peng MW (2001) The resource-based view and international business. J Manag 27:803–829

Peng MW (2002) Towards an institution-based view of business strategy. Asia Pac J Manag 19:251–267

Peng MW, York AS (2001) Behind intermediary performance in export trade: transactions, agents, and resources. J Int Bus Stud 32(2):327–346

Peng MW, Wang D, Jiang Y (2008) An institution-based view of international business strategy: a focus on emerging economies. J Int Bus Stud 39:920–936

Penrose E (1959) The theory of the growth of the firm. Basil Blackwell, London

Pla-Barber J, Escriba-Esteve AE (2006) Accelerated internationalization: evidence from a late investor country. Int Mark Rev 23(3):255–278

Podsakoff PM, Organ DW (1986) Self-reports in organizational research: problems and prospects. J Manag 12:531–543

Porter ME (1980) Competitive strategy: techniques for analyzing industries and competition. Free Press, New York

Porter ME (1990) The competitive advantage of nations. The Free Press, New York

Preece SB, Miles G, Baetz MC (1999) Explaining the international intensity and global diversity of early-stage technology-based firms. J Bus Vent 14(3):259–281

Rauch A, Wiklund J, Lumpkin GT, Frese M (2009) EO and business performance: an assessment of past research and suggestions for the future. Entrep Theory and Pract 33(3):761–787

Reid S (1985) Exporting: does sales volume make a difference? A comment. J Int Bus Stud 6(2):153–155

Rosson PJ, Seringhaus R (1995) Visitor and exhibitor interaction at industrial trade fairs. J Bus Res 32(1):81–90

Roth MS (1995) The effects of culture and socioeconomics on the performance of global brand image strategies. J Mark Res 32:163–175

Ruzzier MR, Hisrich D, Antoncic B (2006) SME internationalization research: past, present and future. J Small Bus Enterp Dev 13(4):476–497

Sapienza HJ, Autio E, George G, Zahra SA (2006) A capabilities perspective on the effects of early internationalization on firm survival and growth. Acad Manag Rev 30:914–933

Seringhaus FHR (1989) Trade missions in exporting: state of the art. Manage Int Rev 29(2):5–16

Seringhaus FHR, Rosson PJ (1998) Management and performance of international trade fair exhibitors: government stands vs. independent stands. Int Mark Rev 15(5):398–412

Shield (2009) Global halal food market. http://www.ats-sea.agr.gc.ca/inter/4352-eng.htm#b. Accessed 26 Jan 2014.

Shoham A (1998) Export performance: a conceptualization and empirical assessment. J Int Mark 6(3):59–81

Shrader RC, Oviatt BM, McDougall PP (2000) How new ventures exploit trade-offs among international risk factors: lessons for the accelerated internationalization of the 21st century. Acad Manage J 28(3):1227–1247

Smallbone D, Welter F (2001) The role of government in SME development in transition countries. Int Small Bus J 19(4):63–77

Spence M, Crick D (2006) A comparative investigation into the internationalization of Canadian and UK high-tech SMEs. Int Mark Rev 23(5):524–48

Srinivasan N, Jain SC, Sikand K (2004) An experimental study of two dimensions of country-of-origin (manufacturing country and branding country) using intrinsic and extrinsic cues. Int Busi Rev 13(1):65–82

Steenkamp JB, Batra R, Alden DL (2003) How perceived brand globalness creates brand value. J Int Bus Stud 34(1):53–65

Steensma HK, Marino L, Weaver KM, Dickson PH (2000) The influence of national culture on the formation of technology alliances by entrepreneurial firms. Acad Manag J 43:951–973

Styles C (1998) Export performance measures in Australia and the United Kingdom. J Int Mark 6(3):12–36

Watson J (2007) Modeling the relationship between networking and firm performance. J Bus Vent 22:852–874

Wernerfelt B (1984) A resource based view of the firm. Strateg Manag J 5(2):171–180

Westhead P, Wright M, Ucbasaran D (2001) The internationalisation of new and small firms: a resource-based view. J Bus Vent 16:333–358

Wheeler C, Ibeh K, Dimitratos P (2008) UK export performance research: review and implications. Int Small Bus J 26(2):1–31

Wiklund S (2003) Aspiring for, and achieving growth: the moderating role of resources and opportunities. J Manage Stud 40(8):1919–1941

Wiklund J, Shepherd D (2005) Entrepreneurial orientation and small business performance: a configurational approach. J Bus Vent 20:71–91

Wilkinson T, Brouthers LE (2006) Trade promotion and SME export performance. Int Bus Rev 15:233–252

Zahra SA, Covin JG (1995) Contextual influences on the corporate entrepreneurship-performance relationship: a longitudinal analysis. J Bus Vent 10(1):43–58

Zahra SA, Garvis DM (2000) International corporate entrepreneurship and firm performance: the moderating effect of international environmental hostility. J Bus Vent 15(5/6):469–492

Zahra SA, George G (2002) International entrepreneurship: the current status of the field and future research agenda. In: Hitt M, Ireland R, Camp M, Sexton D (eds) Strategic leadership: creating a new mindset. Blackwell, London, pp 225–88

Zahra SA, Ireland RD, Hitt MA (2000) International expansion by new venture firms: international diversity, mode of market entry, technological learning, and performance. Acad Manag J 43:925–950

Zahra SA, Hayton J, Marcel J, O'Neill H (2001) Fostering entrepreneurship during international expansion: managing key challenges. Europ Manag, J 19(4):359–369

Zhou L (2007) The effects of entrepreneurial proclivity and foreign market knowledge on early internationalization. J World Bus 42:281–293

Zou S, Stan S (1998) The determinants of export performance: a review of the empirical literature between 1987 and 1997. Int Mark Rev 15(5):333–56

Zucchella A (2002) Born globals versus gradually internationalising firms: an analysis based on Italian case studies. Paper presented at the European International Business Academy (EIBA) Annual 28th EIBA Conference, December, Athens, Greece.

Zucchella A, Denicolai S, Palamara G (2007) The drivers of early internationalization of the firm. J World Bus 42:268–280