EJABM European Journal of Applied Business and Management

European Journal of Applied Business Management, 11(2), 2025, pp. 19-42 ISSN 2183-5594

Research Paper

Entrepreneurial orientation, dynamic capability and internationalization of indigenous firms in Lagos State, Nigeria

Submitted on 10th january 2025
Accepted on 25th march 2025
Evaluated by a double-blind review system

OLADIMEJI CHARLES FAJIMOLU[1]
OWOLABI LATEEF KUYE[2]
ABDUL-HAMEED ADEOLA SULAIMON[3]

ABSTRACT

Purpose: Several nations of the world have been able to create wealth through internationalization, but Nigeria's indigenous firms are far behind in international expansion of their business activities. Having observed that much has not been done by prior literature to examine the extent to which this could be a result of entrepreneurial orientation and dynamic capability of Nigeria's indigenous firms, this study is conducted.

Methodology: The study used a cross-sectional survey design and a snowball sampling method and obtained 384 responses from respondents that have fulfilled the condition for. Data were analyzed using variance accounted for (VAF) method for the mediating effect and the hypotheses were tested using partial least square structural equation modeling (PLS-SEM).

Results: The findings revealed that entrepreneurial orientation has a statistically significant influence on internationalization and dynamic capability. Also, dynamic capability partially mediates between entrepreneurial orientation and.

Practical Implication: Indigenous firms in Nigeria should intensify efforts to identify potential market opportunities and be more proactive in order to take advantage of such opportunities so as to extend their business operations beyond their national border.

Originality: The study draws on dynamic capabilities theory to further establish that entrepreneurial orientation of indigenous firms influences their internationalization. It shows that dynamic capability mediates between entrepreneurial orientation and internationalization of indigenous firms in Nigeria thereby enhancing the internationalization of indigenous firms.

Keywords: *Dynamic capability; Entrepreneurial orientation; Internationalization*

[1] University of Lagos, Nigeria. oladimeji.charles2@gmail.com
[2] University of Lagos, Nigeria. labikuye@yahoo.com
[3] University of Lagos, Nigeria. asulaimon@unilag.edu.ng

1. Introduction

Internationalization can be traced to the first Industrial Revolution of the 18th century in Great Britain which offered an opportunity for mechanization of production processes and through which mass production of merchandise items became possible. This eventually gave rise to companies moving outside their home countries in order to sell their products abroad so as to generate wealth for the organization in particular and for the country in general (Olukoju et al., 2003). In the 19th century, this same process of wealth generation was applied in the United States of America, Germany, Japan, Italy and Korea, and it yielded the same result. The Nigeria indigenous firms cannot afford to overlook this process of wealth generation. As of 1978, Nigeria was economically better than China due to the oil boom period while China was one of the poorest nations of the world, but today Chinese economy is one of the largest all over the world. According to Maddison (2007), China has been ranked as number one in terms of purchasing power parity (PPP), foreign exchange reserve capacity, merchandise trade and manufacturing value-added. One among major factors that contributed to China's rapid and high-flying economic growth is their business strategy that allows them to internationalize. Chinese products are selling in almost all nations of the world either by producing locally and exporting to different parts of the world or by siting their production factory in their countries of interest.

In their conceptualization of internationalization, Johanson and Wiedersheim-Paul (1975) opined that firms that are internationally oriented have the attitude to commence international ventures after a sequence of incremental decisions through which increased need to control sales enhances internationalization as they continually learn about foreign operations and markets. Madsen and Servais (1997) show that internationalization can occur by establishing a network business relationship in an entirely new country, developing a relationship in a network well-known to the organization or by using the organization's existing relationship in a particular network as a connection to other networks in several countries. International expansion requires small firms with inadequate resources to first commercialize their business in the lead markets that are crucial to wide and fast market access, pursue business partners in the foreign market through an expert network in order to complement their capabilities while leading their marketing and sales activities. This could be maintained with the point that internationalized firms engage more in innovative activities. Innovation is the major force that drives internationalization. It, therefore, requires that firms that are entrepreneurially oriented get fully involved in innovative activities to drive internationalization.

Entrepreneurial orientation, according to Miller (1983), is simply about the strategic posture of a firm, i.e. the innovative, proactive, and risk-taking behavior and management philosophies of a firm. The nature of market system that has been created recently is that has brought about integration of national economies through international market (Irungu & Marwa, 2015). According to Fernández-Mesa and Alegre (2015), entrepreneurial orientation on its own may not be enough to drive satisfactory level of internationalization; there is need for mediation of some other concepts that are well connected with entrepreneurial orientation and internationalization. Other than being entrepreneurially oriented, internationalization requires firms to commit their resources, leverage on their capabilities and operate within the laws that govern the rules of engagement.

One major factor that greatly influences the internationalization strategy of several organizations, especially the new ones, is organizational dynamic capability. That is, organizational capacity to achieve a desired result by deploying organizational resources in consonance with organizational processes (Kariuki & Kilika, 2017). Configuration and deployment of organizational capabilities are the means by which organizations across the market achieve distinctiveness which eventually results in differentiations and becomes a real source of heterogeneity (Penrose & Penrose, 1995) which are essential characteristics of an entrepreneurially oriented organization. Organizational capabilities needs to be dynamic and allow for renewal of competencies in order to give room for consistencies between the international environment where the business operates and the organizational strategy employed in a resourceful market.

In today's business world, entrepreneurially oriented nations have found the need to move their entrepreneurially innovative activities and products to other nations and continents either through exportation, foreign direct investment, outsourcing, franchising or establishment of subsidiaries so as to break limits, reduce the impact of competition in their home countries and generate more wealth for the organization in particular and the country being represented in general (Meyer & Peng, 2016). Therefore, having observed that many indigenous companies in Nigeria have not been able to internationalize, the extent to which this is as a result of entrepreneurial orientation and dynamic capabilities is unknown. Also, having considered the importance of internationalization of Nigerian indigenous firms, much has not been done by prior literature to examine the mediating effect of dynamic capabilities in achieving international expansion of indigenous firms (Abdelkareem et al., 2022; Breuillot et al., 2022; Sanyal et al., 2020). Additionally, studies on international expansion of entrepreneurially oriented indigenous firms are very scanty in the literature. Therefore, this study is considered important as it aims to examine the influence of organizational dynamic capabilities on the internationalization of entrepreneurially oriented Nigeria indigenous firms.

With the aim of contributing to the development of Nigerian entrepreneurial activities by thinking international expansion while at the same time contributing to the field of international business, this study draws from the dynamic capability's theory. Teece and Pisano (1994) argued that firms in the global marketplace need to deploy management capability for effective coordination and redeployment of both internal and external competences. Through these, they are able to respond rapidly and timely to market changes with flexible products/services innovation as required strategy to significantly win competitive advantage. This is embarked upon in order to better understand how dynamic capability mediates between entrepreneurial orientation and internationalization of indigenous firms in Nigeria. The findings of this study provide empirical evidence on international expansion of indigenous firms in Nigeria and at the same time serve as an insight to policymakers, government and academic researchers on the need to encourage international expansion among indigenous firms in Nigeria.

In the subsequent part of this study, the researchers conducted a review of literature comprising the theoretical review and the conceptual review. This is followed by the methodology used while carrying out this study; hypotheses testing, analyses and results; discussion and conclusion.

2. Literature Review and Hypotheses

2.1. The dynamic capabilities theory

The dynamic capabilities theory, introduced by Teece and Pisano (1994), argues that firms in the global marketplace need to deploy management capability for effective coordination and redeployment of both internal and external competences. Through these, they are able to respond rapidly and timely to market changes with flexible products/services innovation as required strategy to significantly win competitive advantage rather than mere accumulation of rare, valuable, inimitable and non-substitutable resources as the strategy for sustaining competitive advantage construed by Barney (1986).

The researchers see dynamic as the manner in which environmental characters change thereby necessitating certain strategic responses when timing and time-to-market becomes critical; while capabilities refer to the key strategic management role that is essential to suitably adapt, reconfigure and integrate both internal and external organizational resources, skills and functional competences towards unpredictable global business environment. It, therefore, follows that dynamic capability is the firm's ability to gain sustainable competitive advantage through the integration, building and reconfiguration of both internal and external competences in an unstable business environment where changes become a regular occurrence.

According to Gnizy et al. (2014), firms that lack dynamic capability will find it difficult to maintain competitive advantage in an environment where changes occur regularly. Market changes occur where the market evolves, splits, a new market emerges or the market dies (Samsudin & Ismail, 2019). The dynamic capabilities approach holds the view that resources that are static cannot remain valuable in an unstable business environment (Pervan et al., 2018). It is, therefore, pertinent that dynamic capability will be required to rejuvenate such resources (Ambrosini & Bowman, 2009). The goal of dynamic capability theory is improvement in firm performance because dynamic capability aims to change the ordinary capability of an organization in order to cause an improvement in organizational performance (Laaksonen & Peltoniemi, 2018). Dynamic capability can be considered as important for entrepreneurially oriented firms that are considering international expansion of their business operations since one of the reasons why any business will aim at improving its performance is to have business expansion.

2.2. Entrepreneurial orientation and internationalization of indigenous firms

The dynamic capabilities theory was employed to explain the relationship between entrepreneurial orientation and internationalization. One major reason for employing this theory is its ability to explain how effective coordination of entrepreneurial competencies can boost organizational performance in a global market. Entrepreneurial orientation, for instance, has been viewed as a main component of entrepreneurship strategy and research

(Kearney & Meynhardt, 2016), and is a firm-level disposition, a set of distinct but related behaviors characterized by innovativeness, pro-activeness, risk-taking, competitive aggressiveness and autonomy of an entrepreneur (NuelOkoli et al., 2021; Pearce et al., 2010; Voss et al., 2005). Entrepreneurially oriented firms make active participation in problem-solving activities through which they are able to heighten strategic competences, turn out products and services that meet target market demand, follow the waves in the external environment and boost competitiveness in order to take advantage of opportunities for internationalization (Lan & Wu, 2010).

Internationalization is driven by the ability of entrepreneurially oriented organizations to commit resources and deploy capabilities towards international expansion in the face of competition as businesses strive to identify new and potential market in order to increase sales, profitability and sustainable competitive advantage (Osei-Bonsu, 2020). According to Welch and Luostarinen (1988), internationalization is the ability of a firm to conduct any operation of its value chain in foreign countries. Wach, Głodowska & Maciejewski (2018) found that entrepreneurial, market and network knowledge have positive association with firms' international expansion. Especially, foreign expansion of smaller firms with limited resources has become a lot easier as a result of internet-of-things and communication technologies, that have made the required information about foreign markets easily accessible (Cavusgil & Knight, 2015). However, indigenous firms in Nigeria seem to be far behind in internationalization but there is need to ascertain the extent to which this is as a result of their innovativeness, pro-activeness, risk-taking attitude, competitive aggressiveness and autonomy. Hence, we hypothesis that:

H_O1: Entrepreneurial orientation does not significantly influence internationalisation of indigenous firms in Lagos State, Nigeria.

2.3. Linking entrepreneurial orientation and dynamic capability of indigenous firms

Entrepreneurial orientation is anchored on five distinctive perspectives which are innovativeness, pro-activeness, risk-taking attitude, competitive aggressiveness and autonomy. The commitment of an organisation in introducing a new product to the market is viewed as innovativeness (Zahra, 1993). Innovativeness connotes firm's creative ability to overcome challenges, proffer new solutions, master new techniques and develop new products or services in order to gain competitive advantage in the industry (Lan & Wu, 2010). Pro-activeness is about organisation's strategic move to seek new market opportunities ahead of competitors (Lan & Wu, 2010; Lumpkin & Dess, 1996). Firms that are proactive in nature constantly envisage changes in the market and make moves ahead of their competitors in order to take advantage of whatever new opportunities available (Lan & Wu, 2010). Pro-activeness is essential for entrepreneurially oriented organisations in their decision to expedite action on anticipated changes in customers' taste or future market demand. The organisation's willingness, in the midst of uncertainty and a reasonable probability of failure, to commit large resources in a business is being viewed as risk-taking (Lumpkin & Dess, 1996).

High level of competition and risks involved in setting up international operations is worrisome among small-scale entrepreneurs. However, given the fact that economic globalisation brings about different opportunities for firms through which growth can be achieved, it is believed that such risks will ultimately pay-off (Lan & Wu, 2010). Similarly, competitive aggressiveness refers to the rigorous manner in which firms challenge their competitors in order to outperform them. When a organisation is strong in entrepreneurial orientation, it moves into a new market aggressively and takes greater risks to cope with rapid changing and more complex environment. Gnizy et al. (2014) opined that competitive aggressiveness is an important approach through which intense rivalry among competing firms can be brought under control. According to Lumpkin and Dess (2015), autonomy is seen as the independent action of entrepreneurially oriented organisational leaders aiming at establishing new ventures and bringing it to realization. Autonomy aims at giving members of the organisation freedom to innovate and take risks.

On the other hand, dynamic capabilities, according to Helfat et al. (2007, p.12), are "the capacity of an organization to purposefully create, extend and modify its resource base." Dynamic capability is characterized by different kinds of talents with which managers ability to innovate and improve organizational performance can be evaluated, and as such emphasizes the proving abilities of managers to successfully read, exploit, sense, evaluate and respond promptly to market changes in order to compete successfully in the international environment (Al-Nimer et al., 2022). In order to engage in sequential exploration and exploitation of effective internationalization strategy, emerging market multinationals use dynamic capabilities as their major driving powers (Deng et al., 2018). This is because dynamic capability represents organizational distinctive capacity with which organizational resources can be transformed from a fixed source of competitive advantage to a vital component of evolving and sustainable advantage in the foreign market (Kamoche & Harvey, 2006).

As proposed by Deng *et al.,* (2018), dynamic capabilities have a direct impact on the internationalization strategy formulation of emerging market multinationals and can be used as moderating effects of their strategic choice for international expansion. Further, dynamic capabilities provide organizations with opportunities to continuously reconfigure or adapt their resource-base to address the fast-changing international business environment. The researchers further introduced four aspects of dynamic capabilities that are relevant to the foreign strategic choice of emerging market multinationals which are capabilities to recognize, leverage, learn and re-align.

Capability to recognize has to do with resource recognition which gives an entrepreneurially oriented organization the privilege to understand the starting point from which decisions can be made on the strategy for international expansion that can be pursued (Robb et al., 2020). In order to employ dynamic capability for rapid international expansion, firms need to carry out an honest assessment of their resource-base. Capability to leverage entails the organizational ability to timely exploit its current resources by adjusting to changes in the market and institutional environment. Capability to learn entails obtaining knowledge from outside the organization which is then combined with internal knowledge-base to be absorbed for a new application. Capability for re-alignment is concerned with the firm's ability to reconfigure both its internal and external competencies with the local and foreign product market and to effectively link its current business in the home country with the business opportunities in the foreign market. Additionally, Monteiro et al. (2019) found that firms' access to intangible resources have a direct relationship with their ability to perform well in their exportation activities. Albasri (2020) also found that a relationship exist between entrepreneurial orientation and dynamic capability by which changes are orchestrated and through which organisations take advantage of market opportunities. Based on the foregoing, the attributes and dimensions of entrepreneurial orientation are expected to influence the dynamic capability of entrepreneurially oriented firms but the extent of this influence in unknown. Hence, we hypothesized that:

H_O2: Entrepreneurial orientation does not significantly influence dynamic capabilities of indigenous firms in Lagos State, Nigeria.

2.4. Role of dynamic capability in internationalization of entrepreneurially oriented indigenous firms

Teece (2014) argued that by combining dynamic capability with organizational core strategies, values can be created over time in order to retain competitive advantage. The extent to which SMEs achieve international expansion are determined by certain factors, such as advancement in information, communication and transportation technology, liberalization of international markets, attraction and partner's resources, existing buyers and suppliers. These factors in turn determine the required dynamic capabilities for international expansion and may pose a threat to entrepreneurs operating in developing countries since they may need to rely on individual experience about international market in order to reduce the risk involved (Etemed, 2004; Hennart, 2012). As construed by Mudalige et al. (2018), firms operating in developing countries will need a high level of dynamic capability to be able to allocate resources towards international activity. In their opinion, Swoboda and Olejnik (2016) argued that successful internationalization of small firms can be determined by their dynamic capabilities. As such, dynamic capability aligns with firm-specific process of internationalization because both incremental and accelerated processes put forward a predefined track for distinctive capability building (Prange & Verdier, 2011).

As opined by Priyono et al. (2020), the dynamic capability of managers in an entrepreneurially oriented organization is extremely important for penetrating in foreign markets where opportunities abound. According to Tallott and Hilliard (2016), entrepreneurially oriented organizations need dynamic capabilities in order to seize these opportunities through a series of investment decisions and strategic choices. However, Uner et al. (2020) construed that organization's inability to duplicate their human and physical capabilities in the international market could present a major barrier in their process of international expansion. Firms in possession of dynamic capabilities have the ability to create new resources and capabilities using the existing resources in such a manner that there will be alignment between the firm and whatever changes that may occur in their environment (Pervan et al., 2018).

Wang and Ahmed (2007) see dynamic capabilities from three perspectives: adaptive capability representing the firm's ability to identify and take advantage of available opportunities in the market; absorptive capability which implies the firm's ability to identify, assimilate and exploit new information in the market; and innovative capability which implies the firm's ability to develop new products or services in the market. This is because professional competence, high quality products and services are essential factors for successful internationalization (Vătămănescu, 2019). Monteiro et al. (2019) found that dynamic capabilities mediate the relationship between entrepreneurial orientation and export performance in the foreign market. Therefore, the study seeks to examine if dynamic capability will mediate the relationship between entrepreneurial orientation and internationalization of indigenous firms in Nigeria. Hence, we hypothesized that:

H_O3: Dynamic capability does not significantly mediate between entrepreneurial orientation and internationalization of indigenous firms in Lagos State, Nigeria.

3. Methodology

3.1 Sample size

The sample size used for this study follows the recommendation of Krejcie and Morgan (1970). According to the authors, as the population increases from the range of 10 to 1,000,000 and above, the sample size should also increases but at a diminishing rate from the range of 10 until it becomes relatively constant at slightly above 380 and should not exceed 384 for any population. Since there is no proper record of internationalized indigenous firms in Nigeria, the study worked with the maximum sample size of 384 recommended by Krejcie and Morgan (1970), drawn from the population of internationalized indigenous firms operating in various industries, using a snowball sampling method. The snowball sampling method is a non-probability sampling method that allows the researcher to receive information about the location of other internationalized indigenous firms from previously contacted internationalized indigenous firms until satisfactory sample size is achieved.

3.2 Research instrument

A questionnaire was employed for data collection (in appendix). The questionnaire was segmented into two sections, comprising the demographic information of the respondents (section A), and questions on each of the variables of the study (section B), adapted from previous studies in the relevant areas (Hughes & Morgan, 2007; Ko et al., 2021; Ismail & Abdul-Malek, 2018). Indigenous business owners that have experienced internationalization at least once or their managers were given copies of the questionnaire to fill.

3.3 Measurement of Variables

Entrepreneurial orientation is the predicting variable and was treated as a latent variable. The study adapted Hughes and Morgan (2007) entrepreneurial orientation measurement scale (see Covin & Wales, 2011). The five dimensions of entrepreneurial orientation are: Innovativeness, which connotes firm's creative ability to overcome challenges, proffer new solutions, master new techniques and develop new products or services in order to gain competitive advantage in the industry (Lan & Wu, 2010); Risk-taking, which implies organisation's willingness, in the midst of uncertainty and a reasonable probability of failure, to commit large resources in a business (Lumpkin & Dess, 2001); Pro-activeness, known as organisation's strategic move to seek new market opportunities ahead of competitors (Lan & Wu, 2010); Competitive aggressiveness, which refers to the rigorous manner in which firms challenge their competitors in order to outperform them; and Autonomy, which is the independent action of entrepreneurially oriented organizational leaders aiming at establishing new ventures and bringing it to realization. The five dimensions of entrepreneurial orientation were measured with 18 items, four of them have three sub-scales each, while the fifth has six. All items were rated on a seven-point Likert scales ranging from 1 (strongly disagree) to 7 (strongly agree).

Internationalization is the response variable. The measurement scale for the internationalization of indigenous firms was adapted from the work of Ko et al. (2021) in which five items were used to measure internationalization activities from both inward and outward-looking perspectives. All items were rated on a seven-point likert scale in line with the previous works by the aforementioned researchers.

In order to measure dynamic capability, the study adapted the scales used by Mudalige et al. (2018), in which three dimensions of dynamic capabilities were measured: sensing, learning, and transformation and reconfiguration. Sensing has to do with the ability of an organization to identify information about changes in customer needs and potential market opportunities. Learning involves organizational strategies that allow employees from different areas to share experiences and meet regularly to resolve issues and concerns. Transformation and reconfiguration refer to organization's ability to quickly respond to changes in the business environment. Seven items were used to measure dynamic capabilities as the study examined how it mediates between the predicting and the response variables. Each of the items was rated on a seven-point Likert-scale.

In order to ascertain the reliability of the measuring instrument, a pilot study was conducted for all the study variables and the resulting Cronbach's alpha for internationalization, entrepreneurial orientation and dynamic capabilities were 0.708, 0.818 and 0.717, respectively.

3.4 Data analysis Process

Consistent with the approach of Latif, Pérez and Sahibzadac (2020), the hypotheses were tested to determine the relationship between entrepreneurial orientation and internationalization using Partial Least Square Structural Equation Modeling (PLS-SEM) statistical method in SmartPLS 4.0 to test the cause and effect relationship between observed and latent variables. Next, the relationship between entrepreneurial orientation and the mediating variable was established. Hence, the researcher controlled for the predicting variable by entering the mediating variable simultaneously with the experimental variable as a predictor of the response variable.

The study used percentile bootstrapping option and the method of variance accounted for (VAF) to determine the mediating relationship among constructs in the distribution of indirect effects.

The bootstrapping was set at 5000 resampling randomly drawn at 0.05 significant level to check the effect of mediating variables on the predicting and response variables. For the sampling distribution of indirect effect, empirical representations are often generated through bootstrapping, which treats the sample size as mini representation of the population. Since bootstrapping does not make use of standard error to draw inference, the controversy of how best to calculate standard error of indirect effect does not arise. Bootstrapping inference is predicated on the calculation of the indirect effect itself and in any intervening variable model; it can be used to draw inference no matter the amount and complexities of the paths between independent and dependent variables (Hayes, 2009).

According to Putra (2022), the method of VAF is the most suitable technique for assessing the mediating effect of connecting variable between the predicting and response variable. When the VAF ranges from 20% to 80% it is considered that there is partial mediation. Values below 20% indicate that the mediation is weak and negligible, whereas values above 80% indicate a full mediation.

4. Results

4.1 Descriptive analyses of the construct

The descriptive analysis of the constructs depicts participants' general opinion. The mean of each item was determined, through which the mean of each construct was established. It should be noted that a mean of 0.1 to 1.0 indicates strongly disagree; 1.1 to 2.0 indicates disagree; 2.1 to 3.0 indicates somewhat disagree; 3.1 to 4.0 indicates neither agree nor disagree; 4.1 to 5.0 indicates somewhat agree; 5.1 to 6.0 indicates agree while 6.1 to 7.0 indicates strongly agree.

Table I: Descriptive statistics and correlation matrix

	Mean	Std. Dev	1	2	3
Internationalisation	4.48	1.245	1		
Entrepreneurial Orientation	5.58	.676	.293**	1	
Dynamic capability	5.68	.728	.274**	.758**	1

Note: *Std. Dev = Standard deviation; Correlation is significant at **p<0.05 (2-tailed).*

Source: Own elaboration

The mean and standard deviation of each variable, as well as the Pearson correlation matrix is presented in Table 1.

The result revealed that entrepreneurial orientation and dynamic capability correlate significantly with internationalization at 5% significance level.

4.2 Testing of hypotheses

In this study, partial least square structural equation modeling (PLS-SEM) was employed to test and draw statistical inferences from the formulated hypotheses. PLS-SEM is a multivariate statistical analysis method that can be used to extend existing theories. PLS-SEM is a flexible technique used in estimating complex models. It combines factor analysis and multiple regression analysis in estimating multiple and interrelated dependence between latent constructs and measured variables in a single analysis (Hair et al., 2016). The percentile bootstrapping option was used to determine the mediating relationship among constructs using 5000 randomly drawn bootstrapping sample at 0.05 significant level and the results of the tested hypothesis are presented accordingly.

Table II: Outcome of the Measurement Model

Hypotheses		α	Rho_a	CR	AVE
$H_0$1	Entrepreneurial Orientation	0.876	0.878	0.890	0.342
	Internationalization	0.726	0.838	0.820	0.548
$H_0$2	Dynamic Capability	0.790	0.800	0.849	0.450
	Entrepreneurial Orientation	0.876	0.887	0.895	0.352

Source: Own elaboration

Table II shows that Cronbach's Alpha, composite reliability (CR) and Rho_A for hypotheses one and two are within the recommended threshold of 0.7 and above, and not exceeding 0.95 (Hair et al., 2019), thereby establishing that there is reliability and internal consistency in the measures used in the study. Similarly, in order to establish the convergent validity of the study constructs, the average variance extracted (AVE) was considered. The calculated AVE for internationalization is 0.548, for dynamic capability is 0.450 and for entrepreneurial orientation is 0.342 and 0.352, which is adequate (Fornell & Larcker, 1981).

4.2.1 Heterotrait-Monotrait ratio (HTMT)

Table III: Heterotrait-Monotrait ratio (HTMT)

Hypotheses		Entrepreneurial Orientation	Internationalization
$H0_1$	Entrepreneurial Orientation		
	Internationalization	0.582	
		Dynamic Capability	Entrepreneurial Orientation
$H0_2$	Dynamic Capability		
	Entrepreneurial Orientation	0.842	

Source: Own elaboration

The Heterotrait-Monotrait (HTMT) ratio is shown in Table 3.

The HTMT ratio is 0.582 and 0.842 for the first and second research hypotheses, respectively, which is below 0.90, thereby reconfirming the established discriminant validity in the study analysis.

4.2.2 Path coefficient of the tested model

Table IV: Path coefficient of the tested model

Hypotheses	Relationship	Beta	R^2	f^2	t-statistic	P-value
H_01	Entrepreneurial Orientation→ Internationalization	0.559	0.313	0.457	22.798	0.000
$H0_2$	Entrepreneurial Orientation→ Dynamic Capability	0.820	0.673	2.076	50.252	0.000

Source: Own elaboration

The path coefficient of the tested model is presented in Table 4.

The beta value of 0.559 indicates that there is a moderate positive relationship between entrepreneurial orientation and internationalization, while the beta value of 0.820 indicates that there is a positive relationship between entrepreneurial orientation and dynamic capability. The R-square of 0.313 and 0.673 respectively is the variance in response variable explained by predicting variable. It indicates that entrepreneurial orientation has been able to explain 31.3% and 67.3% of internationalization and dynamic capability, respectively, which is adequate since it is above the 10% threshold set by Falk and Miller (1992). Similarly, the f-square values of 0.457 and 2.076 are large enough to indicate that removal of items in predicting variable did not have a significant effect on the response variable (Fawad, 2022). Furthermore, the t-statistic value of 22.798 and 50.252 are above the +1.96 threshold predicted by Putra (2022) and are both statistically significant.

Consequently, the first null hypothesis is rejected since the results show that entrepreneurial orientation has a positive significant influence on internationalization of indigenous firms in Lagos State, Nigeria. In like manner, the second null hypothesis is rejected since the results establish that entrepreneurial orientation has a significant influence on dynamic capability of indigenous firms in Lagos State, Nigeria.

4.2.3 Mediating effect

Table V presents the results of the mediating effect of dynamic capabilities in the relationship between entrepreneurial orientation and internationalisation of indigenous firms in Lagos State, Nigeria.

Table V: Mediating effect of Dynamic Capability on the relationship between Entrepreneurial orientation and internationalization

Type of effect	Effect	Path coefficient	T stats	P-value	Remark
Total effect	EO → Intl	0.478	13.052**	0.000	Sig. total effect
Indirect effect	EO →DC → Intl	0.151	1.914*	0.056	Sig. Indirect effect
Direct effect	EO → Intl	0.327	3.548**	0.000	Sig. direct effect
VAF	Indirect effect/total effect	31.59%			
Conclusion: Dynamic Capability has a partial mediation between Entrepreneurial orientation and internationalization					

Note: *VAF – variance accounted for; DC – dynamic capability **p<0.05; *p<0.1*

Source: Own elaboration

The study used bootstrapping in the distribution of indirect effects and the method of VAF for assessing the mediating effect of connecting variable between the predicting and response variable. Table 5 shows that the direct effect of entrepreneurial orientation on internationalization is significant at 5%, with t-statistic 3.548 and path coefficient 0.327. The indirect effect of entrepreneurial orientation on dynamic capability and of dynamic capability on internationalization is significant at 10%, with t-statistic 1.914 and path coefficient 0.151. Further, the total effect of the mediating relationship is significant at 5%, with t-statistic 13.052 and path coefficient 0.478. Furthermore, VAF is 31.59%, so it is considered that there is partial mediation.

In conclusion, having fulfilled all the required conditions for mediating relationship (see Hair et al., 2017; Putra, 2022), the study found that dynamic capability partially mediates the relationship between entrepreneurial orientation and internationalization. Thus, the third null hypothesis is rejected since the study has found that dynamic capability partially mediates the relationship between entrepreneurial orientation and internationalization of indigenous firms in Lagos State, Nigeria.

5. Discussion

The results revealed that entrepreneurial orientation has a positive significant influence on internationalisation of indigenous firms in Lagos State, Nigeria. The result revealed the importance of innovativeness, pro-activeness, risk taking attitude, competitive aggressiveness and autonomy of an entrepreneurially oriented organisation to internationalisation. This result corroborates the findings of previous studies (e.g. NuelOkoli et al., 2021; Osei-Bonsu, 2020; Wach et al., 2018).

The results also revealed that entrepreneurial orientation has a positive significant influence on dynamic capabilities of indigenous firms in Lagos State, Nigeria. This result revealed that entrepreneurially oriented firms have capability to sense when there are market opportunities or there are changes in consumers' taste, learn new things about market development both from outside the organisation and among employees themselves, and be able to bring about transformation and reconfiguration. This finding is in consonance with previous studies conducted by Albasri (2020) where it was found that relationship exist between entrepreneurial orientation and dynamic capability by which changes are orchestrated and through which organisations take advantage of market opportunities.

Finally, the results revealed that dynamic capability partially mediates the relationship between entrepreneurial orientation and internationalisation of indigenous firms in Lagos State, Nigeria. The indirect effect of entrepreneurial orientation on internationalization using dynamic capability as the mediating variable is only significant at 10% significant level. Therefore, internationalization of entrepreneurially oriented firms will be improved when such firms embrace sensing, learning, and transformation and reconfiguration. This result substantiates the findings made by Albasri (2020) that dynamic capability has a statistically significant partial mediation between entrepreneurial orientation and international business performance.

5.1 Theoretical implication

This study has been able to provide theoretical support for extant literature on entrepreneurial orientation and internationalisation of firms. The study agrees with the theory of entrepreneurial orientation by Miller (1983), Covin and Slevin (1989), and Lumpkin and Dess (1996), which argued that entrepreneurial orientation is a strong firm-level attribute driven by innovativeness, pro-activeness and risk-taking attitude. The study has also advanced our knowledge that organisation's international expansion among indigenous firms will increases in direct proportion to the increase in their innovativeness, pro-activeness, risk-taking, competitive aggressiveness and autonomy combined.

The study equally supports the dynamic capabilities theory by Teece and Pisano (1994) that argues that firms in the global marketplace need to deploy management capability for effective coordination and redeployment of both internal and external competences. By so doing, they will be able to respond rapidly and timely to market changes. In addition, the study further extends dynamic capability theory by Teece and Pisano (1994) because it has been able to demonstrate that when organizations deploy management capability for effective coordination and redeploy both internal and external competences, internationalization of entrepreneurially oriented indigenous firms can be improved.

5.2 Practical implication

This study is primarily essential for indigenous firms to understand how being entrepreneurially oriented, in combination with their level of dynamic capability, can enhance their international expansion. It is important to note that internationalization of business activities by indigenous firms has a way of increasing wealth for both the firm and the nation. The findings of this study, therefore, imply that indigenous firms need to understand the role of dynamic capability in internationalization process as it is essential for wealth generation among entrepreneurially oriented indigenous firms. This study has equally demonstrated that international expansion requires indigenous firms to be entrepreneurially oriented in terms of their pro-activeness, innovativeness, risk taking attitude, competitive aggressiveness and autonomy.

5.3 Limitation and suggestions for further studies

The study engaged dynamic capability as important mediating factor necessary to improve upon internationalization of indigenous firms. However, there are other factors such as resource management process, organizational culture and corporate governance that are capable of influencing indigenous firms towards internationalization. Researchers should extend this discussion by examining their mediating roles in a quest to improve internationalization of indigenous firms. This study used a non-probabilistic sample selection method due to inability to find record of internationalized indigenous firms in Nigeria. Future studies should make effort to adopt probability sample selection method. Partial least square structural equation modelling (PLS-SEM) was used to analyse data collected for the purpose of this study; researchers should analyse using covariance based structural equation modelling (CB-SEM) in the future studies. This study was carried out to cover businesses in Lagos state; however, future studies should make effort to cover all states in Nigeria. In the future, researchers can equally make efforts to compare among indigenous firms by caring out industry analysis so as to know which of them is internationalizing better and in what order.

6. Conclusion

The purpose of this empirical study is to examine factors that are capable of contributing to the internationalization of indigenous firms in Nigeria. The study examined the relationship between entrepreneurial orientation and internationalization, using dynamic capability as the mediating variable.

The results show that entrepreneurial orientation, which comprises innovativeness, pro-activeness, risk taking attitude, competitive aggressiveness and autonomy, of indigenous firms in Nigeria fosters internationalisation. Furthermore, internationalization can be enhanced through the mediating role of dynamic capability.

It should be noted that nations of the world that have embraced internationalization create wealth through several means by which they sell their products or services abroad. It is, therefore, required that indigenous firms in Nigeria should combine dynamic capability with their entrepreneurial orientation tools and focus on extending their business operations beyond their national boundary so as to create wealth for the nation. Future studies should extend this discussion by examining the mediating roles of resource management process, organisational culture and corporate governance in a quest to improve internationalization of indigenous firms.

References

Abdelkareem, R., Battour, M., & Al-Awlaqi, M. (2022). Entrepreneurial orientation, dynamic capabilities, and business processes performance: Evidence from Egyptian SMEs. *Research Square, 1,* 1-23. https://doi.org/10.21203/rs.3.rs-1557654/v1

Albasri, M. (2020). Entrepreneurial orientation, dynamic capabilities and SMEs performance in Saudi Arabia. Retrieved from http://hdl.handle.net/10026.1/15452.

Al-Nimer, M.B., Alsheikh, G.A.A., Abd-Halim, M.S.B., & AlNawafleh, E.A.T. (2022). Understanding the relationship between dynamic capabilities and internationalization readiness with innovation as mediating in the smes in jordan. *Journal of Positive School Psychology, 6*(6), 1222-1233.

Ambrosini, V., & Bowman, C. (2009). What are dynamic capabilities and are they a useful construct in strategic management? *International Journal of Management Reviews, 11*, 29–49.

Barney, J. B. (1986). Strategic factor markets: Expectations, luck, and business strategy. *Management science*, *32*(10), 1231-1241.

Breuillot, A., Bocquet, R., & Favre-Bonté, V. (2022). Navigating the internationalization process: Strategic resources for early internationalizing firms. *Journal of International Entrepreneurship*, *20*, 282-315. https://doi.org/10.1007/s10843-022-00308-z

Cavusgil, S. T., & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of international business studies*, *46*(1), 3-16. https://doi.org/10.1057/jibs.2014.62

Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic management journal*, *10*(1), 75-87.

Covin, J.G., & Wales, W.J. (2011). The measurement of entrepreneurial orientation. *Entrepreneurship Theory and Practice, 1*(1), 1-26. https://doi.org/10.1111/j.1540-6520.2011.00482.x

Deng, P., Liu, Y., Gallagher, V.C., & Wu, X. (2018). International strategies of emerging market multinationals: A dynamic capabilities perspective. *Journal of Management & Organisation, 1,* 1-18. https://doi.org/10.1017/jmo.2017.76

Etemed, H. (2004) Internationalization of small and medium-sized enterprises: a grounded theoretical framework and an overview. *Canadian Journal of Administrative Science, 21*(1), 1–21.

Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling*. University of Akron Press.

Fawad, L. (2022). Understanding R Square, F Square, and Q Square using SMART-PLS. Retrieved from https://researchwithfawad.com/index.php/lp-courses/basic-and-advance-data-analysis-using-smart-pls/understanding-r-square-f-square-and-q-square-using-smart-pls/

Fernández-Mesa, A., & Alegre, J. (2015). Entrepreneurial orientation and export intensity: Examining the interplay of organisational learning and innovation. *International Business Review*, *24*(1), 148-156. http://dx.doi.org/10.1016/j.ibusrev.2014.07.004

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Mareting Research*, *18*(1), 39-50.

Gnizy, I., Baker, W. E., & Grinstein, A. (2014). Proactive learning culture: A dynamic capability and key success factor for SMEs entering foreign market. *International Marketing Review, 31*(5), 477-505. https://doi.org/10.1108/IMR-10-2013-0246

Hair Jr, J. F., Matthews, L. M., Matthews, R. L., & Sarstedt, M. (2017). PLS-SEM or CB-SEM: updated guidelines on which method to use. *International Journal of Multivariate Data Analysis*, *1*(2), 107-123. https://doi.org/10.1504/IJMDA.2017.087624

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2016). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. 2nd edition. Thousand Oaks, CA: Sage.

Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the result of PLS-SEM. *European Business Review*, 31(1), 2-24. https://doi.org/10.1108/EBR-11-2018-0203

Hayes, A. F. (2009). Beyond Baron and Kenny: Statistical mediation analysis in the new millennium. *Communication monographs*, *76*(4), 408-420. https://doi.org/10.1080/03637750903310360

Helfat, C., Finkelstein, S., Mitchell, W., Peteraf, M.A., Singh, H., Teece, D.J., & Winter, S.G. (2007). *Dynamic capabilities: Understanding strategic change in organisations*. Oxford, Blackwell.

Hennart, J. (2012) Emerging market multinationals and the theory of the multinational enterprise. *Global Strategic Journal, 2*(3), 168–187. https://doi.org/10.1111/j.2042-5805.2012.01038.x

Hughes, M. & Morgan, R.E. (2007). Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial Marketing Management*, *36*, 651–661. https://doi.org/10.1016/j.indmarman.2006.04.003

Irungu, D. N., & Marwa, M. (2015). Firm resources as determinants of internationalization of medium sized firms evidence from Kenya. *International Journal of Small Business and Entrepreneurship Research, 3*(1), 53-63.

Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm—four swedish cases 1. *Journal of management studies*, *12*(3), 305-323.

Kamoche, K., & Harvey, M. (2006). Knowledge diffusion in the African context: An institutional theory perspective. *Thunderbird International Business Review*, *48*(2), 157–181.

Kariuki, J., & Kilika, J. M. (2017). Organisation capability, innovation and competitive advantage: An integrative theoretical framework review of literature. *The International Journal of Business & Management*, *5*(2), 42-51.

Kearney, C., & Meynhardt, T. (2016). Directing corporate entrepreneurship strategy in the public sector to public value: Antecedents, components, and outcomes. *International Public Management Journal*, *19*(4), 543-572. http://dx.doi.org/10.1080/10967494.2016.1160013

Ko, W. W., Chen, Y., Chen, C. H. S., Wu, M. S. S., & Liu, G. (2021). Proactive environmental strategy, foreign institutional pressures, and internationalization of Chinese SMEs. *Journal of World Business*, *56*(6), 1-18. https://doi.org/10.1016/j.jwb.2021.101247

Krejcie, R.V., & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, *30*(3), 607-610.

Laaksonen, O., & Peltoniemi, M. (2018). The essence of dynamic capabilities and their measurement. *International Journal of Management Reviews*, *20*(2), 184-205. https://doi.org/10.1111/ijmr.12122

Lan, Q., & Wu, S. (2010). An empirical study of entrepreneurial orientation and degree of internationalization of small and medium-sized Chinese manufacturing enterprises. *Journal of Chinese Entrepreneurship*, *2*(1), 53-75. https://doi.org/10.1108/17561391011019023

Latif, K. F., Pérez, A., & Sahibzadac, U. F. (2020). Corporate social responsibility (CSR) and customer loyalty in the hotel industry: A cross-country study. *International Journal of Hospitality Management, 1*(1), 1-13. https://doi.org/10.1016/j.ijhm.2020.102565Get rights and content

Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, *21*(1), 135-172. https://doi.org/10.5465/amr.1996.9602161568

Maddison, A. (2007). *Chinese economic performance in the long run* (2nd ed.). Paris, OECD Development Centre Studies.

Madsen, T. K., & Servais, P. (1997). The internationalization of born globals: an evolutionary process?. *International Business Review*, *6*(6), 561-583.

Meyer, K. E., & Peng, M. W. (2016). Theoretical foundations of emerging economy business research. *Journal of International Business Studies, 47*, 3–22.

Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, *29*(7), 770–791.

Monteiro, A.A., Soares, A.M., Rua, O.L. (2019). Linking intangible resources and entrepreneurial orientation to export performance: The mediating effect of dynamic capabilities. *Journal of Innovation & Knowledge, 4:* 179–187.

Mudalige, D., Ismail, N.A., & Abdul-Malek, M. (2018). Exploring the role of individual level and firm level dynamic capabilities in smes' internationalization. *Journal of International Entrepreneurship, 1*, 1-34. https://doi.org/10.1007/s10843-018-0239-2

NuelOkoli, I.E., Nwosu, K.C., & Okechukwu, M.E. (2021). Entrepreneurial orientation and performance of selected SMEs in Southeast, Nigeria. *European Journal of Business and Management Research , 6(4), 108-115.*

Olukoju, A., Lawal, A.A., & Faluyi, E.K. (Eds.). (2003). *Fundamentals of economic history*. First Academic Publishers.

Osei-Bonsu, N. (2020). Entrepreneurial orientation and internationalization of Smes: Empirical evidence from developing markets. *Journal of Management Research, 12*(2), 1-13. https://doi.org/10.5296/jmr.v12i2.15819

Pearce, J.A. II., Fritz, P., & Davis, P.S. (2010). Entrepreneurial orientation and the performance of religious congregations as predicted by rational choice theory. *Entrepreneurship Theory and Practice*, *34*(1), 219–248. https://doi.org/10.1111/j.1540-6520.2009.00315.x

Penrose, E., & Penrose, E. T. (1995). *The Theory of the Growth of the Firm*. USA, Oxford University Press.

Pervan, M., Curak, M., & Kramaric, T. P, (2018). The influence of industry characteristics and dynamic capabilities on firms' profitability. *International Journal of Financial Studies*, *6*(1), 1-19. https://doi.org/10.3390/ijfs6010004

Prange, C. & Verdier, S. (2011). Dynamic capabilities, internationalization processes and performance. *Journal of World Business, 46*(1), 126–133. https://doi.org/10.1016/j.jwb.2010.05.024

Priyono, A., Nursyamsiah, S., & Darmawan, B.A. (2020). Network-based dynamic capabilities in internationalisation of SMEs: case studies in emerging economy. *International Journal of Trade and Global Markets,13*(1), 11-20. https://doi.org/10.1504/IJTGM.2020.104907

Putra, W. B. T. S. (2022). Problems, common beliefs and procedures on the use of partial least squares structural equation modeling in business research. *South Asian Journal of Social Studies and Economics*, *14*(1), 1-20. https://doi.org/10.9734/sajsse/2022/v14i130367

Robb, C., Kim, E., & Lee, J. (2020). Entrepreneurial Orientation and Export Performance of Emerging Market SMEs: The Moderating Role of Dynamic Capabilities in South Africa. *Journal of Distribution Science, 18*(12), 15-29.

Samsudin, Z. B, & Ismail, M. D. (2019). The concept of theory of dynamic capabilities in changing environment. *International Journal of Academic Research in Business and Social Sciences*, *9*(6), 1071–1078. http://dx.doi.org/10.6007/IJARBSS/v9-i6/6068

Sanyal, S., Hisam, M.W., & Baawain, A.M.S (2020). Entrepreneurial orientation, network competence and human capital: The internationalization of SMEs in Oman. *Journal of Asian Finance, Economics and Business, 7*(8), 473–483. https://doi.org/10.13106/jafeb.2020.vol7.no8.473

Swoboda B, Olejnik E (2016) Linking processes and dynamic capabilities of international SMEs: the mediating effect of international entrepreneurial orientation. *Journal of Small Business Management, 54*(1):139 161. https://doi.org/10.1111/jsbm.12135

Tallott, M., & Hilliard, R. (2016). Developing dynamic capabilities for learning and internationalization. *Baltic Journal of Management, 11*(3), 328 – 347. http://dx.doi.org/10.1108/BJM-02-2015-0060

Teece, D. (2014). A dynamic capabilities-based entrepreneurial theory of the multinational enterprise. *Journal of International Business Studies, 45*, 8–37.

Teece, D., & Pisano, G. (1994). The dynamic capabilities of firms: an introduction. *Industrial and corporate change*, *3*(3), 537-556.

Uner, M.M., Cetin, B. & Cavusgil, S.T. (2020). On the internationalization of Turkish hospital chains: A dynamic capabilities perspective. *International Business Review, 29*(3), 1-42. https://doi.org/10.1016/j.ibusrev.2020.101693

Vătămănescu, E. M., Gorgos, E. A., Ghigiu, A. M., & Pătruț, M. (2019). Bridging intellectual capital and SMEs internationalization through the lens of sustainable competitive advantage: A systematic literature review. *Sustainability*, *11*(9), 1-22. https://doi.org/10.3390/su11092510

Voss, Z.G., Voss, G.B., & Moorman, C. (2005). An empirical examination of the complex relationships between entrepreneurial orientation and stakeholder support. *European Journal of Marketing*, *39*(9/10), 1132–1150.

Wach, K., Głodowska, A., & Maciejewski, M. (2018). Entrepreneurial orientation, knowledge utilization and internationalization of firms. *Sustainability, 10*, 1-23. https://doi.org/10.3390/su10124711

Wang, C.L., & Ahmed P.K. (2007). Dynamic capabilities: A review and research agenda. *International Journal of Management Reviews, 9*, 31–51. https://doi.org/10.1111/j.1468-2370.2007.00201.x
Welch, L. S., & Luostarinen, R. (1988). Internationalization: Evolution of a concept. *Journal of General Management*, *14*(2), 34-55.
Zahra, S. A. (1993). Environment, corporate entrepreneurship, and financial performance: A taxonomic approach. *Journal of business venturing*, *8*(4), 319-340. https://doi.org/10.1016/0883-9026(93)90003-N

APPENDIX

QUESTIONNAIRE

Section A: Personal Information
Please tick (√) the appropriate items.

1. Gender: Male [ ] Female [ ]

2. Age: 18 – below30 [ ] 30 –below 40 [ ]
   40 –below 50 [ ] 50 and above [ ]

3. Marital Status: Single [ ] Married [ ]
   Widow/Widower [ ] Separated [ ]
4. Working Experience: 1 – 5yrs [ ] 6 – 10yrs [ ]
   11 - 15yrs [ ] Above 15 years [ ]

5. Position at work: Chairman [ ] CEO/MD [ ]
   Manager [ ]

6. Qualification: NCE/OND [ ] HND/B.Sc [ ]
   MBA/MSC [ ] PhD [ ] Others[ ]
   Please specify_________________

8. Industry: Please specify_______________________________________

9. What is the number of employees (both full-time and part-time) in your company? Please specify_____________________________

10. Number of years in business. Please, specify_________________________________

Section B
Kindly tick (√) the appropriate answer in the boxes attached to the statements below:
Strongly Disagree = 1
Disagree = 2
Somewhat Disagree = 3
Neither Agree nor Disagree = 4
Somewhat Agree = 5
Agree = 6
Strongly Agree = 7

EJABM European Journal of Applied Business and Management
ISSN 2183-5594

		1	2	3	4	5	6	7
Internationalization								
Inward-Focused Internationalization Activities								
1.	Our firm utilizes advanced management skills from foreign countries.							
2.	Our firm utilizes advanced and new technology from foreign countries							
3.	Our firm utilizes inward foreign direct investment							
Outward-Focused Internationalization Activities								
4.	Our firm aggressively seeks foreign markets.							
5.	Our firm develops alliances with foreign partners							
Entrepreneurial Orientation								
Risk-taking								
1.	The term "risk taker" is considered a positive attribute for people in our firm.							
2.	People in our firm are encouraged to take calculated risks with new ideas.							
3.	Our firm emphasizes both exploration and experimentation for opportunities.							
Innovativeness								
4.	We actively introduce improvements and innovations in our business.							
5.	Our business is creative in its methods of operation.							
6.	Our business seeks out new ways to do things.							
Pro-activeness								
7.	We always try to take the initiative in every situation (e.g., against competitors, in projects when working with others).							
8.	We excel at identifying opportunities.							
9.	We initiate actions to which other organisations respond.							
Competitive aggressiveness								
10.	Our business is intensely competitive.							
11.	In general, our business takes a bold or aggressive approach when competing.							
12.	We try to undo and out-maneuver the competition as best as we can							
Autonomy								
13.	Employees are permitted to act and think without interference.							
14.	Employees perform jobs that allow them to make and instigate changes in the way they perform their work tasks.							
15.	Employees are given freedom and independence to decide on their own how to go about doing their work.							
16.	Employees are given freedom to communicate without interference.							
17.	Employees are given authority and responsibility to act alone if they think it to be in the best interests of the business.							
18.	Employees have access to all vital information.							
Dynamic capability								
Sensing								
1.	In our company, there are processes by which we collect information about changes in customer needs and potential market opportunities.							
2.	In our company, there are specialized mechanisms to collect industry information for managerial decisions.							
Learning								
3.	In our company, employees from different areas share experiences and/or knowledge.							
4.	In our company, employees meet regularly to resolve issues and concerns.							
Transformation and reconfiguration								
5.	In our company, we can quickly develop clear human resource re-allocation procedures in response to changes in the business environment.							
6.	In our company, we can rapidly respond to market changes.							
7.	In our company, we can rapidly response to competitor's actions.							