Entrepreneurial Strategic Posture and Performance in Foreign Markets: The Critical Role of International Learning Effort

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ABSTRACT

Drawing from the attention-based view of the firm, this study adds to research on the entrepreneurial process of early and rapid internationalization by investigating the mediating role of international learning effort in the relationship between international young ventures' entrepreneurial strategic posture and international performance and explores how external and internal factors might moderate this role. Using data from international young ventures based in China, the authors show that an entrepreneurial strategic posture enhances international performance through the intensity of learning efforts expended in foreign markets. Furthermore, the findings reveal that this mediating effect of international learning effort is more pronounced at higher levels of external competitive intensity and intrafirm social interaction. This study has great significance for the increasing body of research on international new ventures in that it reveals a critical behavioral mechanism that underpins the learning advantages of these ventures.

Keywords: international young ventures, attention-based view, international learning effort, entrepreneurial strategic posture, emerging markets

Research in international marketing has shown an increasing interest in the entrepreneurial process of foreign market entry among international young ventures (Aspelund, Madsen, and Moen 2007; Chandra, Styles, and Wilkinson 2012). The study of these ventures, conceptualized as early-stage ventures that internationalize early in their lifetime (Zhou, Wu, and Barnes 2012), requires deviation from the traditional perspective—which focuses on how maturing firms progressively move through stages of increasing international commitment (Knight and Cavusgil 1996; Oviatt and McDougall 1994)—particularly with respect to the role of learning and knowledge in this process (Autio, Sapienza, and Almeida 2000; De Clercq et al. 2012). Whereas research on the internationalization of established firms emphasizes how a lack of foreign knowledge may impede early foreign market entry and rapid international expansion (Johanson and Vahlne 1990), the "international new venture" (INV) perspective underscores the role of ventures' entrepreneurial character in stimulating learning and knowledge development (Jones and Coviello 2005; Keupp and Gassmann 2009; Zahra 2005). In particular, previous research has suggested that even if international young ventures do not possess substantial stocks of foreign knowledge, their entrepreneurial character makes them forward-looking in terms of exploiting foreign market opportunities and thus fuels learning advantages and capability development (Weerawardena et al. 2007; Zhou, Wu, and Barnes 2012). This in turn helps international young ventures reduce the uncertainty of entering foreign markets early in their lifetime (Figueira-de-

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Lemos, Johanson, and Vahlne 2011; Hilmersson and Jansson 2012) and contributes to their performance in these markets (Jantunen et al. 2008; Zhou 2007).

Implicit in this line of research is the taken-for-granted nature of ventures' ability to dedicate significant resources to international learning activities and, thus, the presumption of sufficient capacity to engage in these activities (De Clercq et al. 2012). However, this presumption does not withstand scrutiny in light of the severe resource limitations that young international ventures may face as a result of their liabilities of newness (Zahra 2005). Thus, to enhance understanding of *how* these ventures may generate learning advantages in foreign markets and increase their stock of foreign knowledge, an explicit consideration of their engagement in activities geared toward developing new foreign knowledge is of paramount importance (De Clercq, Sapienza, and Crijns 2005; Keupp and Gassman 2009). This engagement is akin to the notion of "learning orientation," which reflects firms' climate for and commitment to learning (Sinkula, Baker, and Noordevier 1997). Although previous research has indicated the usefulness of a learning orientation for the performance of international young ventures (e.g., Jantunen et al. 2008; Kropp, Lindsay, and Shoham 2006), the assessment of this learning orientation tends to reflect the perceived value of learning for the firm rather than capture actual engagement in learning activities. In contrast, our research objectives are to examine why some ventures are more likely than others to allocate significant *effort* to develop new knowledge about foreign markets and what the subsequent performance outcomes of such efforts are; in addition, we investigate how external and internal contingencies may moderate this mediating effect of international learning effort. In particular, we acknowledge that the adoption of an entrepreneurial posture is also costly in that it requires managers to go out of their way to question existing practices and replace them with new ways of doing business (Lumpkin and Dess 1996). In addition, we consider the contingent roles of (1) the competitive intensity that ventures face in their external markets (Kim and Atuahene-Gima 2010) and (2) the extent to which their managers maintain informal relationships with one another through their social interactions (Nahapiet and Ghoshal 1998).

The attention-based view—a theory that originates from strategic management research (Ocasio 1997)—presents an appropriate framework for investigating drivers and outcomes of young ventures' international learning efforts. According to this theory, managerial attention is critical in explaining why firms focus their efforts on certain activities and not on others, and managerial attention in turn is informed by the firm's rules and priorities (Barreto and Patient 2013; Ocasio 1997). In the context of early and rapid internationalization, the issue of managerial attention is highly relevant because managers in resource-constrained young ventures may be impeded in how much effort they can devote to activities targeted at foreign market learning (De Clercq et al. 2012; Gabrielsson and Gabrielsson 2013), even if their inherent flexibilities generate the so-called learning advantages of newness (LAN; Autio, Sapienza, and Almeida 2000; Zhou, Wu, and Barnes 2012).

According to the LAN concept, younger international ventures have inherent learning flexibilities that decrease the influence of rigidities stemming from their prior home-based activities; thus, their propensity to learn from their foreign activities increases (Blomstermo, Eriksson, and Sharma 2004; Sapienza et al. 2006; Zhou, Barnes, and Lu 2010). Yet previous empirical studies that draw from the LAN concept have tended to examine manifestations or outcomes of these learning advantages, such as the development of marketing capabilities (Zhou, Wu, and Barnes 2012) or enhanced financial performance (Autio, Sapienza, and Almeida 2000), rather than to assess the actual efforts that underpin the rapid acquisition of new foreign knowledge.

We aim to make the following contributions. First, whereas previous research has indicated that ventures that enter foreign markets early in their life cycle may experience learning advantages because they suffer less from inertial forces that prevent them from learning in foreign markets (Autio, Sapienza, and Almeida 2000; Zhou, Wu, and Barnes 2012), scholars have not directly assessed the learning behaviors that underlie such advantages (De Clercq et al. 2012). Drawing on the attention-based view (Ocasio 1997), we investigate how their actual involvement in international learning activities can create a critical conduit between young ventures' entrepreneurial strategic posture and their international performance. In doing so, we identify international learning effort as a key behavioral mechanism through which the entrepreneurial character of international young ventures can become a competitive advantage in foreign markets.

Second, we acknowledge that the advantages of an entrepreneurial strategic posture and the associated potential for enhanced learning effort are not automatic, so we use a contingency perspective (Boso et al. 2013; Hultman,

Robson, and Katsikeas 2009; Zhou, Wu, and Barnes 2012) to investigate factors that influence the effective translation of ventures' entrepreneurial strategic posture into an international competitive advantage. We postulate that the usefulness of an entrepreneurial strategic posture for international performance through focused learning efforts likely depends on (1) the external market needs for these efforts, as informed by the level of competitive intensity (Cui, Griffith, and Cavusgil 2005), and (2) the firm's ability to effectively assimilate internal knowledge stemming from intrafirm social interactions (De Clercq, Dimov, and Thongpapanl 2010). These two contingencies tap into the desirability and feasibility, respectively, of the venture's exploitation of foreign market knowledge, a nuance that, to the best of our knowledge, has not been explicitly addressed in research on the early and rapid internationalization of young ventures.

Third, we contribute to extant research by investigating the role of international learning efforts in the context of an emergent country—namely, China, the world's largest and fastest-growing emerging market (Zhou, Barnes, and Lu 2010). Scholars have paid increasing attention to the early international expansion of ventures based in emerging economies (Child and Rodrigues 2005; Luo and Tung 2007; Yiu, Lau, and Bruton 2007), particularly with respect to the aggressive route to learning and capability development that these ventures take on when entering developed foreign markets (Yamakawa, Peng, and Deeds 2008; Zhou, Wu, and Barnes 2012). However, little research has examined how their actual engagement in international learning activities, as informed by their entrepreneurial strategic posture, influences these ventures' performance in foreign markets (Aspelund, Madsen, and Moen 2007; Kiss, Danis, and Cavusgil 2012), let alone how external and internal contingencies affect this process. This omission is important because ventures based in emerging economies may confront significant deficiencies in terms of where to find adequate external resources to fulfill their international aspirations (Bruton, Ahlstrom, and Obloj 2008). Consequently, explaining the behavioral mechanism through which an entrepreneurial strategic posture can contribute to the international success of these ventures—and particularly how this posture can stimulate the allocation of *internal* resources toward international learning activities—is of great importance.

We organize the the remainder of this article as follows. In the next section, we review the relevant literature on the roles of an entrepreneurial strategic posture and learning in early internationalization and then develop several research hypotheses. We continue by outlining the data collection, measurement, and statistical results. We conclude with a discussion of the study's findings and practical implications and outline its limitations and further research directions.

THEORETICAL BACKGROUND

International business and marketing research has responded to the emergent phenomenon of early and rapid internationalization (Jones, Coviello, and Tang 2011; McDougall and Oviatt 2000) by considering the role of ventures' entrepreneurial character in their entry and growth in foreign markets (Chandra, Styles, and Wilkinson 2012; Gabrielsson and Gabrielsson 2013; Knight and Cavusgil 1996; Zhou, Wu, and Barnes 2012). Thus, a venture's entrepreneurial strategic posture—that is, its strategic propensity to take risks and be proactive and innovative (Matsuno, Mentzer, and Özsomer 2002)—takes on instrumental importance in the exploitation of foreign market opportunities (De Clercq et al. 2012; Zhou, Barnes, and Lu 2010). Such a strategic posture is geared toward a continuous search for opportunities outside the realm of the venture's current activities (Chandra, Styles, and Wilkinson 2012; Jones and Coviello 2005) and thus can inform whether the venture survives and prospers in unknown international markets (Sapienza et al. 2006). Previous research has indicated a positive link between ventures' entrepreneurial character and their success in foreign markets (e.g., Jantunen et al. 2008; Knight and Cavusgil 2004), but little is known about whether and how the amount of actual effort devoted to foreign market learning activities may function as a channel through which an entrepreneurial strategic posture can reduce the high levels of uncertainty that mark foreign market entry (Liesch, Welch, and Buckley 2011).

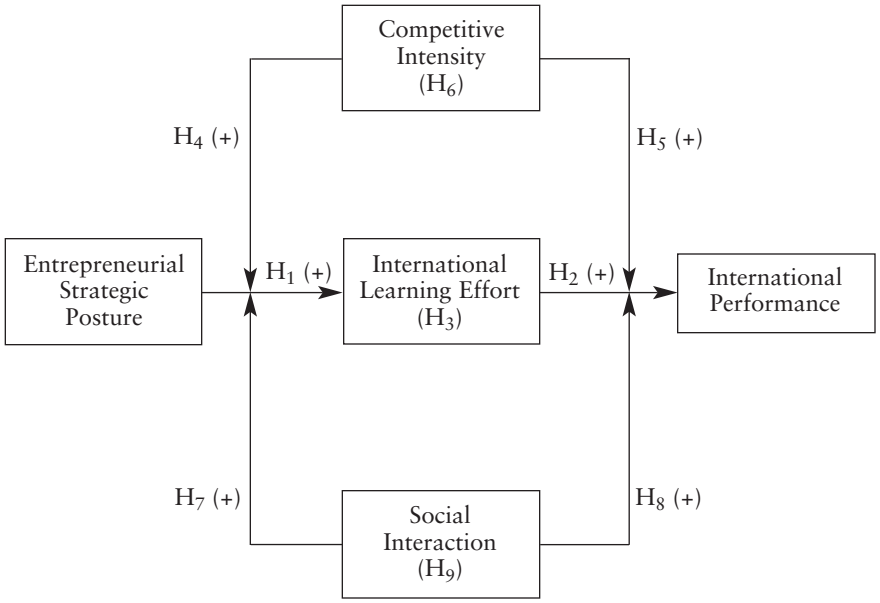
Young entrepreneurial ventures that operate in foreign markets indeed encounter high levels of uncertainty because of their limited knowledge about these markets (Hilmersson and Jansson 2012). In turn, the resources in which they invest when learning about foreign markets should promote a better understanding of the specific institutional and competitive conditions of the markets they enter (Eriksson et al. 1997; Zhou, Barnes, and Lu 2010), such as by helping them overcome the liability of outsidership through foreign network relationships (Johanson and Vahlne 2009). In this regard, the attention-based view suggests that the learning advantages that firms can experience in a particular domain depend on

the attention or intensity of efforts dedicated to new knowledge development in that domain (Ocasio 1997). Thus, international learning advantages are more likely to emerge when the ventures devote significant resources to acquiring new foreign knowledge (De Clercq et al. 2012).

Furthermore, the attention-based view suggests that firm-level rules, as informed by the venture's strategic posture, are critical drivers of how managerial attention is distributed to particular types of activities (Ocasio 1997; Ocasio and Joseph 2005). Accordingly, we argue that the priorities and preferences underlying international young ventures' entrepreneurial strategic posture should have important ramifications for how likely such ventures are to invest significant resources in developing new knowledge about their foreign markets and, thus, how the uncertainty that characterizes foreign market entry can be reduced (Liesch, Welch, and Buckley 2011). Extant research has used different terms to describe ventures' entrepreneurial strategic posture, such as "entrepreneurial orientation" (Aspelund, Madsen, and Moen 2007; Lumpkin and Dess 1996) and "entrepreneurial proclivity" (Matsuno, Mentzer, and Özsomer 2002; Zhou 2007). Regardless of the terms used, a venture's entrepreneurial strategic posture captures "a sustained firm-level attribute represented by the singular quality that risk taking, proactive, and innovative behaviors have in common" (Covin and Lumpkin 2011, p. 863).

Figure 1 shows our conceptual framework and its constitutive hypotheses. The connection between ventures' entrepreneurial strategic posture, international learning effort, and international performance presents the central axis of the framework. It indicates that the primary reason entrepreneurial international ventures are more likely to enjoy performance advantages in foreign markets is informed by the intensity of their learning efforts regarding these markets (De Clercq et al. 2012). In addition, consistent with the notion of strategic fit (Gabrielsson, Gabrielsson, and Seppälä 2012), the moderating roles of competitive intensity and social interaction reflect the challenges that these ventures may face when attempting to acquire new foreign knowledge. First, the costs and substantial resources allocated to international learning activities may outweigh their advantages (Huber 1991), particularly in external environments that are more benign and require less knowledge renewal (Covin and Slevin 1989; Kim and Atuahene-Gima 2010). Second, the integration of new foreign knowledge into the venture's existing knowledge base may be problematic to the extent that managers maintain formal, arm's-length relationships and refuse to share foreign knowledge with one another (Grant 1996; Sapienza et al. 2006). In turn, we posit that the competitive intensity in a venture's external environment and the social interactions between its managers invigorates the role of international learning effort in terms of con-

Figure 1. Conceptual Model



Notes: H_6 and H_9 represent moderated mediation effects by competitive intensity and social interaction, respectively.

necting an entrepreneurial strategic posture with enhanced international performance.

HYPOTHESES

Entrepreneurial Strategic Posture and International Learning Effort

According to the attention-based view, the organizational rules underlying any strategy determine how ventures leverage their resource bases, including the focus of their learning activities (Ocasio 1997; Ocasio and Joseph 2005). We hypothesize that a venture whose strategic posture emphasizes risk taking, proactiveness, and innovation will be better equipped to engage in significant learning efforts in foreign markets. Ventures that are risk oriented likely engage in strong international learning efforts because they do not shy away from the uncertainty and complexity that underlie foreign market entry (Hilmersson and Jansson 2012; Liesch, Welch, and Buckley 2011). In addition, the more likely the venture's managers are to engage proactively in environmental scanning of new markets, the stronger their motivation may be to undertake significant international learning efforts, considering the anticipated knowledge benefits associated with such scanning (Cohen and Levinthal 1990). Ventures that emphasize innovation may also be highly motivated to devote significant resources to international learning activities to reap the benefits that may result from new product introductions (Knight and Cavusgil 2004; Sapienza, De Clercq, and Sandberg 2005). Thus, to the extent that ventures exhibit a stronger entrepreneurial strategic posture, they are more likely to go out of their way to allocate significant resources to activities that promote international learning (Ocasio 1997). In contrast, in the absence of such a strategic posture, the venture may become "underresourced" with respect to devoting attention to international learning activities (Sepulveda and Gabrielsson 2013) such that it refrains from developing new knowledge about foreign markets.

H_1: A positive relationship exists between ventures' entrepreneurial strategic posture and international learning effort.

International Learning Effort and Performance

We also expect a positive relationship between a venture's learning effort and performance in foreign markets. Intense efforts to develop new foreign knowledge enrich a venture's knowledge base (Cohen and Levinthal 1990; Ocasio 1997), which increases its ability to match existing competences with foreign market opportunities (Chandra, Styles, and Wilkinson 2012; Zahra and George 2002). Thus, when a venture devotes significant attention to intensive learning activities abroad, it becomes better equipped to recognize and exploit foreign market opportunities (Ocasio 1997). Such opportunities are multifaceted—including various country-specific institutional and competitive arrangements (Eriksson et al. 1997)—which makes them less obvious and more difficult to exploit in the absence of targeted learning efforts. The insights gained from intensive learning efforts should also enable a venture to more efficiently compare the relative strengths and weaknesses of various scenarios in relation to its international presence (Cohen and Levinthal 1990), which in turn should improve its competitive positioning. Conversely, ventures that are less prone to finding ways to develop new foreign knowledge likely perceive fewer alternatives for optimizing their international presence or avoiding the uncertainty that underlies foreign market entry (Hilmersson and Jansson 2012; Liesch, Welch, and Buckley 2011) such that their performance in these markets will be hampered.

H_2: A positive relationship exists between ventures' international learning effort and international performance.

Mediating Role of International Learning Effort

Combining the preceding arguments, we hypothesize that international learning effort plays a full mediation role such that the effect of ventures' entrepreneurial strategic posture on their international performance operates through this learning effort. Ruokonen and Saarenketo's (2009) case study of Finnish international ventures argues that the performance benefits of an entrepreneurial orientation are evident through the creation of organizationwide learning capabilities. In a similar vein, Zhou, Barnes, and Lu (2010) indicate that firms' entrepreneurial proclivity increases their international sales growth by developing relevant network and knowledge capabilities. We extend this research by explicating the mediating role of the actual learning efforts that underpin this capability building. Thus, improved international performance occurs *because* of the enhanced allocation of resources to actual international learning efforts that an entrepreneurial strategic posture promotes, whereby the knowledge that the venture acquires helps reduce the uncertainty associated

with its foreign market presence (Hilmersson and Jansson 2012; Sapienza et al. 2006).

H_3: Ventures' international learning effort fully mediates the relationship between their entrepreneurial strategic posture and international performance.

Moderating Role of Competitive Intensity

We also investigate how the aforementioned relationships may vary with the competitive intensity that a venture faces in its industry. Competitive intensity reflects the level of hostility in a venture's external competitive environment (Covin and Slevin 1989). We theorize that competitive intensity positively moderates the relationship between an entrepreneurial strategic posture and international learning effort (H_1), the relationship between international learning effort and international performance (H_2), and the mediating effect of international learning effort between an entrepreneurial strategic posture and international performance (H_3).

First, a strong entrepreneurial strategic posture should be particularly instrumental in promoting international learning efforts in highly competitive environments. The flexibilities that characterize young entrepreneurial ventures (Autio, Sapienza, and Almeida 2000) more strongly increase their propensity for intensive learning activities when these flexibilities can be used to respond to adverse circumstances in external environments (Covin and Slevin 1989). Furthermore, because higher levels of market hostility increase the perceived risk and uncertainty of foreign market expansion (Hilmersson and Jansson 2012; Liesch, Welch, and Buckley 2011), this hostility can coalesce and mobilize managers, encouraging them to go out of their way to acquire relevant new knowledge (Cui, Griffith, and Cavusgil 2005), which in turn should trigger the knowledge renewal potential that underlies an entrepreneurial strategic posture (Zhou 2007). We thus expect that an entrepreneurial strategic posture lends itself more to international learning efforts to the extent that a venture confronts more external competitive intensity.

H_4: The positive relationship between ventures' entrepreneurial strategic posture and international learning effort is moderated by the level of competitive intensity such that the relationship is stronger at higher levels of competitive intensity.

Second, the incremental effect of the venture's international learning effort for enhancing its international performance should be stronger in highly competitive markets than in less competitive markets. Previous research on strategic fit has indicated that there is a performance premium associated with new knowledge development in hostile external environments (Hult, Ketchen, and Arrefelt 2007; Kim and Atuahuena-Gima 2010). This argument is based on the notion of requisite variety (Lynn 2005), which posits that increasing environmental hostility requires internal mechanisms to help firms cope with the increased pressure on their operations. For example, exploratory learning enhances firms' ability to cope effectively with highly competitive environments and can lead to the success of new product development in these markets (Kim and Atuahene-Gima 2010). Furthermore, a large body of research in marketing asserts a stronger impact of market-oriented learning on firm performance in highly competitive markets compared with less competitive counterparts (e.g., Baker and Sinkula 1999; Jaworski and Kohli 1993). In our study context, a venture that exhibits significant efforts to develop new foreign knowledge possesses a greater arsenal of tools to cope with the threats that emanate from international competitors' aggressive strategic responses (Hilmersson and Jansson 2012; Huber 1991; Hult, Ketchen, and Arrfelt 2007). Conversely, if competitive intensity is low, enhanced international learning efforts may be suboptimal or even unnecessary because the venture does not face circumstances that demand the refinement and expansion of its current knowledge base (Cui, Griffith, and Cavusgil 2005). In these circumstances, the costs and complexity of promoting international learning efforts may outweigh the benefits (De Clercq et al. 2012; Huber 1991).

H_5: The positive relationship between ventures' international learning effort and international performance is moderated by the level of competitive intensity such that the relationship is stronger at higher levels of competitive intensity.

Third, these arguments also suggest a moderated mediation effect such that the level of competitive intensity represents a critical boundary condition for the *indirect* effect of an entrepreneurial strategic posture on international performance through international learning effort (Preacher, Rucker, and Hayes 2007). Intense external competition heightens the need for effective alignment between the venture's strategic posture and its acquisition of new foreign knowledge; thus, significant

international learning efforts are particularly important for channeling entrepreneurial behaviors into performance in hostile markets (Dess, Lumpkin, and Covin 1997; Zahra, Ireland, and Hitt 2000). Conversely, in benign markets, the effect of an entrepreneurial strategic posture on international performance through international learning effort should be attenuated because entrepreneurial ventures encounter less pressure to respond to competitor moves and have less need to update their current knowledge base continually to maintain their international competitive advantage (Kim and Atuahene-Gima 2010). The relative importance of focused international learning efforts to leverage an entrepreneurial strategic posture into enhanced performance thus should be lower.

H_6: The indirect effect of ventures' entrepreneurial strategic posture on their international performance is moderated by competitive intensity such that this indirect effect is stronger at higher levels of competitive intensity.

Moderating Role of Social Interaction

We suggest similar moderating effects for a venture's level of internal social interaction. Social interaction taps the presence of informal relationships among the venture's managers as epitomized in the extent to which they interact in informal settings and know one another on a personal level (Tsai and Ghoshal 1998).

First, we hypothesize that the relationship between an entrepreneurial strategic posture and international learning effort should be stronger at higher levels of social interaction. Uzzi (1997) finds that a critical aspect of strongly "embedded" ties is that exchange partners are more motivated to work through novel situations and search for integrative solutions. Similarly, when exchange partners confront conflicts, close social interactions enhance their mutual adjustment and problem-solving efforts (De Clercq, Thongpapanl, and Dimov 2009). This ability is important for international entrepreneurial ventures because maintaining a strong entrepreneurial strategic posture typically creates upheaval in a venture's internal functioning because of the change and complexity that it involves (Covin and Lumpkin 2011; De Clercq, Dimov, and Thongpapanl 2010). Thus, social ties facilitate resolutions of the internal disagreements that may emerge when entrepreneurial ventures enter foreign markets and fuel managers' motivation to develop new knowledge from these disagreements (Uzzi 1997). Furthermore, to the extent that managers interact informally and know one another personally, their exchanges should be driven by intrinsic motivations rather than external sanctions (Nahapiet and Ghoshal 1998). This intrinsic motivation offers a useful tool for leveraging an entrepreneurial strategic posture into enhanced international learning activities because managers are more committed to going out of their way and investing personal resources that may help the implementation of their venture's entrepreneurial strategic posture (De Clercq, Dimov, and Thongpapanl 2010).

H_7: The positive relationship between ventures' entrepreneurial strategic posture and international learning effort is moderated by the level of social interaction within ventures such that the relationship is stronger at higher levels of social interaction.

Second, we hypothesize a positive interaction between international learning effort and social interaction such that the incremental importance of international learning effort for enhanced international performance increases in conditions of high social interaction. Strong social interactions enhance the quality of intrafirm communication, including the ability to integrate dispersed foreign knowledge collected from various learning activities (Tsai and Ghoshal 1998)—an ability that is not easily realized through formal mechanisms (De Clercq, Thongpapanl, and Dimov 2011). Thus, social interaction invigorates the usefulness of international learning efforts for a venture's performance in foreign markets by better equipping the venture to find solutions to problems in relation to its foreign activities (Uzzi 1997). The broader scope of issues that are discussed as a result of social ties (Nahapiet and Ghoshal 1998) may also help the venture overcome the myopia associated with focused learning efforts (Levinthal and March 1993). Similarly, social interaction may enhance the integration of sensitive foreign knowledge because of the rich knowledge flows that it implies (Tsai and Ghoshal 1998; Yli-Renko, Autio, and Sapienza 2001). For example, when a venture's managers know one another on a personal level, it is more likely that they will provide insights into possible challenges or even failures that they have encountered in their foreign learning activities (De Clercq, Dimov, and Thongpapanl 2010). The entire venture can benefit from these insights and leverage them to enhance its international competitive position.

H_8: The positive relationship between ventures' international learning effort and international

performance is moderated by the level of social interaction within the venture such that the relationship is stronger at higher levels of social interaction.

Third, we hypothesize that social interaction is a critical boundary condition for the *indirect* effect of an entrepreneurial strategic posture on international performance through international learning effort (Preacher, Rucker, and Hayes 2007). Thus, we expect that the effect of a venture's entrepreneurial strategic posture on its international performance through international learning effort is stronger when intrafirm exchanges are characterized by strong personal ties among the venture's managers. The extent to which international learning efforts trigger an entrepreneurial strategic posture to spark enhanced international performance depends on a venture's ability to assimilate and deploy new foreign market knowledge (Kaufmann and Roesch 2012; Zhou, Wu, and Barnes 2012). This ability is more likely to emerge when high-quality internal exchanges of foreign knowledge take place, which are facilitated by close social interactions.

H_9: The indirect effect of ventures' entrepreneurial strategic posture on their international performance is moderated by the level of social interaction within ventures such that this indirect effect is stronger at higher levels of social interaction.

RESEARCH METHOD

Sample and Data Collection

We randomly selected a sample of 800 international ventures located in southeastern coastal areas of China (Zhejiang and Fujian Provinces) from a database held by the Provincial Administration for Industry and Commerce. Southeastern regions play an important role in China's economy reform and development as well as its increasing globalization. The sampled ventures each met three criteria: (1) they were engaged in international activities, such as exporting, importing, or any other foreign market entry mode; (2) they were privately owned and thus not subsidiaries of foreign corporations or state-owned enterprises; and (3) they had fewer than 500 employees.

We identified two senior managers as key informants for each of the ventures, ensuring that they possessed well-rounded knowledge about the venture's international activities and its overall functioning. To avoid common method bias, we obtained responses to different questions from two senior managers as key informants for each venture. An interviewer made an appointment with each key informant for an onsite interview; before each interview, this interviewer guaranteed the respondents' complete confidentiality and explained the academic purpose of the study. The two respondents in each venture were interviewed separately. The survey questions were originally prepared in English and then translated into Chinese. To avoid cultural bias and ensure validity, the Chinese versions were back-translated into English (Brislin, Lonner, and Thorndike 1973). A preliminary version of the questionnaires was pretested with ten executives. The feedback from these executives was incorporated into the revised versions; this procedure helped us increase the readability of the questions and the quality of the data, which is particularly important for surveys conducted in emerging economies (Zhou, Wu, and Barnes 2012).

The data collection took place in spring 2011. Data on the study's constructs were collected from 158 ventures, for a response rate of almost 20%. Although this response rate is relatively low, it is within the expected range because previous research has recognized the difficulty of obtaining survey data from senior managers, especially in the context of emerging economies such as China (e.g., Peng and Luo 2000; Zhou, Wu, and Luo 2007). Furthermore, our reliance on two respondents per firm to some degree alleviates concerns associated with the relatively low response rate. The participating ventures were relatively young; on average, they had been in business for seven years, and 85% had been established within the past ten years. Moreover, on average, the ventures were less than two years old when they first internationalized. To assess nonresponse bias, we compared early and late respondents and found no significant differences in the study's constructs between the two groups (Armstrong and Overton 1977).

Measures

In line with our research focus, the questions in the survey aimed to capture phenomena at the venture level rather than at the individual manager level. For each venture, we measured international learning effort, which features in all of the study's hypotheses, with a key informant different from the one who assessed the other constructs. All items were measured on five-point Likert scales, ranging from 1 ("strongly disagree") to 5 ("strongly agree") and were drawn from previous research. To ensure acceptable

reliability and validity of the different constructs, we purified the measurement scales when needed, as we discuss in the next section. Table 1 lists the purified scales and shows the t-values of the individual measurement items as well as an assessment of the Cronbach's alpha, composite reliability, and average variance extracted (AVE) for each of the focal constructs.

International Performance. The measure of international performance included four indicators of the venture's performance outside of China on dimensions such as its international sales growth and international market share growth (Zhou, Wu, and Luo 2007). For each indicator, respondents assessed their venture's international performance relative to its principal com-

Table 1. Constructs and Measurement Items (N = 158)

	Factor Loading	t-Value
International Performance (α = .88, CR = .89, AVE = .68)		
Relative to your principal competitors, please rate your firm's performance in markets outside China on the following performance measures:		
• Foreign profit growth	.848[a]	—
• Foreign sales growth	.808	11.897
• Foreign market share growth	.803	11.780
• Return on foreign investment	.835	12.452
International Learning Effort (α = .86, CR = .89, AVE = .61)		
In regard to your firm's foreign markets (outside China), please indicate the extent to which your firm undertakes significant effort in...		
• developing new knowledge regarding competitors who operate in foreign markets.	.817[a]	—
• developing new knowledge regarding foreign cooperative agreements in your industry.	.771	10.862
• developing new knowledge regarding foreign laws that affect your business.	.865	12.308
• developing new knowledge regarding foreign business norms affecting your industry.	.722	9.816
• developing new internal procedures for your foreign activities.	.709	9.580
Entrepreneurial Strategic Posture (α = .80, CR = .84, AVE = .51)		
We explicitly reward risk taking.	.719	8.824
We have a great deal of tolerance for high-risk projects.	.661	7.429
We use only "tried-and-true" procedures, systems, and methods. (reverse coded)	.672	8.228
We challenge our major competitors, rather than simply responding to them.	.721	8.851
We take bold, wide-ranging strategic actions rather than minor changes in tactics.	.797[a]	—
Competitive Intensity (α = .82, CR = .82, AVE = .61)		
Competition in our domestic market is intense.	.773	8.494
Our firm has relatively fierce domestic competitors.	.820	8.575
Competition in our domestic market is extremely high.	.740[a]	—
Social Interaction (α = .74, CR = .76, AVE = .51)		
Senior managers involved in foreign activities spend significant time socializing with other managers within our firm.	.648[a]	—
Senior managers involved in foreign activities maintain close personal relationships with other managers of our firm.	.840	6.610
Senior managers involved in foreign activities in our firm know others in the firm on a personal level.	.643	6.420

Notes: Initial loading was fixed to 1 to set the scale of the construct. □ = Cronbach's alpha, CR = composite reliability, and AVE = average variance extracted.

petitors. The two regions from which we drew our sampled firms are known for their international growth models (Naudé and Rossouw 2010), which makes it likely that many of these competitors are also involved in international activities.

International Learning Effort. We drew from previous research (De Clercq, Sapienza, and Crijns 2005) to measure ventures' efforts to develop *new* knowledge about their foreign markets and internal processes in relation to internationalization. For example, we assessed the extent to which the venture undertook significant effort in developing new knowledge with respect to foreign competitors and business norms as well as internal procedures that support its foreign activities.

Entrepreneurial Strategic Posture. We drew from previous research on firms' entrepreneurial orientation (De Clercq, Dimov, and Thongpapanl 2010) and entrepreneurial proclivity (Matsuno, Mentzer, and Özsomer 2002) to assess ventures' entrepreneurial strategic posture. The retained items included statements measuring, for example, the extent to which the venture tolerated high-risk projects or challenged its major competitors rather than simply responding to them.[1]

Competitive Intensity. Drawing on prior research (Jaworski and Kohli 1993), we measured competitive intensity by assessing the level of competition that each venture confronted in its external markets. Respondents indicated, for example, whether competition in their industry was intense or if they faced fierce domestic competitors.

Social Interaction. Drawing on prior research on intrafirm social capital (De Clercq, Thongpapanl, and Dimov 2011; Tsai and Ghoshal 1998), we assessed the strength of the social relationships within each venture. Respondents indicated, for example, whether senior managers involved in foreign activities maintained close personal relationships with other managers in the venture or knew these managers on a personal level.

Control Variables. We included three control variables to account for alternative explanations for variations in the ventures' international learning effort and performance. First, to control for each venture's slack resources (Audia and Greve 2006), we included venture size, calculated as the logarithm of the number of full-time employees. Second, to account for the venture's current stock of foreign knowledge (Bloodgood, Sapienza, and Almeida 1996), we controlled for its foreign sales, even though this may be a somewhat crude proxy for this knowledge stock. Third, because the timing of the venture's initial internationalization may influence its learning and performance in foreign markets (Autio, Sapienza, and Almeida 2000), we controlled for its age at first foreign entry.

Assessment of Scale Properties and Common Method Bias

To assess the reliability and validity of the five focal constructs, we undertook confirmatory factor analyses of the corresponding measurement model. Although some research has suggested that minimum factor loadings of .40 are acceptable (e.g., Anderson and Gerbing 1988; De Clercq, Thongpapanl, and Dimov 2009), we use a more conservative cutoff value of .60 to ensure superior measurement quality (Hair et al. 1998; Tabachnick and Fidell 2007).[2] This purification process led to the omission of two items for international learning effort and entrepreneurial strategic posture and one item for competitive intensity and social interaction.[3] The measurement model fit the data well: $\chi^2(160) = 233.16$, relative χ^2 index = 1.46; confirmatory fit index = .95; Tucker–Lewis index = .94; and root mean square error of approximation = .05. The composite reliabilities exceed the cutoff value of .70 for each of the five focal constructs (Lattin, Caroll, and Green 2003). Furthermore, the convergent validity of the scales was affirmed by the significant factor loadings of each of the measurement items (Gerbing and Anderson 1988) and the magnitude of the AVE estimates, which were greater than the suggested cutoff value of .50 (Bagozzi and Yi 1988). The constructs also indicated discriminant validity: none of the confidence intervals (CIs) for the correlations between constructs included 1.0 ($p < .05$) (Anderson and Gerbing 1988), and the AVE estimates of the constructs were greater than the squared correlations of the corresponding pairs of constructs (Fornell and Larcker 1981).

Although a different respondent assessed the international learning effort construct, there may still be the possibility of common method bias for the four other focal constructs. Accordingly, we followed the approach Gabrielsson, Gabrielsson, and Seppälä (2012) suggest to alleviate concerns about the presence of such bias by using two statistical tests. First, we undertook Harman's one-factor test (Podsakoff and Organ 1986), which entails an exploratory factor analysis of the measurement items of the constructs that were assessed by the same respondent (i.e., all constructs except international learning effort). This analysis retained five factors, and the first factor explained only 24% of the total variance, which

indicates that common method bias should not be a concern. Second, we applied the marker technique Lindell and Whitney (2001) discuss, which includes a comparison of the zero-order correlations among the study's variables (reported in Table 1) with their partial correlation equivalents after controlling for a so-called marker variable that has no theoretical (or empirical) relationship with the study's variables. For the marker variable, we chose the number of agreements that the ventures had with the government in their home country as reported by the same respondents who assessed four of the five focal constructs. We found very close similarity between the zero-order and partial correlation matrices, and none of the correlations were significantly different.[4] Thus, both statistical tests corroborate our confidence that common method bias was not a significant concern in this study.

Analysis

We used regression analysis to test the hypotheses. For the direct effect hypotheses (H_1–H_2), we regressed international learning effort and international performance on the independent and control variables. Because the mediation effect of international learning effort (H_3) presents a key component of the study's theoretical contribution, we tested for the presence of this effect through three complementary approaches: Baron and Kenny's (1986) three-step procedure; the Sobel test, which determines the significance of the indirect effect of the venture's entrepreneurial strategic posture on its international performance through international learning effort (MacKinnon, Warsi, and Dwyer 1995; Sobel 1982); and the bootstrapping method Preacher and Hayes (2004) suggest. Compared with the Sobel test, Preacher and Hayes's test generates CIs rather than point estimates for indirect effects, thereby avoiding potential statistical power problems that might be caused by asymmetric and other nonnormal sampling distributions of these indirect effects (MacKinnon, Lockwood, and Williams 2004).

To test the individual moderating hypotheses (H_4–H_5 and H_7–H_8), we used moderated regression analysis. To test the moderated mediation effects (H_6 and H_9), we relied on the holistic approach Preacher, Rucker, and Hayes (2007) suggest, which provides a direct comparison of the strength of indirect effects at selected levels of the moderator variable. Similar to the aforementioned bootstrapping procedure that tests for mediation, this procedure generates CIs rather than point estimates for the conditional indirect effects (MacKinnon, Lockwood, and Williams 2004). To minimize multicollinearity, we calculated the mean-centered values of the interacting variables for all moderating effects (H_4–H_9) before multiplying them (Aiken and West 1991).

RESULTS

In Table 2, we provide the descriptions of the study variables and their correlations; in Table 3, we list the regression results. Models 1–5 predict international learning effort, whereas Models 6–10 predict international performance. Models 1 and 6 include the control variables only; Models 2 and 7 add the direct effects; Models 3–4 and 8–9 add the moderating effects

Table 2. Descriptive Statistics and Correlations (N = 158)

	M	SD	1	2	3	4	5	6	7	8
1. International performance	3.747	.831								
2. International learning effort	3.740	.717	.242**							
3. Entrepreneurial strategic posture	3.538	.770	.238**	.311**						
4. Competitive intensity	3.770	.806	–.050	–.012	.029					
5. Social interaction	3.685	.735	.344**	.069	.159*	.129				
6. Venture size	140.300	118.460	.081	.076	.102	.006	–.052			
7. Foreign sales	5.682	13.666	.114	.116	.061	–.009	–.099	.053		
8. Age at first foreign entry	1.454	1.877	.035	–.048	–.012	–.109	.251**	.081	–.096	

*$p < .05$.
**$p < .01$.

Table 3. Regression Analysis Results (N = 158)

	Dependent Variable = International Learning Effort					Dependent Variable = International Performance				
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
Venture size (log employees)	.041	.024	.016	.030	.022	.057	.049	.063	.054	.065
Foreign sales	.002	.006	.010	.003	.007	.016	.019	.025	.001	.010
Age at first foreign entry	–.022	–.025	–.009	–.024	–.010	.013	–.023	–.017	–.017	–.013
Entrepreneurial strategic posture		.243***	.231***	.236***	.226***		.134	.076	.146+	.092
Competitive intensity		–.043	–.028	–.040	–.027		–.116	–.071	–.112	–.074
Social interaction		.047	.048	.058	.057		.372***	.363***	.347***	.345***
Entrepreneurial strategic posture × competitive intensity			.235*		.206†					
Entrepreneurial strategic posture × social interaction				.232*	.200†					
International learning effort							.195*	.229*	.203*	.231**
International learning effort × competitive intensity								.377**		.330*
International learning effort × social interaction									.292*	.232†
R-square	.007	.089	.115	.113	.133	.008	.187	.230	.215	.247
□R-square		.082***	.026*	.024*	.044*		.179***	.043**	.028*	.060**

†$p < .10$.
*$p < .05$.
**$p < .01$.
***$p < .001$.
Notes: Two-tailed significance tests. This table presents unstandardized estimates.

of competitive intensity and social interaction separately; and Models 5 and 10 add the two moderators simultaneously. For each model, the variance inflation factor values were less than 10, which suggests that multicollinearity is not a problem (Aiken and West 1991).

Somewhat surprisingly, Model 1 indicates that international learning effort was *not* significantly influenced by the ventures' foreign sales and current age or by the age at which the ventures first internationalized. Although the latter insignificant finding seems somewhat counter to the argument regarding the LAN among early internationalizers (Autio, Sapienza, and Almeida 2000), it may be explained by this variable's relatively low variation given that our sample consisted primarily of ventures in their early stages of development.

In H_1, we predicted that ventures with a stronger entrepreneurial strategic posture would engage in greater international learning effort. We found support for this hypothesis in Model 2 ($\beta = .243$, $p < .001$). We also confirmed H_2 in Model 7: international performance was greater among ventures that expended more international learning efforts ($\beta = .195$, $p < .05$). Furthermore, we found support for the full mediation effect of international learning effort (H_3). Baron and Kenny's (1986) three-step procedure revealed (1) a direct relationship between entrepreneurial strategic posture and international learning effort ($\beta = .243$, $p < .001$, Model 2, reported previously), (2) a direct relationship between entrepreneurial strategic posture and international performance when the role of international learning effort was not accounted for ($\beta = .188$, $p < .05$; Table 2 does not show this model), and (3) an insignificant direct effect of entrepreneurial strategic posture on international performance when the effect of international learning effort was included ($\beta = .134$, not significant, Model 7). The two additional tests also provided evidence for the presence of mediation. The Sobel test revealed that the indirect effect of an entrepreneurial strategic posture on international performance through international learning effort—according to the relationships between the independent variable and the mediator (Model 2) and between the mediator and the dependent variable (Model 7)—was significant ($t = 2.009$, $p < .05$). Furthermore, Preacher and Hayes's (2004) bootstrapping procedure indicated that the indirect effect of an entrepreneurial strategic posture—using 5,000 random samples and replacement from the full sample (Shrout and Bolger 2002)—was significant ($p < .05$) and that the bias-corrected CI for this indirect effect did not include zero (.019, .167), which supports the presence of mediation.

We also found support for H_4 and H_5: competitive intensity moderated the entrepreneurial strategic posture–international learning effort and international learning effort–performance relationships such that they were stronger at higher levels of competitive intensity ($\beta = .235$, $p < .05$, Model 3; $\beta = .377$, $p < .01$, Model 8, respectively). Similar results emerged for the moderating effect of social interaction, which invigorated the entrepreneurial strategic posture–international learning effort ($\beta = .232$, $p < .05$, Model 4) and international learning effort–performance ($\beta = .292$, $p < .05$, Model 9) relationships, in support of H_7 and H_8, respectively. We illustrate these four moderating effects in Figure 2, Panels A–D, in which steeper positive curves are at high levels of the moderators.

We followed Preacher, Rucker, and Hayes (2007) to test for the moderated mediation effects suggested by H_6 and H_9. We computed bias-corrected CIs at two selected levels of the moderators using the same specification of 5,000 random samples and replacement from the full sample, as indicated previously (Shrout and Bolger 2002). For competitive intensity (H_6), the bootstrap 95% CI of the conditional effect of entrepreneurial strategic posture at one standard deviation above the mean of competitive intensity did not contain 0 (.057, .387), and the conditional, indirect effect of entrepreneurial strategic posture on international performance was significant ($p < .05$). The replication of this procedure at one standard deviation below the mean yielded a CI that included 0 (–.033, .176), so the conditional indirect effect of the venture's entrepreneurial strategic posture was not significant at this lower level of competitive intensity. The moderated mediation results for social interaction (H_9) mirrored those for competitive intensity. At one standard deviation above the mean of social interaction, the bootstrap 95% CI of the conditional effect of entrepreneurial strategic posture did not contain 0 (.046, .362), and the conditional, indirect effect of entrepreneurial strategic posture on international performance was significant ($p < .05$). In turn, at one standard deviation below the mean, the CI included 0 (–.029, .098), and thus, the conditional indirect effect of entrepreneurial strategic posture was not significant.

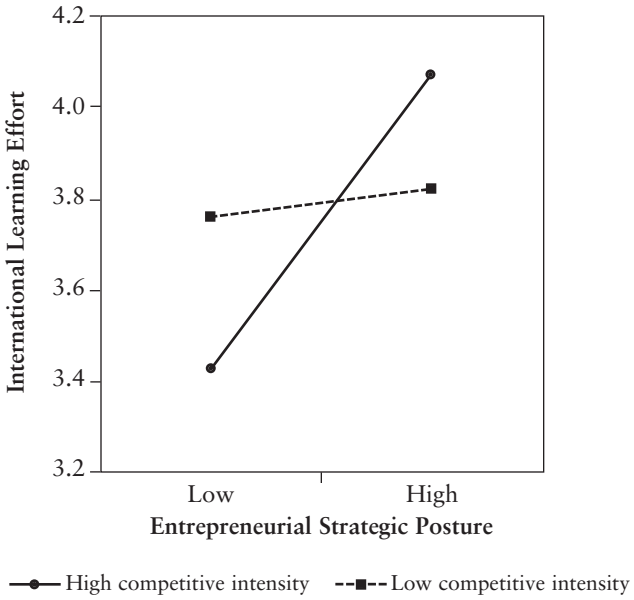
DISCUSSION

Theoretical Implications

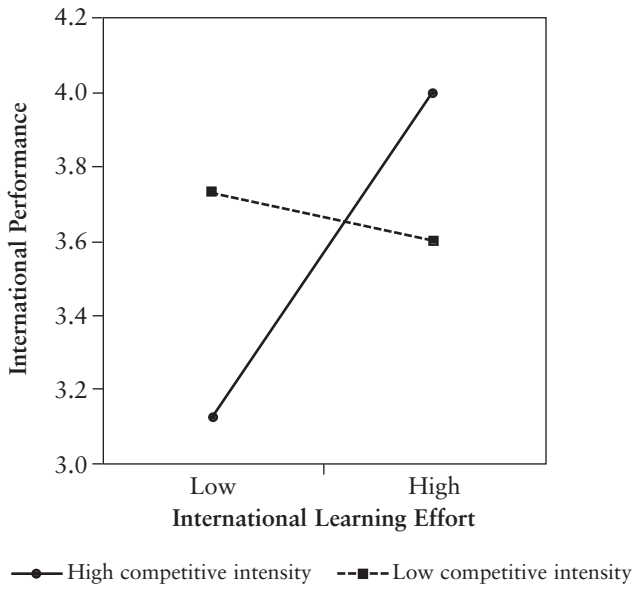
This study has several theoretical implications. First, prior research has indicated that foreign market knowledge and capabilities may help international young ven-

Figure 2. Moderating Effects

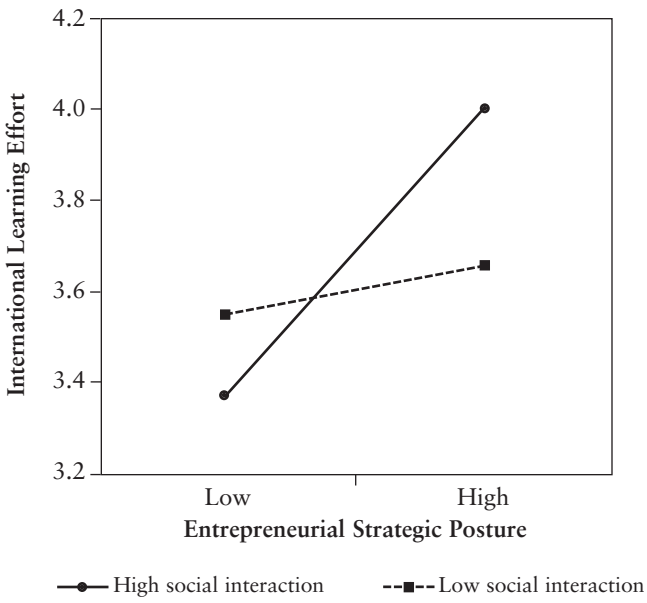
A. Competitive Intensity on the Entrepreneurial Strategic Posture–International Learning Effort Relationship



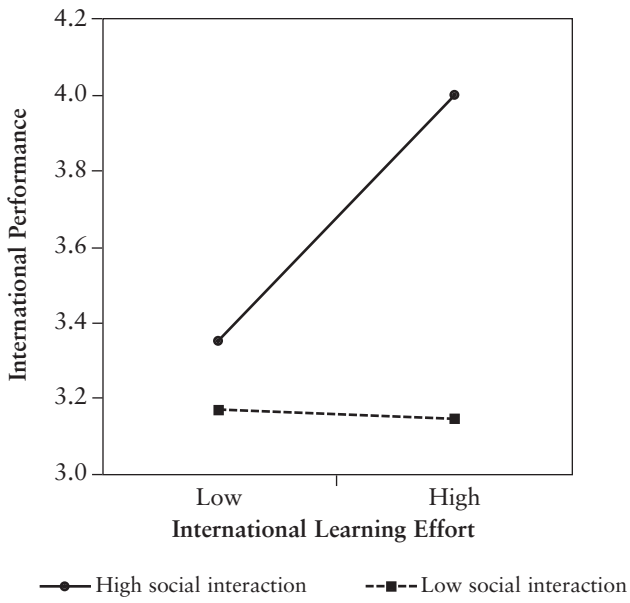
B. Competitive Intensity on the International Learning Effort–Performance Relationship



C. Social Interaction on the Entrepreneurial Strategic Posture–International Learning Effort Relationship



D. Social Interaction on the International Learning Effort–Performance Relationship



tures attenuate the uncertainty they encounter when they enter foreign markets (Eriksson et al. 1997; Hilmersson and Jansson 2012; Zhou, Wu, and Barnes 2012) and that such knowledge and capability development may be more likely to occur when ventures adopt an entrepreneurial strategic posture (Zhou, Barnes, and Lu 2010). Yet even if enhanced learning and capability building can emerge from a venture's entrepreneurial character, an equally important and underexplored issue is *how* such advantages can be realized (De Clercq et al. 2012). Thus, although the INV perspective has extended traditional internationalization process theory by uncovering how ventures' entrepreneurial character can inform their international success through the presence of enhanced learning capabilities (McDougall and Oviatt 2000), it has not explicitly investigated the *behavioral* mechanism that underlies these learning advantages. Our study helps address this gap by showing that entrepreneurial ventures can more fully reap the performance benefits of their international presence by allocating significant resources to foreign learning activities. That is, it may well be that entrepreneurial ventures that internationalize early in their lifetime can experience LAN because of their presumed flexibility and nimbleness (Sapienza et al. 2006; Zhou, Wu, and Barnes 2012), but our findings show that the behavioral mechanism that underpins these advantages lies in ventures' decisions *where* to focus their efforts (Ocasio and Joseph 2005). Thus, we reveal a prominent yet underexplored facet of the "contingent uncertainty" that international ventures face (Figueira-de-Lemos, Johanson, and Vahlne 2011), namely, that these ventures can diminish the uncertainty in foreign markets through their commitment to intense learning activities (Hilmersson and Jansson 2012; Liesch, Welch, and Buckley 2011). In particular, these learning activities function as a critical channel through which international young ventures' entrepreneurial character enhances their international performance.

Notably, our statistical analysis reveals that when accounting for such international learning effort, the contribution of ventures' entrepreneurial strategic posture to their international performance becomes insignificant, thus providing evidence of a full mediation effect by international learning effort. Although exerting learning effort may play a similar beneficial role in any context (Cohen and Levinthal 1990; Ocasio 1997), this study underscores its importance in the context of internationalization, in which the high uncertainty that characterizes early entry in foreign markets (Hilmersson and Jansson 2012) benefits strongly from the focused learning activities that international ventures undertake in regard to these markets.

Second, consistent with the notion of strategic fit (Gabrielsson, Gabrielsson, and Seppälä 2012), we show that the benefits that entrepreneurial ventures derive from intense international learning activities are not realized automatically and, indeed, may be thwarted when either the external need for such knowledge investments is not warranted or the ability to integrate newly acquired foreign knowledge internally is reduced. In so doing, we provide a more nuanced picture of the advantages typically associated with international ventures' adoption of an entrepreneurial posture (e.g., Knight and Cavusgil 2004; Zhou 2007). On the one hand, high levels of competitive intensity in their external markets require international young ventures to renew and upgrade their existing knowledge base continuously (Porter 1996) such that the relative importance of exerting significant learning efforts in foreign markets, as informed by their entrepreneurial strategic posture, is higher in more competitive markets (Kim and Atuahene-Gima 2010). On the other hand, this study reveals an invigorating role for the presence of strong social interactions among a venture's managers. In the presence of such interactions, ventures' knowledge-integration abilities increase (Levin and Cross 2004) such that the potency of significant attention to new foreign knowledge development to convert an entrepreneurial posture into better performance outcomes grows. For example, close personal connections and the associated ease of interacting with colleagues makes tacit foreign knowledge derived from international learning activities easier to understand and assimilate (Nonaka 1994; Zahra and George 2002); thus, it more likely benefits the entire venture.

Third, we focused on international young ventures based in an emerging market. Although previous empirical investigations have explored the logic behind the success of early and rapid internationalization among ventures based in China or other emerging economies (e.g., Ellis 2011; Liu, Zhang, and Zhao 2013; Zhou 2007), they have not explicitly examined the role of such ventures' actual investments in foreign learning activities. Thus, we identified the need for an appropriate theoretical lens that explicates why some of these ventures are more likely than others to allocate significant resources to international learning activities (Kiss, Danis, and Cavusgil 2012). Our study drew from the attention-based view (Ocasio 1997) to address this gap. We revealed how international young ventures in emerg-

ing economies may overcome challenges in their home base through the intensity of their learning activities in foreign markets, particularly when they operate in highly competitive industries and foster social relationship building within their ranks.

Managerial Implications

This study shows that to reap benefits from their entrepreneurial posture in foreign markets, international young ventures must consider both the external context in which they compete and their internal organizational context, if the advantages of this posture are to outweigh the costs (Lumpkin and Dess 1996), a useful finding for practitioners. The allocation of significant effort to international learning activities is a critical channel through which entrepreneurial ventures can enhance their international performance. However, this process also may encounter some challenges, such as the venture's current relational obligations with domestic partners or the resistance to exploit foreign market knowledge among managers whose current power base is mostly derived from their venture's home-based activities (Autio, Sapienza, and Almeida 2000; Sapienza et al. 2006). Our study shows that the performance consequences these challenges pose may be most salient when the venture's external competitive environment is more benign—in which case, undertaking complex and costly learning activities becomes redundant—and when its managers do not maintain close relationships with one another.

Therefore, our examination of the contingency effects of competitive intensity and intrafirm social interactions suggests that entrepreneurial ventures should match their actual investments in learning activities with appropriate external and internal circumstances. A venture's top management must make senior managers aware of the hostility that may characterize their competitive markets, which in turn should motivate these managers to leverage foreign knowledge acquired through intensive learning efforts into outcomes that benefit the entire venture. International ventures that exhibit an entrepreneurial posture can also benefit more from their international learning endeavors if they promote informal communication in their intrafirm exchanges. Thus, when strong relational arrangements are in place, such as when managers share a wide set of foreign knowledge with one another through their close personal relationships, the incremental contribution of their venture's entrepreneurial strategic posture to its performance through enhanced learning effort should increase dramatically.

Limitations and Further Research

Our study has some limitations that offer opportunities for further research. First, the cross-sectional nature of our data means that caution must be taken before drawing causal inferences because the relationships we examine could be susceptible to reverse causality. Managers in highly successful ventures may have more slack resources available to expend extensive efforts and learn about foreign markets (Audia and Greve 2006), and these learning efforts may fuel their ability to take on an entrepreneurial posture. Although the directions of the study's hypotheses are strongly grounded in extant theory, further research could use longitudinal designs to elucidate the long-term causal processes that link ventures' entrepreneurial strategy, international learning effort, and international performance, as well as how contingency factors might influence this process. Future studies could also explicate the causal relationship between a venture's current stock of foreign knowledge—for which we used its current foreign sales as a crude proxy in this study—and its propensity to take on an entrepreneurial strategic posture, as well as its efforts to develop new foreign knowledge. In this regard, a compelling issue is whether a greater stock of foreign knowledge fuels international learning effort aimed at exploiting that knowledge or whether it actually reduces these efforts because of the lower perceived need to do so. Moreover, further research could also compare the relative potency of learning activities in turning an entrepreneurial strategic posture into enhanced performance depending on where these activities are undertaken, such as in the home market versus foreign markets or across different foreign markets with varying levels of cultural distance with the home country (De Clercq et al. 2012).

Second, for parsimony, we focused on two contingency factors that influenced the mediated relationship between an entrepreneurial strategic posture and international performance. Additional research could investigate how other external conditions, such as the level of market turbulence (Jaworski and Kohli 1993) and internal influences (e.g., the nature of a venture's rewards policy; Collins and Clark 2003), shape the role of international learning effort in channeling an entrepreneurial posture into enhanced performance in foreign markets. Researchers could also apply configuration approaches to investigate the moderating roles of complex constellations of multiple external and internal factors.

Third, our results are based on international young ventures in China. Although our theoretical arguments were general and not country specific, institutional or cultural factors could interfere with our conceptual framework. For example, the critical role of international learning effort reported herein may be particularly salient among ventures that use such learning efforts to compensate for the institutional deficiencies they confront in their home market (Bruton, Ahlstrom, and Obloj 2008). Furthermore, it may be that in a collectivistic country such as China, in which close personal relationships are highly regarded (Hofstede 1991), the potency with which social interaction converts an entrepreneurial strategic posture into enhanced performance through stimulating learning efforts is stronger than it would be in more individualistic countries. Cross-country studies could provide additional insights into the relative importance of international learning efforts that help leverage an entrepreneurial strategic posture into performance across different institutional and cultural contexts. Future studies could also collect data from the focal ventures' industry competitors and compare the relative potency of their entrepreneurial strategic postures in enhancing their international learning effort and performance within and across industries.

Conclusion

Extant research on early internationalization has highlighted the learning advantages that international young ventures may possess because of their openness to learning about their foreign markets (Sapienza et al. 2006; Zhou, Wu, and Barnes 2012); researchers have also investigated how an entrepreneurial strategic posture can contribute to enhanced learning (Zhou 2007). However, such research has focused on the direct outcomes of learning advantages—for example, enhanced capability building (Zhou, Barnes, and Lu 2010) or financial performance (Autio, Sapienza, and Almeida 2000)—without explicating the behavioral mechanism that underlies these learning advantages. Thus, extant research has assumed that young entrepreneurial ventures are automatically able to allocate substantial resources to international learning activities.

To address this gap, we have conceived of learning advantages as being realized through entrepreneurial ventures' actual effort of developing new foreign knowledge and, in so doing, have aimed to open the "black box" of the LAN (De Clercq et al. 2012). Our study reveals that international learning effort acts as the critical mechanism through which entrepreneurial ventures can increase their international performance. Furthermore, it shows that this effect is contingent on the usefulness of these efforts in light of the level of competitive rivalry in a venture's external markets and the extent to which intrafirm social interactions are in place. We hope that this study functions as a catalyst for further investigations into the processes through which international young ventures create stronger international market positions.

NOTES

1. Notably, the two items that we omitted from the original scale (i.e., "We spend more time on long-term R&D than on short-term R&D" and "We are usually among the first in the industry to introduce new products") were those that measured ventures' innovation levels. A possible explanation for why these items had relatively low factor loadings is that they tend to capture the outcomes rather than manifestations of ventures' entrepreneurial character, compared with the dimensions of "risk taking" and "proactiveness." Nonetheless, a post hoc analysis revealed that the regression results using the purified scale (as we report in Table 3) were completely consistent with those found when using the original seven-item scale.

2. Hair et al. (1998) relate the practical significance of the factor loadings to sample size, suggesting that a sample size of 150, for example, requires minimum factor loadings of .45, and a sample size of 85 requires minimum factor loadings of .60. Thus, our use of .60 as the cutoff value provides a conservative approach that ensures practical significance.

3. As a robustness check, we undertook a post hoc analysis using the complete set of items, and the nature and significance of the hypothesized relationships were consistent with those reported in Table 3, which used the purified scales.

4. This partial correlation matrix is available upon request.

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